
CITY OF SOUTH GATE, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

SOUTH • GATE • CITY • HALL

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FOR THE FISCAL YEAR
ENDED JUNE 30, 2025

CITY OF SOUTH GATE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year ended June 30, 2025

Prepared by:
Administrative Services Department

CITY OF SOUTH GATE
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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City of
**South
Gate**[™]

Administrative Services Department

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February 12, 2026

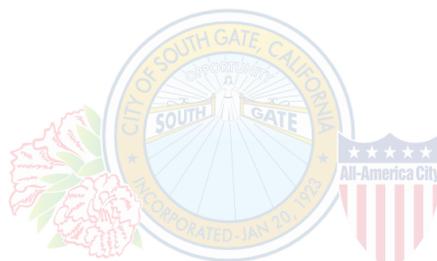
To the Honorable Mayor, Members of the City Council,
and Citizens of the City of South Gate:

The Annual Comprehensive Financial Report (ACFR) of the City of South Gate for the fiscal year ended June 30, 2025, is hereby submitted. This report is prepared in accordance with California Government Code and local ordinance requirements, which mandate that the City issue, annually, a complete report of its financial position and activities and that it be audited by an independent firm of certified public accountants.

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 fairly presents the financial position and results of operations of the various funds and component units of the City of South Gate. To the best of our knowledge and belief, there are no misstatements of material fact within the financial statements or omissions of material fact which would cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial section of the ACFR includes Management's Discussion and Analysis (MD&A) of the financial activity. This letter of transmittal is designed to complement the MD&A and should be read in conjunction. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the ACFR.

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



Independent Audit

The City requires an annual audit by independent certified public accountants. The accounting firm Davis Farr LLP conducted this year's audit. The auditors' report on the government-wide financial statements and the combining and individual fund statements and schedules is included in the financial section of this report. Davis Farr LLP, Certified Public Accountants, has issued an unmodified opinion on the City of South Gate's financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

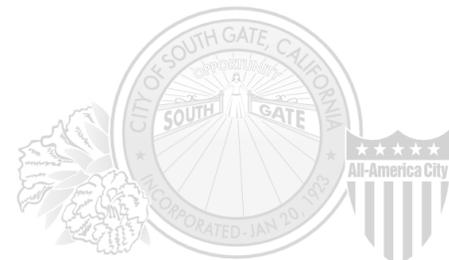
As a recipient of federal financial assistance, the City is required to undergo an annual single audit in conformity with the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Uniform Guidance. For the year ended June 30, 2025, \$19.1 million in federal financial assistance program funds were expended, exceeding the \$750,000 threshold requiring a single audit. The results of the single audit are presented in a separately issued report.

SOUTH GATE PROFILE

The City of South Gate, incorporated on January 20, 1923, under the general laws of the State of California. South Gate encompasses 7.4 square miles and is in the heart of the Los Angeles Metropolitan area. The city is characterized by a high-density, working-class community with a population of 92,955 according to the State of California Department of Finance. Services provided by the City include administration, police, public works, planning, building & safety, and parks & recreation. The City of South Gate provides a full range of services for the citizens delivered by the City's own employees. The City has its own Police Department but contracts for fire services through the Los Angeles County Fire Department (LACFD), and contracts with other governmental entities or private companies for library and refuse collection.

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

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



The City Manager serves at the pleasure of the City Council, administers the City’s affairs, oversees the day-to-day operations of the government, appoints department heads, and carries out policies and ordinances established by the Council. The City provides the following municipal services:

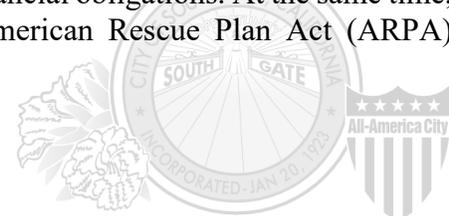
| Public Safety | Public Works | Community Services | Administrative |
|----------------------|---------------------|---------------------------|------------------------|
| Police Services | Street Maintenance | Parks & Recreation | City Manager |
| Fire (Contract) | Water Utility | Community Development | City Clerk |
| Code Enforcement | Sewer Utility | Housing Programs | Finance |
| Animal Control | Refuse (Contract) | Library (Contract) | Human Resources |
| Emergency Mgmt. | Traffic Engineering | Senior Services | Information Technology |

The annual budget serves as the foundation for the City’s financial planning and control. Each year, all City departments are required to submit a request for appropriations to the City Manager. The City Manager uses these requests to develop a proposed budget and presents it to the Council for review by May 31. The Council is required to adopt a final budget no later than July 30. The City of South Gate maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions contained in the annually appropriated budgets approved by the City Council. The activities of the General Fund, Special Revenue funds, Capital Projects funds, Debt Service funds, and the Proprietary funds are included in the annual appropriated budgets of the government units. The level of budgetary control (i.e., 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.

The Administrative Services Department 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.

STRATEGIC POSITION AND ECONOMIC CONDITION

The City of South Gate ended Fiscal Year 2024–25 with a \$14.9 million increase in governmental activities net position and maintained positive overall fund balances. These results reflect continued fiscal discipline and the City’s ability to meet its financial obligations. At the same time, management recognizes that the expiration of one-time American Rescue Plan Act (ARPA)



funding requires a deliberate transition toward long-term structural balance. With those federal resources now largely expended, future budgets must rely on sustainable, recurring revenues to support ongoing service levels.

Accordingly, the City's strategic focus is centered on aligning recurring revenues with recurring expenditures. Management is advancing multi-year financial forecasting, strengthening expenditure controls, evaluating cost recovery for services, and assessing long-term revenue sustainability to ensure fiscal stability in the years ahead.

Local Economy

South Gate's economy continues to benefit from its strategic location within the Los Angeles metropolitan area, with convenient access to major freeways (I-710, I-105, and I-5) and proximity to the Ports of Los Angeles and Long Beach. The City's unemployment rate of 5.1% has remained stable. The local housing market has remained resilient, with assessed valuations supporting steady property tax growth. Commercial and industrial activity, representing approximately 34% of the property tax base, provides economic diversification.

South Gate has transformed from its earlier industrial heritage into a diverse urban community. The Azalea Regional Shopping Center, anchored by major retailers, continues to generate significant sales tax revenue. The City's location and transportation infrastructure position it favorably for continued commercial activity and redevelopment opportunities.

Major Revenue Trends

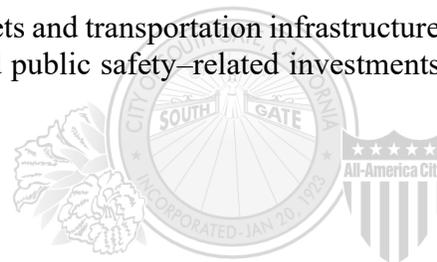
The City's two largest own-source revenues, sales tax and property tax, have shown divergent trends over the past decade. Sales tax revenue, historically the City's primary operating revenue source, comprising approximately 23% of governmental revenues, has experienced periodic volatility tied to regional economic conditions and shifts in consumer spending patterns. Property tax revenue, the second-largest source at approximately 15% of governmental revenues, has grown more steadily, supported by incremental improvements in assessed valuations.

