

CITY OF SOUTH GATE

CALIFORNIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020



City of South Gate
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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June 30, 2021

Honorable Mayor and Members of the City Council:

The Comprehensive Annual Financial Report (CAFR) of the City of South Gate for the Fiscal Year ended June 30, 2020, is hereby presented as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of South Gate issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of South Gate. To the best of our knowledge and belief, there are no misstatements of material fact within the financial statements or omissions of material fact which would cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

PROFILE OF THE CITY OF SOUTH GATE

The City of South Gate was incorporated on January 20, 1923, under the general laws of the State of California. South Gate encompasses 7.41 square miles and is located in the heart of the Los Angeles Metropolitan area, approximately 10 miles south of downtown Los Angeles. Services provided by the City include administration, police, public works, planning, building & safety, and parks & recreation. The official population is 97,003 as of January 1, 2020. The City of South Gate is a full service city, meaning that, except for library, refuse collection and fire protection services, all services are delivered by the City's own employees.

The population of this working class city is predominately Latino and overwhelmingly young with 28% of the population under the age of 18 years.

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

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

FINANCIAL INFORMATION

Internal Control

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

Budgetary Controls

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

Budget to Actual Comparison

For the fiscal year ended June 30, 2020, the City experienced a \$618K unfavorable budget variance in general fund revenues and a favorable \$2.4M budget variance in general fund operating

expenditures resulting in \$1.7M net positive budgetary variance. The total actual general fund operating expenditures exceeded revenues by \$1.7M. The City also transferred out \$660K to the Capital Improvement Fund to fund capital projects. The actual net deficit of \$2.3M, which includes transfers out, brought the prior fiscal year general fund balance from \$60.3M to \$58M for the fiscal year ended June 30, 2020. The unfavorable revenue variances were mainly due to the COVID-19 pandemic. COVID-19 related costs amounted to \$1M of the General Fund expenditures, while the reimbursement of these costs will not be received until FY20/21.

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.

In May 2020, GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*, to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The City implemented GASB Statement No. 95 and postponed the effective dates of the following GASB Statements that were originally scheduled to become effective after June 15, 2018 and later. This postponement affected the City mainly in the reporting of leases issued by *GASB Statement No. 87 – Leases*. Refer to Note 1 of the Notes to the Basic Financial Statements (page 55) for a full list of the affected GASB statements.

OTHER INFORMATION

Independent Audit

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

Single Audit

As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. Beginning with the single audit of fiscal years beginning on or after January 1, 2015, the U. S. Office of Management and Budget (OMB) raised the single audit threshold for federal awards from \$500,000 to \$750,000. When over \$750,000 from Federal financial assistance programs is expended in any one fiscal year, the City is required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). For the year ended June 30, 2020, approximately \$7M in Federal financial assistance program funds were expended.

GFOA Certificate of Achievement Award

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

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Gate for its CAFR for the fiscal year ended June 30, 2019. The City of South Gate strives to achieve this prestigious award each year. A copy of the GFOA Certificate is included later in the introductory section of this year's CAFR. A Certificate of Achievement is valid for a period of one year only. We believe our June 30, 2020 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Chris Jeffers
Interim City Manager



Kim Sao
Deputy Director of Administrative
Services/Finance

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

Mayor

Maria Davila

Vice Mayor

Al Rios

Councilmember

Maria del Pilar Avalos

Councilmember

Denise Diaz

Councilmember

Gil Hurtado

City Clerk

Carmen Avalos

City Treasurer

Gregory Martinez

City Manager

Michael Flad

City Attorney

Raul Salinas

Assistant City Manager/Director of Public Works

Arturo Cervantes

Police Chief

Randall J. Davis

Director of Administrative Services

Jackie Acosta

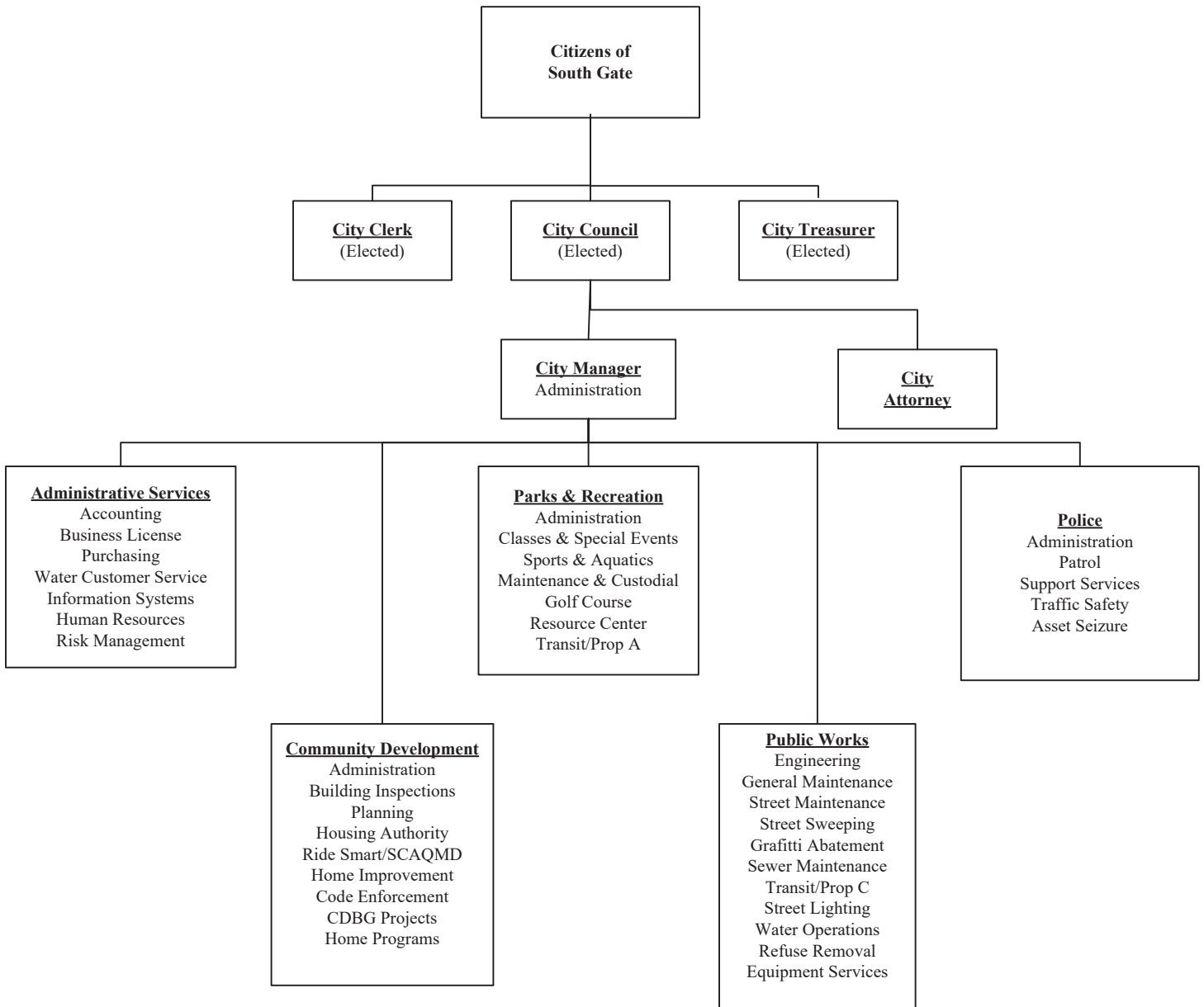
Director of Community Development

Joseph T. Perez

Director of Parks & Recreation

Paul Adams

CITY OF SOUTH GATE





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of South Gate
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of South Gate, California (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, 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.

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

Prior period adjustments

As discussed in Note 19 to the basic financial statements, the City recorded a prior period adjustment related to allocation of net other postemployment benefits liability and related deferred outflows and inflows of resources from the governmental activities to the business-type activities in the amount of \$3,168,966. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Proportionate Share of the Net Pension Liability and Related Ratios, the Schedules of Contributions – Pensions, and Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Contributions - Other Postemployment Benefits on pages 5 to 14 and 99 to 115 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

To the Honorable Mayor and Members of the City Council
of the City of South Gate
South Gate, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Santa Ana, California
June 30, 2021

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City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2020

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, 2020. 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, 2020, by \$248.2M. This amount is referred to as the net position of the City. Of this amount, \$254.3M is invested in capital assets, \$39.3M is restricted for public works, housing activities, community development projects, public safety and debt service, and \$45.4M is an unrestricted deficit amount.
- **Changes in Net Position:** The City's net position increased by \$3.6M (1.5%) from the prior fiscal year compared to the increase of \$12.4M the year before. Due to the COVID-19 pandemic, total revenues decreased by \$2.8M (-2.7%), while total expenditures increased by \$6.0M (6.3%).
- **Long-Term Debt:** The City's total long-term liabilities decreased \$11.7M (6.2%) as of June 30, 2020, from \$188.7M to \$177.0M mainly from reductions in net OPEB liability, water revenue and pension obligation bonds, claims and adjustments, and notes payable. Although payments were made to reduce certain liabilities, the pension liability increased by \$3.6M.
- **Capital Assets:** The City's capital assets totaled \$287.1M at June 30, 2020, a net decrease of \$4.0M over the prior year amount. The increase is due mainly to additions of capital improvement projects of \$7.12M and equipment of \$606K, less depreciation of \$11.5M.

Fund Financial Statements

- **Governmental Funds:** As of June 30, 2020, the City's governmental funds reported a combined ending fund balance of \$96.7M, with an increase of \$1.5M (1.6%) over the prior year's fund balance.
- **General Fund:** At June 30, 2020, expenditures and transfers-out exceeded revenues and transfers-in by \$2.3M, decreasing the fund balance from \$60.4M to \$58.1M. Of the \$58.1M fund balance, \$10.5M is unassigned and is available for spending at the City's discretion.

Using the Accompanying Financial Statements

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

Overview of the Financial Statements

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

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2020

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

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

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

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

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

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

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

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2020

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 45 immediately following the basic financial statements.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For South Gate, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$248.2M at June 30, 2020, as shown in Table 1.

Table 1
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 122,459,349	\$ 122,046,349	\$ 25,829,128	\$ 21,824,948	\$ 148,288,477	\$ 143,871,297
Capital assets	236,928,860	239,220,784	50,198,292	51,937,538	287,127,152	291,158,322
Total assets	359,388,209	361,267,133	76,027,420	73,762,486	435,415,629	435,029,619
Deferred Outflows	16,211,612	18,267,022	1,883,655	1,046,572	18,095,267	19,313,594
Total Deferred Outflows	16,211,612	18,267,022	1,883,655	1,046,572	18,095,267	19,313,594
Long-term debt outstanding	132,390,824	143,314,694	38,918,287	40,443,335	171,309,111	183,758,029
Other liabilities	13,231,301	13,042,397	7,293,251	6,037,771	20,524,552	19,080,168
Total liabilities	145,622,125	156,357,091	46,211,538	46,481,106	191,833,663	202,838,197
Deferred Inflows	12,507,245	6,866,146	1,001,664	81,037	13,508,909	6,947,183
Total Deferred Inflows of Resources	12,507,245	6,866,146	1,001,664	81,037	13,508,909	6,947,183
Net position:						
Net investment in capital assets	235,344,518	237,923,691	18,943,611	19,378,936	254,288,129	257,302,627
Restricted	38,446,753	39,988,103	831,423	(1,255,403)	39,278,176	38,732,700
Unrestricted (deficit)	(56,320,820)	(58,371,739)	10,922,839	6,894,245	(45,397,981)	(51,477,494)
Total net position	\$ 217,470,451	\$ 219,540,055	\$ 30,697,873	\$ 25,017,778	\$ 248,168,324	\$ 244,557,833

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) of \$254.3M, less any related debt used to acquire those assets that is still outstanding. The City of South Gate uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the City's net position, \$39.3M, represents resources that are subject to external restrictions in how they may be used. The remaining deficit balance of \$45.4M is \$6.1M less than it was in FY 2018/19 which is another indication that things are trending in the right direction.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2020

In the prior years, all net OPEB liabilities were recorded under the Governmental activities; however, some of these liabilities were attributed to the Proprietary Funds. Therefore, at June 30, 2020, a correction was made to move \$2.6M to the Utility Authority Enterprise Fund, \$610K to the Utility Authority Sewer Fund, and \$998K to the Internal Service Funds. This resulted in a \$3.2M increase to the Governmental net position and a decrease of the same amount to the Business-Type net position. Additional information can be found in Notes 19 of the Notes to the Basic Financial Statements of this report.

Table 2
Statement of Changes in Net Position

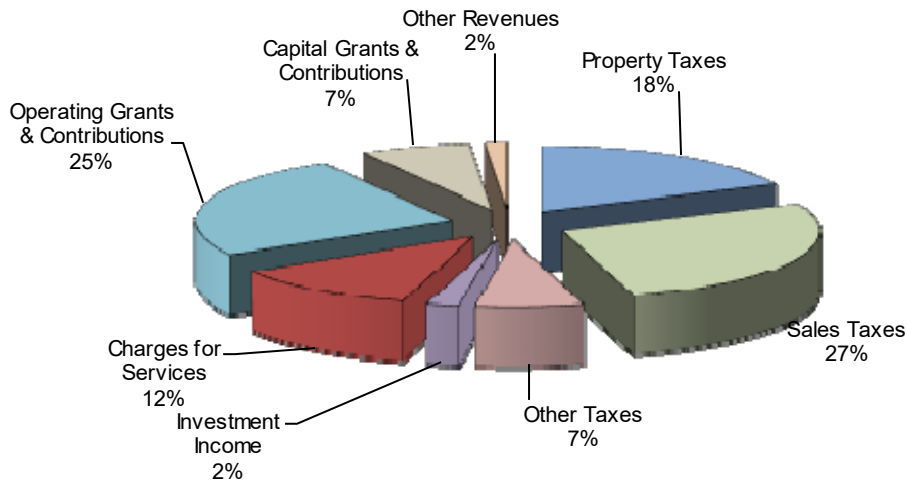
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 9,348,553	\$ 9,598,058	\$ 25,196,699	\$ 25,151,793	\$ 34,545,252	\$ 34,749,851
Operating grants and contributions	19,485,392	16,278,389	48,671	68,850	19,534,063	16,347,239
Capital grants and contributions	5,369,929	8,496,079	-	-	5,369,929	8,496,079
General revenues:						
Property taxes	14,078,869	15,357,852	-	-	14,078,869	15,357,852
Sales taxes	21,162,524	22,560,623	-	-	21,162,524	22,560,623
Other taxes	5,222,024	5,303,304	-	-	5,222,024	5,303,304
Investment income	1,574,858	2,531,566	1,266,484	1,026,304	2,841,342	3,557,870
Other revenues	1,063,793	240,031	-	-	1,063,793	240,031
Total revenues	77,305,942	80,365,902	26,511,854	26,246,947	103,817,796	106,612,849
Program expenses						
General government	7,238,434	7,567,891	-	-	7,238,434	7,567,891
Public works	18,790,068	18,881,880	-	-	18,790,068	18,881,880
Parks & recreation	8,761,785	8,494,815	-	-	8,761,785	8,494,815
Police	32,658,124	27,451,143	-	-	32,658,124	27,451,143
Community development	11,681,154	11,033,297	-	-	11,681,154	11,033,297
Interest expense	533,290	796,726	-	-	533,290	796,726
Sewer	-	-	1,330,302	1,527,889	1,330,302	1,527,889
Water	-	-	15,170,900	14,519,230	15,170,900	14,519,230
Refuse	-	-	4,043,248	3,968,933	4,043,248	3,968,933
Total expenses	79,662,855	74,225,752	20,544,450	20,016,052	100,207,305	94,241,804
Transfers	287,309	1,048,492	(287,309)	(1,048,492)	-	-
Changes in Net Position	(2,069,604)	7,188,642	5,680,095	5,182,403	3,610,491	12,371,045
Beginning net position, restated	219,540,055	212,351,413	25,017,778	19,835,375	244,557,833	232,186,788
Ending net position, restated	\$ 217,470,451	\$ 219,540,055	\$ 30,697,873	\$ 25,017,778	\$ 248,168,324	\$ 244,557,833

Governmental Activities. The net position of governmental activities decreased by \$2.1M at June 30, 2020. Program revenues, which had a positive change of \$4.9M (16.5%) at 6/30/2019, had a negative change of \$169K this year with an \$81K (0.33%) decrease in grants & contributions and a \$250K (2.6%) decrease in charges for services. This slight decrease was due to the impact of the COVID-19 pandemic which began during the latter part of the fiscal year in March 2019, whereas the lockdown imposed by the State resulted in the closing of City facilities and Parks and Recreation activities. Likewise, the pandemic impacted the FY 2019/20 general revenues, which decreased by \$2.9M (6.3%) over the prior year. The specific revenues with the largest decreases that were part of the overall \$2.9M decrease were sales taxes, down by \$1.4M (6.2%), property taxes, down by \$1.3M (8.3%), and investment income, down by \$957K (37.8%). Overall, total revenues in Governmental Activities decreased by 3.8%, from \$80.4M in FY 2018/19 to \$77.3M in FY 2019/20. Total program expenses increased by \$5.4M (7.3%), from \$74.2M in FY 2018/19 to \$79.7M in FY 2019/20 due mainly to the increased cost of public safety of \$5.2M.

City of South Gate
Management’s Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2020

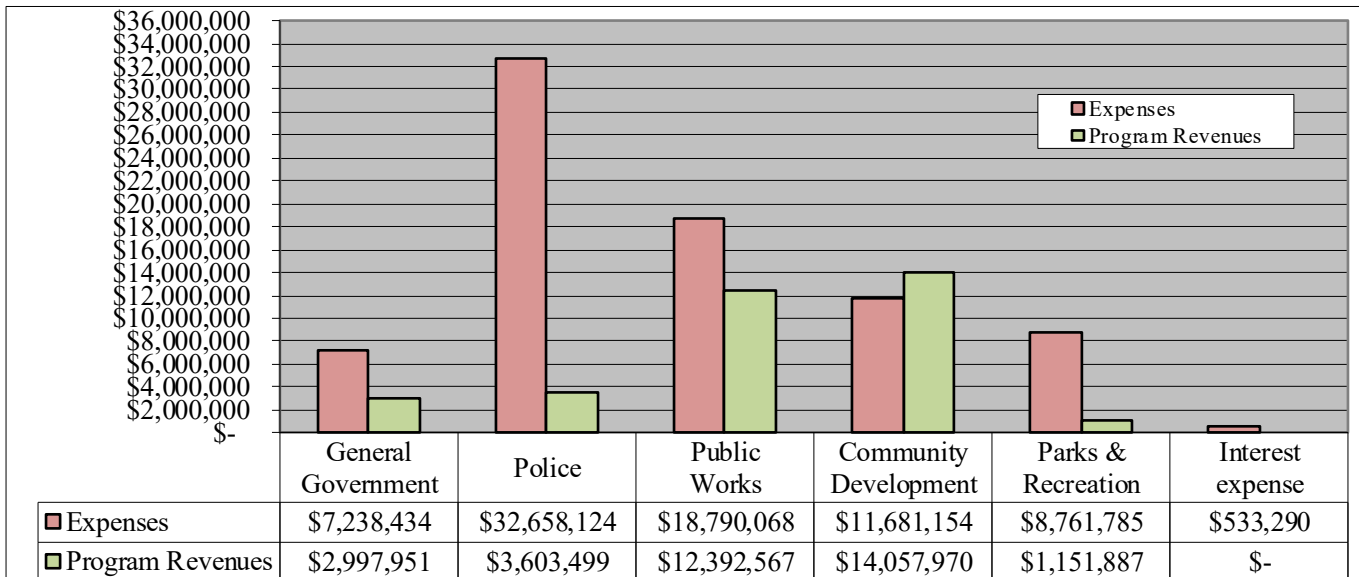
The City of South Gate relies heavily on federal, state and local grant funds (32.2%) as a major funding source for capital projects and eligible operating costs. After grants, sales tax (27.4%), property taxes (18.2%) and charges for services (12.1%) remain the most significant sources of the Governmental Activities revenue stream.

Revenues by Source – Governmental Activities



The cost of all governmental activities this year was \$79.7M compared to \$74.2M in the prior year. Governmental activities generated sufficient revenues to pay these costs with \$9.3M paid for by those who directly benefited from programs provided, \$24.9 being subsidized by grants received from other governmental organizations for both capital and operating activities, and \$43.7M coming from general taxes and other revenues.

Expenses and Program Revenues – Governmental Activities



The City’s largest expense is the Police Department, where operations totaled \$32.7M in FY 2019-20. Public Works followed with \$18.8M of expenses, which included expenses related to several large capital improvement projects. Community Development was the third largest in expenses, at \$11.7M, which included Federal Housing and Urban Development (HUD) funds.

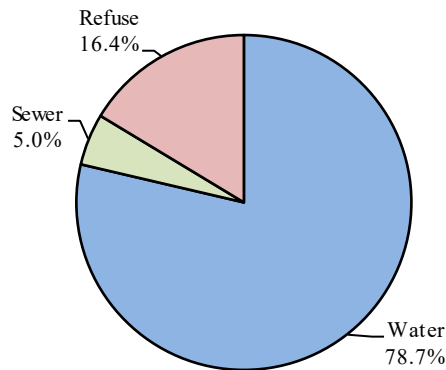
City of South Gate
Management’s Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2020

Business-Type Activities. At June 30, 2020, the financial condition of the City’s business-type activities was a positive net position of \$30.7M, a \$5.7M increase from \$25.0M restated beginning net position. The restatement of beginning net position at July 1, 2019 was in the total amount of \$3.2M, and was related to the reclassification of net other postemployment benefits liability (OPEB) which were previously reported in the Governmental Activities statement.

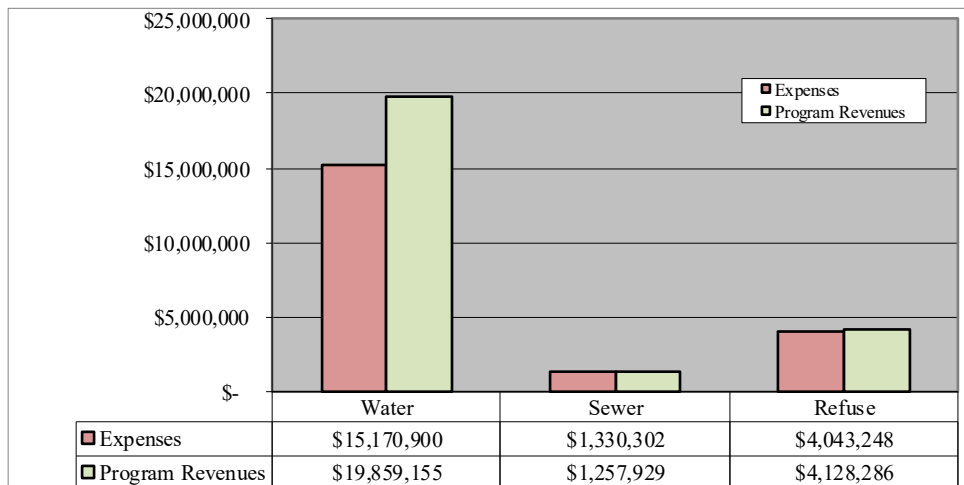
These business-type activities consisted of the water, sewer and refuse utilities. The cost of providing all business-type activities this year was \$20.5M. The revenue paid by users of these utilities was \$25.2M of which 78.7% comes from water fees, 16.4% from refuse fees and 5.0% from sewer fees. When capital improvements are made, the assets are capitalized and no expenses are incurred even though current assets have been converted to long-term capital assets.

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

Revenues by Source – Business-Type Activities



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.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2020

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

As of June 30, 2020, the City's governmental funds reported combined ending fund balances of \$96.7M, an increase of \$1.5M from the beginning fund balance. Of that amount, \$24.0M constitutes *nonspendable* fund balance. Of the remaining \$72.7M *spendable* fund balance, \$39.1M 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, an OPEB Section 115 trust, a revolving loan program, and capital projects, \$3.5M has been *assigned* by management for specific purposes, and \$6.2M is *unassigned* and can be spent at the City's discretion.

The General Fund is the chief operating fund of the City of South Gate. As of the end of the fiscal year, the total general fund balance was \$58.1M, a decrease of \$2.3M over the beginning fund balance. The unassigned fund balance totaled \$10.5M.

General fund revenues increased by \$455K (0.88%) over the prior year. For FY 2019/20, operating expenditures exceeded revenues by \$1.7M.

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 these funds are received from the various funding sources, primarily grants. The total fund balance of \$4.0M at June 30, 2020, is designated mainly for the Courthouse rehabilitation project, which envisions the reuse of this building for an employment resource center.

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

Proprietary Funds: The City's proprietary funds consist of the Water, Sewer and Refuse Funds, which are the business-type activities that account for the operation of those utilities. Also included are the internal service funds, which provide for supporting governmental activities including insurance activities, information systems, fleet management, capital asset & equipment replacement, and building & infrastructure maintenance.

For FY 2019/20, the City restated the July 1, 2019 beginning fund balance of the Water and Sewer Funds. The restatement decreased the prior year's original reported fund balance from \$28.2M to \$25.0M resulting from a reclassification to move \$3.2M OPEB liability from the General Fund to the Water Fund of \$2.6M and the Sewer Fund of \$610K. Additional information can be found in Notes 19 of the Notes to the Basic Financial Statements of this report.

In the business-type activities, the Water and Sewer Funds are considered major funds. The Refuse Fund is considered non-major. At fiscal year end, the combined net position of these funds totaled \$30.7M, an increase of \$5.7M (23.7%) from the restated beginning fund balance mainly as a result of revenues exceeding expenses. Resources used for the construction of capital facilities do not result in expenses because the assets are capitalized.

The internal service funds are considered non-major. The City restated the July 1, 2019 beginning fund balance of the internal service fund resulting in a decreased of the prior year's original report fund balance from \$3.6M to \$2.6M to reclassify \$998K OPEB liability from the General Fund to the various Internal Service funds. The net position increased by \$2.1M from the restated \$2.6M beginning fund balance to \$4.6M at June 30, 2020, as a result of a significant adjustment to the reserve for liability claims.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2020

General Fund Budgetary Highlights

For many years, the City's General Fund revenues had not kept pace with increases in expenditures. In June 2008, the voters approved a one-cent local sales tax, which was implemented in October 2008. The additional revenue generated from this action was expected to eliminate future budget deficits. Due to the Great Recession of 2008/09 and the slow recovery from it, this measure only slightly reduced the structural deficit. To close this ongoing structural gap, the City implemented a ten percent (10%) compensation reduction for all employees in fiscal year 2009/10, staff reductions and an early retirement incentive program for fiscal year 2010/11. The economy later improved. Major shopping centers, such as the azalea, opened and contributed to bringing the City's General Fund back to a fiscally sound position beginning in FY 2014/15.