For FY 2025-26, sales tax revenue is projected to flatten while property tax is expected to increase modestly by 0.6%. The City continues to monitor revenue trends and evaluate opportunities to diversify and stabilize its revenue base.

Capital Assets and Infrastructure

The City continues to make strategic investments in its infrastructure and public facilities to support long-term service delivery and community needs. During fiscal year 2024–25, capital outlays totaled approximately \$31.4 million, significantly exceeding annual depreciation expense and resulting in a net increase in capital assets. As of June 30, 2025, total capital assets, net of accumulated depreciation, were approximately \$352 million.

Capital activity during the year included improvements to streets and transportation infrastructure, water and sewer system upgrades, facility improvements, and public safety-related investments.



These projects were funded primarily through restricted revenues, grants, enterprise funds, and prior-year carryovers rather than discretionary General Fund resources.

Maintaining and modernizing infrastructure remains a central priority. While current investments strengthen the City's asset base and service capacity, long-term sustainability will depend on continued identification of reliable funding sources to address ongoing capital replacement needs and mitigate deferred maintenance risk. Additional information on capital assets is presented in Note 6 to the financial statements.

Long-Term Financial Planning

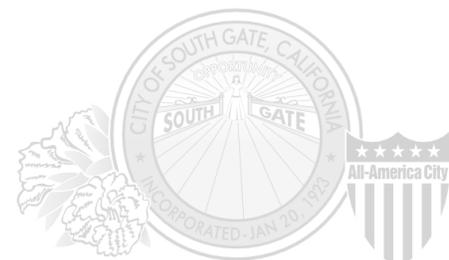
Management maintains a forward-looking approach to fiscal sustainability. The City has established and maintained prudent financial policies, including General Fund reserve policies requiring emergency reserves and budget stabilization funds. As of June 30, 2025, the General Fund reported a committed fund balance of \$13.0 million for emergency reserves, \$6.0 million for budget stabilization, and \$1.7 million for OPEB obligations.

The City continues to address its long-term pension and other postemployment benefit (OPEB) obligations through consistent funding of actuarially determined contributions. The trajectory of these obligations, combined with other fixed costs, underscores the importance of maintaining adequate reserves and evaluating long-term revenue strategies.

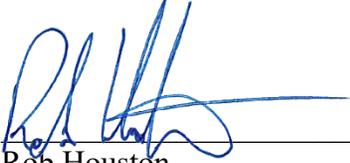
AWARD AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) administers a prestigious national award program that recognizes conformance to the highest standards of report preparation. To be awarded a Certificate of Achievement, a government unit must publish an easily readable, well-organized Annual Comprehensive Financial Report (ACFR). This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for one year only. The City of South Gate strives to achieve this prestigious award each year. The City of South Gate submitted its ACFR for the fiscal year ended June 30, 2024, and was awarded the GFOA award of Certificate of Achievement for Excellence in Financial Reporting. I believe our current ACFR continues to meet the Certificate of Achievement program's requirements, and I am submitting it to the GFOA for eligibility consideration for another certificate.

The preparation of this report is a team effort involving many dedicated people across the entire organization. We would like to express our appreciation to the talented finance professionals throughout the City, led by Luis Frausto, Director of Administrative Services. Appreciation is also expressed to Davis Farr LLP, the City's independent auditors, for their expertise, guidance, assistance, and professionalism in preparing this year's report. Finally, we would like to express our sincere thanks to the City Council for its support in maintaining the highest standards of professionalism in managing the City of South Gate's finances.



Respectfully submitted,



Rob Houston
City Manager



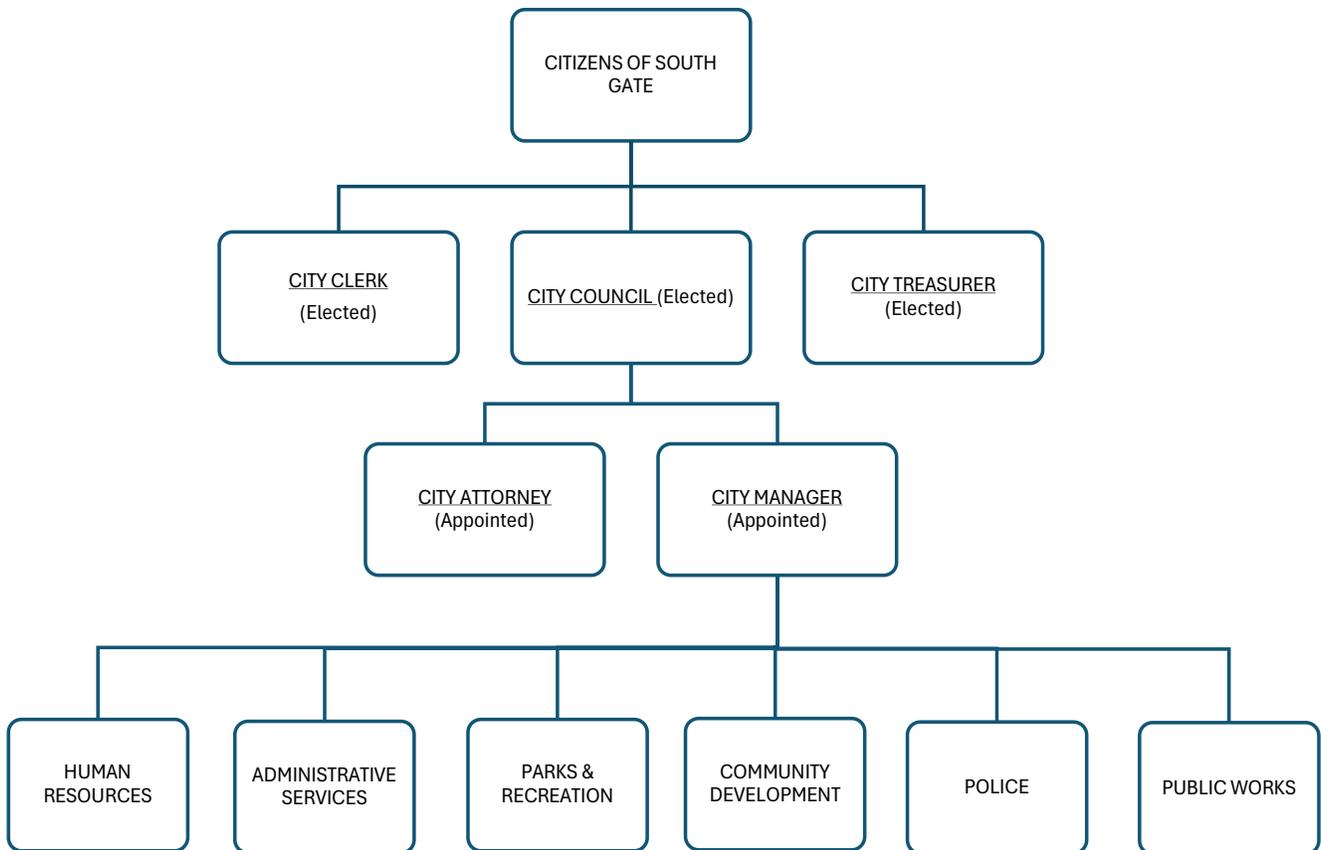
Luis Frausto .
Director of Administrative Services



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

| | |
|---|------------------------|
| Mayor | Joshua Barron |
| Vice Mayor | Al Rios |
| Councilmember | Maria del Pilar Avalos |
| Councilmember | Maria Davila |
| Councilmember | Gil Hurtado |
| | |
| City Clerk | Yodit Glaze |
| City Treasurer | Jose De La Paz |
| | |
| City Manager | Rob Houston |
| City Attorney | Raul Salinas |
| | |
| Assistant City Manager/Director of Public Works | Arturo Cervantes |
| Police Chief | Manuel Arana |
| Director of Administrative Services | Luis Frausto |
| Director of Community Development | Gabriel Perez |
| Acting Director of Parks & Recreation | Tina De La Rosa |

CITY OF SOUTH GATE





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of South Gate
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Gate (the City), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

The financial statements for the year ended June 30, 2025 reflect a prior period adjustment as described further in Notes 1 and 17 due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, the *pension and OPEB schedules*, and the *budgetary comparison schedules* identified as Required Supplementary Information (RSI) in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual nonmajor fund financial statements and schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Irvine, California
February 12, 2026

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Overview of the Financial Statements

This Management's Discussion and Analysis (MD&A) presents management's narrative interpretation of the City of South Gate's financial performance and condition for the fiscal year ended June 30, 2025. It is intended to complement, not duplicate, the accompanying basic financial statements and should be read in conjunction with those statements and the related notes.

The City's financial statements are presented from two complementary perspectives. The government-wide financial statements provide a long-term, economic view of the City as a whole using the accrual basis of accounting. These statements report all assets, deferred outflows of resources, liabilities, and deferred inflows, including capital assets and long-term obligations such as pensions, other postemployment benefits (OPEB), leases, and bonded debt.

The fund financial statements focus on the City's near-term financial position and results of operations using the modified accrual basis of accounting. These statements emphasize fiscal accountability by reporting balances of spendable resources and demonstrating compliance with the legally adopted budget.

Together, these perspectives illustrate both the City's annual operating results and its longer-term fiscal commitments.

Fiscal Snapshot: Fiscal Year 2024–25

While the City's government-wide net position increased by \$16.2 million during FY 2024–25 and total fund balances remained positive, these headline figures do not fully reflect the City's long-term operating dynamics. The increase in government-wide net position primarily reflects accounting recognition of capital assets, restricted resources, and other non-operating factors, rather than changes in discretionary General Fund operating capacity.

The General Fund, which supports core municipal services such as public safety, parks, and general government, has experienced a recurring pattern in which ongoing expenditures have exceeded ongoing revenues in recent fiscal years, resulting in the planned use of one-time resources and fund balance as part of adopted budgets. In recent fiscal years, this gap was addressed through the use of one-time resources, most notably approximately \$18 million in federal American Rescue Plan Act (ARPA) funding, along with interfund transfers and planned use of fund balance.

As ARPA resources have been largely expended, future budgets will increasingly require policy decisions regarding service levels, expenditure controls, and the identification of sustainable recurring revenues. These conditions represent a long-term operating and policy consideration rather than a liquidity or solvency issue. Management does not believe the City will have difficulty meeting its financial obligations as they come due.

The discussion that follows presents the City's financial results in accordance with generally accepted accounting principles, beginning with the government-wide perspective and then focusing on individual funds, including the General Fund.

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

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, 2025, by \$324.1 million. This amount is referred to as the City's net position and is driven primarily by capital assets and legally restricted resources rather than discretionary operating funds. Of this amount, \$328.7M is invested in capital assets, \$43.7M is restricted for public works, housing activities, community development projects, public safety and debt service, and \$48.4M is an unrestricted deficit amount.
- **Changes in Net Position:** The City's net position increased by \$16.2M year over year (from \$307.9M prior fiscal year ending balance, which included a -\$78k prior period adjustment, to \$324.1M balance at June 30, 2025). Governmental Activities increased by \$14.8M while Business-type activities increased by \$1.3M in net position.
- **Long-Term Debt:** The City's total long-term liabilities decreased from \$195.8M to \$193.8M year over year as of June 30, 2025, a net decrease of \$2.0M. The net decrease was mainly from a \$2.5M decrease in net pension liability, a \$1.8M decrease in revenue bond debt, and a \$1.6M decrease in pension obligation bond debt.
- **Capital Assets:** The City's capital assets totaled \$352M on June 30, 2025, a net increase of \$23.5M over the prior year balance of \$328.5M. The net increase consists of an increase in Governmental activities of \$21.5M while Business-type activities contributed \$1.9M.
- **Federal American Rescue Plan Act (ARPA) funds** continued to materially support General Fund operations during FY 2024–25. Over the past several fiscal years, more than \$18 million in one-time federal relief was used to offset ongoing operating costs, ARPA temporarily offsetting ongoing operating costs that otherwise would have required policy adjustments in the General Fund.
- **Capital investment** remained significant, particularly in streets, water, facilities, and infrastructure, and was funded primarily through restricted revenues, grants, enterprise funds, and prior-year carryovers rather than discretionary General Fund resources.

Fund Financial Statements

At June 30, 2025, total governmental fund balances decreased from the prior year, primarily due to capital outlay expenditures and the timing of grant reimbursements.

General Fund: As of June 30, 2025, expenditures and transfers-out exceeded revenues and transfers-in by \$0.5M, decreasing the fund balance from \$37.6M to \$37.1M. Of the \$37.1M fund balance, \$9.4M is unassigned and is available for future appropriations at the City's discretion.

The General Fund reported a total fund balance that included:

- Committed reserves of \$13.0 million for emergencies,
- Budget stabilization reserves of \$6.0 million,
- An OPEB trust commitment of \$1.7 million

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Governmental Funds: As of June 30, 2025, the City's governmental funds reported a combined ending fund balance of \$67.6M, a decrease of \$4.2M (5.9%) over the prior year's fund balance.

While total governmental fund balances remained substantial, a significant portion of these balances is restricted, committed, or temporarily unavailable due to legal constraints or reimbursement timing. Several special revenue and capital project funds reported deficit balances at year-end, reflecting expenditures incurred in advance of revenue receipt rather than structural shortfalls. Management actively monitors these funds to ensure liquidity, compliance, and timely reimbursement.

Change in Accounting Principle – GASB Statement No. 101

During FY 2024–25, the City implemented GASB Statement No. 101, Compensated Absences, which refines the criteria for when leave balances are recognized as liabilities. Implementation resulted in a prior-period adjustment to beginning net position to reflect the cumulative effect of the accounting change.

This adjustment had no impact on cash balances, fund balances, or operating results and represents a presentation change intended to improve consistency and transparency in financial reporting.

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 are intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This Annual Comprehensive Financial Report also contains other supplementary information in addition to the basic financial statements.

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).

City of South Gate
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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 the funds of the City of South Gate can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 42 immediately following the basic financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this Annual Comprehensive Financial Report also presents certain *required supplementary information*, providing budgetary comparison schedules for budgeted versus actual revenues and expenditure 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.

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of South Gate, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$324.1M on June 30, 2025, as shown in Table 1.