COVID-19 Pandemic

The economy began to take another downturn in early 2020 due to a world-wide outbreak of the coronavirus disease (COVID-19). The United States declared a public emergency on February 3, 2020 due to the coronavirus outbreak and then on March 13, 2020, declared a national emergency after the World Health Organization declared COVID-19 a pandemic. California also declared its state of emergency on March 4, 2020. This series of events unlocked billions of federal and state funding to fight the spread of the disease. As local counties and cities took actions to comply with California's shelter-in-place order, which took effect March 19, 2020, the economy at the local level began to feel the impact.

For FY 2019/20, the final adopted general fund revenue budget was \$51.8M. The actual revenues came in \$618K (1.2%) less than projected at \$51.2M. Due to the lockdown order, local businesses suffered and sales tax revenue decreased by \$1.4M (6.2%) from prior year and business license revenue decreased by \$164K (10%). While property taxes increased by \$743K (5.6%), real estate transfer tax decreased by 11.1% from \$136K to \$121K, indicating the slowdown in real estate activities. Charges for services were down by \$771K due to the closing of City facilities, which impacted mainly parks and recreation activities. Total actual expenditures came in at \$52.9M, which is \$2.4M (4.2%) lower than the final projected expenditure budget of \$55.2M due to staff vacancies impacted by the lockdown and strong fiscal management. COVID-19 related expenditures of \$1.0M, made up 1.9% of the total General Fund expenditures; however, this cost was covered by the \$1.2M CARES Act allocation from the State which was received in the following fiscal year FY2020/21.

Capital Asset and Debt Administration

Capital Assets: The capital assets of the City are those that are used in the performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. As of June 30, 2020, the City's net investment in capital assets for governmental activities totaled \$236.9M and net investment in capital assets for business-type activities totaled \$50.2M. Governmental capital assets had a net decreased of \$2.3M mainly due to the addition of \$6.9M in new construction in progress and \$.6M of new equipment, less depreciation of \$9.9M. Business-type capital assets decreased by \$1.7M with additions to construction in progress and equipment of \$347K reduced by accumulated depreciation of \$2.1M.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2020

City of South Gate Capital Assets
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Structures and improvements	11,370,775	12,148,632	2,696,726	2,793,434	14,067,501	14,942,066
Machinery and equipment	2,129,481	2,382,917	1,740,821	1,994,835	3,870,302	4,377,752
Infrastructure	198,410,054	183,983,068	-	-	198,410,054	183,983,068
Utility distribution system			41,747,543	29,858,310	41,747,543	29,858,310
Land	3,738,993	3,738,993	1,290,602	1,290,602	5,029,595	5,029,595
Construction in progress	21,279,557	36,967,174	789,456	14,067,213	22,069,013	51,034,387
Water rights	-	-	1,933,144	1,933,144	1,933,144	1,933,144
Total	\$236,928,860	\$239,220,784	\$50,198,292	\$51,937,538	\$287,127,152	\$291,158,322

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

Long-Term Debt. At the end of the fiscal year, the City of South Gate had total long-term outstanding debt of \$177.0M. This amount represents a decrease over the prior year of \$11.7M due to the reduction of revenue and pension obligation bonds of \$1.3M, notes payable of \$310K, and purchasing lease of \$248K.

City of South Gate Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue bonds	\$ -	\$ -	\$32,397,575	\$36,749,919	\$32,397,575	\$36,749,919
Pension obligation bonds	12,800,000	14,055,000	-	-	12,800,000	14,055,000
Financing agreements	738,953	987,093	-	-	738,953	987,093
Notes/loans payable	-	310,000	-	-	-	310,000
Claims and judgments	8,789,673	11,285,126	-	-	8,789,673	11,285,126
Compensated Absences	5,098,868	5,788,467	430,843	393,986	5,529,711	6,182,453
Net OPEB liability	22,513,995	27,833,972	2,596,912	3,229,137	25,110,907	31,063,109
Net pension liability	86,449,654	83,023,528	5,213,608	5,024,851	91,663,262	88,048,379
Total	\$136,391,143	\$143,283,186	\$40,638,938	\$45,397,893	\$177,030,081	\$188,681,079

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

Economic Factors and Next Year's Budget

The FY 2019/20 General Fund adopted budget projected operating revenues of \$51,582,663 and operating expenditures of \$53,973,958, leaving an operating shortfall of \$2,391,295. This operating shortfall was covered with some one-time funds (the recovery of attorney fees negotiated by the City Attorney's Office as part of a legal settlement) and funds from the Budget/CalPERS Stabilization account, which had a balance of \$6M. At the end of the fiscal year June 30, 2020, the actual shortfall was \$2,314,117.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2020

For FY 2020/21, the City adopted a Maintenance of Effort Budget, which was essentially a repeat of the FY 2019/20 Municipal Budget, with only a net \$900K increase, which was due to previously-negotiated salary step increases, contractually required CalPERS retirement and health insurance cost increases and a few previously-negotiated contracted services increases. When preparing the City's budget for fiscal year 2020/21, the following revenue and expenditure decreases/increases were made:

- General Fund revenues, in total, were projected to decrease below FY 2019/20 adopted revenues by \$3.6M, or 7%. This was due to projected decreases of \$3.8M in sales tax revenues and \$400K in recreation revenues, both as a result of the COVID-19 pandemic. However, some revenues, such as permits and interest income, were not expected to be impacted by the pandemic and were projected to increase in FY 2020/21.
- No employee salary increases were approved for FY 2020/21, however some employees were due their normal salary step increases. CalPERS normal costs and payments towards the Unfunded Actuarial Liability (UAL) increased and were included in the General Fund budget. Overall, the FY 2020/21 budget only increased by \$965K, or 1.8%, over the FY 2019/20 adopted budget.

As a result, General Fund operating revenues were estimated at \$47,555,355, while operating expenditures were budgeted at \$54,522,822, resulting in an operating shortfall of \$6,967,467. The operating shortfall was to be covered with funds from the budget stabilization fund, which had a balance of \$6M, and the unassigned fund balance which has over \$10M.

Requests for Information

This comprehensive annual financial report (CAFR) is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's transparency and accountability for the money it receives and expends. If you have questions about this report or need additional financial information, please contact Kim Sao, Deputy Director of Administrative Services/Finance, by phone at (323) 563-9522, by e-mail at ksao@sogate.org or by mail at 8650 California Avenue, South Gate, California 90280.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of South Gate
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 73,110,100	\$ 42,553,520	\$ 115,663,620
Receivables:			
Accounts	1,485,537	4,272,971	5,758,508
Accrued interest	307,321	154,435	461,756
Settlements	76,712	-	76,712
Internal balances	21,983,221	(21,983,221)	-
Advance to Successor Agency	-	-	-
Prepaid items	39,777	-	39,777
Prepaid bond insurance	-	-	-
Due from other governments	10,504,661	-	10,504,661
Inventories	181,678	-	181,678
Property held for resale	4,950,000	-	4,950,000
Total current assets	112,639,007	24,997,705	137,636,712
Noncurrent assets:			
Restricted cash and investments with fiscal agent	173,881	831,423	1,005,304
Notes and loans receivables	9,646,461	-	9,646,461
Capital assets:			
Non-depreciable capital assets	25,018,550	4,013,202	29,031,752
Depreciable capital assets, net	211,910,310	46,185,090	258,095,400
Total capital assets	236,928,860	50,198,292	287,127,152
Total noncurrent assets	246,749,202	51,029,715	297,778,917
Total assets	359,388,209	76,027,420	435,415,629
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	-	1,158,019	1,158,019
Deferred outflows of resources related to pensions	15,278,886	618,050	15,896,936
Deferred outflows of resources related to OPEB	932,726	107,586	1,040,312
Total deferred outflows of resources	16,211,612	1,883,655	18,095,267

City of South Gate
Statement of Net Position (Continued)
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,990,660	\$ 1,566,902	\$ 5,557,562
Accrued liabilities	869,329	71,862	941,191
Retention payable	845,389	15,125	860,514
Accrued interest	57,493	222,841	280,334
Unearned revenue	675,811	99,679	775,490
Deposits payable	2,781,336	3,596,191	6,377,527
Due to other governments	10,964	-	10,964
Compensated absences - due within one year	429,616	36,302	465,918
Claims payable - due within one year	2,015,049	-	2,015,049
Long-term debt - due within one year	1,555,654	1,684,349	3,240,003
Total current liabilities	13,231,301	7,293,251	20,524,552
Noncurrent liabilities:			
Compensated absences - due in more than one year	4,669,252	394,541	5,063,793
Claims payable - due in more than one year	6,774,624	-	6,774,624
Long-term debt - due in more than one year	11,983,299	30,713,226	42,696,525
Aggregate net pension liability	86,449,654	5,213,608	91,663,262
Total other postemployment benefits liability	22,513,995	2,596,912	25,110,907
Total noncurrent liabilities	132,390,824	38,918,287	171,309,111
Total liabilities	145,622,125	46,211,538	191,833,663
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	5,640,484	209,606	5,850,090
Deferred inflows of resources related to OPEB	6,866,761	792,058	7,658,819
Total deferred inflows of resources	12,507,245	1,001,664	13,508,909
NET POSITION			
Net investment in capital assets	235,344,518	18,943,611	254,288,129
Restricted:			
Community development projects	5,715,241	-	5,715,241
Asset forfeiture program	4,560,347	-	4,560,347
Law enforcement	648,685	-	648,685
Public works	17,134,238	-	17,134,238
Capital projects	2,000	-	2,000
Debt service	171,881	831,423	1,003,304
Low/mod income housing activities	10,214,361	-	10,214,361
Total restricted	38,446,753	831,423	39,278,176
Unrestricted (deficit)	(56,320,820)	10,922,839	(45,397,981)
Total net position	\$ 217,470,451	\$ 30,697,873	\$ 248,168,324

City of South Gate
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 7,238,434	\$ 2,944,710	\$ 53,241	\$ -	\$ 2,997,951
Police	32,658,124	2,051,477	1,552,022	-	3,603,499
Community development	11,681,154	1,739,319	12,318,651	-	14,057,970
Parks & recreation	8,761,785	1,029,398	122,489	-	1,151,887
Public works	18,790,068	1,583,649	5,438,989	5,369,929	12,392,567
Interest on long-term debt	533,290	-	-	-	-
Total governmental activities	<u>79,662,855</u>	<u>9,348,553</u>	<u>19,485,392</u>	<u>5,369,929</u>	<u>34,203,874</u>
Business-type activities:					
Water	15,170,900	19,859,155	-	-	19,859,155
Sewer	1,330,302	1,257,929	-	-	1,257,929
Refuse	4,043,248	4,079,615	48,671	-	4,128,286
Total business-type activities	<u>20,544,450</u>	<u>25,196,699</u>	<u>48,671</u>	<u>-</u>	<u>25,245,370</u>
Total primary government	<u>\$ 100,207,305</u>	<u>\$ 34,545,252</u>	<u>\$ 19,534,063</u>	<u>\$ 5,369,929</u>	<u>\$ 59,449,244</u>

City of South Gate
Statement of Activities (Continued)
For the Year Ended June 30, 2020

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (4,240,483)	\$ -	\$ (4,240,483)
Police	(29,054,625)	-	(29,054,625)
Community development	2,376,816	-	2,376,816
Parks & recreation	(7,609,898)	-	(7,609,898)
Public works	(6,397,501)	-	(6,397,501)
Interest on long-term debt	(533,290)	-	(533,290)
Total governmental activities	(45,458,981)	-	(45,458,981)
Business-type activities:			
Water	-	4,688,255	4,688,255
Sewer	-	(72,373)	(72,373)
Refuse	-	85,038	85,038
Total business-type activities	-	4,700,920	4,700,920
Total primary government	(45,458,981)	4,700,920	(40,758,061)
General revenues and transfers:			
Taxes:			
Property taxes, levied for general purpose	14,078,869	-	14,078,869
Transient occupancy taxes	411,821	-	411,821
Sales taxes	21,162,524	-	21,162,524
Franchise taxes	2,743,851	-	2,743,851
Business licenses taxes	1,397,111	-	1,397,111
Motor vehicle license in lieu	76,595	-	76,595
Other taxes	592,646	-	592,646
Total taxes	40,463,417	-	40,463,417
Use of money and property	1,574,858	1,266,484	2,841,342
Other	1,063,793	-	1,063,793
Transfers	287,309	(287,309)	-
Total general revenues and transfers	43,389,377	979,175	44,368,552
Changes in net position	(2,069,604)	5,680,095	3,610,491
Net Position:			
Beginning of year, as restated (Note 19)	219,540,055	25,017,778	244,557,833
End of year	\$ 217,470,451	\$ 30,697,873	\$ 248,168,324

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

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

**City of South Gate
Balance Sheet
Governmental Funds
June 30, 2020**

	Major Funds				
	General Fund	Grants Special Revenue Fund	Capital Improvement Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 23,868,918	\$ -	\$ 7,068,967	\$ 27,118,714	\$ 58,056,599
Receivables:					
Accounts	1,151,004	-	15,000	319,533	1,485,537
Notes and loans	17,433	392,680	-	9,236,348	9,646,461
Accrued interest	154,418	-	-	101,447	255,865
Settlements	76,712	-	-	-	76,712
Prepaid items	-	-	-	32,716	32,716
Due from other governments	4,774,069	4,679,698	-	1,050,714	10,504,481
Due from other funds	8,455,055	-	-	-	8,455,055
Inventories	181,678	-	-	-	181,678
Land held for resale	-	-	-	4,950,000	4,950,000
Advances to other funds	23,798,000	-	-	-	23,798,000
Restricted cash and investments held by fiscal agent	171,881	-	2,000	-	173,881
Total assets	\$ 62,649,168	\$ 5,072,378	\$ 7,085,967	\$ 42,809,472	\$ 117,616,985

**City of South Gate
Balance Sheet (Continued)
Governmental Funds
June 30, 2020**

	Major Funds				Total Governmental Funds
	General Fund	Grants Special Revenue Fund	Capital Improvement Projects Fund	Nonmajor Governmental Funds	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,133,600	\$ -	\$ 1,904,277	\$ 650,617	\$ 3,688,494
Accrued liabilities	765,203	-	-	83,038	848,241
Unearned revenue	-	49,959	220,000	405,852	675,811
Deposits	2,607,025	-	96,257	78,054	2,781,336
Retentions payable	-	-	845,389	-	845,389
Due to other governments	10,964	-	-	-	10,964
Due to other funds	-	4,378,290	-	4,137,243	8,515,533
Advances from other funds	-	-	-	1,813,000	1,813,000
Total liabilities	4,516,792	4,428,249	3,065,923	7,167,804	19,178,768
Deferred inflows of resources:					
Unavailable revenues	76,712	1,674,622	-	184	1,751,518
Total deferred inflows of resources	76,712	1,674,622	-	184	1,751,518
Fund Balances:					
Nonspendable					
Inventories	181,678	-	-	-	181,678
Prepaid items	-	-	-	32,716	32,716
Notes and loans	17,433	-	-	-	17,433
Advances to other funds	23,798,000	-	-	-	23,798,000
Restricted					
Community development projects	-	-	-	5,715,241	5,715,241
Asset forfeiture program	-	-	-	4,560,347	4,560,347
Law enforcement	-	-	-	648,685	648,685
Public works	-	-	-	17,134,238	17,134,238
Capital projects	-	-	2,000	-	2,000
Debt service	171,881	-	-	-	171,881
Low/mod income housing activities	-	-	-	10,866,555	10,866,555
Committed					
Emergency reserve	10,000,000	-	-	-	10,000,000
Employment resource center	1,870,000	-	3,828,744	-	5,698,744
Budget stabilization	6,000,000	-	-	-	6,000,000
OPEB section 115 trust	1,000,000	-	-	-	1,000,000
Revolving loan program (ED)	1,000,000	-	-	-	1,000,000
Capital projects	-	-	189,300	-	189,300
Assigned					
Public works	115,000	-	-	-	115,000
Capital projects	3,367,023	-	-	-	3,367,023
Unassigned (deficit)	10,534,649	(1,030,493)	-	(3,316,298)	6,187,858
Total fund balances	58,055,664	(1,030,493)	4,020,044	35,641,484	96,686,699
Total liabilities, deferred inflows of resources and fund balances	\$ 62,649,168	\$ 5,072,378	\$ 7,085,967	\$ 42,809,472	\$ 117,616,985

City of South Gate
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds \$ 96,686,699

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	236,928,860
Less: capital assets reported in Internal Service Funds	(1,503,617)
Total capital assets adjustment	235,425,243

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	(12,800,000)
Financing agreements	(738,953)
Compensated absences	(5,032,644)
Total long-term debt adjustment	(18,571,597)

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. (57,493)

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 \$238,202 reported in Internal Service Funds.	15,040,684
Aggregate net pension liabilities, net of \$(2,009,372) reported in Internal Service Funds.	(84,440,282)
Deferred inflows of resources related to pensions, net of \$(80,784) reported in Internal Service Funds.	(5,559,700)

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 \$33,250 reported in Internal Service Funds.	899,476
Other postemployment benefits liabilities, net of \$(802,595) reported in Internal Service Funds.	(21,711,400)
Deferred inflows of resources related to OPEB, net of \$(244,791) reported in Internal Service Funds.	(6,621,970)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 1,751,518

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. 4,629,273

Net Position of Governmental Activities \$ 217,470,451

City of South Gate
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds				
	General Fund	Grants Special Revenue Fund	Capital Improvement Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 40,386,822	\$ -	\$ -	\$ 1,989,636	\$ 42,376,458
Licenses and permits	1,988,477	-	-	12,829	2,001,306
Intergovernmental	283,239	4,614,964	325,153	17,354,008	22,577,364
Charges for services	1,731,802	-	-	1,053,228	2,785,030
Use of money and property	1,148,122	-	-	885,362	2,033,484
Fines and forfeitures	1,418,757	-	-	82,860	1,501,617
Miscellaneous	4,236,360	-	-	19,781	4,256,141
Total revenues	51,193,579	4,614,964	325,153	21,397,704	77,531,400
EXPENDITURES:					
Current:					
General government	6,985,360	-	-	21,928	7,007,288
Police	28,182,123	-	-	1,266,258	29,448,381
Community development	3,496,263	4,848	-	8,035,634	11,536,745
Parks & recreation	7,929,225	-	-	77,231	8,006,456
Public works	4,211,825	-	-	6,541,512	10,753,337
Capital outlay	26,945	-	6,694,136	246,343	6,967,424
Debt service:					
Principal	1,255,000	-	-	558,140	1,813,140
Interest and fiscal charges	761,208	-	-	12,335	773,543
Total expenditures	52,847,949	4,848	6,694,136	16,759,381	76,306,314
REVENUES OVER (UNDER) EXPENDITURES	(1,654,370)	4,610,116	(6,368,983)	4,638,323	1,225,086
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	6,417,683	262,569	6,680,252
Transfers out	(659,747)	(3,933,680)	(124,914)	(1,674,602)	(6,392,943)
Total other financing sources (uses)	(659,747)	(3,933,680)	6,292,769	(1,412,033)	287,309
CHANGES IN FUND BALANCES	(2,314,117)	676,436	(76,214)	3,226,290	1,512,395
FUND BALANCES:					
Beginning of year	60,369,781	(1,706,929)	4,096,258	32,415,194	95,174,304
End of year	<u>\$ 58,055,664</u>	<u>\$ (1,030,493)</u>	<u>\$ 4,020,044</u>	<u>\$ 35,641,484</u>	<u>\$ 96,686,699</u>

City of South Gate
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 1,512,395
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 \$398,149 reported in Internal Service Fund	7,055,501
Depreciation, net of \$358,566 reported in Internal Service Fund	(9,387,008)
	(2,331,507)
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal payment of long-term debt	1,813,140
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	
	240,253
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.	
	755,823
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.	
	(5,041,934)
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.	
	(436,807)
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.	
	(652,194)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.	
	2,071,227
Change in Net Position of Governmental Activities	\$ (2,069,604)

PROPRIETARY FUND FINANCIAL STATEMENTS

ENTERPRISE FUNDS:

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

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

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

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

City of South Gate
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Enterprise Funds				
	Major		Nonmajor		
	Water	Sewer	Refuse		
ASSETS					
Current assets:					
Cash and investments	\$ 39,778,688	\$ 1,647,150	\$ 1,127,682	\$ 42,553,520	\$ 15,053,501
Receivables:					
Accounts	3,203,682	377,940	691,349	4,272,971	-
Accrued interest	143,051	7,247	4,137	154,435	51,456
Due from other governments	-	-	-	-	180
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	7,061
Prepaid bond insurance	-	-	-	-	-
Due from other funds	1,779	-	-	1,779	58,699
Total current assets	43,127,200	2,032,337	1,823,168	46,982,705	15,170,897
Noncurrent assets:					
Restricted assets:					
Cash and investments	831,423	-	-	831,423	-
Capital assets:					
Non-depreciable assets	3,870,038	143,164	-	4,013,202	308,973
Depreciable assets, net of accumulated depreciation	29,921,446	16,263,644	-	46,185,090	1,194,644
Total capital assets, net	33,791,484	16,406,808	-	50,198,292	1,503,617
Total noncurrent assets	34,622,907	16,406,808	-	51,029,715	1,503,617
Total assets	77,750,107	18,439,145	1,823,168	98,012,420	16,674,514
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding of debt	1,158,019	-	-	1,158,019	-
Deferred outflows of resources related to pensions	533,864	84,186	-	618,050	238,202
Deferred outflows of resources related to OPEB	87,274	20,312	-	107,586	33,250
Total deferred outflows of resources	1,779,157	104,498	-	1,883,655	271,452

City of South Gate
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2020

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Major		Nonmajor		
	Water	Sewer	Refuse		
LIABILITIES					
Liabilities:					
Current liabilities:					
Accounts payable	1,118,488	29,099	419,315	1,566,902	302,166
Accrued liabilities	61,430	8,734	1,698	71,862	21,088
Accrued interest	222,841	-	-	222,841	-
Unearned revenues	-	-	99,679	99,679	-
Deposits payable	3,596,191	-	-	3,596,191	-
Retentions payable	15,125	-	-	15,125	-
Compensated absences, due within one year	31,061	5,241	-	36,302	5,583
Claims and judgments, due within one year	-	-	-	-	2,015,049
Bonds payable, due within one year	1,684,349	-	-	1,684,349	-
Total current liabilities	<u>6,729,485</u>	<u>43,074</u>	<u>520,692</u>	<u>7,293,251</u>	<u>2,343,886</u>
Noncurrent liabilities:					
Advances from other funds	-	21,985,000	-	21,985,000	-
Compensated absences, due in more than one year	337,582	56,959	-	394,541	60,641
Claims and judgments, due in more than one year	-	-	-	-	6,774,624
Bonds payable, due in more than one year	30,713,226	-	-	30,713,226	-
Aggregate net pension liability	4,503,448	710,160	-	5,213,608	2,009,372
Net OPEB liability	2,106,614	490,298	-	2,596,912	802,595
Total noncurrent liabilities	<u>37,660,870</u>	<u>23,242,417</u>	<u>-</u>	<u>60,903,287</u>	<u>9,647,232</u>
Total liabilities	<u>44,390,355</u>	<u>23,285,491</u>	<u>520,692</u>	<u>68,196,538</u>	<u>11,991,118</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	181,055	28,551	-	209,606	80,784
Deferred inflows of resources related to OPEB	642,517	149,541	-	792,058	244,791
Total deferred inflows of resources	<u>823,572</u>	<u>178,092</u>	<u>-</u>	<u>1,001,664</u>	<u>325,575</u>
NET POSITION					
Net investment in capital assets	2,536,803	16,406,808	-	18,943,611	1,503,617
Restricted for debt service	831,423	-	-	831,423	-
Unrestricted (deficit)	30,947,111	(21,326,748)	1,302,476	10,922,839	3,125,656
Total net position	<u>\$ 34,315,337</u>	<u>\$ (4,919,940)</u>	<u>\$ 1,302,476</u>	<u>\$ 30,697,873</u>	<u>\$ 4,629,273</u>

City of South Gate
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Enterprise Funds				
	Major		Nonmajor		
	Water	Sewer	Refuse		
OPERATING REVENUES:					
Sales and service charges	\$ 19,281,250	\$ 1,256,557	\$ 4,073,986	\$ 24,611,793	\$ -
Interdepartmental charges	-	-	-	-	7,449,358
Claim recovery	-	-	-	-	1,622,094
Miscellaneous	577,905	1,372	5,629	584,906	-
Total operating revenues	19,859,155	1,257,929	4,079,615	25,196,699	9,071,452
OPERATING EXPENSES:					
Personnel services	4,319,848	263,600	88,121	4,671,569	1,648,221
Utilities	683,207	1,700	3,755,055	4,439,962	54,241
Contractual services	4,070,563	122,089	1,223	4,193,875	358,178
Administrative services	2,414,830	277,219	198,849	2,890,898	430,183
Repairs and maintenance	141,348	103,886	-	245,234	933,337
Supplies	394,509	22,832	-	417,341	689,925
Insurance	-	-	-	-	2,954,310
Depreciation expense	1,547,192	538,976	-	2,086,168	358,566
Total operating expenses	13,571,497	1,330,302	4,043,248	18,945,047	7,426,961
OPERATING INCOME (LOSS)	6,287,658	(72,373)	36,367	6,251,652	1,644,491
NONOPERATING REVENUES (EXPENSES):					
Investment income	1,178,796	55,736	31,952	1,266,484	426,736
Intergovernmental revenue	-	-	48,671	48,671	-
Interest expense and fiscal charges	(1,599,403)	-	-	(1,599,403)	-
Total nonoperating revenues (expenses)	(420,607)	55,736	80,623	(284,248)	426,736
INCOME (LOSS) BEFORE TRANSFERS	5,867,051	(16,637)	116,990	5,967,404	2,071,227
TRANSFERS:					
Transfers in	203,595	-	-	203,595	-
Transfers out	(287,309)	(203,595)	-	(490,904)	-
Total transfers	(83,714)	(203,595)	-	(287,309)	-
CHANGES IN NET POSITION	5,783,337	(220,232)	116,990	5,680,095	2,071,227
NET POSITION:					
Beginning of year, as restated (Note 19)	28,532,000	(4,699,708)	1,185,486	25,017,778	2,558,046
End of year	\$ 34,315,337	\$ (4,919,940)	\$ 1,302,476	\$ 30,697,873	\$ 4,629,273

City of South Gate
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Major		Nonmajor		
	Water	Sewer	Refuse		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers and users	\$ 21,071,079	\$ 1,239,212	\$ 4,042,006	\$ 26,352,297	\$ -
Cash received from interfund service provided	-	-	-	-	7,414,580
Cash paid to suppliers for goods and services	(7,616,234)	(543,250)	(3,911,275)	(12,070,759)	(6,409,621)
Cash paid to employees for services	(3,386,046)	(440,185)	(87,628)	(3,913,859)	(1,255,018)
Net cash provided by (used in) operating activities	10,068,799	255,777	43,103	10,367,679	(250,059)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(346,761)	(161)	-	(346,922)	(398,149)
Proceeds from issuance on capital-related debt	32,438,029	-	-	32,438,029	-
Cash paid to escrow for capital-related debt defeased	(37,742,994)	-	-	(37,742,994)	-
Interest paid on capital-related debt	(1,603,171)	-	-	(1,603,171)	-
Net cash (used in) capital and related financing activities	(7,254,897)	(161)	-	(7,255,058)	(398,149)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental revenue	-	-	48,671	48,671	-
Transfers in	203,595	-	-	203,595	-
Transfers out	(287,309)	(203,595)	-	(490,904)	-
Net cash (used in) noncapital financing activities	(83,714)	(203,595)	48,671	(238,638)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	1,199,802	57,539	33,187	1,290,528	450,355
Net cash provided by (used in) investing activities	1,199,802	57,539	33,187	1,290,528	450,355
Net change in cash and cash equivalents	3,929,990	109,560	124,961	4,164,511	(197,853)
CASH AND CASH EQUIVALENTS:					
Beginning of year	36,680,121	1,537,590	1,002,721	39,220,432	15,251,354
End of year	<u>\$ 40,610,111</u>	<u>\$ 1,647,150</u>	<u>\$ 1,127,682</u>	<u>\$ 43,384,943</u>	<u>\$ 15,053,501</u>
RECONCILIATION TO STATEMENT OF NET POSITION:					
Cash and investments	\$ 39,778,688	\$ 1,647,150	\$ 1,127,682	\$ 42,553,520	\$ 15,053,501
Restricted cash and investment	831,423	-	-	831,423	-
Total cash and cash equivalents	<u>\$ 40,610,111</u>	<u>\$ 1,647,150</u>	<u>\$ 1,127,682</u>	<u>\$ 43,384,943</u>	<u>\$ 15,053,501</u>

City of South Gate
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Enterprise Funds				
	Major		Nonmajor		
	Water	Sewer	Refuse		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 6,287,658	\$ (72,373)	\$ 36,367	\$ 6,251,652	\$ 1,644,491
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,547,192	538,976	-	2,086,168	358,566
(Increase) decrease in accounts receivable	(64,896)	(18,717)	(38,926)	(122,539)	(180)
(Increase) decrease in prepaid items	-	-	-	-	(52)
(Increase) decrease in due from other funds	(1,352)	-	-	(1,352)	(34,778)
(Increase) decrease in deferred outflows of resources related to pensions	221,337	112,961	-	334,298	56,407
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	27,640	6,433	-	34,073	10,530
Increase (decrease) in accounts payable	88,223	(15,524)	43,852	116,551	(115,856)
Increase (decrease) in accrued liabilities	13,977	2,512	493	16,982	3,062
Increase (decrease) in unearned revenue	-	-	1,317	1,317	-
Increase (decrease) in deposits payable	1,278,172	-	-	1,278,172	-
Increase (decrease) in compensated absences	-	-	-	-	66,224
Increase (decrease) in claims and judgments	-	-	-	-	(2,495,453)
Increase (decrease) in compensated absences	22,011	14,846	-	36,857	-
Increase (decrease) in net pension liability	515,200	(326,443)	-	188,757	197,945
Increase (decrease) in net OPEB liability	(499,345)	(116,219)	-	(615,564)	(190,245)
Increase (decrease) in deferred inflows of resources related to pensions	118,894	9,675	-	128,569	53,419
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	514,088	119,650	-	633,738	195,861
Total adjustments	<u>3,781,141</u>	<u>328,150</u>	<u>6,736</u>	<u>4,116,027</u>	<u>(1,894,550)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 10,068,799</u></u>	<u><u>\$ 255,777</u></u>	<u><u>\$ 43,103</u></u>	<u><u>\$ 10,367,679</u></u>	<u><u>\$ (250,059)</u></u>

FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

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City of South Gate
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds	Successor Agency of the Former Community Development Commission
ASSETS		
Cash and investments	\$ 969,445	\$ 1,326,137
Cash and investments with fiscal agent	-	3,931,514
Receivables:		
Notes and loans	-	256,100
Due from other governments	-	10,964
Prepaid bond insurance	-	80,185
Property held for resale	-	1,463,492
Capital assets:		
Non-depreciable	-	1,686,000
Depreciable, net	-	122,493
Total assets	\$ 969,445	8,876,885
LIABILITIES		
Accounts payable	\$ 108,000	137,294
Interest payable	-	301,415
Due to other governments	-	506,448
Deposits payable	861,445	
Long-term debt:		
Due within one year	-	3,774,658
Due in more than one year	-	16,823,748
Total liabilities	\$ 969,445	21,543,563
NET POSITION (DEFICIT)		
Held in trust		\$ (12,666,678)

City of South Gate
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Successor Agency of the Former Community Development Commission
ADDITIONS:	
Redevelopment property tax trust fund	\$ 4,963,204
Use of money and property	51,166
Total additions	<u>5,014,370</u>
DEDUCTIONS:	
Utilities	233
Contractual services	652,745
Administrative services	218,316
Depreciation expense	19,089
Interest expense and fiscal charges	616,516
Total deductions	<u>1,506,899</u>
Changes in Net Position	3,507,471
NET POSITION:	
Beginning of year	<u>(16,174,149)</u>
End of year	<u><u>\$ (12,666,678)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of South Gate
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For the Year Ended June 30, 2020

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City of South Gate
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City of South Gate
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies

A. Description of the Reporting Entity

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

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

Blended Component Units

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

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

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

A. Description of the Reporting Entity (Continued)

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

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

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

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

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

Government-Wide Financial Statements

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements

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

Governmental Fund Financial Statements

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

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

Proprietary Fund Financial Statements

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

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

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

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

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

Fiduciary Fund Financial Statements

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

The City also reports the following fiduciary funds:

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Cash, Investments, and Cash Equivalents

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

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except investment income for the Internal Service Funds and the Capital Improvement Fund which is allocated to the General Fund.

Following areas of certain disclosure requirements, if applicable, for Deposits and Investment Risks are presented in the footnotes:

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

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

D. Fair Value Measurement

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

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

- Level 1 – Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets and liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets and liabilities at the measurement date.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

F. Prepaid Items

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

G. Inventories

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

H. Land Held for Resale

Land held for resale is recorded in the City's Housing Successor Special Revenue Fund and in the Private-Purpose Trust Fund – Successor Agency of the Former Community Development Commission (CDC) at the lower of acquisition cost or estimated net realizable value when such amount becomes determinable as a result of the City entering into a contract for sale of property. Land held for resale at June 30, 2020, in the City's Housing Successor Special Revenue Fund and in the Private-Purpose Trust Fund – Successor Agency of the Former CDC are \$4,950,000 and \$1,463,492, respectively.

I. Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated acquisition value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

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

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

For infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting.

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

The following schedule summarizes capital asset useful lives:

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

J. Deferred Outflows/Inflows of Resources

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

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

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

K. Net Pension Liability

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Net Pension Liability (Continued)

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

<u>PARS</u>	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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

L. Other Postemployment Benefits (“OPEB”)

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

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

M. *Compensated Absences*

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

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is also recorded for unused sick leave balances for an estimated amount based on active employee's eligibility. The estimated amount is calculated based on accrued value of the sick leave balances at June 30, 2019, and the City of South Gate Memorandum of Understanding Sick Leave Payoff eligibility calculation. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event which is outside the control of the City and the employee.

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

N. *Long-Term 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.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

O. Net Position (Continued)

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

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

P. Fund Balance

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

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

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

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

As part of the City’s initiative to prepare for potential economic downturns or a major emergency, the City Council has committed funds as emergency reserves. As of June 30, 2020, the City has committed \$10,000,000 in the emergency reserves. The commitments are made through council approval establishing and amending the reserve amounts.

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

P. Fund Balance (Continued)

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

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

Q. Use of Estimates

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

R. Changes in Accounting Policy

In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB Statement No. 95), to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of provisions in certain GASB Statements and Implementation Guides which became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later. The City implemented GASB Statement No. 95 in the fiscal year ended June 30, 2020 and postponed the effective dates of the following GASB Statements:

- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- GASB Statement No. 90, Majority Equity Interests
- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 92, Omnibus 2020
- GASB Statement No. 93, Replacement of Interbank Offered Rates.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 - Cash and Investments

As of June 30, 2020, cash and investments were reported in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 73,110,100	\$ 42,553,520	\$ 115,663,620	\$ 2,295,582	\$ 117,959,202
Cash and investments with fiscal agent	173,881	831,423	1,005,304	3,931,514	4,936,818
Total cash and investments	\$ 73,283,981	\$ 43,384,943	\$ 116,668,924	\$ 6,227,096	\$ 122,896,020

Cash and investments as of June 30, 2020 consisted of the following:

Cash:	
Cash on hand	16,996
Deposits with financial institution	6,387,395
Total Cash	6,404,391
Investments:	
Investments	111,554,812
Investments held by bond trustee	4,936,818
Total Investments	116,491,630
Total Cash and Investments	\$ 122,896,021

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, 2020, the carrying amount of the City's deposits was \$6,387,395 and the bank balance was \$6,402,703. 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 (Continued)
For the Year Ended June 30, 2020

Note 2 - Cash and Investments (Continued)

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

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

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

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

C. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The following table identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 - Cash and Investments (Continued)

D. Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City's investments with LAIF at June 30, 2019, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

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

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

As of June 30, 2020, the City had \$64,783,762 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities.

E. Fair Value Measurement

At June 30, 2020, 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, 2020:

Investment Type	Measurement Input		Total
	Level 2	Not subject to measurement	
Local Agency Investment Fund	\$ -	\$ 65,389,528	\$ 65,389,528
Certificates of deposits	25,984,379	-	25,984,379
Money market funds	-	1,122,005	1,122,005
U.S. government sponsored enterprise securities	19,058,900	-	19,058,900
Held by fiscal agent:			-
Money market funds	-	4,936,818	4,936,818
Total	\$ 45,043,279	\$ 71,448,351	\$ 116,491,630

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 - Cash and Investments (Continued)

F. Risk Disclosures

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

At June 30, 2020, the City's investments are rated as following:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Ratings at Year-End AA or AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund	\$ 65,389,528	N/A	\$ -	\$ 65,389,528
Certificates of deposits	25,984,379	N/A	-	25,984,379
Money market funds	1,122,005	AAA	1,122,005	-
U.S. government sponsored enterprise securities	19,058,900	AAA	19,058,900	-
Held by fiscal agent:				
Money market funds	4,936,818	AAA	4,936,818	-
	<u>\$ 116,491,630</u>		<u>\$ 25,117,723</u>	<u>\$ 91,373,907</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2020, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions with the exception of U.S. Treasury securities, federal agency securities, U.S. government sponsored enterprise securities, overnight sweep accounts, and authorized pools that no more than 20% of the City's total investment portfolio to be invested in a single security type or 10% in any one corporate or bank issuer. With respect to concentration risk, as of June 30, 2020, 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 enterprise securities	Federal Home Loan Bank	\$ 7,079,880	6.35%

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 - Cash and Investments (Continued)

F. Risk Disclosures (Continued)

Interest Rate Risk

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

As of June 30, 2020, the City had the following investments and original maturities:

Investment Type	Totals	Remaining Maturing (In Months)		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 65,389,528	\$ 65,389,528	\$ -	\$ -
Certificates of deposits	25,984,379	1,201,406	6,792,104	17,990,869
Money market funds	1,122,005	1,122,005	-	-
U.S. government sponsored enterprise securities	19,058,900	2,003,910	5,947,530	11,107,460
Held by fiscal agent:				
Money market funds	4,936,818	4,936,818	-	-
Total	\$ 116,491,630	\$ 74,653,667	\$ 12,739,634	\$ 29,098,329

Note 3 - Settlements Receivable

The City has two settlement agreements totaling \$76,712, one for the September 2, 2005, filing against Strategy Workshop and the second one for the March 1, 2005, filing against ECM Group Inc. The City contends that Strategy Workshop and ECM Group Inc. submitted false claims concerning certain service performed. The balance is also unavailable as of June 30, 2020. See Note 5.

Note 4 - Notes and Loans Receivable

Summary of changes in notes and loans receivable for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Rental Rehabilitation	\$ 17,433	\$ 1,813,000	\$ -	\$ 17,433
Section 8 Repayment Program	14,415	-	-	14,415
CDBG and First Time Home Buyers	9,325,805	130,185	(234,057)	9,221,933
CalHome Loan Program	392,680	-	-	392,680
Total	\$ 9,750,333	\$ 1,943,185	\$ (234,057)	\$ 9,646,461

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 - Notes and Loans Receivable (Continued)

A. Rental Rehabilitation

The City participates in a Rental Rehabilitation Program. The purpose of the Rental Rehabilitation Loan Program is to assist owners of smaller rental properties which are occupied by persons or families that have an income less than 80% of the statewide median income. At June 30, 2020, the City has rental rehabilitation outstanding balance in the amount of \$1,830,433.

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, 2020, 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 silent second down payment assistance loans to residents who meet certain qualifications for the purpose of providing homeownership assistance to low-and-moderate income families.

The loans are secured by a deed of trust and monthly payments are not required. The loans become due and payable when any of the following occurs: 1) the property is sold or transferred, 2) property is no longer owner-occupied, 3) property is refinanced, 4) the last surviving borrower dies, at which time full repayment would be required, the loan is never forgiven. At June 30, 2020, the outstanding balance was \$9,221,933.

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, 2020, the outstanding balance is \$392,680.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 - Unavailable Revenue

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

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

	General Fund	Grants Special Revenue Fund	Nonmajor Governmental Fund	Total
Unavailable federal and state grant revenue	\$ -	\$ 1,674,622	\$ 184	\$ 1,674,806
Settlement receivable (Note 3)	76,712	-	-	76,712
Total	<u>\$ 76,712</u>	<u>\$ 1,674,622</u>	<u>\$ 184</u>	<u>\$ 1,751,518</u>

Note 6 - Interfund Transactions

A. Due To/From Other Funds

Due from Other Funds	Due to Other Funds		
	Grants Special Revenue Fund	Nonmajor Governmental Funds	Total
	General Fund	\$ 4,378,290	\$ 4,076,765
Water Enterprise Fund	-	1,779	1,779
Internal Service Fund	-	58,699	58,699
Total	<u>\$ 4,378,290</u>	<u>\$ 4,137,243</u>	<u>\$ 8,515,533</u>

Current interfund receivables and payables are the result of short-term borrowings at June 30, 2020.

B. Advances To/From Other Funds

On November 13, 2001, a \$21,985,000 advance was made between the General Fund and the Sewer Fund to fund certain improvements to the sewer systems. The amount outstanding at June 30, 2020 is \$21,985,000. A payment schedule has not been determined.

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). The advance bears interest at LAIF rate. As of June 30, 2020, 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 (Continued)
For the Year Ended June 30, 2020

Note 6 - Interfund Transactions (Continued)

C. Interfund Transfers

Transfers Out	Transfers In			Total
	Capital Improvement Projects Fund	Nonmajor Governmental Fund	Utility Authority Water Enterprise Fund	
General Fund	\$ 659,747	\$ -	\$ -	\$ 659,747
Grants Special Revenue Funds	3,933,680	-	-	3,933,680
Capital Improvement Projects Fund	-	124,914	-	124,914
Nonmajor Governmental Funds	1,536,947	137,655	-	1,674,602
Water Enterprise Fund	287,309	-	-	287,309
Sewer Enterprise Fund	-	-	203,595	203,595
Total	<u>\$ 6,417,683</u>	<u>\$ 262,569</u>	<u>\$ 203,595</u>	<u>\$ 6,883,847</u>

The General Fund transferred \$659,747 to the Capital Improvement Projects Fund to pay for capital improvement projects.

The Grants Special Revenue Fund and nonmajor Governmental Funds transferred \$3,933,680 and \$1,536,947, respectively, to the Capital Improvement Fund to pay for capital improvement projects.

The nonmajor governmental funds transferred \$137,655 to nonmajor governmental funds mainly to pay for HOME program delivery costs.

The Utility Authority Water Enterprise Fund transferred \$287,309 to the Capital Improvement Projects Fund to pay for various capital improvement projects.

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 - Capital Assets

A. Governmental Activities

Capital assets activity for Governmental Activities for the year ended June 30, 2020, follows

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 3,738,993	\$ -	\$ -	\$ -	\$ 3,738,993
Construction in progress	36,967,174	6,854,398	-	(22,542,015)	21,279,557
Total capital assets, not being depreciated	40,706,167	6,854,398	-	(22,542,015)	25,018,550
Capital assets, being depreciated:					
Structures and improvements	28,066,943	-	-	22,100	28,089,043
Machinery and equipment	13,836,052	599,252	(292,410)	-	14,142,894
Infrastructure street network	360,042,071	-	-	22,519,915	382,561,986
Subtotal	401,945,066	599,252	(292,410)	22,542,015	424,793,923
Less accumulated depreciation					
Structures and improvements	(15,918,311)	(799,957)	-	-	(16,718,268)
Machinery and equipment	(11,453,135)	(852,688)	292,410	-	(12,013,413)
Infrastructure street network	(176,059,003)	(8,092,929)	-	-	(184,151,932)
Subtotal	(203,430,449)	(9,745,574)	292,410	-	(212,883,613)
Total capital assets, being depreciated	198,514,617	(9,146,322)	-	22,542,015	211,910,310
Total capital assets, net	\$ 239,220,784	\$ (2,291,924)	\$ -	\$ -	\$ 236,928,860

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

General government	\$ 24,412
Police	307,191
Parks and recreation	616,069
Community development	12,900
Public works	8,426,436
Fleet management	11,663
Information system	117,749
Capital asset and equipment replacement	229,154
Total depreciation expense	\$ 9,745,574

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 - Capital Assets (Continued)

B. Business-Type Activities

Capital assets activity for Business-Type Activities for the year ended June 30, 2020, follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets, not being depreciated:					
Water rights	\$ 1,933,144	\$ -	\$ -	\$ -	\$ 1,933,144
Land	1,290,602	-	-	-	1,290,602
Construction in progress	14,067,213	340,179	-	(13,617,936)	789,456
Total capital assets, not being depreciated	17,290,959	340,179	-	(13,617,936)	4,013,202
Capital assets, being depreciated:					
Structures and improvements	4,190,415	-	-	-	4,190,415
Machinery and equipment	6,756,426	6,743	-	-	6,763,169
Infrastructure utility distribution system	59,540,825	-	-	13,617,936	73,158,761
Subtotal	70,487,666	6,743	-	13,617,936	84,112,345
Less accumulated depreciation					
Structures and improvements	(1,396,981)	(96,708)	-	-	(1,493,689)
Machinery and equipment	(4,761,591)	(260,757)	-	-	(5,022,348)
Infrastructure utility distribution system	(29,682,515)	(1,728,703)	-	-	(31,411,218)
Subtotal	(35,841,087)	(2,086,168)	-	-	(37,927,255)
Total capital assets, being depreciated	34,646,579	(2,079,425)	-	13,617,936	46,185,090
Total capital assets, net	\$ 51,937,538	\$ (1,739,246)	\$ -	\$ -	\$ 50,198,292

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

Water Enterprise Fund	\$ 1,547,192
Sewer Enterprise Fund	538,976
Total depreciation expense	\$ 2,086,168

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 - Long-Term Liabilities

A. Governmental Activities

The following is summary of changes in governmental activities long-term liabilities for the year ended June 30, 2020:

	Balance July 1, 2019	Addition	Deletion	Balance June 30, 2020	Classification	
					Due within One Year	Due in More Than One Year
Governmental Activities:						
Direct Borrowing:						
SCE Edison financing agreements	\$ 546,121	\$ -	\$ (94,862)	\$ 451,259	\$ 94,862	\$ 356,397
Motorola Solutions loan	440,972	-	(153,278)	287,694	140,792	146,902
Total notes payable	987,093	-	(248,140)	738,953	235,654	503,299
Notes payable:						
2000A Section 108 HUD Note	310,000	-	(310,000)	-	-	-
Total notes payable	310,000	-	(310,000)	-	-	-
Public Offering:						
2005 Pension obligation bonds	14,055,000	-	(1,255,000)	12,800,000	1,320,000	11,480,000
Total long-term debt	\$ 15,352,093	\$ -	\$ (1,813,140)	\$ 13,538,953	\$ 1,555,654	\$ 11,983,299

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, 2020, the outstanding balance is \$451,259.

The annual requirements to amortize the outstanding loan as of June 30, 2020, are as follows:

Year Ending June 30,	Lease Payment
2021	\$ 94,862
2022	94,862
2023	94,862
2024	70,383
2025	64,638
2026	31,652
Total Minimum Lease Payments	451,259
Less: Amount Representing Interest	-
Present Value of Future Minimum Lease Payments	<u>\$ 451,259</u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 - Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Motorola Solutions loan

The City entered into a Lease Financing Agreement with Bearcomm Inc. (direct borrowing) for the purchase of seventy-five (75) Motorola radios for the South Gate Police Department in the amount of \$459,834. The City is to make annual payments of \$153,278 over a three-year period. The loan has an annual interest of 4.34%. At June 30, 2020, the outstanding balance is \$287,694.

The annual requirements to amortize the outstanding loan as of June 30, 2020, are as follows:

Year Ending June 30,	Lease Payment
2021	153,278
2022	153,278
Total Minimum Lease Payments	\$ 306,556
Less: Amount Representing Interest	(18,862)
Present Value of Future Minimum Lease Payments	\$ 287,694

2000A Section 108 HUD Note

In July 1999, the City received \$3,625,000 upon issuance of a promissory note. The note is guaranteed by the U.S. Department of Housing and Urban Development (HUD) under Section 108 of the Housing and Community Development Act (direct borrowing). The proceeds were advanced to the City's Community Development Commission and were used by the Commission to fund loans. The note accrues interest of 6%. The loan was refunded by a 2000-A Section 108 Loan during the year ended June 30, 2000. The 2000-A loan bears interest at rates ranging from 7.808 to 7.858%. As of June 30, 2020, the note was fully paid off.

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, 2020, the outstanding balance on the bonds is \$12,800,000.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 - Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Debt Service Requirements

The following schedule summarizes the debt service to maturity requirements for governmental activities bonds payable outstanding as of June 30, 2020:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,320,000	\$ 689,920	\$ 2,009,920
2022	1,395,000	618,772	2,013,772
2023	1,470,000	543,582	2,013,582
2024	1,545,000	464,349	2,009,349
2025	1,630,000	381,073	2,011,073
2025-2028	5,440,000	596,673	6,036,673
Total	\$ 12,800,000	\$ 3,294,369	\$ 16,094,369

Compensated Absences

The following is summary of changes in governmental activities compensated absences for the year ended June 30, 2020:

	Balance			Balance	Classification	
	July 1, 2019			Addition	Deletion	June 30, 2020
Compensated absences	\$ 5,788,467	\$ 2,560,045	\$ (3,249,644)	\$ 5,098,868	\$ 429,616	\$ 4,669,252

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2020, was \$5,098,868. Vacation, sick leave, holiday and compensatory time are recorded as expenditures in the related funds when used, mainly in the General Fund.

B. Business-Type Activities

The following is summary of changes in business-type activities long-term liabilities for the year ended June 30, 2020:

	Balance			Balance	Classification	
	July 1, 2019			Addition	Deletion	June 30, 2020
Business-Type Activities:						
Public Offering:						
2001 Subordinate Revenue Bonds	\$ 2,700,680	\$ 69,320	\$ (2,770,000)	\$ -	\$ -	\$ -
2012 Water Revenue Bonds	32,995,000	-	(32,995,000)	-	-	-
Unamortized premium	1,054,239	-	(1,054,239)	-	-	-
2019A Water Revenue Refunding Bonds	-	7,990,000	-	7,990,000	55,000	7,935,000
2019AT Water Revenue Refunding Bonds	-	23,350,000	-	23,350,000	1,560,000	21,790,000
Unamortized premium	-	1,098,029	(40,454)	1,057,575	69,349	988,226
Total long-term debt	\$ 36,749,919	\$ 32,507,349	\$ (36,859,693)	\$ 32,397,575	\$ 1,684,349	\$ 30,713,226

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 - Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2001 Subordinate Revenue Bonds

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

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

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

On August 15, 2012, the South Gate Utility authority issued the 2012 Series Water Revenue Bonds to refund the outstanding interest bonds of the 2001 Subordinate Revenue Bonds. As a result, the interest bonds have been paid off and the capital appreciation bonds of the 2012 Series Water Revenue Bonds remain outstanding with a balance of \$2,700,680 at June 30, 2020.

In December 2019, the 2001 Subordinate Revenue Bonds were advance refunded by 2019 Water Revenue Refunding Bonds.

2012 Series Water Revenue Bonds

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

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

In December 2019, the 2012 Series Water Revenue Bonds were advance refunded by 2019 Water Revenue Refunding Bonds.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 - Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

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, 2020 was \$24,420,000.