Table 1
Statement of Net Positions

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|----------------------------|-----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Current and other assets | \$ 122,489,183 | \$ 132,515,357 | \$ 46,463,011 | \$ 49,515,701 | \$ 168,952,194 | \$ 182,031,058 |
| Capital assets | 293,675,005 | 272,148,157 | 58,345,680 | 56,404,430 | 352,020,685 | 328,552,587 |
| Total assets | 416,164,188 | 404,663,514 | 104,808,691 | 105,920,131 | 520,972,879 | 510,583,645 |
| Deferred Outflows | 37,876,808 | 50,325,712 | 3,215,930 | 3,370,804 | 41,092,738 | 53,696,516 |
| Total Deferred Outflows | 37,876,808 | 50,325,712 | 3,215,930 | 3,370,804 | 41,092,738 | 53,696,516 |
| Long-term debt outstanding | 154,973,778 | 153,084,165 | 30,743,131 | 30,818,377 | 185,716,909 | 183,902,542 |
| Other liabilities | 29,368,859 | 42,183,806 | 8,656,298 | 10,934,914 | 38,025,157 | 53,118,720 |
| Total liabilities | 184,342,637 | 195,267,971 | 39,399,429 | 41,753,291 | 223,742,066 | 237,021,262 |
| Deferred Inflows | 12,970,648 | 17,839,289 | 1,244,660 | 1,488,892 | 14,215,308 | 19,328,181 |
| Total Deferred Inflows | 12,970,648 | 17,839,289 | 1,244,660 | 1,488,892 | 14,215,308 | 19,328,181 |
| Net position: | | | | | | |
| Invested in net capital asset: | | | | | | |
| Invested in net capital asset: | 292,377,240 | 270,916,261 | 36,399,999 | 32,690,324 | 328,777,239 | 303,606,585 |
| Restricted | 43,786,379 | 55,333,095 | - | - | 43,786,379 | 55,333,095 |
| Unrestricted (deficit) | (79,435,908) | (84,367,390) | 30,980,533 | 33,358,428 | (48,455,375) | (51,008,962) |
| Total net position | \$256,727,711 | \$ 241,881,966 | \$67,380,532 | \$66,048,752 | \$324,108,243 | \$307,930,718 |

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) of \$352M, less any related debt used to acquire those assets that are still outstanding. The City of South Gate uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the City's net position, \$43.8M, represents resources that are subject to external restrictions on how they may be used. The remaining Unrestricted Net Position (deficit) balance of \$48.4M is \$2.5M less than it was in the prior year.

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City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Table 2
Statement of Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 9,848,131 | \$ 9,856,922 | \$ 22,719,664 | \$ 20,649,328 | \$ 32,567,795 | \$ 30,506,250 |
| Operating grants & contributions | 35,218,428 | 30,181,248 | - | 260,898 | 35,218,428 | 30,442,146 |
| Capital grants & contributions | 17,385,994 | 13,078,763 | - | - | 17,385,994 | 13,078,763 |
| General revenues: | | | | | | |
| Property taxes | 18,485,779 | 17,497,330 | - | - | 18,485,779 | 17,497,330 |
| Sales taxes | 27,329,948 | 28,409,477 | - | - | 27,329,948 | 28,409,477 |
| Other taxes | 5,744,309 | 6,089,703 | - | - | 5,744,309 | 6,089,703 |
| Investment income | 3,699,121 | 4,700,589 | 1,804,933 | 2,201,865 | 5,504,054 | 6,902,454 |
| Other revenues | 2,701,162 | 1,930,266 | - | - | 2,701,162 | 1,930,266 |
| Total revenues | 120,412,872 | 111,744,298 | 24,524,597 | 23,112,091 | 144,937,469 | 134,856,389 |
| Program expenses | | | | | | |
| General government | 19,059,293 | 16,413,199 | - | - | 19,059,293 | 16,413,199 |
| Public works | 22,363,765 | 22,952,722 | - | - | 22,363,765 | 22,952,722 |
| Parks & recreation | 12,357,498 | 12,021,277 | - | - | 12,357,498 | 12,021,277 |
| Police | 36,968,644 | 36,406,461 | - | - | 36,968,644 | 36,406,461 |
| Community development | 15,754,270 | 13,292,018 | - | - | 15,754,270 | 13,292,018 |
| Interest expense | 413,845 | 521,688 | - | - | 413,845 | 521,688 |
| Sewer | - | - | 2,401,560 | 1,781,022 | 2,401,560 | 1,781,022 |
| Water | - | - | 19,010,988 | 15,023,964 | 19,010,988 | 15,023,964 |
| Refuse | - | - | 352,274 | 574,598 | 352,274 | 574,598 |
| Total expenses | 106,917,315 | 101,607,365 | 21,764,822 | 17,379,584 | 128,682,137 | 118,986,949 |
| Revenues over (under) expenditures | 13,495,557 | 10,136,933 | 2,759,775 | 5,732,507 | 16,255,332 | 15,869,440 |
| Transfers | 1,411,826 | 1,319,642 | (1,411,826) | (1,319,642) | - | - |
| Changes in Net Position | 14,907,383 | 11,456,575 | 1,347,949 | 4,412,865 | 16,255,332 | 15,869,440 |
| Beginning net position, restated | 241,820,328 | 230,425,391 | 66,032,583 | 61,635,887 | 307,852,911 | 292,061,278 |
| Ending net position, restated | \$ 256,727,711 | \$ 241,881,966 | \$ 67,380,532 | \$ 66,048,752 | \$ 324,108,243 | \$ 307,930,718 |

Governmental Activities: Governmental activities are primarily supported by property tax, sales and use tax, intergovernmental revenues, and charges for services.

During FY 2024–25, governmental revenues increased modestly, driven largely by growth in assessed valuation and locally generated sales tax. These gains were partially offset by volatility in economically sensitive revenues and the continued expiration of one-time funding sources.

Governmental expenditures continued to rise, reflecting escalating CalPERS unfunded actuarial accrued liability (UAL) payments, higher health, workers' compensation, and general liability insurance costs, inflationary pressure on labor, materials, and contracted services, and ongoing subsidy requirements for certain special revenue and internal service funds.

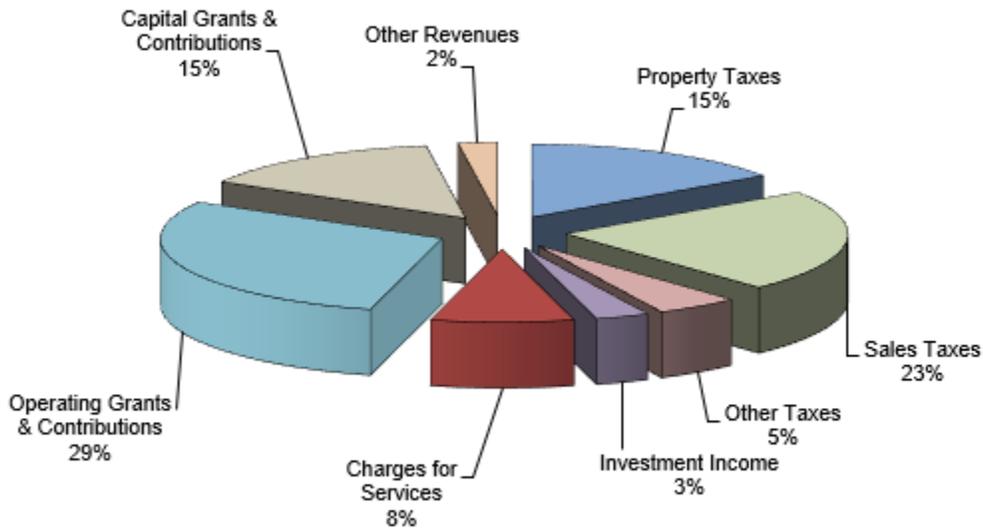
City of South Gate
Management’s Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

As a result, expenditure growth continued to outpace recurring revenue growth, increasing long-term budgetary pressure within the General Fund and reducing flexibility in future budget development.