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). Net water revenue received during the year was \$9,217,241. Total principal and interest paid for the fiscal year was \$259,329 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, 2020:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,615,000	\$ 891,362	\$ 2,506,362
2022	1,645,000	860,556	2,505,556
2023	1,680,000	827,639	2,507,639
2024	1,715,000	791,722	2,506,722
2025	1,755,000	752,853	2,507,853
2026-2030	9,470,000	3,065,363	12,535,363
2031-2035	11,000,000	1,535,864	12,535,864
2036	2,460,000	49,200	2,509,200
Total	\$ 31,340,000	\$ 8,774,559	\$ 40,114,559

Compensated Absences

The following is summary of changes in business-type activities compensated absences for the year ended June 30, 2020:

	Balance			Balance June 30, 2020	Classification	
	July 1, 2019	Addition	Deletion		Due within One Year	Due in More Than One Year
Compensated absences	\$ 393,986	\$ 216,101	\$ (179,244)	\$ 430,843	\$ 36,302	\$ 394,541

For the enterprise funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$430,843 at June 30, 2020. The liability will be paid in future years by the Utility Authority Water Fund and the Utility Authority Sewer Fund.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 - Defined Contribution Plan

The City has established a defined contribution plan in accordance with Internal Revenue Code Section 401(a) to provide tax deferred payments towards retirement for Top Management employees. Under this plan, the City will provide a dollar-for-dollar match of the contributions paid by the employee into a 457 deferred compensation plan up to one-half the annual contribution limit set by the IRS. For the year ended June 30, 2020, the City contributed \$19,504 to the plan.

Note 10 – Retirement Plans

The following is the summary of net pension liability and related deferred outflows of resources and deferred inflows of resources at June 30, 2020 and pension expense for the year then ended.

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 3,616,873	\$ 587,078	\$ 4,203,951
CalPERS Safety	4,957,802	-	4,957,802
PARS	96,005	-	96,005
Total pension contribution made after measurement date	<u>8,670,680</u>	<u>587,078</u>	<u>9,257,758</u>
Change in assumption			
CalPERS Safety	2,208,591	-	2,208,591
PARS	36,182	-	36,182
Total change in assumption	<u>2,244,773</u>	<u>-</u>	<u>2,244,773</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	190,811	30,972	221,783
CalPERS Safety	3,518,106	-	3,518,106
PARS	53,421	-	53,421
Total difference between expected and actual experience	<u>3,762,338</u>	<u>30,972</u>	<u>3,793,310</u>
Projected earnings on pension plan investments in excess of actual earnings:			
PARS	2,635	-	2,635
Adjustment due to difference in proportions			
CalPERS Safety	598,460	-	598,460
Total deferred outflows of resources	<u><u>\$ 15,278,886</u></u>	<u><u>\$ 618,050</u></u>	<u><u>\$ 15,896,936</u></u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net pension liabilities:			
CalPERS Miscellaneous	\$ 32,120,009	\$ 5,213,608	\$ 37,333,617
CalPERS Safety	53,883,494	-	53,883,494
PARS	446,151	-	446,151
Total net pension liabilities	\$ 86,449,654	\$ 5,213,608	\$ 91,663,262
Deferred inflows of resources:			
Change in assumption			
CalPERS Miscellaneous	105,739	17,163	\$ 122,902
CalPERS Safety	431,004	-	431,004
Total change in assumption	536,743	17,163	553,906
Difference between expected and actual experience			
CalPERS Miscellaneous	729,205	118,361	847,566
CalPERS Safety	-	-	-
Total difference between expected and actual experience	729,205	118,361	847,566
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	456,401	74,082	530,483
CalPERS Safety	741,259	-	741,259
Total projected earnings on pension plan investments in excess of actual earnings	1,197,660	74,082	1,271,742
Adjustment due to difference in proportions			
CalPERS Safety	249,772	-	249,772
Employer contributions in excess of proportionate share of contribution			
CalPERS Safety	2,927,104	-	2,927,104
Total deferred inflows of resources	\$ 5,640,484	\$ 209,606	\$ 5,850,090
Pension expenses:			
CalPERS Miscellaneous	\$ 5,549,558	\$ 1,238,702	\$ 6,788,260
CalPERS Safety	8,322,621	-	8,322,621
PARS	62,205	-	62,205
Total net pension expenses	\$ 13,934,384	\$ 1,238,702	\$ 15,173,086

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

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

General Information about the Pension Plan

Plan Description

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

Benefit Provided

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

	Miscellaneous Plan		Safety Plan	
	Classic*	PEPRA	Classic*	PEPRA
	Prior to	On or after	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50	minimum 52	minimum 50	minimum 50
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%	1.000% - 2.500%	3.00%	2.000% - 2.700%
Required employee contribution rates	8.000%	5.750%	9.000%	12.750%
Required employer contribution rates	11.289%	11.289%	23.654%	13.786%

* Closed to new entrants

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

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

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 6 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree’s designated survivor(s), or to the retiree’s estate.

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

Employees Covered by Benefit Terms

At the June 30, 2019 measurement date, the following employees were covered by the benefit terms:

	Miscellaneous	Safety	
		Classic	PEPRA
Active employees	251	50	23
Transferred and terminated employees	404	43	6
Retired Employees and Beneficiaries	356	209	-
Total	1,011	302	29

Contribution Description

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

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

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liabilities, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS’ Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

¹The mortality table used was developed based on CalPERS-specific data. The 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. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 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 as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

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

Net Pension Liability (Continued)

Long-Term Expected Rate of Return (Continued)

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

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

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

² An expected inflation of 2.00% used.

³ An expected inflation of 2.92% used.

Discount Return

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability

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

	Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 159,161,065	\$ 121,711,433	\$ 37,449,632
Changes Recognized for the Measurement Period:			
Service Cost	2,870,032	-	2,870,032
Interest on the total pension liability	11,164,341	-	11,164,341
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	(1,377,295)	-	(1,377,295)
Contributions from the employer	-	3,679,801	(3,679,801)
Contributions from employees	-	1,242,553	(1,242,553)
Net investment income	-	7,937,313	(7,937,313)
Administrative expenses	-	(86,856)	86,856
Plan to plan resource movement	-	-	-
Other Miscellaneous Income/(Expense)	-	282	(282)
Benefit payments, including refunds of employee contributions	(6,148,296)	(6,148,296)	-
Net Changes during July 1, 2018 to June 30, 2019	6,508,782	6,624,797	(116,015)
Balance at June 30, 2019 (Measurement Date)	\$ 165,669,847	\$ 128,336,230	\$ 37,333,617

Proportionate Share of Net Pension Liability and Pension Expense

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

	Safety Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018 (Measurement Date)	\$ 174,023,559	\$ 123,864,509	\$ 50,159,050
Balance at June 30, 2019 (Measurement Date)	180,934,436	127,050,942	53,883,494
Net Changes during 2018-2019	6,910,877	3,186,433	3,724,444

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability (Continued)

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

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

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2018). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2019). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2018-19).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan’s share of the actuarial accrued liability. FNP is allocated based on the rate plan’s share of market value assets.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

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

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

	Safety Plan
6/30/2018 (Measurement Date)	0.520520%
6/30/2019 (Measurement Date)	0.525840%
Change - Increase (Decrease)	0.005320%

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability (Continued)

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

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

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 61,195,468	\$ 37,333,617	\$ 17,853,219
Safety Plan	\$ 78,679,362	\$ 53,883,494	\$ 33,554,767

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2020, the City recognized pension expense in the amounts of \$6,788,260 and \$8,322,621 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2019, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution after measurement date	\$ 4,203,951	\$ -
Changes of assumptions	-	(122,902)
Difference between expected and actual experience	221,783	(847,566)
Net difference between projected and actual earning on pension plan investments	-	(530,483)
Total	<u>\$ 4,425,734</u>	<u>\$ (1,500,951)</u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

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

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

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution after measurement date	\$ 4,957,802	\$ -
Changes of assumptions	2,208,591	(431,004)
Difference between expected and actual experience	3,518,106	-
Net difference between projected and actual earning on pension plan investments	-	(741,259)
Adjustment due to differences in proportions	598,460	(249,772)
Employer contributions in excess (under) proportionate contributions	-	(2,927,104)
Total	\$ 11,282,959	\$ (4,349,139)

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and the safety risk pool for the measurement date ending June 30, 2019 is 2.6 and 3.8 years, which was obtained by dividing the total service years of 2,600 and 530,470 (the sum of remaining service lifetimes of the active employees) by 997 and 140,593 (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.

\$4,203,951 and \$4,957,802 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2020 will be recognized as a reduction of the net pension liability and collective net pension liability in the year ending June 30, 2021. 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 Miscellaneous	Deferred Outflows/ (Inflows) of Resources Safety
2021	\$ 68,309	\$ 2,334,177
2022	(1,320,924)	(966,199)
2023	(164,952)	463,813
2024	138,399	144,227
2025	-	-
Thereafter	-	-
Total	\$ (1,279,168)	\$ 1,976,018

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

- Must be a full-time Top Management miscellaneous (non-safety) employee of the City of South Gate on or after July 1, 2002. Employees hired after December 31, 2012 are not eligible to participate in the Plan.
- Must have completed three years of full-time continuous employment with the City prior to retirement.
- Must concurrently retire from PERS at the time of application for benefits under this plan.
- Must either 1) be at least fifty-five years of age, if retirement is concurrent with separation from the City or 2) be at least sixty years of age.
- Must apply for the benefits, and meet the age requirements.

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

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

Employees Covered by Benefit Terms

At June 30, 2019, the valuation date, plan membership consisted of the following:

Active employees	2
Terminated employees	-
Retired Employees and Beneficiaries	30
Total	32

Contributions

The employer contribution rates for all public employees are determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The total plan contributions are determined by an independent pension actuary using information furnished by the City and by PARS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the measurement period ended June 30, 2019 (the measurement date), the employer’s contribution rate was 11.97% of annual payroll. For the year ended June 30, 2020, the City contributed \$96,005 for the plan. No contributions are required from the employees.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

Net Pension Liability

The City’s total pension liability was valued as of June 30, 2019 and was used to calculate the net pension liability measured as of June 30, 2019.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Actuarial Cost Method	Entry age normal , level percent of pay
Amortization Method	Closed period, level percent of pay
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.50%
Salary Increases	2.75% (same as CalPERS). Additional merit-based increases based on CalPERS merit salary increase tables.
Investment return	6.50%
Mortality	Based on CalPERS tables

Long-Term Expected Real Rate of Return

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

Index	Target Allocation	Long-Term Expected Real Rate of Return
PARS HCM Index Plus - Balanced	99.75%	6.51%
PARS Money Market Fund	0.25%	3.05%
	<u>100.00%</u>	

Discount Rate

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

Change in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018	\$ 1,492,645	\$ 1,052,948	\$ 439,697
Changes Recognized for the Measurement Period:			
Service Cost	6,565	-	6,565
Interest on the total pension liability	94,584	-	94,584
Changes of benefit terms	-	-	-
Difference between expected and actual experience	62,961	-	62,961
Changes of assumptions	3,036	-	3,036
Contributions from the employer	-	101,362	(101,362)
Contributions from employees	-	-	-
Net investment income	-	64,637	(64,637)
Benefit payments, including refunds	(97,041)	(97,041)	-
Administrative expense	-	(5,307)	5,307
Net Changes during July 1, 2018 to June 30, 2019	70,105	63,651	6,454
Balance at June 30, 2019 (Measurement Date)	<u>\$ 1,562,750</u>	<u>\$ 1,116,599</u>	<u>\$ 446,151</u>

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 6.50%, 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 (5.50%) or 1 percentage point higher (7.50%) than the current rate.

	Discount Rate 1% Decrease (5.50%)	Current Discount Rate (6.50%)	Discount Rate 1% Increase (7.50%)
Plan's Net Pension Liability	\$ 611,529	\$ 446,151	\$ 305,693

Pension Plan Fiduciary Net Position

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

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

For the measurement period ended June 30, 2019, the City incurred pension expense in the amount of \$62,205 for the PARS plan. At June 30, 2020, the City reported deferred outflows and deferred inflows of resources related to PARS plan as follows:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Pension contribution after measurement date	\$ 96,005	\$ -
Changes of assumptions	36,182	-
Difference between expected and actual experience	53,421	
Projected earning on pension plan investments in excess of actual earnings	2,635	-
Total	<u>\$ 188,243</u>	<u>\$ -</u>

\$96,005 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, 2020 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 13,049
2022	18,089
2023	18,088
2024	16,589
2025	15,795
Thereafter	10,628
Total	<u>\$ 92,238</u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Other Postemployment Benefits

A. Plan Description

The City provides extended health care benefits to eligible employees as required by collective bargaining agreements through a single-employer defined benefit post-employment healthcare plan. Miscellaneous employees, safety employees and top management who retire from the City with a minimum of 20 years of continuous PERS service and at least age 50, are eligible for this benefit. Benefits do not continue to the surviving spouses.

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled), with five years of service and are eligible for a PERS pension and are enrolled in a CalPERS retiree health plan. The City pays an administrative fee to CalPERS for retirees enrolled in a PERS health plan for five or more years. The City pays for 100% of premium up to a maximum (\$150/month for 2019, plus the current CalPERS administrative fee. For the 2019, the premiums paid by the city were \$150, \$200, and \$250 per month for miscellaneous employees, top management, and safety employees retired before July 1, 2005 respectively. For safety employees retired after July 1, 2005, the City pays up to the two-party Kaiser rate in effect on July 1, 2005 and increased up to 5% annually for those hired before November 26, 2014 and up to the two-party Kaiser rate in effect on date of retirement for those hired on or after November 26, 2014. The benefits are available only to employees who retire from the City.

Membership in the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Active employees	329
Retired employees and beneficiaries	171
	500

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, 2020 was \$664,556, on a pay-as-you-go basis.

C. Actuarial Assumptions

The City’s total OPEB liability was valued as of June 30, 2019, and was used to calculate the net OPEB liability measured as of June 30, 2019. The total OPEB liability in the June 30, 2019 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	3.13%
Inflation	2.50%
Salary Increases	2.750%. Additional merit-based increases based on CalPERS merit salary increase tables.
Healthcare cost trend rates	7.00% in the first year, trending down to 3.84% over 56 years.
Mortality Rate Table	Based on CalPERS tables.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Other Postemployment Benefits (Continued)

D. Discount Rate

The discount rate used to measure the total OPEB liability was 3.13%. The City’s OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

E. Change in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018	\$ 31,063,109	\$ -	\$ 31,063,109
Changes Recognized for the Measurement Period:			
Service Cost	1,094,006	-	1,094,006
Interest on the total OPEB liability	1,147,746	-	1,147,746
Difference between expected and actual experience	(6,638,431)	-	(6,638,431)
Changes of assumptions	(652,631)	-	(652,631)
Contributions from the employer	-	902,892	(902,892)
Benefit payments, including refunds of employee contributions and implicit subsidy	(902,892)	(902,892)	-
Net Changes during July 1, 2018 to June 30, 2019	<u>(5,952,202)</u>	<u>-</u>	<u>(5,952,202)</u>
Balance at June 30, 2019 (Measurement Date)	<u>\$ 25,110,907</u>	<u>\$ -</u>	<u>\$ 25,110,907</u>

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

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (2.13%) or 1-percentage point higher (4.13%) than the current discount rate:

Plan's OPEB Liability/(Asset)		
Discount Rate - 1%	Current Discount	Discount Rate + 1%
(2.13%)	Rate (3.13%)	(4.13%)
<u>\$ 29,092,536</u>	<u>\$ 25,110,907</u>	<u>\$ 21,878,756</u>

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

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6% to 2.84%) or 1-percentage-point higher (8%-4.84%) than the current healthcare cost trend rates:

Plan's OPEB Liability/(Asset)		
Healthcare Cost	Healthcare Cost	Healthcare Cost
Trend Rate - 1%	Trend Rate	Trend Rate + 1%
(6% to 2.84%)	(7% to 3.84%)	(8% to 4.84%)
<u>\$ 22,407,701</u>	<u>\$ 25,110,907</u>	<u>\$ 28,610,501</u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Other Postemployment Benefits (Continued)

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$1,169,078 for the City Plan. At June 30, 2020, 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	\$ 664,556	\$ -
Difference between expected and actual experience	-	(6,706,934)
Changes of assumptions	375,756	(951,885)
Total	\$ 1,040,312	\$ (7,658,819)

\$664,556 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 net OPEB liability in the year ending June 30, 2021. Other amount reported as deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follow:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ (1,072,674)
2022	(1,072,674)
2023	(1,072,674)
2024	(1,072,674)
2025	(964,552)
Thereafter	(2,027,815)
Total	\$ (7,283,063)

Note 12 - Self Insurance

The City is self-insured for general, automobile, public liability and worker’s compensation claims. The City has purchased an excess insurance policy for worker compensation claims from Safety National Casualty Corporation. Under this policy, Safety National covers all workers’ compensation claim expenses over \$1,000,000 per claim for safety and over \$750,000 for non-safety. An Internal Service Fund is used to account for the collection of premiums from various City departments related to the amount of workers’ compensation policy premium paid and general claims liabilities. Premiums assessed for general claim liabilities are established based on historical claims experience. The City is a member of the Independent Cities Risk Management Authority (“ICRMA”), a joint powers authority formed to provide liability insurance coverage for independent cities. Under the terms of the agreement with the Authority, the City is insured for losses above \$250,000 per claim.

A claims liability of \$8,789,673 is reported in the Self-Insurance Internal Service Fund at June 30, 2020. 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.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Self Insurance (Continued)

Claims activities for the three years ended June 30, 2020 are presented as follows:

Years Ended	Beginning Balance	Addition	Deletion	Ending Balance
Workers' Compensation:				
June 30, 2018	\$ 6,734,561	\$ 591,144	\$ (337,157)	\$ 6,988,548
June 30, 2019	6,988,548	327,091	(763,756)	6,551,883
June 30, 2020	6,551,883	-	(1,259,458)	5,292,425
General Liability:				
June 30, 2018	\$ 2,629,901	\$ 5,042,702	\$ (30,626)	\$ 7,641,977
June 30, 2019	7,641,977	239,600	(3,148,334)	4,733,243
June 30, 2020	4,733,243	1,174,318	(2,410,313)	3,497,248

Note 13 - Contingencies

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

In addition, the City of South Gate has land held for resale in the amount \$4,950,000 which was acquired and recorded at acquisition cost. Due to the potential sale of the land in the future, the City may recognize a potential loss due to the fair market of the asset at the time of sale.

Note 14 - Construction Commitments

The following material construction commitments existed at June 30, 2020:

Project Name	Contract Amount	Expenditures to date as of June 30, 2020	Remaining Commitments
Firestone Blvd Median Island-Alameda	\$ 14,091,347	\$ 12,871,259	\$ 1,220,088
Software for Business License and Building Permit	490,400	416,390	74,010

Note 15 – Deficit Fund Balances and Net Position

A. Government-Wide Financial Statements

The City's Statement of Net Position shows an unrestricted deficit net position of \$45,397,981, resulting mainly from the implementation of GASB Statement No.'s 68 and 75 that required the City to report \$91,663,262 in aggregate net pension liability and \$25,110,907 in net OPEB liability in the City's financial statements.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 15 – Deficit Fund Balances and Net Position (Continued)

B. Fund Financial Statements

The following funds contained a deficit at June 30, 2020:

Funds	Deficit
Governmental Funds:	
Grants Special Revenue	\$ 1,030,493
Nonmajor Governmental Funds:	
Traffic Safety Special Revenue	1,214,065
Gas Tax	1,448,294
Street Lighting & Landscaping	653,939
Enterprise Funds:	
Sewer	4,919,940
Internal Service Funds:	
Insurance	189,223
Fleet Management	1,577,308
Fiduciary Funds:	
Successor Agency of the Former CDC	12,666,678

These deficits will be funded with future revenue.

Note 16 - Excess Expenditures over Appropriations

Expenditures for the year ended June 30, 2020, exceeded appropriations at the department or expenditure category level within the following funds:

Fund	Appropriations	Expenditures	Excess
General Fund:			
City Clerk	\$ 624,170	\$ 703,890	\$ (79,720)
City Attorney	1,124,437	1,312,201	(187,764)
Administrative Services	3,325,628	3,499,676	(174,048)
Grants Special Revenue Fund:			
Community development	-	4,848	(4,848)
Nonmajor Governmental Funds:			
Special Revenue Funds:			
Housing Authority			
Community development	4,706,936	5,049,412	(342,476)
Housing Successor			
Community development	70,000	108,415	(38,415)
Gas Tax Fund			
Capital outlay	30,224	41,431	(11,207)
Road Repair & Accountability Act			
Public works	-	395	(395)
Park Enhancement			
Parks & recreation	-	50,070	(50,070)
Capital outlay	17,539	17,539	-

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 17 - Successor Agency Trust for Assets of Former Community Development Commission

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

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

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

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

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

A. Cash and Investments

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

Cash and investments	\$ 1,326,137
Cash and investments with fiscal agent	<u>3,931,514</u>
Total cash and investments	<u><u>\$ 5,257,651</u></u>

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

B. Notes and Loans Receivable

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
Family Trust Dudlext Housing Project	<u>\$ 307,322</u>	<u>\$ -</u>	<u>\$ (51,222)</u>	<u>\$ 256,100</u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 17 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

B. Notes and Loans Receivable (Continued)

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, 2020, the outstanding balance on the loan is \$256,100.

C. Capital Assets

The summary of changes in the successor agency's capital assets for the year ended June 30, 2020 is as follows:

	Balance			Balance
	July 1, 2019	Additions	Deletions	June 30, 2020
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	(240,203)	(19,089)	-	(259,292)
Machinery and equipment	(19,359)	-	-	(19,359)
Subtotal	(259,562)	(19,089)	-	(278,651)
Total capital assets, being depreciated	141,582	(19,089)	-	122,493
Total capital assets, net	\$ 1,827,582	\$ (19,089)	\$ -	\$ 1,808,493

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 17 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

D. Long-Term Liabilities

The summary of changes in the successor agency's long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance			Balance June 30, 2020	Classification	
	July 1, 2019	Additions	Deletions		Due within One Year	Due in More Than One Year
Fiduciary Activities:						
Advances from City	\$ 310,000	\$ -	\$ (310,000)	\$ -		\$ -
Public Offering:						
Tax allocation bonds:						
2014A Tax Allocation Bonds	19,460,000	-	(2,870,000)	16,590,000	3,000,000	13,590,000
Unamortized premium	2,338,615	-	(389,769)	1,948,846	389,769	1,559,077
2014B Tax Allocation Bonds	2,460,000	-	(380,000)	2,080,000	390,000	1,690,000
Unamortized discount	(25,551)	-	5,111	(20,440)	(5,111)	(15,329)
Total tax allocation bonds	24,233,064	-	(3,634,658)	20,598,406	3,774,658	16,823,748
Total	\$ 24,543,064	\$ -	\$ (3,944,658)	\$ 20,598,406	\$ 3,774,658	\$ 16,823,748

Advances from the City

In July 1999, a \$3,625,000 advance was made between the Community Development Block Grant Special Revenue Fund and the Community Development Commission. The Community Development Block Grant Special Revenue fund received a \$3,625,000 Section 108 loan from the U.S. Department of Housing and Urban Development and loaned the proceeds to the Commission to help fund the development of the Towne Center Plaza. On May 16, 2014, the Department of Finance issued a letter to the City stating that the \$3,625,000 advance was not an enforceable obligation. On April 24, 2015, the City formally filed a Court petition against the Department of Finance for disapproving the loan as an enforceable obligation. The City won a court hearing on May 6, 2016 that resulted in the enforcement of the obligation.

The interest rate on the note is 6% and the repayment date corresponds with the repayment of the Towne Center Plaza loan receivable, which is semi-annually on August 1st and February 1st of each year. The advances were fully paid off as of June 30, 2020.

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.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 17 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

D. Long-Term Liabilities (Continued)

2014 Tax Allocation Revenue Refunding Bonds (Continued)

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, 2020, 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, 2020, the unamortized premium is \$1,948,846 and the outstanding balance on the bonds is \$16,590,000.

The following schedule summarizes the debt service to maturity requirements for bonds payable outstanding as of June 30, 2020:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,000,000	\$ 754,500	\$ 3,754,500
2022	3,155,000	600,625	3,755,625
2023	3,310,000	439,000	3,749,000
2024	3,475,000	356,250	3,831,250
2025	3,650,000	182,500	3,832,500
Total	\$ 16,590,000	\$ 2,332,875	\$ 18,922,875

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, 2020, the reserve requirement was \$392,000 and the balance held in the reserve account was \$335,060.

The bonds were issued at a discount of \$51,106. At June 30, 2020, the unamortized discount is \$20,440 and the outstanding balance on the bonds is \$2,080,000.

The following schedule summarizes the debt service to maturity requirements for bonds payable outstanding as of June 30, 2020:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 390,000	\$ 68,894	\$ 458,894
2022	400,000	56,544	456,544
2023	415,000	42,522	457,522
2024	430,000	26,400	456,400
2025	445,000	8,900	453,900
Total	\$ 2,080,000	\$ 203,260	\$ 2,283,260

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 17 - Successor Agency Trust for Assets of Former Community Development Commission (Continued)

D. Long-Term Liabilities (Continued)

2014 Tax Allocation Revenue Refunding Bonds (Continued)

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

The Former Redevelopment Agency pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low/Mod Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low/Mod Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$21,206,135 with annual debt service requirements as indicated in the table above. For the current year, the total property tax revenue recognized by the Authority for the payment of indebtedness incurred by the dissolved redevelopment agency was \$4,963,204 and the debt service obligation on the bonds \$4231,124.

E. Commitments and Contingencies

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 18 – Lease Arrangements Between City and Utility Authority

In November 2001, the Utility Authority leased the Water Enterprise from the City pursuant to a Lease Agreement for total lease payments of \$105,334,004 with an upfront lease payment of \$21,985,000 to be paid from the 2001 Bond proceeds. A second upfront lease payment of \$12,000,000 was made in January 2002 from funds available in the Water Enterprise Fund. A third upfront lease payment of \$6,400,000 was made from the 2012 Bond proceeds. The Lease Agreement expires on December 1, 2056. As of June 30, 2020, the outstanding balance was \$44,315,715.

In November 2001, the Utility Authority leased the Sewer Enterprise from the City pursuant to a Lease Agreement for total lease payments of \$12,798,626. The Lease Agreement expires on December 1, 2056. As of June 30, 2020, the outstanding balance was \$12,798,626.

Note 19 – Prior Period Adjustments

The beginning net position for governmental activities, business-type activities, Utility Authority Water Enterprise Fund, Utility Authority Sewer Enterprise Fund, and internal service funds were restated to reflect allocation of net other postemployment benefits liabilities and related deferred outflows and inflows of resources as follows:

Government-Wide Financial Statements

	Governmental Activities	Business-Type Activities
Net position at July 1, 2019, as previously reported	\$ 216,310,918	\$ 28,246,915
Prior period adjustments:		
Balances related to other postemployment benefits	3,229,137	(3,229,137)
Net position at July 1, 2019, as restated	<u>219,540,055</u>	<u>25,017,778</u>

Proprietary Fund Financial Statements

	Utility Authority Water Enterprise Fund	Utility Authority Sewer Enterprise Fund	Total Enterprise Funds	Internal Service Funds
Net position at July 1, 2019, as previously reported	\$ 31,151,474	\$ (4,090,045)	\$ 28,246,915	\$ 3,556,036
Prior period adjustments:				
Balances related to other postemployment benefits	(2,619,474)	(609,663)	(3,229,137)	(997,990)
Net position at July 1, 2019, as restated	<u>\$ 28,532,000</u>	<u>\$ (4,699,708)</u>	<u>\$ 25,017,778</u>	<u>\$ 2,558,046</u>

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of South Gate
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 41,384,295	\$ 41,384,295	\$ 40,386,822	\$ (997,473)
Licenses and permits	1,336,941	1,401,341	1,988,477	587,136
Intergovernmental	81,425	246,337	283,239	36,902
Charges for services	2,503,179	2,503,179	1,731,802	(771,377)
Use of money and property	1,288,916	1,288,916	1,148,122	(140,794)
Fines and forfeitures	1,314,884	1,314,884	1,418,757	103,873
Miscellaneous	3,673,023	3,673,023	4,236,360	563,337
Total revenues	51,582,663	51,811,975	51,193,579	(618,396)
EXPENDITURES:				
Current:				
General government				
City Council	308,434	308,434	267,873	40,561
City Clerk	624,170	624,170	703,890	(79,720)
City Treasurer	37,955	37,955	35,169	2,786
City Attorney	1,124,437	1,124,437	1,312,201	(187,764)
City Manager	1,398,448	1,408,151	1,166,551	241,600
Administrative Services	3,258,139	3,325,628	3,499,676	(174,048)
Total general government	6,751,583	6,828,775	6,985,360	(156,585)
Police	28,205,013	28,205,013	28,182,123	22,890
Community development	3,128,096	3,778,610	3,496,263	282,347
Parks & recreation	9,194,788	9,223,788	7,929,225	1,294,563
Public works	4,640,016	4,780,753	4,211,825	568,928
Capital outlay	38,221	368,221	26,945	341,276
Debt service:				
Principal	1,255,000	1,255,000	1,255,000	-
Interest and fiscal charges	761,241	761,241	761,208	33
Total expenditures	53,973,958	55,201,401	52,847,949	2,353,452
REVENUES OVER (UNDER) EXPENDITURES	(2,391,295)	(3,389,426)	(1,654,370)	1,735,056
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,805,484)	(659,747)	1,145,737
Total other financing sources (uses)	-	(1,805,484)	(659,747)	1,145,737
Net change in fund balance	\$ (2,391,295)	\$ (5,194,910)	(2,314,117)	\$ 2,880,793
Fund Balance:				
Beginning of year			60,369,781	
End of year			<u>\$ 58,055,664</u>	

City of South Gate
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Grants Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 2,156,250	\$ 4,614,964	\$ 2,458,714
Total revenues	<u>-</u>	<u>2,156,250</u>	<u>4,614,964</u>	<u>2,458,714</u>
EXPENDITURES:				
Current:				
Community development	-	-	4,848	(4,848)
Total expenditures	<u>-</u>	<u>-</u>	<u>4,848</u>	<u>(4,848)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>2,156,250</u>	<u>4,610,116</u>	<u>2,453,866</u>
OTHER FINANCING USES:				
Transfers out	-	(49,090,743)	(3,933,680)	45,157,063
Total other financing uses	<u>-</u>	<u>(49,090,743)</u>	<u>(3,933,680)</u>	<u>45,157,063</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (46,934,493)</u>	676,436	<u>\$ 47,610,929</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(1,706,929)	
End of year			<u>\$ (1,030,493)</u>	

City of South Gate
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2020

Budgets and Budgetary Accounting

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

Annual budgets are adopted for all Governmental Funds on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP). Formal budgetary information is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts are recorded during the year as encumbrances to assist in controlling expenditures. All appropriations lapse at year-end. Encumbrances for open purchase orders and/or ongoing projects or contracts are carried over and are added to the following year's budgeted appropriations.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Measurement Period	2018-19
Service cost	\$ 2,870,032
Interest on total pension liability	11,164,341
Changes in assumptions	-
Differences between expected and actual experience	(1,377,295)
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	(6,148,296)
Net change in total pension liability	6,508,782
Total pension liability - beginning	159,161,065
Total pension liability - ending (a)	\$165,669,847
Plan fiduciary net position	
Contributions - employer	\$ 3,679,801
Contributions - employee	1,242,553
Net investment income ²	7,937,313
Benefit payments	(6,148,296)
Plan to plan resources movement	-
Administrative expense	(86,856)
Other Miscellaneous Income/(Expense)	282
Net change in plan fiduciary net position	6,624,797
Plan fiduciary net position - beginning	121,711,433
Plan fiduciary net position - ending (b)	\$128,336,230
Net pension liability - ending (a)-(b)	\$ 37,333,617
Plan fiduciary net position as a percentage of the total pension liability	77.47%
Covered payroll	\$ 15,190,177
Net pension liability as a percentage of covered payroll	245.77%

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

Changes in assumptions: None in 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 (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 2,850,621	\$2,604,468	\$2,261,496	\$2,160,710	\$ 2,209,895
Interest on total pension liability	10,723,300	10,183,905	9,807,665	9,431,040	9,016,106
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)	\$159,161,065	\$151,086,176	\$136,342,528	\$131,113,128	\$127,734,190
Plan fiduciary net position					
Contributions - employer	\$ 3,025,649	\$ 2,807,597	\$ 2,371,025	\$ 1,749,186	\$ 1,971,806
Contributions - employee	1,239,580	1,119,350	1,117,889	1,028,703	963,778
Net investment income ²	9,588,212	11,577,937	511,739	2,339,332	15,942,156
Benefit payments	(5,927,517)	(5,664,414)	(5,601,315)	(5,359,664)	(5,203,224)
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)	\$121,711,433	\$114,302,147	\$104,615,198	\$106,280,887	\$106,638,215
Net pension liability - ending (a)-(b)	\$ 37,449,632	\$ 36,784,029	\$ 31,727,330	\$ 24,832,241	\$ 21,095,975
Plan fiduciary net position as a percentage of the total pension liability	76.47%	75.65%	76.73%	81.06%	83.48%
Covered payroll	\$ 14,926,282	\$ 13,777,340	\$ 13,452,475	\$ 12,677,247	\$ 12,254,729
Net pension liability as a percentage of covered payroll	250.90%	266.99%	235.85%	195.88%	172.15%

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

Notes:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 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

Changes in assumptions: None in 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 (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Measurement Period	2018-19
Service cost	\$ 6,565
Interest on total pension liability	94,584
Differences between expected and actual experience	62,961
Changes in assumptions	3,036
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	(97,041)
Net change in total pension liability	70,105
Total pension liability - beginning	1,492,645
Total pension liability - ending (a)	\$ 1,562,750
Plan fiduciary net position	
Contributions - employer	\$ 101,362
Contributions - employee	-
Net investment income	64,637
Benefit payments	(97,041)
Administrative expense	(5,307)
Net change in plan fiduciary net position	63,651
Plan fiduciary net position - beginning	1,052,948
Plan fiduciary net position - ending (b)	\$ 1,116,599
Net pension liability - ending (a)-(b)	\$ 446,151
Plan fiduciary net position as a percentage of the total pension liability	71.45%
Covered payroll	\$ 312,672
Net pension liability as a percentage of covered payroll	142.69%

Notes:

Changes in assumptions: In 2019, discount rate changed from 6.52% to 6.50%.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14¹
Service cost	\$ 6,173	\$ -	\$ 9,276	\$ 9,006	\$ 20,273
Interest on total pension liability	97,115	-	95,683	94,489	91,587
Differences between expected and actual experience	-	-	-	(29,211)	-
Changes in assumptions	32,997	13,920	-	63,351	-
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(86,425)	-	(85,995)	(86,885)	(80,278)
Net change in total pension liability	49,860	13,920	18,964	50,750	31,582
Total pension liability - beginning	1,442,785	1,428,865	1,409,901	1,359,151	1,327,569
Total pension liability - ending (a)	\$ 1,492,645	\$ 1,442,785	\$ 1,428,865	\$ 1,409,901	\$ 1,359,151
Plan fiduciary net position					
Contributions - employer	\$ 89,422	\$ -	\$ 89,262	\$ 92,402	\$ 108,819
Contributions - employee	-	-	-	-	-
Net investment income	62,482	-	91,701	10,118	18,658
Benefit payments	(86,425)	-	(85,995)	(86,885)	(80,278)
Administrative expense	(8,712)	-	(4,851)	(4,517)	(4,503)
Net change in plan fiduciary net position	56,767	-	90,117	11,118	42,696
Plan fiduciary net position - beginning	996,181	996,181	906,064	894,946	852,250
Plan fiduciary net position - ending (b)	\$ 1,052,948	\$ 996,181	\$ 996,181	\$ 906,064	\$ 894,946
Net pension liability - ending (a)-(b)	\$ 439,697	\$ 446,604	\$ 432,684	\$ 503,837	\$ 464,205
Plan fiduciary net position as a percentage of the total pension liability	70.54%	69.05%	69.72%	64.26%	65.85%
Covered payroll	\$ 289,767	\$ 282,012	\$ 277,966	\$ 260,000	\$ 720,372
Net pension liability as a percentage of covered payroll	151.74%	158.36%	155.66%	193.78%	64.44%

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

Notes:

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Measurement Period	2018-19
Proportion of the Net Pension Liability	0.52584%
Proportionate Share of the Net Pension Liability	\$ 53,883,494
Covered Payroll	<u>\$ 8,138,937</u>
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	<u>662.05%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>70.22%</u>

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14¹
Proportion of the Net Pension Liability	52.05200%	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	<u>\$ 8,109,044</u>	<u>\$ 7,968,440</u>	<u>\$ 7,367,602</u>	<u>\$ 7,077,495</u>	<u>\$ 6,919,179</u>
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	<u>618.56%</u>	<u>621.52%</u>	<u>590.24%</u>	<u>482.29%</u>	<u>418.39%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>71.18%</u>	<u>70.47%</u>	<u>71.79%</u>	<u>77.47%</u>	<u>81.02%</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 (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Fiscal year	<u>2019-20</u>	<u>2018-19</u>
Actuarially determined contribution	\$ 4,203,951	\$ 3,679,801
Contributions in relation to the actuarially determined contributions	<u>(4,203,951)</u>	<u>(3,679,801)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Covered payroll ^{2,3}	\$ 15,607,907	\$ 15,190,177
Contributions as a percentage of covered payroll ²	26.93%	24.22%

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

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2017 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Fiscal year	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u> ¹
Actuarially determined contribution	\$ 3,025,649	\$ 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 ^{2,3}	\$ 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.

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

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2017 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Fiscal year	2019-20	2018-19
Actuarially determined contribution	\$ 4,957,802	\$ 4,399,729
Contributions in relation to the actuarially determined contributions	(4,957,802)	(4,399,729)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll ^{2,3}	\$ 8,362,758	\$ 8,138,937
Contributions as a percentage of covered payroll ²	59.28%	54.06%

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

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2017 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Fiscal year	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u> ¹
Actuarially determined contribution	\$ 3,802,971	\$ 3,802,971	\$ 3,000,801	\$ 2,086,240	\$ 1,976,256
Contributions in relation to the actuarially determined contributions	<u>(3,802,971)</u>	<u>(3,802,971)</u>	<u>(3,000,801)</u>	<u>(2,086,240)</u>	<u>(1,976,256)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ^{2,3}	\$ 8,109,044	\$ 7,968,440	\$ 7,367,602	\$ 7,077,495	\$ 6,919,179
Contributions as a percentage of covered payroll ²	46.90%	47.73%	40.73%	29.48%	28.56%

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

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

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2017 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Fiscal year	2019-20	2018-19
Actuarially determined contribution	\$ 86,425	\$ 71,442
Contributions in relation to the actuarially determined contributions	(101,362)	(89,422)
Contribution deficiency (excess)	\$ (14,937)	\$ (17,980)
Covered payroll	\$ 320,489	\$ 312,672
Contributions as a percentage of covered payroll	31.63%	28.60%

Notes to Schedule

Valuation date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Closed period, level percent of pay
Asset valuation method	Fair market value
Inflation	2.50%
Salary increases	Varies by entry age and service
Cost of living adjustment	2.75%
Investment rate of return	6.50% for 2020, 6.52% for 2019
Retirement age	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Fiscal year	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14 ¹</u>
Actuarially determined contribution	\$ 62,388	\$ 65,461	\$ 61,230	\$ 89,000	\$ 84,594
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>(89,262)</u>	<u>(92,402)</u>	<u>(108,819)</u>	<u>(144,907)</u>
Contribution deficiency (excess)	<u>\$ 62,388</u>	<u>\$ (23,801)</u>	<u>\$ (31,172)</u>	<u>\$ (19,819)</u>	<u>\$ (60,313)</u>
Covered payroll	\$ 289,767	\$ 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.

Notes to Schedule

Valuation date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Closed period, level percent of pay
Asset valuation method	Fair market value
Inflation	2.50%
Salary increases	Varies by entry age and service
Cost of living adjustment	2.875%
Investment rate of return	6.75%
Retirement age	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Measurement Period	2018-19	2017-18	2016-17¹
Service cost	\$ 1,094,006	\$ 1,102,741	\$ 1,071,923
Interest on total OPEB liability	1,147,746	1,064,551	1,036,683
Differences between expected and actual experience	(6,638,431)	-	(1,503,666)
Changes in assumptions	(652,631)	(526,077)	650,700
Changes in benefit terms	-	-	-
Benefit payments, including refunds of employee contributions	(902,892)	(834,408)	(799,760)
Net change in total OPEB liability	(5,952,202)	806,807	455,880
Total OPEB liability - beginning	31,063,109	30,256,302	29,800,422
Total OPEB liability - ending (a)	\$ 25,110,907	\$ 31,063,109	\$ 30,256,302
Plan fiduciary net position			
Contributions - employer	\$ 902,892	\$ 834,408	\$ 799,760
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments	(902,892)	(834,408)	(799,760)
Recognized difference in proportion	-	-	-
Plan to plan resources movement	-	-	-
Administrative expense	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -
Net OPEB liability - ending (a)-(b)	\$ 25,110,907	\$ 31,063,109	\$ 30,256,302
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 22,695,615	\$ 20,739,803	\$ 20,184,723
Net OPEB liability as a percentage of covered-employee payroll	110.64%	149.78%	149.90%

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Fiscal year	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17 ¹</u>
Actuarially determined contribution	\$ 752,739	\$ 902,892	\$ 834,408	\$ 799,760
determined contributions	(664,556)	(902,892)	(834,408)	(799,760)
Contribution deficiency (excess)	<u>\$ 88,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ²	\$ 23,319,744	\$ 22,695,615	\$ 20,739,803	\$ 20,184,723
Contributions as a percentage of covered payroll	2.85%	3.98%	4.02%	3.96%

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, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Discount Rate	3.13%
Inflation	2.50%
Healthcare Cost Trend Rate	7.00% trending down to 3.84% over 56 years
Salary increases	2.75%
Retirement age	According to the retirement rates under the most recent CalPERS pension plan experience study.
Mortality	According to the mortality rates under the CalPERS pension plan updated to reflect the most recent experience study

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SUPPLEMENTARY INFORMATION

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City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Improvement Projects Capital Projects Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 558,228	\$ 325,153	\$ (233,075)
Total revenues	<u>-</u>	<u>558,228</u>	<u>325,153</u>	<u>(233,075)</u>
EXPENDITURES:				
Capital outlay	-	68,058,573	6,694,136	61,364,437
Total expenditures	<u>-</u>	<u>68,058,573</u>	<u>6,694,136</u>	<u>61,364,437</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(67,500,345)</u>	<u>(6,368,983)</u>	<u>61,131,362</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	437,360	63,514,626	6,417,683	(57,096,943)
Transfers out	-	-	(124,914)	(124,914)
Total other financing sources (uses)	<u>437,360</u>	<u>63,514,626</u>	<u>6,292,769</u>	<u>(57,221,857)</u>
CHANGE IN FUND BALANCE	<u>\$ 437,360</u>	<u>\$ (3,985,719)</u>	<u>(76,214)</u>	<u>\$ 3,909,505</u>
FUND BALANCE:				
Beginning of year			4,096,258	
End of year			<u>\$ 4,020,044</u>	

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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

Asset Forfeiture Fund - This fund accounts for revenues received from asset seizures which can only be used to augment law enforcement expenditures.

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 programs.

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 routes.

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.

City of South Gate
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue				
	Community Development Block Grant	Housing Authority	HOME Program	Housing Successor	Law Enforcement Grants
ASSETS					
Cash and investments	\$ -	\$ 728,423	\$ 130,626	\$ -	\$ 481,225
Receivables:					
Accounts	-	43,159	-	449	-
Loans	1,737,814	14,415	6,753,147	730,972	-
Interest	-	1,256	-	2,475	1,988
Prepaid items	-	-	-	-	-
Due from other governments	420,576	21,882	27,964	-	199,547
Land held for resale	-	-	-	4,950,000	-
Total assets	\$ 2,158,390	\$ 809,135	\$ 6,911,737	\$ 5,683,896	\$ 682,760
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 15,926	\$ 32,435	\$ 2,927	\$ 4,407	\$ 28,834
Accrued payroll and related liabilities	7,395	9,230	1,848	-	5,241
Unearned revenue	134,510	43,417	153,632	-	-
Deposits	-	-	-	78,054	-
Due to other funds	643,250	359,627	-	39,452	-
Advances from other funds	-	-	-	1,813,000	-
Total liabilities	801,081	444,709	158,407	1,934,913	34,075
Deferred inflows of resources:					
Unavailable revenues	-	-	184	-	-
Total deferred inflows of resources	-	-	184	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,357,309	364,426	6,753,146	3,748,983	648,685
Unassigned (deficit)	-	-	-	-	-
Total fund balances	1,357,309	364,426	6,753,146	3,748,983	648,685
Total liabilities and fund balances	\$ 2,158,390	\$ 809,135	\$ 6,911,737	\$ 5,683,896	\$ 682,760

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue				
	Asset Forfeiture	Air Quality Improvement	Traffic Safety	Gas Tax	Street Sweeping
ASSETS					
Cash and investments	\$ 4,650,251	\$ 503,281	\$ -	\$ -	\$ 600,215
Receivables:					
Accounts	-	-	-	337	127,502
Loans	-	-	-	-	-
Interest	17,991	1,726	-	-	2,292
Prepaid items	-	-	-	-	-
Due from other governments	18,678	30,288	7,396	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 4,686,920	\$ 535,295	\$ 7,396	\$ 337	\$ 730,009
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 126,573	\$ -	\$ -	\$ 22,434	\$ 74,960
Accrued payroll and related liabilities	-	-	-	33,973	464
Unearned revenue	-	-	-	74,293	-
Deposits	-	-	-	-	-
Due to other funds	-	-	1,221,461	1,317,931	-
Advances from other funds	-	-	-	-	-
Total liabilities	126,573	-	1,221,461	1,448,631	75,424
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	4,560,347	535,295	-	-	654,585
Unassigned (deficit)	-	-	(1,214,065)	(1,448,294)	-
Total fund balances	4,560,347	535,295	(1,214,065)	(1,448,294)	654,585
Total liabilities and fund balances	\$ 4,686,920	\$ 535,295	\$ 7,396	\$ 337	\$ 730,009

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue				
	Prop A Transit	Prop C Transit	UDAG	Public Access Corporation	Street Lighting & Landscaping
ASSETS					
Cash and investments	\$ 3,282,734	\$ 4,718,647	\$ 441,800	\$ 37,831	\$ -
Receivables:					
Accounts	-	-	-	-	6,448
Loans	-	-	-	-	-
Interest	12,994	18,054	1,811	183	-
Prepaid items	32,716	-	-	-	-
Due from other governments	152,556	-	-	-	32,763
Land held for resale	-	-	-	-	-
Total assets	\$ 3,481,000	\$ 4,736,701	\$ 443,611	\$ 38,014	\$ 39,211
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 146,932	\$ -	\$ 3,791	\$ 4,224	\$ 120,904
Accrued payroll and related liabilities	2,508	-	-	-	16,724
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	555,522
Advances from other funds	-	-	-	-	-
Total liabilities	149,440	-	3,791	4,224	693,150
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	32,716	-	-	-	-
Restricted	3,298,844	4,736,701	439,820	33,790	-
Unassigned (deficit)	-	-	-	-	(653,939)
Total fund balances	3,331,560	4,736,701	439,820	33,790	(653,939)
Total liabilities and fund balances	\$ 3,481,000	\$ 4,736,701	\$ 443,611	\$ 38,014	\$ 39,211

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue				
	Measure R Transit	Road Repair & Accountability Act	Measure M Transit	Park Enhancement	CASp
ASSETS					
Cash and investments	\$ 6,612,212	\$ 2,535,873	\$ 1,576,191	\$ 769,368	\$ 50,037
Receivables:					
Accounts	-	120,685	-	20,953	-
Loans	-	-	-	-	-
Interest	24,771	8,660	4,885	2,215	146
Prepaid items	-	-	-	-	-
Due from other governments	3,789	135,275	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 6,640,772	\$ 2,800,493	\$ 1,581,076	\$ 792,536	\$ 50,183
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 13,983	\$ -	\$ 52,287	\$ -	\$ -
Accrued payroll and related liabilities	4,894	-	761	-	-
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	18,877	-	53,048	-	-
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	6,621,895	2,800,493	1,528,028	792,536	50,183
Unassigned (deficit)	-	-	-	-	-
Total fund balances	6,621,895	2,800,493	1,528,028	792,536	50,183
Total liabilities and fund balances	\$ 6,640,772	\$ 2,800,493	\$ 1,581,076	\$ 792,536	\$ 50,183

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	<u>Total Nonmajor Governmental Funds</u>
ASSETS	
Cash and investments	\$ 27,118,714
Receivables:	
Accounts	319,533
Loans	9,236,348
Interest	101,447
Prepaid items	32,716
Due from other governments	1,050,714
Land held for resale	4,950,000
Total assets	<u><u>\$ 42,809,472</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 650,617
Accrued payroll and related liabilities	83,038
Unearned revenue	405,852
Deposits	78,054
Due to other funds	4,137,243
Advances from other funds	1,813,000
Total liabilities	<u>7,167,804</u>
Deferred inflows of resources:	
Unavailable revenues	184
Total deferred inflows of resources	<u>184</u>
Fund Balances:	
Nonspendable	32,716
Restricted	38,925,066
Unassigned (deficit)	(3,316,298)
Total fund balances	<u>35,641,484</u>
Total liabilities and fund balances	<u><u>\$ 42,809,472</u></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, 2020

	Special Revenue				
	Community Development Block Grant	Housing Authority	HOME Program	Housing Successor	Law Enforcement Grants
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	622,712	5,008,898	199,455	-	392,276
Charges for services	-	-	-	-	-
Use of money and property	12,335	6,974	-	50,606	15,262
Fines and forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>635,047</u>	<u>5,015,872</u>	<u>199,455</u>	<u>50,606</u>	<u>407,538</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	379,422
Community development	562,414	5,049,412	348,527	108,415	-
Parks & recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	310,000	-	-	-	-
Interest and fiscal charges	12,335	-	-	-	-
Total expenditures	<u>884,749</u>	<u>5,049,412</u>	<u>348,527</u>	<u>108,415</u>	<u>379,422</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(249,702)</u>	<u>(33,540)</u>	<u>(149,072)</u>	<u>(57,809)</u>	<u>28,116</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	87,685	-	-
Transfers out	(99,298)	-	-	-	-
Total other financing sources (uses)	<u>(99,298)</u>	<u>-</u>	<u>87,685</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	(349,000)	(33,540)	(61,387)	(57,809)	28,116
FUND BALANCES:					
Beginning of year	1,706,309	397,966	6,814,533	3,806,792	620,569
End of year	<u>\$ 1,357,309</u>	<u>\$ 364,426</u>	<u>\$ 6,753,146</u>	<u>\$ 3,748,983</u>	<u>\$ 648,685</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, 2020

	Special Revenue				
	Asset Forfeiture	Air Quality Improvement	Traffic Safety	Gas Tax	Street Sweeping
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	949,033	170,773	-	2,076,609	-
Charges for services	-	-	-	-	692,146
Use of money and property	137,832	13,230	-	-	17,829
Fines and forfeitures	-	-	82,860	-	-
Miscellaneous	10,000	-	-	-	-
Total revenues	<u>1,096,865</u>	<u>184,003</u>	<u>82,860</u>	<u>2,076,609</u>	<u>709,975</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	629,326	-	257,510	-	-
Community development	-	6,038	-	-	-
Parks & recreation	-	-	-	-	-
Public works	-	-	-	2,577,642	580,287
Capital outlay	187,373	-	-	41,431	-
Debt service:					
Principal	153,278	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>969,977</u>	<u>6,038</u>	<u>257,510</u>	<u>2,619,073</u>	<u>580,287</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>126,888</u>	<u>177,965</u>	<u>(174,650)</u>	<u>(542,464)</u>	<u>129,688</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(9,221)	-	-	-	-
Total other financing sources (uses)	<u>(9,221)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	117,667	177,965	(174,650)	(542,464)	129,688
FUND BALANCES:					
Beginning of year	4,442,680	357,330	(1,039,415)	(905,830)	524,897
End of year	<u>\$ 4,560,347</u>	<u>\$ 535,295</u>	<u>\$ (1,214,065)</u>	<u>\$ (1,448,294)</u>	<u>\$ 654,585</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, 2020