As shown in Table 2, the City’s net position for its governmental activities increased by \$14.9M as of June 30, 2025. Program revenues increased by \$9.3M this fiscal year mainly from an increase in capital grants received. General revenues decreased \$667K this year mainly due to decreases in sales taxes and investment income. Program expenses increased by \$5.3M from \$101.6M in FY 2024 to \$106.9M in FY 2025, primarily from general government, police and community development activities.

The City of South Gate relies heavily on federal, state, and local grant funds (44%) as a major funding source for capital projects and eligible operating costs. After grants, sales tax (23%), property taxes (15%) and charges for services (8%) remain the most significant sources of the Governmental Activities revenue stream.

Revenues by Source – Governmental Activities

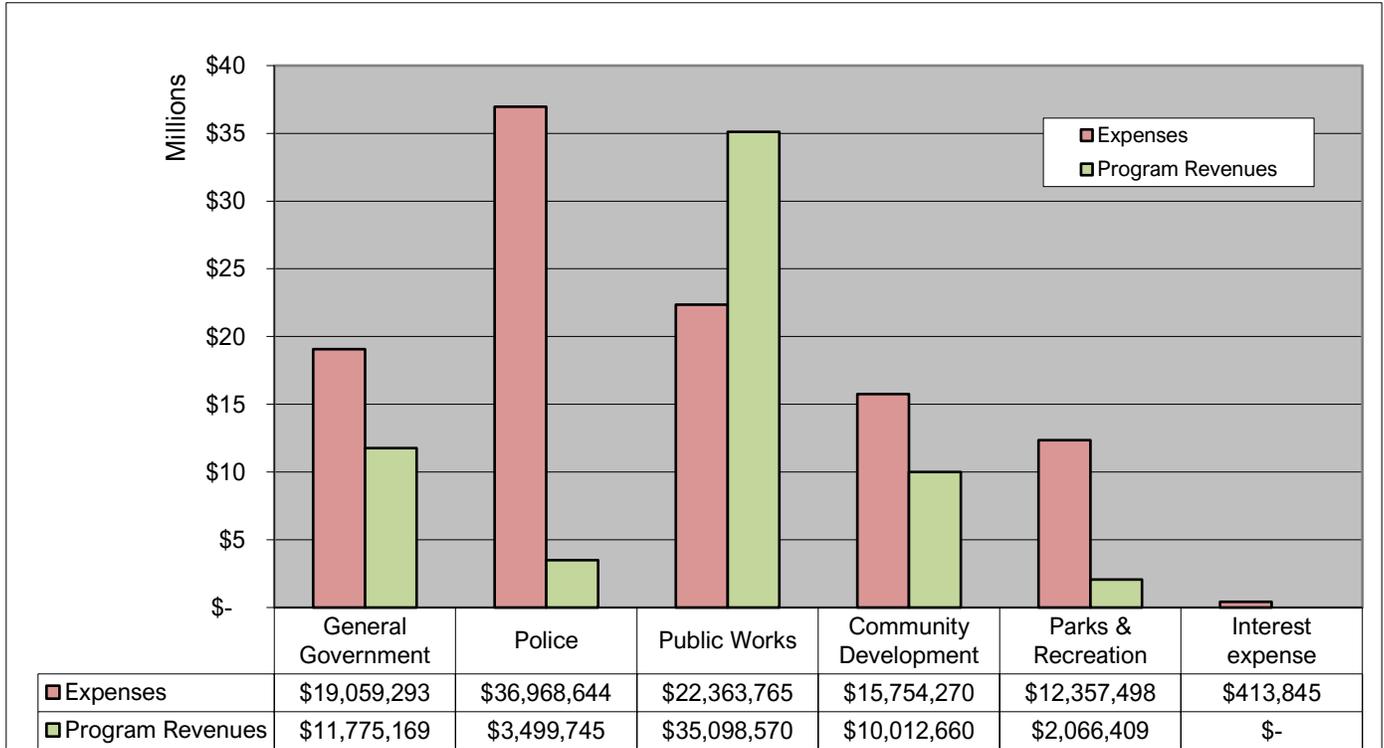


The cost of all governmental activities this year was \$106.9M compared to \$101.6M in the prior year. Governmental activities generated sufficient revenues to pay these costs with \$9.8M paid for by those who directly benefited from programs provided, \$52.6M being subsidized by grants received from other governmental organizations for both capital and operating activities, and \$57.9M coming from general taxes, investment income, and other revenues.

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City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

Expenses and Program Revenues – Governmental Activities



The City's largest expense is its Police Department, where operations totaled \$36.9M in FY 2024/25. General Government followed with \$19M of expenses. Public Works was the second largest in expenses, at \$22.3M, which included several large capital improvement projects.

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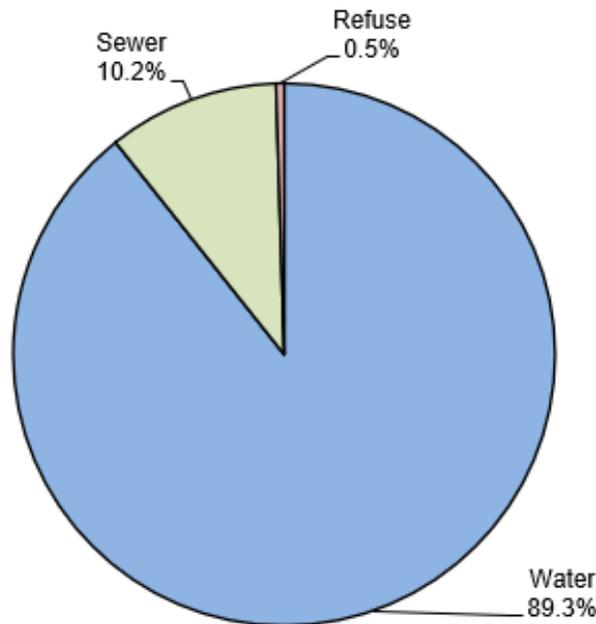
City of South Gate
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Business-Type Activities. As of June 30, 2025, the financial condition of the City's business-type activities was a positive net position of \$67.3, a \$1.3M increase from \$66.0M beginning net position. The increase in net position is mainly attributed to an increase in Sales and service charges of \$1.3M.