	Special Revenue				
	Prop A Transit	Prop C Transit	UDAG	Public Access Corporation	Street Lighting & Landscaping
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,989,636
Licenses and permits	-	-	-	-	-
Intergovernmental	2,056,627	1,579,431	-	-	-
Charges for services	137,243	-	-	-	-
Use of money and property	162,628	138,664	13,900	1,382	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	9,781	-	-	-	-
Total revenues	2,366,279	1,718,095	13,900	1,382	1,989,636
EXPENDITURES:					
Current:					
General government	-	-	-	21,928	-
Police	-	-	-	-	-
Community development	1,940,928	-	19,900	-	-
Parks & recreation	-	-	27,161	-	-
Public works	-	201,405	-	-	2,522,210
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	94,862
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,940,928	201,405	47,061	21,928	2,617,072
REVENUES OVER (UNDER) EXPENDITURES	425,351	1,516,690	(33,161)	(20,546)	(627,436)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(673,524)	-	-	-
Total other financing sources (uses)	-	(673,524)	-	-	-
CHANGES IN FUND BALANCES	425,351	843,166	(33,161)	(20,546)	(627,436)
FUND BALANCES:					
Beginning of year	2,906,209	3,893,535	472,981	54,336	(26,503)
End of year	<u>\$ 3,331,560</u>	<u>\$ 4,736,701</u>	<u>\$ 439,820</u>	<u>\$ 33,790</u>	<u>\$ (653,939)</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, 2020

	Special Revenue				
	Measure R Transit	Road Repair & Accountability Act	Measure M Transit	Park Enhancement	CASp
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	12,829
Intergovernmental	1,182,879	1,784,964	1,330,351	-	-
Charges for services	-	-	-	223,839	-
Use of money and property	191,231	67,894	37,394	17,063	1,138
Fines and forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	1,374,110	1,852,858	1,367,745	240,902	13,967
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Community development	-	-	-	-	-
Parks & recreation	-	-	-	50,070	-
Public works	433,178	395	226,395	-	-
Capital outlay	-	-	-	17,539	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	433,178	395	226,395	67,609	-
REVENUES OVER (UNDER) EXPENDITURES	940,932	1,852,463	1,141,350	173,293	13,967
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	174,884	-
Transfers out	(38,261)	(527,107)	(304,976)	(22,215)	-
Total other financing sources (uses)	(38,261)	(527,107)	(304,976)	152,669	-
CHANGES IN FUND BALANCES	902,671	1,325,356	836,374	325,962	13,967
FUND BALANCES:					
Beginning of year	5,719,224	1,475,137	691,654	466,574	36,216
End of year	<u>\$ 6,621,895</u>	<u>\$ 2,800,493</u>	<u>\$ 1,528,028</u>	<u>\$ 792,536</u>	<u>\$ 50,183</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, 2020

	Total Nonmajor Governmental Funds
REVENUES:	
Taxes	\$ 1,989,636
Licenses and permits	12,829
Intergovernmental	17,354,008
Charges for services	1,053,228
Use of money and property	885,362
Fines and forfeitures	82,860
Miscellaneous	19,781
Total revenues	21,397,704
EXPENDITURES:	
Current:	
General government	21,928
Police	1,266,258
Community development	8,035,634
Parks & recreation	77,231
Public works	6,541,512
Capital outlay	246,343
Debt service:	
Principal	558,140
Interest and fiscal charges	12,335
Total expenditures	16,759,381
REVENUES OVER (UNDER) EXPENDITURES	4,638,323
OTHER FINANCING SOURCES (USES):	
Transfers in	262,569
Transfers out	(1,674,602)
Total other financing sources (uses)	(1,412,033)
CHANGES IN FUND BALANCES	3,226,290
FUND BALANCES:	
Beginning of year	32,415,194
End of year	\$ 35,641,484

(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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,565,012	\$ 2,439,853	\$ 622,712	\$ (1,817,141)
Use of money and property	322,335	322,335	12,335	(310,000)
Total revenues	<u>1,887,347</u>	<u>2,762,188</u>	<u>635,047</u>	<u>(2,127,141)</u>
EXPENDITURES:				
Current:				
Community development	1,137,652	1,018,013	562,414	455,599
Capital outlay	-	140,000	-	140,000
Debt service:				
Principal	310,000	310,000	310,000	-
Interest and fiscal charges	12,335	12,335	12,335	-
Total expenditures	<u>1,459,987</u>	<u>1,480,348</u>	<u>884,749</u>	<u>595,599</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>427,360</u>	<u>1,281,840</u>	<u>(249,702)</u>	<u>(1,531,542)</u>
OTHER FINANCING (USES):				
Transfers out	(427,360)	(654,308)	(99,298)	555,010
Total other financing sources (uses)	<u>(427,360)</u>	<u>(654,308)</u>	<u>(99,298)</u>	<u>555,010</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 627,532</u>	<u>(349,000)</u>	<u>\$ (976,532)</u>
FUND BALANCE:				
Beginning of year			1,706,309	
End of year			<u>\$ 1,357,309</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 4,708,500	\$ 4,708,500	\$ 5,008,898	\$ 300,398
Use of money and property	500	500	6,974	6,474
Total revenues	<u>4,709,000</u>	<u>4,709,000</u>	<u>5,015,872</u>	<u>306,872</u>
EXPENDITURES:				
Current:				
Community development	4,706,936	4,706,936	5,049,412	(342,476)
Total expenditures	<u>4,706,936</u>	<u>4,706,936</u>	<u>5,049,412</u>	<u>(342,476)</u>
CHANGE IN FUND BALANCE	<u>\$ 2,064</u>	<u>\$ 2,064</u>	(33,540)	<u>\$ (35,604)</u>
FUND BALANCE:				
Beginning of year			397,966	
End of year			<u>\$ 364,426</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 425,000	\$ 425,000	\$ 199,455	\$ (225,545)
Total revenues	<u>425,000</u>	<u>425,000</u>	<u>199,455</u>	<u>(225,545)</u>
EXPENDITURES:				
Current:				
Community development	760,777	760,777	348,527	412,250
Total expenditures	<u>760,777</u>	<u>760,777</u>	<u>348,527</u>	<u>412,250</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(335,777)</u>	<u>(335,777)</u>	<u>(149,072)</u>	<u>186,705</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	87,685	(12,315)
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>87,685</u>	<u>(12,315)</u>
CHANGE IN FUND BALANCE	<u>\$ (235,777)</u>	<u>\$ (235,777)</u>	<u>(61,387)</u>	<u>\$ 174,390</u>
FUND BALANCE:				
Beginning of year			<u>6,814,533</u>	
End of year			<u>\$ 6,753,146</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 23,924	\$ 23,924	\$ 50,606	\$ 26,682
Total revenues	<u>23,924</u>	<u>23,924</u>	<u>50,606</u>	<u>26,682</u>
EXPENDITURES:				
Current:				
Community development	45,000	70,000	108,415	(38,415)
Capital outlay	-	960,000	-	960,000
Total expenditures	<u>45,000</u>	<u>1,030,000</u>	<u>108,415</u>	<u>921,585</u>
CHANGE IN FUND BALANCE	<u>\$ (21,076)</u>	<u>\$ (1,006,076)</u>	(57,809)	<u>\$ 948,267</u>
FUND BALANCE:				
Beginning of year			<u>3,806,792</u>	
End of year			<u>\$ 3,748,983</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 364,721	\$ 476,078	\$ 392,276	\$ (83,802)
Use of money and property	2,100	2,100	15,262	13,162
Total revenues	<u>366,821</u>	<u>478,178</u>	<u>407,538</u>	<u>(70,640)</u>
EXPENDITURES:				
Current:				
Police	415,403	551,760	379,422	172,338
Total expenditures	<u>415,403</u>	<u>551,760</u>	<u>379,422</u>	<u>172,338</u>
CHANGE IN FUND BALANCE	<u>\$ (48,582)</u>	<u>\$ (73,582)</u>	28,116	<u>\$ 101,698</u>
FUND BALANCE:				
Beginning of year			620,569	
End of year			<u>\$ 648,685</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 949,033	\$ (50,967)
Use of money and property	24,000	24,000	137,832	113,832
Miscellaneous	-	10,000	10,000	-
Total revenues	<u>1,024,000</u>	<u>1,034,000</u>	<u>1,096,865</u>	<u>62,865</u>
EXPENDITURES:				
Current:				
Police	811,227	811,227	629,326	181,901
Capital outlay	155,974	248,652	187,373	61,279
Debt service:				
Principal retirement	153,278	153,278	153,278	-
Interest and fiscal charges	19,138	19,138	-	19,138
Total expenditures	<u>1,139,617</u>	<u>1,232,295</u>	<u>969,977</u>	<u>262,318</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(115,617)</u>	<u>(198,295)</u>	<u>126,888</u>	<u>325,183</u>
OTHER FINANCING (USES):				
Transfers out	-	(100,000)	(9,221)	90,779
Total other financing (uses)	<u>-</u>	<u>(100,000)</u>	<u>(9,221)</u>	<u>90,779</u>
CHANGE IN FUND BALANCE	<u>\$ (115,617)</u>	<u>\$ (298,295)</u>	<u>117,667</u>	<u>\$ 415,962</u>
FUND BALANCE:				
Beginning of year			<u>4,442,680</u>	
End of year			<u>\$ 4,560,347</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 128,613	\$ 128,613	\$ 170,773	\$ 42,160
Use of money and property	3,000	3,000	13,230	10,230
Total revenues	<u>131,613</u>	<u>131,613</u>	<u>184,003</u>	<u>52,390</u>
EXPENDITURES:				
Current:				
Community development	26,000	26,000	6,038	19,962
Capital outlay	61,518	253,227	-	253,227
Total expenditures	<u>87,518</u>	<u>279,227</u>	<u>6,038</u>	<u>273,189</u>
CHANGE IN FUND BALANCE	<u>\$ 44,095</u>	<u>\$ (147,614)</u>	177,965	<u>\$ 325,579</u>
FUND BALANCE:				
Beginning of year			<u>357,330</u>	
End of year			<u>\$ 535,295</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 129,379	\$ 129,379	\$ 82,860	\$ (46,519)
Total revenues	<u>129,379</u>	<u>129,379</u>	<u>82,860</u>	<u>(46,519)</u>
EXPENDITURES:				
Current:				
Police	346,292	346,292	257,510	88,782
Total expenditures	<u>346,292</u>	<u>346,292</u>	<u>257,510</u>	<u>88,782</u>
CHANGE IN FUND BALANCE	<u>\$ (216,913)</u>	<u>\$ (216,913)</u>	(174,650)	<u>\$ 42,263</u>
FUND BALANCE:				
Beginning of year			<u>(1,039,415)</u>	
End of year			<u>\$ (1,214,065)</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,991,975	\$ 1,991,975	\$ 2,076,609	\$ 84,634
Use of money and property	1,050	1,050	-	(1,050)
Total revenues	<u>1,993,025</u>	<u>1,993,025</u>	<u>2,076,609</u>	<u>83,584</u>
EXPENDITURES:				
Current:				
Public works	3,073,282	3,076,282	2,577,642	498,640
Capital outlay	-	30,224	41,431	(11,207)
Total expenditures	<u>3,073,282</u>	<u>3,106,506</u>	<u>2,619,073</u>	<u>487,433</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,080,257)</u>	<u>(1,113,481)</u>	<u>(542,464)</u>	<u>571,017</u>
OTHER FINANCING (USES):				
Transfers out	-	(174,582)	-	174,582
Total other financing (uses)	<u>-</u>	<u>(174,582)</u>	<u>-</u>	<u>174,582</u>
CHANGE IN FUND BALANCE	<u>\$ (1,080,257)</u>	<u>\$ (1,288,063)</u>	<u>(542,464)</u>	<u>\$ 745,599</u>
FUND BALANCE:				
Beginning of year			<u>(905,830)</u>	
End of year			<u>\$ (1,448,294)</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 720,700	\$ 720,700	\$ 692,146	\$ (28,554)
Use of money and property	1,575	1,575	17,829	16,254
Total revenues	<u>722,275</u>	<u>722,275</u>	<u>709,975</u>	<u>(12,300)</u>
EXPENDITURES:				
Public works	721,943	760,903	580,287	180,616
Total expenditures	<u>721,943</u>	<u>760,903</u>	<u>580,287</u>	<u>180,616</u>
CHANGE IN FUND BALANCE	<u>\$ 332</u>	<u>\$ (38,628)</u>	129,688	<u>\$ 168,316</u>
FUND BALANCE:				
Beginning of year			<u>524,897</u>	
End of year			<u>\$ 654,585</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,213,087	\$ 2,213,087	\$ 2,056,627	\$ (156,460)
Charges for services	193,101	193,101	137,243	(55,858)
Use of money and property	93,000	93,000	162,628	69,628
Miscellaneous	10,500	10,500	9,781	(719)
Total revenues	<u>2,509,688</u>	<u>2,509,688</u>	<u>2,366,279</u>	<u>(143,409)</u>
EXPENDITURES:				
Current:				
Community development	2,498,118	2,498,118	1,940,928	557,190
Capital outlay	500,000	500,000	-	500,000
Total expenditures	<u>2,998,118</u>	<u>2,998,118</u>	<u>1,940,928</u>	<u>1,057,190</u>
CHANGE IN FUND BALANCE	<u>\$ (488,430)</u>	<u>\$ (488,430)</u>	425,351	<u>\$ 913,781</u>
FUND BALANCE:				
Beginning of year			2,906,209	
End of year			<u>\$ 3,331,560</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,702,818	\$ 1,702,818	\$ 1,579,431	\$ (123,387)
Use of money and property	27,000	27,000	138,664	111,664
Total revenues	<u>1,729,818</u>	<u>1,729,818</u>	<u>1,718,095</u>	<u>(11,723)</u>
EXPENDITURES:				
Current:				
Public works	494,740	604,740	201,405	403,335
Total expenditures	<u>494,740</u>	<u>604,740</u>	<u>201,405</u>	<u>403,335</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,235,078</u>	<u>1,125,078</u>	<u>1,516,690</u>	<u>391,612</u>
OTHER FINANCING (USES):				
Transfers out	-	(5,103,619)	(673,524)	4,430,095
Total other financing (uses)	<u>-</u>	<u>(5,103,619)</u>	<u>(673,524)</u>	<u>4,430,095</u>
CHANGE IN FUND BALANCE	<u>\$ 1,235,078</u>	<u>\$ (3,978,541)</u>	843,166	<u>\$ 4,821,707</u>
FUND BALANCE:				
Beginning of year			3,893,535	
End of year			<u>\$ 4,736,701</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,700	\$ 2,700	\$ 13,900	\$ 11,200
Total revenues	<u>2,700</u>	<u>2,700</u>	<u>13,900</u>	<u>11,200</u>
EXPENDITURES:				
Current:				
Community development	64,000	79,049	19,900	59,149
Parks & recreation	-	35,900	27,161	8,739
Total expenditures	<u>64,000</u>	<u>114,949</u>	<u>47,061</u>	<u>67,888</u>
CHANGE IN FUND BALANCE	<u>\$ (61,300)</u>	<u>\$ (112,249)</u>	(33,161)	<u>\$ 79,088</u>
FUND BALANCE:				
Beginning of year			<u>472,981</u>	
End of year			<u>\$ 439,820</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Access Corporation Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,382	\$ 1,382
Total revenues	<u>-</u>	<u>-</u>	<u>1,382</u>	<u>1,382</u>
EXPENDITURES:				
Current:				
General government	-	6,650	21,928	(15,278)
Total expenditures	<u>-</u>	<u>6,650</u>	<u>21,928</u>	<u>(15,278)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (6,650)</u>	(20,546)	<u>\$ (13,896)</u>
FUND BALANCE:				
Beginning of year			<u>54,336</u>	
End of year			<u>\$ 33,790</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 2,056,828	\$ 2,056,828	\$ 1,989,636	\$ (67,192)
Use of money and property	2,100	2,100	-	(2,100)
Total revenues	<u>2,058,928</u>	<u>2,058,928</u>	<u>1,989,636</u>	<u>(69,292)</u>
EXPENDITURES:				
Current:				
Public works	2,730,098	2,765,880	2,522,210	243,670
Capital outlay	-	185,500	-	185,500
Debt service:				
Principal	95,351	95,351	94,862	489
Total expenditures	<u>2,825,449</u>	<u>3,046,731</u>	<u>2,617,072</u>	<u>429,659</u>
CHANGE IN FUND BALANCE	<u>\$ (766,521)</u>	<u>\$ (987,803)</u>	(627,436)	<u>\$ 360,367</u>
FUND BALANCE:				
Beginning of year			(26,503)	
End of year			<u>\$ (653,939)</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure R Transit Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,277,863	\$ 1,277,863	\$ 1,182,879	\$ (94,984)
Use of money and property	22,000	22,000	191,231	169,231
Total revenues	<u>1,299,863</u>	<u>1,299,863</u>	<u>1,374,110</u>	<u>74,247</u>
EXPENDITURES:				
Current:				
Public works	521,023	557,335	433,178	124,157
Capital outlay	15,000	15,000	-	15,000
Total expenditures	<u>536,023</u>	<u>572,335</u>	<u>433,178</u>	<u>139,157</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>763,840</u>	<u>727,528</u>	<u>940,932</u>	<u>213,404</u>
OTHER FINANCING (USES):				
Transfers out	-	(2,028,119)	(38,261)	1,989,858
Total other financing (uses)	<u>-</u>	<u>(2,028,119)</u>	<u>(38,261)</u>	<u>1,989,858</u>
CHANGE IN FUND BALANCE	<u>\$ 763,840</u>	<u>\$ (1,300,591)</u>	<u>902,671</u>	<u>\$ 2,203,262</u>
FUND BALANCE:				
Beginning of year			<u>5,719,224</u>	
End of year			<u>\$ 6,621,895</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,970,814	\$ 1,970,814	\$ 1,784,964	\$ (185,850)
Use of money and property	7,350	7,350	67,894	60,544
Total revenues	<u>1,978,164</u>	<u>1,978,164</u>	<u>1,852,858</u>	<u>(125,306)</u>
EXPENDITURES:				
Current:				
Public works	-	-	395	(395)
Total expenditures	<u>-</u>	<u>-</u>	<u>395</u>	<u>(395)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,978,164</u>	<u>1,978,164</u>	<u>1,852,463</u>	<u>(125,701)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(2,953,242)	(527,107)	2,426,135
Total other financing sources (uses)	<u>-</u>	<u>(2,953,242)</u>	<u>(527,107)</u>	<u>2,426,135</u>
CHANGE IN FUND BALANCE	<u>\$ 1,978,164</u>	<u>\$ (975,078)</u>	1,325,356	<u>\$ 2,300,434</u>
FUND BALANCE:				
Beginning of year			1,475,137	
End of year			<u>\$ 2,800,493</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,438,669	\$ 1,438,669	\$ 1,330,351	\$ (108,318)
Use of money and property	2,700	2,700	37,394	34,694
Total revenues	<u>1,441,369</u>	<u>1,441,369</u>	<u>1,367,745</u>	<u>(73,624)</u>
EXPENDITURES:				
Current:				
Public works	469,995	469,995	226,395	243,600
Capital outlay	15,000	15,000	-	15,000
Total expenditures	<u>484,995</u>	<u>484,995</u>	<u>226,395</u>	<u>258,600</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>956,374</u>	<u>956,374</u>	<u>1,141,350</u>	<u>184,976</u>
OTHER FINANCING (USES):				
Transfers out	-	(1,106,014)	(304,976)	801,038
Total other financing (uses)	<u>-</u>	<u>(1,106,014)</u>	<u>(304,976)</u>	<u>801,038</u>
CHANGE IN FUND BALANCE	<u>\$ 956,374</u>	<u>\$ (149,640)</u>	836,374	<u>\$ 986,014</u>
FUND BALANCE:				
Beginning of year			691,654	
End of year			<u>\$ 1,528,028</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 246,702	\$ 246,702	\$ 223,839	\$ (22,863)
Use of money and property	1,050	1,050	17,063	16,013
Total revenues	<u>247,752</u>	<u>247,752</u>	<u>240,902</u>	<u>(6,850)</u>
EXPENDITURES:				
Current:				
Parks & recreation	-	-	50,070	(50,070)
Capital outlay	-	17,539	17,539	-
Total expenditures	<u>-</u>	<u>17,539</u>	<u>67,609</u>	<u>(50,070)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>247,752</u>	<u>230,213</u>	<u>173,293</u>	<u>(56,920)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	174,884	174,884
Transfers out	-	(59,846)	(22,215)	37,631
Total other financing sources (uses)	<u>-</u>	<u>(59,846)</u>	<u>152,669</u>	<u>212,515</u>
CHANGE IN FUND BALANCE	<u>\$ 247,752</u>	<u>\$ 170,367</u>	<u>325,962</u>	<u>\$ 155,595</u>
FUND BALANCE:				
Beginning of year			<u>466,574</u>	
End of year			<u>\$ 792,536</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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 12,829	\$ 2,829
Use of money and property	-	-	1,138	1,138
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>13,967</u>	<u>3,967</u>
CHANGE IN FUND BALANCE	<u>\$ 10,000</u>	<u>\$ 10,000</u>	13,967	<u>\$ 3,967</u>
FUND BALANCE:				
Beginning of year			<u>36,216</u>	
End of year			<u>\$ 50,183</u>	

INTERNAL SERVICE FUNDS

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

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

Information Systems Fund - To account for the operations and maintenance costs of the City's Enterprise Resource Planning (ERP) systems and hardware used by all City departments.

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

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

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

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City of South Gate
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Insurance	Information Systems	Fleet Management	Capital Asset & Equipment Replacement
ASSETS				
Current assets:				
Cash and investments	\$ 9,082,173	\$ 794,435	\$ 98,896	\$ 4,442,080
Accrued interest	29,256	1,988	-	15,649
Due from other agencies	180	-	-	-
Prepaid items	7,061	-	-	-
Due from other funds	43,729	12,019	2,951	-
Total current assets	<u>9,162,399</u>	<u>808,442</u>	<u>101,847</u>	<u>4,457,729</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable assets	-	-	-	-
Depreciable assets, net of accumulated depreciation	-	407,431	14,689	740,751
Total capital assets, net	<u>-</u>	<u>407,431</u>	<u>14,689</u>	<u>740,751</u>
Total assets	<u>9,162,399</u>	<u>1,215,873</u>	<u>116,536</u>	<u>5,198,480</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	57,188	61,483	119,531	-
Deferred outflows of resources related to OPEB	3,621	9,876	19,753	-
Total deferred outflows of resources	<u>60,809</u>	<u>71,359</u>	<u>139,284</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	40	121,843	130,900	49,383
Accrued liabilities	2,235	9,005	9,848	-
Compensated absences, due within one year	389	3,397	1,797	-
Claims and judgments, due within one year	2,015,049	-	-	-
Total current liabilities	<u>2,017,713</u>	<u>134,245</u>	<u>142,545</u>	<u>49,383</u>
Noncurrent liabilities:				
Compensated absences, due in more than one year	4,220	36,900	19,521	-
Claims and judgments, due in more than one year	6,774,624	-	-	-
Net pension liability	482,408	518,649	1,008,315	-
Net OPEB liability	87,411	238,395	476,789	-
Total noncurrent liabilities	<u>7,348,663</u>	<u>793,944</u>	<u>1,504,625</u>	<u>-</u>
Total liabilities	<u>9,366,376</u>	<u>928,189</u>	<u>1,647,170</u>	<u>49,383</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	19,395	20,852	40,537	-
Deferred inflows of resources related to OPEB	26,660	72,710	145,421	-
Total deferred inflows of resources	<u>46,055</u>	<u>93,562</u>	<u>185,958</u>	<u>-</u>
NET POSITION				
Investment in capital assets	-	407,431	14,689	740,751
Unrestricted (deficit)	(189,223)	(141,950)	(1,591,997)	4,408,346
Total net position	<u>\$ (189,223)</u>	<u>\$ 265,481</u>	<u>\$ (1,577,308)</u>	<u>\$ 5,149,097</u>

City of South Gate
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2020

	Building & Infrastructure Maintenance	Total
ASSETS		
Current assets:		
Cash and investments	\$ 635,917	\$ 15,053,501
Accrued interest	4,563	51,456
Due from other government	-	180
Prepaid items	-	7,061
Due from other funds	-	58,699
Total current assets	640,480	15,170,897
Noncurrent assets:		
Capital assets:		
Non-depreciable assets	308,973	308,973
Depreciable assets, net of accumulated depreciation	31,773	1,194,644
Total capital assets, net	340,746	1,503,617
Total assets	981,226	16,674,514
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension plan	-	238,202
Deferred outflows of resources related to OPEB	-	33,250
Total deferred outflows of resources	-	271,452
LIABILITIES		
Current liabilities:		
Accounts payable	-	302,166
Accrued liabilities	-	21,088
Compensated absences, due within one year	-	5,583
Claims and judgments, due within one year	-	2,015,049
Total current liabilities	-	2,343,886
Noncurrent liabilities:		
Compensated absences, due in more than one year	-	60,641
Claims and judgments, due in more than one year	-	6,774,624
Net pension liability	-	2,009,372
Net OPEB liability	-	802,595
Total noncurrent liabilities	-	9,647,232
Total liabilities	-	11,991,118
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	-	80,784
Deferred inflows of resources related to OPEB	-	244,791
Total deferred inflows of resources	-	325,575
NET POSITION		
Investment in capital assets	340,746	1,503,617
Unrestricted (deficit)	640,480	3,125,656
Total net position	\$ 981,226	\$ 4,629,273

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	Insurance	Information Systems	Fleet Management	Capital Asset & Equipment Replacement
OPERATING REVENUES:				
Interdepartmental charges	\$ 4,111,904	\$ 1,079,760	\$ 1,693,304	\$ 564,390
Claim recovery	1,622,094	-	-	-
Total operating revenues	5,733,998	1,079,760	1,693,304	564,390
OPERATING EXPENSES:				
Personnel services	333,636	522,214	792,371	-
Utilities	-	51,125	3,116	-
Contractual services	151,379	89,861	106,246	713
Administrative services	69,352	112,503	248,328	-
Repair and maintenance	-	242,191	8,191	6,190
Supplies	11,461	13,118	665,346	-
Insurance	2,954,310	-	-	-
Depreciation expense	-	117,749	11,663	229,154
Total operating expenses	3,520,138	1,148,761	1,835,261	236,057
Operating income (loss)	2,213,860	(69,001)	(141,957)	328,333
NONOPERATING REVENUES:				
Interest income	225,348	15,496	-	142,725
Total nonoperating revenues	225,348	15,496	-	142,725
Changes in net position	2,439,208	(53,505)	(141,957)	471,058
NET POSITION:				
Beginning of year, as restated (Note 19)	(2,628,431)	318,986	(1,435,351)	4,678,039
End of year	\$ (189,223)	\$ 265,481	\$ (1,577,308)	\$ 5,149,097