The City's business-type activities consisted mainly of the water and sewer utilities and refuse collection and disposal have been contracted out. The combined cost of providing all business-type activities this year was \$21.7M. The revenue paid by users of these utilities was \$22.7M, of which 89.3% comes from water fees, 10.2% from sewer fees and 0.5% from refuse. When capital improvements are made, the costs are capitalized, and no expenses are incurred, given that current assets have been converted to long-term capital assets.

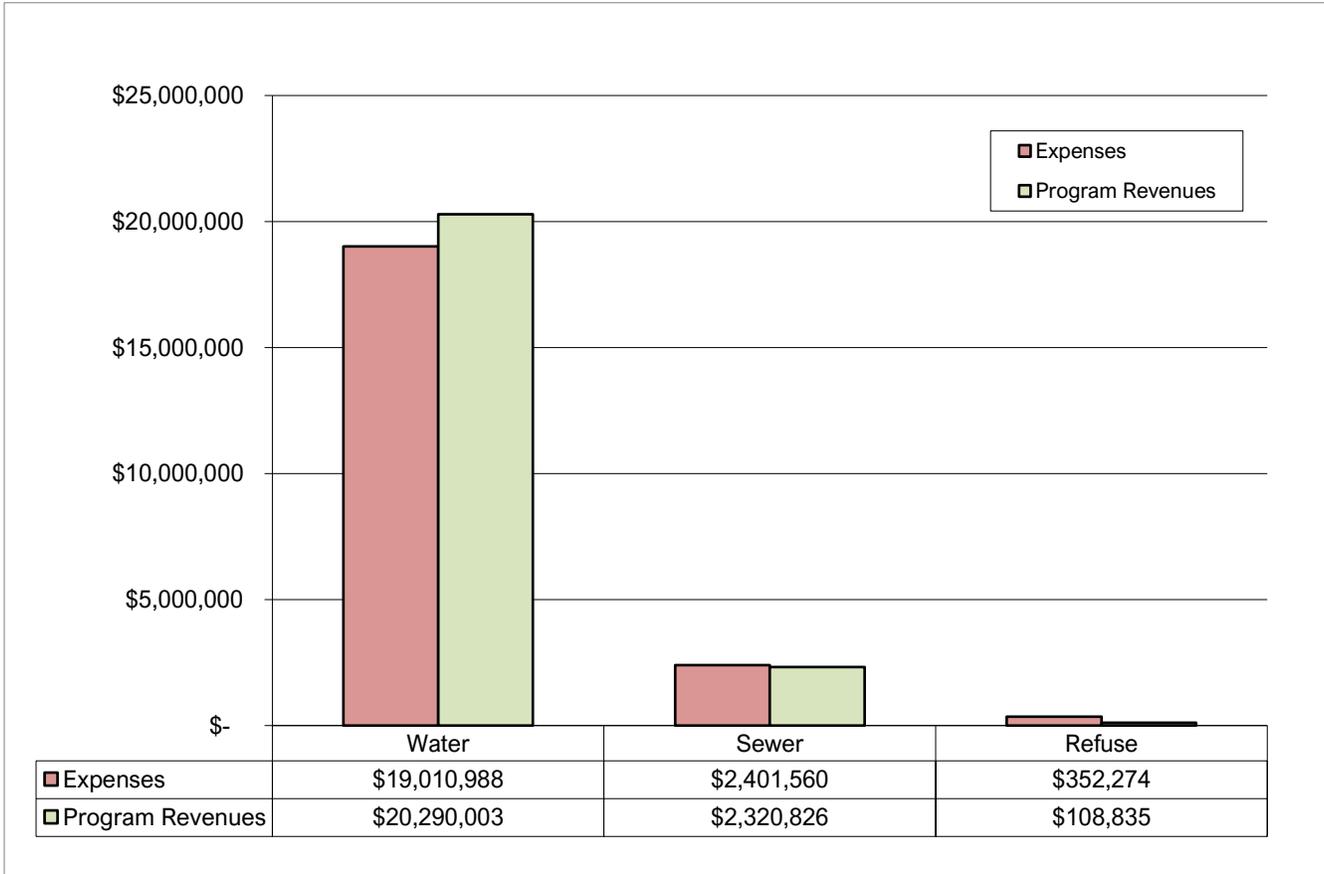
The water utility user rates are set to generate some excess of revenues over expenses in an effort to maintain a reasonable reserve for capital improvements and debt service requirements. A sewer rate study is underway to ensure that the sewer utility is similarly sustained financially to cover its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

Revenues by Source – Business-Type Activities



City of South Gate
Management's Discussion and Analysis (Unaudited)
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Expenses and Program Revenues – Business-Type Activities



Financial Analysis of the City's Funds

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

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements and near-term fiscal flexibility.

As of June 30, 2025, the City's governmental funds reported ending fund balances of \$67.6M, a decrease of \$4.2M (5.9%) from the prior year. Of that amount, \$2.0M is a nonspendable fund balance. Of the remaining \$65.6M spendable fund balance, \$43.6M is restricted because it is subject to external enforceable legal obligations, \$20.7M is committed for such things as an emergency reserve, a budget stabilization fund, and an OPEB Section 115 trust, and \$5.5M has been assigned by management for specific purposes such as capital projects. The remaining balance reflects deficit positions in certain funds, primarily the Grants Special Revenue Fund as discussed below.

While total fund balances appear substantial, the majority is restricted or committed and unavailable for discretionary use. The City's true near-term fiscal flexibility is limited to unassigned balances, which reside primarily in the General Fund.

City of South Gate
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Year Ended June 30, 2025

General Fund: The General Fund is the chief operating fund of the City of South Gate. As of June 30, 2025, the total General Fund balance was \$37.1M, a slight decrease of \$575K from the prior year. The unassigned fund balance totaled \$9.4M, a decrease of \$288K from the prior year.

For FY 2024/25, General Fund revenues decreased by \$323K (0.5%) over the prior year from \$66.9M to \$66.6M, while operating expenditures decreased by \$1.6M from \$66.1M to \$64.5M. Revenues exceeded expenditures by approximately \$2.1M; however, net transfers to other funds resulted in the \$575K reduction in fund balance.

Grants Special Revenue Fund: The Grants Special Revenue Fund is used to account for all federal, state, and local grants not specified in other funds. As of June 30, 2025, the fund balance had a deficit of \$12.9M, of which \$11.3M represents unavailable revenue that has been earned but does not yet meet modified accrual availability criteria. This deficit is technical rather than structural—amounts will be recognized as grant reimbursements are received.

Capital Improvement Projects Fund: The Capital Improvement Projects Fund accounts for most of the capital improvement activity in the City, such as buildings and street infrastructure. Capital expenditures are charged directly to this fund and reimbursed with transfers from other funds as monies are received from the various funding sources, primarily grants. As of June 30, 2025, the total fund balance was \$848K.

Other Nonmajor Governmental Funds: The other nonmajor governmental funds' fund balance totaled \$42.7M as of June 30, 2025. These 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.

In March 2021, Congress passed the \$1.9 trillion American Rescue Plan Act of 2021. The City's allocable share amounted to \$34.5M, received in two installments: \$17.25M in June 2021 and \$17.25M in July 2022. ARPA funds may be used to recover revenue losses due to the pandemic, fund infrastructure projects including water, sewer, and broadband, and respond to public health emergencies including assistance to households, small businesses, and nonprofit organizations. For FY 2024–25, the City continued to expend its ARPA funds, which are now largely exhausted. The deadline for full expenditure is December 2026. As noted throughout this MD&A, the exhaustion of these one-time funds is a key factor affecting future General Fund budgeting and long-term policy decisions.

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 support for governmental activities including insurance activities, information systems, fleet management, capital asset & equipment replacement, and building & infrastructure maintenance.

In business-type activities, the Water and Sewer Funds are considered major funds. The Refuse Fund is considered non-major. At the fiscal year end, the combined net position of these funds totaled \$67.3M, An increase of \$1.3M or 2.0% from the beginning fund balance of \$66M. Additionally, resources used for the construction of capital facilities do not result in expenses because the assets are capitalized.

The internal service funds include Insurance Fund, Information Systems Fund, Fleet Management Fund, Capital Asset & Equipment Replacement Fund and Building Maintenance Fund. The internal services funds account for goods and services provided by one City department to other City departments. The net position decreased by \$123K from \$3.5M beginning fund balance to \$3.3M as of June 30, 2025, largely due to an increase of accumulated depreciation.

City of South Gate
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Year Ended June 30, 2025

General Fund Budgetary Highlights

The General Fund is the City's primary operating fund and supports core municipal services, including public safety, parks and recreation, public works, community development, and administrative services.

At June 30, 2025, the General Fund reported a positive unassigned fund balance. While this reflects prudent short-term cash management, it does not represent a structurally balanced operating position.

Key General Fund observations include:

- Recurring revenues were insufficient to fully cover recurring expenditures, requiring the use of ARPA funding, interfund transfers, and planned fund balance.
- Public safety remained the dominant cost driver, accounting for more than half of total General Fund expenditures.
- Pension and insurance costs continued to grow at rates exceeding revenue growth, reducing budgetary flexibility and increasing reliance on one-time solutions.

With ARPA funds now largely expended, future General Fund budgets will require policy decisions regarding expenditure levels, service priorities, and recurring revenue alignment. The General Fund's year-end unassigned balance provides limited fiscal cushion relative to the City's expenditure base and underscores the need for deliberate structural solutions. As one-time, non-recurring resources, ARPA funds cannot be relied upon to support ongoing operations beyond the near term.

For FY 2024/25, the final adopted General Fund revenue budget was \$68.7M. Actual revenues came in at \$66.6M, approximately \$2.1M (3.2%) below budget, primarily due to sales tax coming in \$622K below projections and other taxes \$249K below budget. Property tax exceeded budget by \$346K, and Use of Money and Property exceeded budget by \$724K, partially offsetting the sales tax shortfall. Charges for Services increased by \$326K, mainly due to an increase in recreational activities, and Licenses and Permits were up by \$29.5K.

Total actual expenditures for the General Fund were \$64.5M, which was \$4.1M (6.0%) below the adopted budget of \$68.6M. The main factor for the decrease in expenditure was largely due to staff vacancies. This operating surplus reflects vacancy savings, one-time resources, and timing differences rather than a structurally balanced revenue base.

While operating revenues exceeded operating expenditures by approximately \$2M, after accounting for transfers to other funds, the General Fund balance decreased by \$575K—from \$37.6M to \$37.1M. This outcome reflects the continued use of General Fund resources to support other City operations and underscores the structural pressures discussed above.

Capital Asset and Debt Administration

Capital Assets: The capital assets of the City are assets used in the performance of City functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. As of June 30, 2025, the City's net investment in capital assets for governmental activities totaled \$293.6M and net investment in capital assets for business-type activities totaled \$58.3M. Governmental capital assets had a net increase of \$21.4M mainly due to \$28M increase in Structures and improvements. Business-type capital assets had a net increase of \$1.9M including an increase of \$3.3M in the utility distribution system.

City of South Gate
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Year Ended June 30, 2025

Capital activity during FY 2024–25 was funded primarily through restricted revenues, grants, enterprise funds, and prior-year carryovers. The General Fund contribution to capital remained limited, reflecting constrained discretionary capacity.

While this approach preserves General Fund liquidity in the short term, it also highlights long-term risks associated with deferred maintenance and aging infrastructure if sustainable funding sources are not identified.

City of South Gate Capital Assets
(Net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------|----------------------------|----------------------|-----------------------------|---------------------|-----------------------|-----------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Structures and improvements | \$ 42,557,223 | \$ 14,503,609 | \$ 10,463,924 | \$ 10,845,558 | \$ 53,021,147 | \$ 25,349,167 |
| Machinery and equipment | 5,278,728 | 4,336,035 | 1,445,083 | 1,493,678 | 6,723,811 | 5,829,713 |
| Infrastructure | 222,516,545 | 209,997,310 | - | - | 222,516,545 | 209,997,310 |
| Utility distribution system | - | - | 40,475,546 | 37,127,588 | 40,475,546 | 37,127,588 |
| Land | 4,997,485 | 4,997,485 | 1,290,602 | 1,290,602 | 6,288,087 | 6,288,087 |
| Construction in progress | 17,460,348 | 37,062,158 | 2,737,381 | 3,712,766 | 20,197,729 | 40,774,924 |
| Lease assets | 864,676 | 1,281,562 | - | - | 864,676 | 1,281,562 |
| Water rights | - | - | 1,933,144 | 1,933,144 | 1,933,144 | 1,933,144 |
| Total | \$293,675,005 | \$272,178,159 | \$58,345,680 | \$56,403,336 | \$ 352,020,685 | \$ 328,581,495 |

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

Long-Term Liabilities. The City’s long-term liabilities are driven predominantly by pension obligations. Although the City has consistently made its actuarially determined contributions, rising UAL payments continue to consume a growing share of General Fund resources.

Other long-term obligations include compensated absences and claims liabilities, particularly within the City’s self-insurance programs. The trajectory of these liabilities emphasizes the importance of maintaining adequate reserves, pursuing cost containment where feasible, and evaluating long-term revenue strategies to support fixed cost growth.

At the end of the fiscal year, the City of South Gate had total long-term liabilities of \$193.8M, a decrease of approximately \$2.0M over the prior year’s balance. The net change is a combination of an increase in claims and judgements liability of \$3.9M along with a decrease in revenue and pension obligation bonds of \$3.4M. Changes in long-term liabilities are mainly due to the paydown of the City’s outstanding revenue bond, pension obligation bonds and other financing agreements.