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2020

	Building & Infrastructure Maintenance	Total
OPERATING REVENUES:		
Interdepartmental charges	\$ -	\$ 7,449,358
Claim recovery	-	1,622,094
Total operating revenues	-	9,071,452
OPERATING EXPENSES:		
Personnel services	-	1,648,221
Utilities	-	54,241
Contractual services	9,979	358,178
Administrative services	-	430,183
Repair and maintenance	676,765	933,337
Supplies	-	689,925
Insurance	-	2,954,310
Depreciation expense	-	358,566
Total operating expenses	686,744	7,426,961
Operating income (loss)	(686,744)	1,644,491
NONOPERATING REVENUES:		
Interest income	43,167	426,736
Total nonoperating revenues	43,167	426,736
Changes in net position	(643,577)	2,071,227
NET POSITION:		
Beginning of year, as restated (Note 19)	1,624,803	2,558,046
End of year	\$ 981,226	\$ 4,629,273

City of South Gate
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Insurance	Information Systems	Fleet Management	Capital Asset & Equipment Replacement
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund service provided	\$ 4,086,501	\$ 1,071,860	\$ 1,691,829	\$ 564,390
Cash paid to suppliers for goods and services	(264,495)	(472,285)	(966,550)	(169,398)
Cash paid to employees for services	(181,346)	(377,693)	(695,979)	-
Cash paid for insurance premium and claims	(3,827,849)	-	-	-
Net cash provided by (used in) operating activities	(187,189)	221,882	29,300	394,992
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	(143,478)	-	(222,898)
Net cash (used in) capital and related financing activities	-	(143,478)	-	(222,898)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	236,865	16,625	-	149,756
Net cash provided by investing activities	236,865	16,625	-	149,756
Net change in cash and cash equivalents	49,676	95,029	29,300	321,850
CASH AND CASH EQUIVALENTS:				
Beginning of year	9,032,497	699,406	69,596	4,120,230
End of year	<u>\$ 9,082,173</u>	<u>\$ 794,435</u>	<u>\$ 98,896</u>	<u>\$ 4,442,080</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and investments	<u>\$ 9,082,173</u>	<u>\$ 794,435</u>	<u>\$ 98,896</u>	<u>\$ 4,442,080</u>

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2020

	<u>Building & Infrastructure Maintenance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from interfund service provided	\$ -	\$ 7,414,580
Cash paid to suppliers for goods and services	(709,044)	(2,581,772)
Cash paid to employees for services	-	(1,255,018)
Cash paid for insurance premium and claims	-	(3,827,849)
Net cash provided by (used in) operating activities	<u>(709,044)</u>	<u>(250,059)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(31,773)	(398,149)
Net cash (used in) capital and related financing activities	<u>(31,773)</u>	<u>(398,149)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	47,109	450,355
Net cash provided by investing activities	<u>47,109</u>	<u>450,355</u>
Net change in cash and cash equivalents	(693,708)	(197,853)
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,329,625	15,251,354
End of year	<u>\$ 635,917</u>	<u>\$ 15,053,501</u>
RECONCILIATION TO STATEMENT OF NET POSITION:		
Cash and investments	<u>\$ 635,917</u>	<u>\$ 15,053,501</u>

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2020

	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)	\$ 2,213,860	\$ (69,001)	\$ (141,957)	\$ 328,333
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	117,749	11,663	229,154
(Increase) decrease in prepaid items	(52)	-	-	-
(Increase) decrease in due from other agencies	(180)	-	-	-
(Increase) decrease in due from other funds	(25,403)	(7,900)	(1,475)	-
(Increase) decrease in deferred outflows of resources related to pensions	13,998	(963)	43,372	-
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	1,147	3,128	6,255	-
Increase (decrease) in accounts payable	(32,251)	36,513	64,677	(162,495)
Increase (decrease) in accrued liabilities	529	2,898	(365)	-
Increase (decrease) in compensated absences	4,609	40,297	21,318	-
Increase (decrease) in claims and judgments	(2,495,453)	-	-	-
Increase (decrease) in net pension liability	118,881	82,291	(3,227)	-
Increase (decrease) in net OPEB liability	(20,720)	(56,508)	(113,017)	-
Increase (decrease) in deferred inflows of resources related to pensions	12,515	15,202	25,702	-
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	21,331	58,176	116,354	-
Total adjustments	(2,401,049)	290,883	171,257	66,659
Net cash provided by (used in) operating activities	\$ (187,189)	\$ 221,882	\$ 29,300	\$ 394,992

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2020

	Building & Infrastructure Maintenance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ (686,744)	\$ 1,644,491
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	-	358,566
(Increase) decrease in prepaid items	-	(52)
(Increase) decrease in accounts receivable	-	(180)
(Increase) decrease in due from other funds	-	(34,778)
(Increase) decrease in deferred outflows of resources related to pensions	-	56,407
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	-	10,530
Increase (decrease) in accounts payable	(22,300)	(115,856)
Increase (decrease) in accrued liabilities	-	3,062
Increase (decrease) in compensated absences	-	66,224
Increase (decrease) in claims and judgments	-	(2,495,453)
Increase (decrease) in net pension liability	-	197,945
Increase (decrease) in net OPEB liability	-	(190,245)
Increase (decrease) in deferred inflows of resources related to pensions	-	53,419
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	-	195,861
Total adjustments	(22,300)	(1,894,550)
Net cash provided by (used in) operating activities	\$ (709,044)	\$ (250,059)

(Concluded)

AGENCY FUNDS

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

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

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City of South Gate
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>Special Deposits</u>				
Assets:				
Cash and investments	\$ 414,666	\$ 688,838	\$ (134,059)	\$ 969,445
Total assets	<u>\$ 414,666</u>	<u>\$ 688,838</u>	<u>\$ (134,059)</u>	<u>\$ 969,445</u>
Liabilities:				
Accounts payable	\$ 3,453	\$ 154,853	\$ (50,306)	\$ 108,000
Deposits payable	411,213	688,793	(238,561)	861,445
Total liabilities	<u>\$ 414,666</u>	<u>\$ 843,646</u>	<u>\$ (288,867)</u>	<u>\$ 969,445</u>

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STATISTICAL SECTION (UNAUDITED)

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City of South Gate

Statistical Section Overview

(Unaudited)

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

Contents	Page
Financial Trends	170 - 183
These schedules contain trend information to help the reader understand how the government's financial performance and well being have changed over time.	
Revenue Capacity	184 - 192
These schedules contain information to help the reader assess one of the government's most significant local revenue sources - property tax.	
Debt Capacity	193 - 198
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	199
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	200 - 205
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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities					
Net Investment in capital assets	\$ 225,744	\$ 223,175	\$ 223,462	\$ 227,259	\$ 225,811
Restricted	27,636	16,603	19,734	21,358	22,135
Unrestricted	(19,889)	9,355	10,889	13,875	(39,779)
Total governmental activities net position	<u>\$ 233,491</u>	<u>\$ 249,133</u>	<u>\$ 254,085</u>	<u>\$ 262,492</u>	<u>\$ 208,167</u>
Business-type activities					
Net Investment in capital assets	\$ 38,113	\$ 39,090	\$ 44,813	\$ 44,824	\$ 43,963
Restricted	4,497	4,194	13,944	14,492	6,517
Unrestricted	(40,350)	(39,723)	(53,012)	(48,245)	(36,142)
Total business-type activities net position	<u>\$ 2,260</u>	<u>\$ 3,561</u>	<u>\$ 5,745</u>	<u>\$ 11,071</u>	<u>\$ 14,338</u>
Primary government					
Net Investment in capital assets	\$ 263,857	\$ 262,265	\$ 268,275	\$ 272,083	\$ 269,774
Restricted	32,133	20,797	33,678	35,850	28,652
Unrestricted	(60,239)	(30,368)	(42,123)	(34,370)	(75,921)
Total primary government net position	<u>\$ 235,751</u>	<u>\$ 252,694</u>	<u>\$ 259,830</u>	<u>\$ 273,563</u>	<u>\$ 222,505</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u> <u>(As Restated)</u>	<u>2020</u>
Governmental Activities					
Net Investment in capital assets	\$ 228,683	\$ 214,310	\$ 233,267	\$ 237,924	\$ 235,345
Restricted	29,778	32,432	34,187	36,759	38,447
Unrestricted	(40,323)	(22,504)	(72,433)	(55,143)	(56,321)
Total governmental activities net position	<u>\$ 218,138</u>	<u>\$ 224,238</u>	<u>\$ 195,021</u>	<u>\$ 219,540</u>	<u>\$ 217,471</u>
Business-type activities					
Net Investment in capital assets	\$ 352	\$ 17,879	\$ 19,086	\$ 19,379	\$ 18,944
Restricted	2,002	2,169	1,888	1,974	831
Unrestricted	20,588	11,024	16,523	3,665	10,923
Total business-type activities net position	<u>\$ 22,942</u>	<u>\$ 31,072</u>	<u>\$ 37,497</u>	<u>\$ 25,018</u>	<u>\$ 30,698</u>
Primary government					
Net Investment in capital assets	\$ 229,035	\$ 232,189	\$ 252,353	\$ 257,303	\$ 254,289
Restricted	31,780	34,601	36,075	38,733	39,278
Unrestricted	(19,735)	(11,480)	(55,910)	(51,478)	(45,398)
Total primary government net position	<u>\$ 241,080</u>	<u>\$ 255,310</u>	<u>\$ 232,518</u>	<u>\$ 244,558</u>	<u>\$ 248,169</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses					
Governmental activities:					
General government	\$ 7,314	\$ 5,917	\$ 5,591	\$ 4,648	\$ 6,830
Public works	13,291	15,255	15,504	15,988	15,753
Parks and recreation	4,552	4,963	5,174	5,454	6,155
Police	20,849	20,663	20,065	20,251	21,435
Community development	13,569	13,806	10,690	11,651	10,542
Interest expense	5,783	3,556	2,260	2,148	1,712
Total governmental activities expenses	<u>65,358</u>	<u>64,160</u>	<u>59,284</u>	<u>60,140</u>	<u>62,427</u>
Business-type activities:					
Sewer	1,483	1,508	1,496	1,591	1,543
Water	11,038	11,526	13,206	12,411	12,394
Refuse	3,276	3,860	3,499	3,498	3,433
Total business-type activities expenses	<u>15,797</u>	<u>16,894</u>	<u>18,201</u>	<u>17,500</u>	<u>17,370</u>
Total primary government expenses	<u>\$ 81,155</u>	<u>\$ 81,054</u>	<u>\$ 77,485</u>	<u>\$ 77,640</u>	<u>\$ 79,797</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses					
Governmental activities:					
General government	\$ 6,312	\$ 6,847	\$ 8,663	\$ 7,568	\$ 7,239
Public works	16,794	18,513	21,475	18,882	18,790
Parks and recreation	6,951	7,544	10,115	8,495	8,762
Police	22,507	27,043	31,154	27,451	32,658
Community development	10,939	10,987	12,533	11,033	11,681
Interest expense	1,122	1,310	911	797	533
Total governmental activities expenses	<u>64,625</u>	<u>72,244</u>	<u>84,851</u>	<u>74,226</u>	<u>79,663</u>
Business-type activities:					
Sewer	1,672	1,767	1,740	1,481	1,330
Water	12,956	12,516	14,033	13,733	15,171
Refuse	3,493	3,715	3,810	3,941	4,043
Total business-type activities expenses	<u>18,121</u>	<u>17,998</u>	<u>19,583</u>	<u>19,155</u>	<u>20,544</u>
Total primary government expenses	<u>\$ 82,746</u>	<u>\$ 90,242</u>	<u>\$ 104,434</u>	<u>\$ 93,381</u>	<u>\$ 100,207</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Program Revenues					
Governmental activities:					
Charges for service:					
General government	\$ 3,159	\$ 3,157	\$ 3,032	\$ 3,102	\$ 3,105
Public works	1,091	1,185	1,163	1,101	1,231
Parks and recreation	526	558	685	894	986
Police	3,045	3,231	2,656	3,445	3,262
Community development	4,863	3,777	3,229	4,171	2,888
Operating grants and contributions	19,363	13,640	14,777	16,363	13,527
Capital grants and contributions	6,144	5,201	3,993	4,696	3,811
Total governmental activities program revenues	<u>38,191</u>	<u>30,749</u>	<u>29,535</u>	<u>33,772</u>	<u>28,810</u>
Business-type activities:					
Charges for service:					
Sewer	1,451	1,497	1,485	1,513	1,388
Water	11,818	12,787	15,061	17,255	18,279
Refuse	3,390	3,359	3,550	3,673	3,714
Operating grants and contributions	43	548	54	64	57
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>16,702</u>	<u>18,191</u>	<u>20,150</u>	<u>22,505</u>	<u>23,438</u>
Total primary government program revenues	<u>\$ 54,893</u>	<u>\$ 48,940</u>	<u>\$ 49,685</u>	<u>\$ 56,277</u>	<u>\$ 52,248</u>
Net (expense)/revenue					
Governmental activities	\$ (27,167)	\$ (33,411)	\$ (29,749)	\$ (26,368)	\$ (33,617)
Business-type activities	<u>905</u>	<u>1,297</u>	<u>1,949</u>	<u>5,005</u>	<u>6,068</u>
Total primary government net expense	<u>\$ (26,262)</u>	<u>\$ (32,114)</u>	<u>\$ (27,800)</u>	<u>\$ (21,363)</u>	<u>\$ (27,549)</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Program Revenues					
Governmental activities:					
Charges for service:					
General government	\$ 3,037	\$ 2,949	\$ 2,900	\$ 3,104	\$ 2,945
Public works	1,146	1,456	1,283	1,269	1,584
Parks and recreation	966	1,106	1,274	1,394	1,029
Police	3,844	4,189	1,837	2,160	2,052
Community development	2,684	3,619	1,619	1,671	1,739
Operating grants and contributions	14,756	14,090	11,846	16,278	19,485
Capital grants and contributions	7,148	8,221	8,748	8,496	5,370
Total governmental activities program revenues	<u>33,581</u>	<u>35,630</u>	<u>29,507</u>	<u>34,372</u>	<u>34,204</u>
Business-type activities:					
Charges for service:					
Sewer	1,346	1,340	1,350	1,298	1,258
Water	20,524	19,720	20,772	19,899	19,859
Refuse	3,717	3,738	3,856	3,955	4,080
Operating grants and contributions	71	35	37	69	48
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>25,658</u>	<u>24,833</u>	<u>26,015</u>	<u>25,221</u>	<u>25,245</u>
Total primary government program revenues	<u>\$ 59,239</u>	<u>\$ 60,463</u>	<u>\$ 55,522</u>	<u>\$ 59,593</u>	<u>\$ 59,449</u>
Net (expense)/revenue					
Governmental activities	\$ (31,044)	\$ (36,614)	\$ (55,344)	\$ (39,854)	\$ (45,459)
Business-type activities	<u>7,537</u>	<u>6,835</u>	<u>6,432</u>	<u>6,066</u>	<u>4,701</u>
Total primary government net expense	<u>\$ (23,507)</u>	<u>\$ (29,779)</u>	<u>\$ (48,912)</u>	<u>\$ (33,788)</u>	<u>\$ (40,758)</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Position					
Governmental activities:					
Taxes					
Property taxes	\$ 21,156	\$ 17,371	\$ 13,346	\$ 12,834	\$ 13,301
Sales taxes	11,054	12,878	13,347	14,186	17,838
Transient occupancy taxes	278	230	250	278	267
Franchise taxes	2,032	1,980	2,031	2,228	2,287
Other taxes	1,786	1,880	1,745	1,862	2,006
Investment income	3,366	2,704	2,638	2,487	1,784
Motor vehicle in-lieu	521	53	44	-	42
Lawsuit settlements	-	-	-	-	-
Gain on sale of land	-	-	-	-	-
Miscellaneous	532	378	2,081	832	1,538
Transfers	354	450	51	95	-
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-
	-	26,432	-	-	-
Total governmental activities	<u>41,079</u>	<u>64,356</u>	<u>35,533</u>	<u>34,802</u>	<u>39,063</u>
Business-type activities:					
Investment income	255	242	142	118	127
Miscellaneous	253	212	731	298	532
Transfers	(354)	(450)	(51)	(95)	-
Total business-type activities	<u>154</u>	<u>4</u>	<u>822</u>	<u>321</u>	<u>659</u>
Total primary government	<u>\$ 41,233</u>	<u>\$ 64,360</u>	<u>\$ 36,355</u>	<u>\$ 35,123</u>	<u>\$ 39,722</u>
Change in Net Position					
Governmental activities	\$ 13,912	\$ 30,944	\$ 4,951	\$ 8,434	\$ 5,447
Business-type activities	<u>1,060</u>	<u>1,301</u>	<u>2,184</u>	<u>5,326</u>	<u>6,726</u>
Total primary government	<u>\$ 14,972</u>	<u>\$ 32,245</u>	<u>\$ 7,135</u>	<u>\$ 13,760</u>	<u>\$ 12,173</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Revenues and Other Changes in Position					
Governmental activities:					
Taxes					
Property taxes	\$ 11,712	\$ 12,131	\$ 14,907	\$ 15,358	\$ 14,079
Sales taxes	21,838	20,623	21,121	22,561	21,163
Transient occupancy taxes	350	390	420	450	412
Franchise taxes	2,420	2,454	2,708	2,688	2,744
Other taxes	2,073	2,216	2,051	2,118	1,990
Investment income	2,412	1,539	1,356	2,532	1,575
Motor vehicle in-lieu	39	45	52	47	76
Lawsuit settlements	-	-	-	-	-
Gain on sale of land	-	-	-	-	-
Miscellaneous	1,237	576	5,800	240	1,064
Transfers	(1,066)	(1,294)	6	12	287
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-
Total governmental activities	<u>41,015</u>	<u>38,680</u>	<u>48,421</u>	<u>46,006</u>	<u>43,390</u>
Business-type activities:					
Investment income	-	-	-	-	1,266
Miscellaneous	-	-	-	-	-
Transfers	1,066	1,294	(6)	(12)	(287)
Total business-type activities	<u>1,066</u>	<u>1,294</u>	<u>(6)</u>	<u>(12)</u>	<u>979</u>
Total primary government	<u>\$ 42,081</u>	<u>\$ 39,974</u>	<u>\$ 48,415</u>	<u>\$ 45,994</u>	<u>\$ 44,369</u>
Change in Net Position					
Governmental activities	\$ 9,972	\$ 2,065	\$ (6,922)	\$ 6,153	\$ (2,069)
Business-type activities	<u>8,603</u>	<u>8,130</u>	<u>6,425</u>	<u>6,218</u>	<u>5,680</u>
Total primary government	<u>\$ 18,575</u>	<u>\$ 10,195</u>	<u>\$ (497)</u>	<u>\$ 12,371</u>	<u>\$ 3,611</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>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund					
Nonspendable	\$ 39,714	\$ 38,089	\$ 36,768	\$ 36,339	\$ 14,330
Restricted	-	-	-	280	391
Committed	-	-	-	1,000	1,000
Assigned	-	-	-	134	3,452
Unassigned	4,716	7,216	11,136	12,691	23,146
Total general fund	<u>\$ 44,430</u>	<u>\$ 45,305</u>	<u>\$ 47,904</u>	<u>\$ 50,444</u>	<u>\$ 42,319</u>
All other governmental funds					
Nonspendable	\$ 7,399	\$ 4,726	\$ 4,479	\$ 4,274	\$ 4,005
Restricted					
Restricted, reported in:					
Special Revenue funds	16,089	13,147	14,557	15,041	16,281
Capital Projects funds	4,228	916	750	655	681
Low and moderate housing activities	-	-	-	1,146	955
Committed					
Capital Project funds	-	-	-	-	-
Unassigned					
Unassigned, reported in:					
Special Revenue funds	(215)	(257)	(323)	(295)	(472)
Capital Projects funds	-	-	-	-	-
Debt Service funds	(11,962)	-	-	-	-
Total all other governmental funds	<u>\$ 15,539</u>	<u>\$ 18,532</u>	<u>\$ 19,463</u>	<u>\$ 20,821</u>	<u>\$ 21,450</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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General fund					
Nonspendable	\$ 11,705	\$ 9,522	\$ 8,069	\$ 7,055	\$ 23,997
Restricted	280	224	230	281	172
Committed	16,000	15,929	19,870	19,870	19,870
Assigned	3,572	3,724	3,503	3,482	3,482
Unassigned	14,570	18,343	11,562	14,545	10,535
Total general fund	<u>\$ 46,127</u>	<u>\$ 47,742</u>	<u>\$ 43,234</u>	<u>\$ 45,233</u>	<u>\$ 58,056</u>
All other governmental funds					
Nonspendable	\$ 1	\$ 400	\$ -	\$ -	\$ 32
Restricted					
Restricted, reported in:					
Special Revenue funds	21,168	21,227	22,831	22,828	28,058
Capital Projects funds	128	2	2	2	2
Low and moderate housing activities	8,799	10,980	11,125	11,019	10,867
Committed					
Capital Project funds	558	558	4,055	4,055	4,018
Unassigned					
Unassigned, reported in:					
Special Revenue funds	(5,401)	(3,672)	(3,437)	(3,139)	(4,346)
Capital Projects funds	-	-	-	39	-
Debt Service funds	(26)	(26)	-	-	-
Total all other governmental funds	<u>\$ 25,227</u>	<u>\$ 29,469</u>	<u>\$ 34,576</u>	<u>\$ 34,804</u>	<u>\$ 38,631</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Revenues</u>					
Taxes	\$ 36,329	\$ 33,956	\$ 30,855	\$ 31,279	\$ 35,065
Intergovernmental	23,812	21,378	20,733	23,835	18,920
Charges for service	5,357	5,213	5,672	5,708	5,968
Fines and forfeitures	2,660	2,940	2,135	2,915	2,477
Licenses and permits	963	1,030	1,025	1,468	1,322
Investment income	3,344	2,975	2,630	2,474	1,768
Other	577	1,345	2,137	841	1,802
Total revenues	<u>73,042</u>	<u>68,837</u>	<u>65,187</u>	<u>68,520</u>	<u>67,322</u>
<u>Expenditures</u>					
General government	5,259	5,436	5,154	4,889	5,568
Public works	7,130	7,708	8,250	8,602	7,764
Parks and recreation	4,022	4,355	4,616	4,890	5,593
Police	18,842	19,158	19,456	19,344	20,430
Community development	13,537	13,780	10,333	11,608	10,533
Capital Outlay	12,118	7,325	8,467	10,531	7,066
Debt service:					
Principal	4,648	4,569	2,799	2,686	16,251
Interest and fees	5,717	4,050	2,281	2,141	1,613
Bond issuance costs	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total expenditures	<u>71,273</u>	<u>66,381</u>	<u>61,356</u>	<u>64,691</u>	<u>74,818</u>
Excess of revenues over (under) expenditures	<u>1,769</u>	<u>2,456</u>	<u>3,831</u>	<u>3,829</u>	<u>(7,496)</u>

(Continued)

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Revenues</u>					
Taxes	\$ 39,966	\$ 39,925	\$ 41,207	\$ 43,175	\$ 42,377
Intergovernmental	20,009	27,090	21,660	25,274	22,577
Charges for service	3,365	3,227	3,451	3,699	2,785
Fines and forfeitures	1,249	1,183	1,125	1,443	1,502
Licenses and permits	1,557	1,482	1,464	1,371	2,001
Investment income	2,226	1,204	1,356	2,531	2,033
Other	3,943	3,635	8,672	3,325	4,256
Total revenues	<u>72,315</u>	<u>77,746</u>	<u>78,935</u>	<u>80,818</u>	<u>77,531</u>
<u>Expenditures</u>					
General government	6,369	6,545	6,686	6,882	7,007
Public works	8,405	9,276	10,089	10,104	10,753
Parks and recreation	6,027	6,429	7,148	7,510	8,006
Police	22,863	24,131	25,252	26,539	29,449
Community development	10,893	10,766	10,880	11,143	11,537
Capital Outlay	12,912	12,891	9,689	14,696	6,967
Debt service:					
Principal	1,823	1,725	1,749	1,575	1,813
Interest and fees	1,109	1,028	946	862	774
Bond issuance costs	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total expenditures	<u>70,401</u>	<u>72,791</u>	<u>72,439</u>	<u>79,311</u>	<u>76,306</u>
Excess of revenues over (under) expenditures	<u>1,914</u>	<u>4,955</u>	<u>6,496</u>	<u>1,507</u>	<u>1,225</u>

(Continued)

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Other financing sources (uses)</u>					
Transfers in	\$ 15,871	\$ 5,509	\$ 8,053	\$ 10,067	\$ 6,061
Transfers out	(15,345)	(5,094)	(8,001)	(9,972)	(6,061)
Proceeds from sale of land	-	-	-	-	-
Write-offs	-	-	-	-	-
Pension contribution	-	-	-	-	-
Capital leases	171	-	-	-	-
Debt issued	-	-	-	-	-
Issuance of financing agreements	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Contributions to Successor Agency	-	-	(353)	-	-
Total other financing sources (uses)	<u>697</u>	<u>415</u>	<u>(301)</u>	<u>95</u>	<u>-</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>-</u>	<u>997</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,466</u>	<u>\$ 3,868</u>	<u>\$ 3,530</u>	<u>\$ 3,924</u>	<u>\$ (7,496)</u>
Debt service as a percentage of noncapital expenditures	17.5%	14.6%	9.6%	8.9%	26.4%

(Continued)

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Other financing sources (uses)</u>					
Transfers in	\$ 14,968	\$ 11,212	\$ 13,237	\$ 13,533	\$ 6,680
Transfers out	(16,034)	(12,345)	(19,134)	(13,254)	(6,393)
Proceeds from sale of land	-	-	-	-	-
Write-offs	-	-	-	-	-
Pension contribution	-	-	-	-	-
Capital leases	-	-	-	-	-
Debt issued	882	-	-	-	-
Issuance of financing agreements	-	-	-	441	-
Payment to bond escrow agent	-	-	-	-	-
Contributions to Successor Agency	-	-	-	-	-
Total other financing sources (uses)	<u>(184)</u>	<u>(1,133)</u>	<u>(5,897)</u>	<u>720</u>	<u>287</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>\$ 4,771</u>	<u>\$ 5,363</u>	<u>\$ (4,390)</u>	<u>\$ 1,945</u>	<u>\$ 1,512</u>
Debt service as a percentage of noncapital expenditures	5.1%	4.6%	4.3%	3.8%	3.7%

(Concluded)

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>Type of Tax</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Property tax	\$ 21,156	\$ 17,371	\$ 13,346	\$ 12,834	\$ 13,301
Sales and use tax	11,054	12,877	13,347	14,186	17,838
Transient occupancy tax	278	229	250	278	267
Franchise tax	2,032	1,979	2,031	2,228	2,287
Business licenses tax	1,204	1,348	1,213	1,336	1,398
Motor vehicle in-lieu	521	53	43	-	42
Other taxes	<u>582</u>	<u>532</u>	<u>532</u>	<u>525</u>	<u>608</u>
Total	<u>\$ 36,827</u>	<u>\$ 34,389</u>	<u>\$ 30,762</u>	<u>\$ 31,387</u>	<u>\$ 35,741</u>

(Continued)

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

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

<u>Type of Tax</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Property tax	\$ 11,712	\$ 12,131	\$ 14,907	\$ 15,358	\$ 14,079
Sales and use tax	21,838	20,623	21,121	22,561	21,162
Transient occupancy tax	350	390	420	450	412
Franchise tax	2,420	2,454	2,708	2,688	2,744
Business licenses tax	1,466	1,584	1,461	1,560	1,397
Motor vehicle in-lieu	39	45	52	47	76
Other taxes	<u>608</u>	<u>632</u>	<u>590</u>	<u>558</u>	<u>593</u>
Total	<u>\$ 38,433</u>	<u>\$ 37,859</u>	<u>\$ 41,259</u>	<u>\$ 43,222</u>	<u>\$ 40,463</u>

(Concluded)

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Basic Levy *	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College District	0.02677	0.01782	0.02594	0.02502	0.04809
Compton Community College District	0.01487	0.01481	0.01531	0.00963	0.00987
Downey Unified School District	0.07018	0.06725	0.07132	0.06603	0.06549
LA Community College District	0.04031	0.0353	0.04875	0.04454	0.04017
Los Angeles Unified School District	0.18695	0.16819	0.17561	0.14644	0.14688
Lynwood Unified School District	0.04945	0.05171	0.05059	0.12005	0.08489
Metropolitan Water District	0.00370	0.00370	0.00350	0.00350	0.00350
Paramount Unified School District	0.08384	0.10343	0.10930	0.10457	0.10105
Total Direct & Overlapping ** Tax Rates	1.47607	1.46221	1.50032	1.51978	1.49995
City's Share of 1% Levy per Prop 13***	0.06146	0.06146	0.06146	0.06146	0.06146
General Obligation Debt Rate	0.00000	0.00000	0.00000	0.00000	0.00000
Redevelopment Rate****	1.00370	1.00370			
Total Direct Rate*****	0.25692	0.25454	0.26745	0.06078	0.06081

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 2009/10 - 2018/19 Tax Rate Table

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

Agency	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Basic Levy *	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College District	0.04809	0.04698	0.04370	0.04446	0.04449
Compton Community College District	0.00926	0.00920	0.00954	0.02335	0.02323
Downey Unified School District	0.11466	0.11473	0.10538	0.10113	0.09708
LA Community College District	0.03576	0.03596	0.04599	0.04621	0.02717
Los Angeles Unified School District	0.12971	0.13110	0.12219	0.12323	0.12552
Lynwood Unified School District	0.09583	0.10308	0.19014	0.11737	0.18874
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Paramount Unified School District	0.05266	0.10677	0.17409	0.16756	0.22092
Total Direct & Overlapping ** Tax Rates	1.48947	1.55131	1.69454	1.62681	1.73065
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*****	0.06084	0.06086	0.06073	0.06093	0.06093

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

<u>Type of Property</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
Residential	\$ 3,046,904	\$ 3,075,232	\$ 3,133,928	\$ 3,223,318	\$ 3,360,338
Commercial	472,268	478,978	485,723	495,030	502,898
Industrial	563,859	575,910	576,920	586,502	627,907
Farm	617	622	635	647	650
Government	3,065	3,088	3,150	3,213	3,227
Institutional	10,494	18,826	12,443	12,791	18,895
Irrigated	13,635	10,676	10,355	9,031	9,497
Miscellaneous	393	446	404	464	-
Recreational	5,054	4,276	4,362	4,449	4,715
Vacant Land	99,783	86,292	88,072	81,439	90,777
SBE Nonunitary	339	419	419	419	419
Unsecured	308,659	296,719	304,312	305,457	323,351
Cross Reference	6,807	7,972	10,843	14,705	10,852
Total taxable Assessed Value	\$ 4,531,877	\$ 4,559,456	\$ 4,631,565	\$ 4,737,463	\$ 4,953,525
Total direct tax rate	0.25692%	0.25454%	0.26745%	0.60780%	0.60810%
Tax-Exempt	(61,610)	(59,538)	(54,662)	(48,602)	(47,025)

Source: Los Angeles County Assessor

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

<u>Type of Property</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>
Residential	\$ 3,526,730	\$ 3,682,817	\$ 3,836,767	\$ 4,041,859	\$ 4,244,936
Commercial	526,371	553,697	597,645	636,252	681,218
Industrial	653,662	668,701	662,336	683,926	744,779
Farm	663	673	-	-	-
Government	3,292	3,595	479	489	3,070
Institutional	12,343	15,256	18,358	16,386	23,895
Irrigated	10,674	11,572	9,998	9,557	9,808
Miscellaneous	-	-	398	406	414
Recreational	4,372	6,675	7,165	8,287	5,553
Vacant Land	110,995	99,828	99,578	97,262	89,581
SBE Nonunitary	419	530	861	661	661
Unsecured	339,707	350,070	375,664	389,984	414,742
Cross Reference	11,327	11,674	13,478	13,658	13,303
Total taxable A.V.	\$ 5,200,554	\$ 5,405,089	\$ 5,622,727	\$ 5,898,727	\$ 6,231,960
Total direct tax rate	0.60840%	0.60860%	0.60730%	0.60930%	6.09500%
Tax-Exempt	(47,025)	(46,977)	(46,977)	(44,588)	(44,456)

Source: Los Angeles County Assessor

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

<u>Taxpayer</u>	<u>2019/20</u>			<u>2010/11</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total City Taxable Assessed Value</u>
Schultz Steel Company	\$ 124,842	1	2.00%	\$ 88,408	1	1.95%
El Paseo Southern Gate LLC	60,301	2	0.97%	52,111	2	1.15%
Tesoro Logistics Operations LLC	39,518	3	0.63%	-		
BP West Coast Products LLC	-		-	50,165	3	1.11%
South Gate Gateway LLC	-		-	37,431	4	0.83%
South Gate Business & Industrial Park	34,973	4	0.56%	29,606	5	0.65%
Azalea Joint Venture LLC	34,648	5	0.56%	-		
Konoike Pacific California Inc	32,929	6	0.53%	-		
South Gate Pacific Associates	30,734	7	0.49%	-		
Rockview Dairies Inc.	-			25,806	6	0.57%
World Oil Company	-			25,102	7	0.55%
Armstrong Cork Company	28,803	8	0.46%	24,257	9	0.54%
Hudd Distribution Services Inc.	28,188	9	0.45%	24,263	8	0.54%
City of South Gate	27,955	10	0.45%	-		
Saputo Cheese USA Inc				21,416	10	0.47%
	<u>\$ 442,891</u>		<u>7.10%</u>	<u>\$ 378,566</u>		<u>8.36%</u>
City Total Assessed Valuation	6,231,960			4,531,894		

Source: Los Angeles County Assessor and HdL Companies

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date (1)	
		Amount	% of Levy		Amount	% of Levy
2020	\$ 2,785	\$ 2,920	104.85%	N/A	N/A	N/A
2019	2,689	2,846	105.84%	N/A	N/A	N/A
2018	2,585	2,720	105.22%	N/A	N/A	N/A
2017	2,504	2,636	105.27%	N/A	N/A	N/A
2016	2,431	2,532	104.15%	N/A	N/A	N/A
2015	2,329	2,443	104.89%	N/A	N/A	N/A
2014	2,297	2,511	109.32%	N/A	N/A	N/A
2013	2,242	2,540	113.29%	N/A	N/A	N/A
2012	2,228	2,290	102.78%	N/A	N/A	N/A
2011	2,207	2,290	103.76%	N/A	N/A	N/A

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	Capital Leases	Notes/Loans
2020	\$ -	\$ 12,800	0.21%	131.95	\$ -	\$ -	\$ 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
2013	-	20,345	0.44%	213.90	15,315	60	927	3,190
2012	-	21,220	0.47%	224.98	16,185	85	1,516	3,630
2011	25,115	22,055	1.04%	462.84	17,010	110	2,085	4,045

Fiscal Year Ended June 30	Business Type Activities		Percentage of Personal Income (2)	Per Capita (2)
	Water Revenue Bonds	Total Primary Government (3)		
2020	\$ 32,398	\$ 45,937	2.81%	\$ 473.56
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
2013	44,941	84,778	6.38%	891.32
2012	34,749	77,385	5.87%	820.45
2011	35,713	106,133	7.98%	1,041.40

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, 2020**

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Direct Debt			
264.01 2005 PENSION OBLIGATION BONDS	14,055,000	100.000	12,800,000
264.01 CAPITAL LEASE OBLIGATIONS	987,093	100.000	737,050
Total Direct Debt			13,537,050
Overlapping Debt			
*315.05 METROPOLITAN WATER DISTRICT	18,151,752	0.358	65,052
790.54 CERRITOS CCD DS 2004 SERIES 2012D	32,727,548	1.167	382,036
790.55 CERRITOS CCD DS 2012 SERIES 2014A	73,900,000	1.167	862,652
790.56 CERRITOS CCD DS 2014 REF BONDS SERIES A	76,720,000	1.167	895,571
790.57 CERRITOS CCD DS 2014 REF BONDS SERIES B	9,830,000	1.167	114,748
790.58 CERRITOS CCD DS 2012 SERIES 2018B	61,135,000	1.167	713,643
790.59 CERRITOS CCD DS 2012 SERIES 2019C	152,655,000	1.167	1,781,978
793.52 COMPTON CCD DS 2002 SERIES 2012C	6,880,568	2.301	158,318
793.53 COMPTON CCD DS 2012 REF BONDS	8,010,000	2.301	184,306
793.54 COMPTON CCD DS 2002 SERIES 2013D	253,405	2.301	5,831
793.55 COMPTON CCD DS 2014 REF	16,245,000	2.301	373,789
793.56 COMPTON CCD DS 2015 REF BONDS	12,330,000	2.301	283,707
793.57 COMPTON CCD DS 2014 SERIES A	33,500,000	2.301	770,817
793.58 COMPTON CCD DS 2002 SERIES 2018E	53,645,677	2.301	1,234,359
805.55 LA CCD DS 2003 TAXABLE SERIES 2004B	2,115,000	0.565	11,960
805.56 LA CCD DS 2001 TAXABLE SERIES 2004A	31,555,000	0.565	178,435
805.65 LA CCD DS 2008, 2009 TAXABLE SER B	75,000,000	0.565	424,105
805.66 LA CCD DS 2008, 2010 TAX SERIES D	125,000,000	0.565	706,842
805.67 LA CCD DS 2008, 2010 TAX SER E (BABS)	900,000,000	0.565	5,089,262
805.69 LA CCD DS 2008 SERIES F	199,000,000	0.565	1,125,292
805.70 LA CCD DS 2013 REF BONDS	35,410,000	0.565	200,234
805.71 LA CCD DS 2008 SERIES G	205,725,000	0.565	1,163,320
805.73 LA CCD DS 2015 REF SERIES A	1,395,190,000	0.565	7,889,430
805.74 LA CCD DS 2015 REF SERIES B	24,305,000	0.565	137,438
805.75 LA CCD DS 2015 REF SERIES C	230,015,000	0.565	1,300,674
805.76 LA CCD DS 2008 SERIES I	197,360,000	0.565	1,116,019
805.78 LA CCD DS 2016 REF BONDS	813,785,000	0.565	4,601,739
853.53 DOWNEY USD DS REFUNDING 1999 SERIES A	2,905,256	4.363	126,757
853.60 DOWNEY USD DS 2007 REF BDS	13,210,000	4.363	576,357
853.61 DOWNEY USD DS 2011 REFUNDING BONDS	4,755,000	4.363	207,462
853.62 DOWNEY USD DS 2012 REF BONDS	10,810,000	4.363	471,644
853.63 DOWNEY USD DS 2014 SERIES A	37,885,000	4.363	1,652,937
853.65 DOWNEY USD DS 2016 REF BONDS	5,615,000	4.363	244,985
853.66 DOWNEY USD DS 2014 SERIES B	129,797,984	4.363	5,663,135
887.86 LOS ANGELES UNIF DS 2002 SERIES E	200,000,000	0.693	1,385,986
887.89 LOS ANGELES UNIF DS 2005 SERIES H-QSCBS	80,625,000	0.693	558,726
887.92 LOS ANGELES UNIF MEASURE R SERIES KRY	363,005,000	0.693	2,515,600
887.93 LOS ANGELES UNIF MEASURE Y 2009 SERIES	806,795,000	0.693	5,591,034
887.95 LOS ANGELES UNIF MEASURE K 2010 SERIES	145,250,000	0.693	1,006,572
887.96 LOS ANGELES UNIF MEASURE R 2010 SERIES	143,360,000	0.693	993,475
887.97 LOS ANGELES UNIF MEASURE Y 2010 SERIES	95,770,000	0.693	663,680
887.98 LOS ANGELES UNIF MEASURE R 2010 SERIES RY	477,630,000	0.693	3,309,943
887.99 LOS ANGELES UNIF MEASURE Y 2010 SERIES RY	772,955,000	0.693	5,356,525

City of South Gate
Direct & Overlapping Debt (Continued)
June 30, 2020

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Overlapping Debt (Continued)			
888.56 LOS ANGELES UNIF DS 2005 2010 SERIES J-2	153,350,000	0.693	1,062,705
888.57 LOS ANGELES UNIF DS 2011 REFUNDING BOND	104,795,000	0.693	726,222
888.58 LOS ANGELES UNIF DS 2011 REFUNDING BOND	141,880,000	0.693	983,219
888.59 LOS ANGELES UNIF DS 2012 REFUNDING BOND	95,760,000	0.693	663,610
888.60 LOS ANGELES UNIF DS 2014 REF BOND SERIES A	58,580,000	0.693	405,955
888.61 LOS ANGELES UNIF DS 2014 REF BOND SERIES B	150,940,000	0.693	1,046,004
888.62 LOS ANGELES UNIF DS 2014 REF BOND SERIES C	821,985,000	0.693	5,696,299
888.63 LOS ANGELES UNIF DS 2014 REF BOND SERIES D	130,045,000	0.693	901,203
888.68 LOS ANGELES UNIF DS 2015 REF BONDS SERIES	269,400,000	0.693	1,866,923
888.69 LOS ANGELES UNIF DS 2008 SERIES A 2016	600,270,000	0.693	4,159,830
888.70 LOS ANGELES UNIF DS 2016 REF BONDS SERIES	403,410,000	0.693	2,795,604
888.71 LOS ANGELES UNIF DS 2016 REF BONDS SERIES	498,240,000	0.693	3,452,769
888.72 LOS ANGELES UNIF DS 2017 REF BONDS SER A	113,455,000	0.693	786,235
888.73 LOS ANGELES UNIF DS 2017 REF BONDS SER A	921,240,000	0.693	6,384,130
888.74 LOS ANGELES UNIF DS 2005 SERIES M 1 2018	114,165,000	0.693	791,156
888.76 LOS ANGELES UNIF DS 2008 SERIES B 1 2018	1,060,780,000	0.693	7,351,132
888.78 LOS ANGELES UNIF DS 2019 REF 2002 SER D	150,055,000	0.693	1,039,871
888.79 LOS ANGELES UNIF DS 2019 REF 2004 SER I	333,005,000	0.693	2,307,702
888.80 LOS ANGELES UNIF DS 2019 REF 2005 SER F	90,085,000	0.693	624,283
888.81 LOS ANGELES UNIF DS 2019 REF SER KRY 2009	952,160,000	0.693	6,598,403
891.51 LYNWOOD USD DS 2012 REF BONDS	563,904	0.897	5,056
891.52 LYNWOOD USD DS 2012 SERIES A	11,390,000	0.897	102,124
891.53 LYNWOOD USD DS 2012 SERIES B	1,610,000	0.897	14,435
891.54 LYNWOOD USD DS 2012 SERIES C	10,165,000	0.897	91,141
891.55 LYNWOOD USD DS 2016 SERIES A	9,325,000	0.897	83,609
891.57 LYNWOOD USD DS 2012 SERIES D	22,213,701	0.897	199,171
891.58 LYNWOOD USD DS 2016 SERIES B	38,325,000	0.897	343,628
907.53 PARAMOUNT USD DS 2006, SERIES 2011 BONDS	33,419,392	7.574	2,531,160
907.54 PARAMOUNT USD DS 2006 2013 SERIES C	32,052,518	7.574	2,427,634
907.55 PARAMOUNT USD DS REF BOND SERIES 2015	27,560,000	7.574	2,087,374
907.56 PARAMOUNT USD DS REF BOND SERIES 2015	7,714,976	7.574	584,328
907.57 PARAMOUNT USD DS 2016 SERIES 2017A	20,430,000	7.574	1,547,353
907.58 PARAMOUNT USD DS 2016 SERIES 2018B	29,646,089	7.574	2,245,373
Total Overlapping Debt			124,002,017
Total Direct and Overlapping Debt			\$ 137,539,067

2019/20 Assessed Valuation: \$4,617,043,852 After Deducting \$1,614,916,147 Incremental Value.

Debt To Assessed Valuation Ratios:

Direct Debt	0.30%
Overlapping Debt	2.73%
Total Debt	3.03%

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

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

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

Data Source: HdL Coren & Cone, Los Angeles County Assessor and Auditor Combined 2018/19 Lien Date Tax Rolls

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 686,435	\$ 697,223	\$ 708,842	\$ 728,496	\$ 759,572
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	686,435	697,223	708,842	728,496	759,572
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for
Fiscal Year 2018-2019:**

Assessed value	\$ 6,231,960
Add back: exempt real property	<u>50,347</u>
Total assessed value	<u><u>\$ 6,282,307</u></u>
Debt limit (15% of total assessed value)	\$ 942,346
Debt applicable to limit:	<u>-</u>
Legal debt margin	<u><u>\$ 942,346</u></u>

Source: L.A. County Assessor 2018/19 Combined Tax Rolls

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

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

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt Limit	\$ 799,634	\$ 824,157	\$ 863,575	\$ 895,128	\$ 942,346
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	799,634	824,157	863,575	895,128	942,346
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Source: L.A. County Assessor 2018/19 Combined Tax Rolls

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

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

2001 Utility Revenue Bonds

Fiscal Year	Utility Charges and Other (1)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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%
2013	17,952,236	9,460,882	8,491,354	1,450,000	1,208,125	2,658,125	319.45%
2012	13,394,320	8,278,829	5,115,491	1,375,000	1,366,533	2,741,533	186.59%
2011	12,472,953	7,719,720	4,753,233	1,305,000	1,441,389	2,746,389	173.07%

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%
2013	17,553,064	9,460,882	8,092,182	1,450,000	1,208,125	2,658,125	304.43%

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

Operating expenses do not include interest or depreciation.

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

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

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
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%
2012	95,115	1,327,805	13,960	29,830	11.9%
2011	94,320	1,317,273	13,966	30,174	15.6%
2010	101,914	1,329,570	13,046	30,678	16.0%

Sources:

- (1) State of California - Department of Finance
- (2) Bureau of Economic Analysis - reflects latest data available for Los Angeles Metro region
- (3) Factfinder.census.gov. 2009 - 2018.
- (4) California Employment Development Department/U.S. Dept. of Labor - Bureau of Labor Statistics

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

<u>Function</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
City Manager	6.10	5.00	5.00	5.00	5.00
City Attorney	1.00	1.00	1.00	1.00	1.00
City Treasurer (1)	-	-	-	-	-
City Clerk	3.00	3.00	3.00	4.00	4.00
Personnel	2.90	4.00	4.00	4.00	4.00
Finance	21.00	18.00	20.00	20.00	20.00
Police					
Officers	80.00	80.00	82.00	82.00	82.00
Civilians	37.00	37.00	37.00	39.00	39.00
Public Works					
Administration/Engineering	7.00	8.00	8.00	8.00	8.00
Maintenance	36.15	35.00	37.00	37.00	36.00
Water/Sewer	28.85	19.00	26.00	27.00	27.00
Parks & Recreation	33.00	30.00	35.00	38.00	38.00
Community Development	28.00	22.00	26.00	25.00	25.00
Sub-Total	<u>284.00</u>	<u>262.00</u>	<u>284.00</u>	<u>290.00</u>	<u>289.00</u>
Part-Time Hours	100,378	125,070	109,385	114,095	129,005
Full-Time Equivalents	48.25	60.13	52.59	54.85	62.02
TOTAL POSITIONS	<u>332.25</u>	<u>322.13</u>	<u>336.59</u>	<u>344.85</u>	<u>351.02</u>

(Continued)

Source: City of South Gate Finance Department

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

<u>Function</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
City Manager	7.00	7.00	7.00	7.00	7.00
City Attorney	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
Personnel	5.00	5.00	5.00	5.00	5.00
Finance	20.00	24.00	23.00	23.00	23.00
Police					
Officers	82.00	82.00	85.00	85.00	85.00
Civilians	41.00	41.00	43.00	43.00	43.00
Public Works					
Administration/Engineering	8.00	8.00	10.00	10.00	10.00
Maintenance	37.00	37.00	40.00	40.00	40.00
Water/Sewer	26.00	29.00	29.00	29.00	29.00
Parks & Recreation	42.00	43.00	45.00	45.00	46.00
Community Development	24.00	25.00	24.00	24.00	23.00
Sub-Total	297.00	306.00	316.00	316.00	316.00
Part-Time Hours	121,757	109,880	126,794	124,718	124,718
Full-Time Equivalents	58.54	52.83	60.96	59.96	59.96
TOTAL POSITIONS	355.54	358.83	376.96	375.96	375.96

(Concluded)

Source: City of South Gate Finance Department

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

<u>Function</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police	Calls for service	36,329	36,250	37,129	35,528	37,658
	Arrests	2,468	2,226	2,288	2,559	2,612
	Parking citations issued	22,512	20,491	13,809	24,146	23,300
	Moving citations/traffic violations	18,344	14,111	4,289	3,676	3,139
	Share of seized asset (in thousands)	758	1,360	744	1,586	1,264
Water	Customer accounts	15,578	14,350	15,445	15,445	15,361
	Average daily consumption (millions of gallons)	8.0	7.4	7.5	7.5	6.7
	Water samples taken	2,306	2,111	2,240	2,240	1,940
	New connections	8	5	9	9	13
Street Maintenance						
	Potholes repaired	211	135	206	1,215	1,250
	Sq.ft of graffiti removal (in thousands)	700	700	700	1,000	980
	Miles of streets swept	30,180	33,543	32,760	32,760	33,040
Culture and Recreation						
	Golf course participants	7,750	7,780	6,934	6,238	5,579
	Swimming participants	73,113	85,685	95,265	88,280	88,688
	Facility rentals	1,265	1,360	1,078	1,115	1,160
	Recreation classes provided	1,060	207	311	568	498
Community Development						
	Permits issued	4,796	4,599	4,459	3,377	2,931
	Code enforcement inspections	6,879	6,506	5,554	6,893	5,019
	Housing vouchers issued	51	54	36	35	41

Source: Various City Departments

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

<u>Function</u>		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police	Calls for service	44,565	44,829	44,565	40,541	39,800
	Arrests	3,203	3,055	3,023	2,997	1,138
	Parking citations issued	22,927	23,425	22,927	36,668	2,567
	Moving citations/traffic violations	4,604	4,258	4,604	3,068	3,228
	Share of seized asset (in thousands)	1,616	2,149	475	1,143	917
Water	Customer accounts	15,454	15,520	15,689	15,737	15,691
	Average daily consumption (millions of gallons)	6.8	6.4	7.4	7.4	7.5
	Water samples taken	2,173	2,169	2,225	2,500	2,037
	New connections	19	15	26	23	16
Street Maintenance						
	Potholes repaired	1,250	2,500	140	140	193
	Sq.ft of graffiti removal (in thousands)	711	904	942	1,000	800
	Miles of streets swept	32,760	36,400	36,400	36,400	36,400
Culture and Recreation						
	Golf course participants	8,475	6,550	5,276	3,484	440
	Swimming participants	83,553	86,924	88,070	86,293	55,000
	Facility rentals	1,413	1,534	1,900	2,839	1,816
	Recreation classes provided	417	328	328	436	54
Community Development						
	Permits issued	3,247	2,980	2,842	2,839	2,333
	Code enforcement inspections	4,870	5,831	6,587	9,698	8,845
	Housing vouchers issued	47	61	72	80	62

Source: Various City Departments

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

<u>Function</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police	Stations	1	1	1	1	1
	Patrol Units	37	37	37	37	37
Water	Miles of lines and mains	135	135	135	135	135
	Number of wells	12	12	11	11	11
	Number of tanks	2	2	2	2	2
	Number of reservoirs	5	5	5	5	5
Sewer	Miles of sewers	125.8	125.8	125.8	125.8	125.8
	Miles of storm drains	25.2	25.2	25.2	25.2	25.2
Streets	Miles of streets	125.8	125.8	125.8	125.8	125.8
	Traffic signals	77	77	86	83	83
	Streetlights	3,936	3,936	4,400	4,400	4,400
Culture and Recreation	Parks	8	8	8	8	8
	Park acreage	182	182	182	182	182
	Playgrounds	8	8	8	8	12
	Ballfields	16	16	16	16	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 (Continued)
Last Ten Fiscal Years

<u>Function</u>		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police	Stations	1	1	1	1	1
	Patrol Units	37	38	38	36	36
Water	Miles of lines and mains	135	135	135	135	135
	Number of wells	11	12	12	12	12
	Number of tanks	2	2	2	2	2
	Number of reservoirs	5	6	6	6	6
Sewer	Miles of sewers	125.8	125.8	125.8	125.8	125.8
	Miles of storm drains	25.2	25.2	25.2	25.2	25.2
Streets	Miles of streets	125.8	125.8	125.8	125.8	125.8
	Traffic signals	83	86	86	86	86
	Streetlights	4,400	4,400	4,400	4,400	4,400
Culture and Recreation	Parks	8	8	8	8	8
	Park acreage	182	182	182	185	185
	Playgrounds	12	14	14	14	14
	Ballfields	17	17	17	16	16
	Swimming pools	1	1	1	1	1
	Community Centers	7	7	7	7	7

Source: Various City Departments

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