City of South Gate
Management’s Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

City of South Gate Long-Term Liabilities

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|----------------------------|-----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Revenue bonds | \$ - | \$ - | \$ 23,640,829 | \$ 25,465,179 | \$ 23,640,829 | \$ 25,465,179 |
| Pension obligation bonds | 5,440,000 | 7,070,000 | - | - | 5,440,000 | 7,070,000 |
| Financing agreements | 30,453 | 106,816 | - | - | 30,453 | 106,816 |
| Lease Payable | 352,331 | 353,189 | - | - | 352,331 | 353,189 |
| Notes/loans payable | 400,047 | 771,891 | - | - | 400,047 | 771,891 |
| Claims and judgments | 17,633,124 | 13,679,436 | - | - | 17,633,124 | 13,679,436 |
| Compensated Absences | 5,952,318 | 5,866,162 | 428,035 | 331,538 | 6,380,353 | 6,197,700 |
| Other post-employment benefits | 27,574,294 | 27,629,649 | 3,108,733 | 2,727,244 | 30,683,027 | 30,356,893 |
| Net pension liability | 103,716,514 | 107,583,858 | 5,557,537 | 4,255,447 | 109,274,051 | 111,839,305 |
| Total | \$ 161,099,081 | \$ 163,061,001 | \$32,735,134 | \$32,779,408 | \$193,834,215 | \$195,840,409 |

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

Economic Factors and Next Year’s Budget

The City adopted a legally balanced budget for FY 2024–25; however, actual results diverged from the underlying objective of long-term sustainability.

While certain revenues exceeded conservative estimates, these favorable variances were largely absorbed by cost increases in pensions, insurance, and inflation-driven operating expenses. Budgetary compliance was maintained throughout the year, but reliance on one-time resources reduced financial flexibility entering FY 2025–26. This distinction between technical balance and structural balance remains a central consideration for fiscal decision-making.

FY 2025–26 represents a transition year and a policy inflection point for the City. With one-time federal relief largely exhausted, the City must increasingly rely on recurring revenues and reserves to sustain service levels.

While assessed valuation growth and local sales tax provide a degree of revenue stability, these sources are insufficient on their own to offset the City’s fixed cost trajectory. Absent corrective action, projected structural General Fund gaps are expected to persist in the near term.

Management is therefore focused on long-term financial planning initiatives, including multi-year forecasting, cost recovery analysis, expenditure controls, service prioritization, and evaluation of revenue modernization options to restore structural balance over time.

In considering what is ahead for Fiscal Year 2025/26:

- Property tax revenue for FY 2025/26 is projected to increase by \$116K or 0.6% to \$18.6M, reflecting an incremental improvement in property values as assessed in calendar year 2024. South Gate’s housing market has remained stable due to its urban location. This is the City’s second largest source of revenue, which is comprised of 66% residential and 34% industrial and commercial properties.

City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2025

- Sales Tax revenue is the City's primary source of operating revenue and is projected to show a flattening of sales tax revenues in FY 2025/26. This represents an increase of \$1.0M or 3.6% to 29.1M.
- In addition, a large part of the overall operating budget comes from the City's share of pension costs. South Gate is one of many cities facing significant increases in retiree pension and health care costs. Future salary increases and increased CalPERS pension costs are expected to continue to place a strain on the budget over the next few years.
- The FY 2025/26 Citywide adopted operating and capital improvement budget consisted of approximately \$235M. This includes all City funds, including General fund and Other Governmental funds, Water fund, Sewer fund, Housing Authority fund, Successor Agency fund Grants and Other Subventions, Special Assessment District funds, and Capital Improvement Project funds.
- Overall, the General Fund revenues are projected at \$70.9M and represent a net increase of 0.4% from the prior year's estimates.

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

Conclusion

The City of South Gate concluded FY 2024–25 in compliance with all financial and legal requirements and continued to provide essential municipal services. At the same time, the financial results illustrate the policy and budgetary challenges associated with the sunset of one-time resources.

This MD&A is intended to candidly present those realities, provide context for the City's current financial position, and support informed decision-making by the City Council, residents, creditors, and other stakeholders.

Requests for Information

This Annual Comprehensive Financial Report (ACFR) is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's transparency and accountability for the money it receives and expends. If you have questions about this report or need additional financial information, please contact City Administrative Services/Finance, by phone at (323) 563-9522, or by mail at 8650 California Avenue, South Gate, California 90280.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of South Gate
Statement of Net Position
June 30, 2025

| | Primary Government | | Total |
|--|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 82,915,546 | \$ 41,119,169 | \$ 124,034,715 |
| Receivables: | | | |
| Accounts | 2,114,980 | 4,238,203 | 6,353,183 |
| Accrued interest | 392,794 | 187,022 | 579,816 |
| Internal balances | (1,810) | 1,810 | - |
| Due from other governments | 22,733,444 | - | 22,733,444 |
| Inventories | 188,897 | - | 188,897 |
| Property held for resale | 4,950,000 | - | 4,950,000 |
| Total current assets | <u>113,293,851</u> | <u>45,546,204</u> | <u>158,840,055</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments with fiscal agent | 619,583 | 916,807 | 1,536,390 |
| Leases receivable | 431,198 | - | 431,198 |
| Notes and loans receivables | 8,144,551 | - | 8,144,551 |
| Capital assets: | | | |
| Non-depreciable capital assets | 22,457,833 | 5,961,127 | 28,418,960 |
| Depreciable capital assets, net | <u>271,217,172</u> | <u>52,384,553</u> | <u>323,601,725</u> |
| Total capital assets | <u>293,675,005</u> | <u>58,345,680</u> | <u>352,020,685</u> |
| Total noncurrent assets | <u>302,870,337</u> | <u>59,262,487</u> | <u>362,132,824</u> |
| Total assets | <u>416,164,188</u> | <u>104,808,691</u> | <u>520,972,879</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred loss on refunding of debt | - | 778,341 | 778,341 |
| Deferred outflows of resources related to pensions | 28,741,072 | 1,413,517 | 30,154,589 |
| Deferred outflows of resources related to OPEB | <u>9,135,736</u> | <u>1,024,072</u> | <u>10,159,808</u> |
| Total deferred outflows of resources | <u>37,876,808</u> | <u>3,215,930</u> | <u>41,092,738</u> |

See accompanying Notes to the Basic Financial Statements.

City of South Gate
Statement of Net Position (Continued)
June 30, 2025

| | Primary Government | | Total |
|--|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 11,523,556 | 1,662,194 | 13,185,750 |
| Accrued liabilities | 2,178,787 | - | 2,178,787 |
| Retention payable | 2,011,797 | 223,064 | 2,234,861 |
| Accrued interest | 24,435 | 177,714 | 202,149 |
| Unearned revenue | 5,633,869 | - | 5,633,869 |
| Deposits payable | 1,870,814 | 4,601,323 | 6,472,137 |
| Compensated absences - due within one year | 502,111 | 36,103 | 538,214 |
| Claims payable - due within one year | 2,234,729 | - | 2,234,729 |
| Long-term debt - due within one year | 2,221,910 | 1,858,949 | 4,080,859 |
| Total other postemployment benefits liability - due within one year | <u>1,166,851</u> | <u>131,551</u> | <u>1,298,402</u> |
| Total current liabilities | <u>29,368,859</u> | <u>8,690,898</u> | <u>38,059,757</u> |
| Noncurrent liabilities: | | | |
| Compensated absences - due in more than one year | 5,450,507 | 391,932 | 5,842,439 |
| Claims payable - due in more than one year | 15,398,394 | - | 15,398,394 |
| Long-term debt - due in more than one year | 4,000,920 | 21,781,880 | 25,782,800 |
| Aggregate net pension liability | 103,716,514 | 5,557,537 | 109,274,051 |
| Total other postemployment benefits liability - due in more than one year | <u>26,407,443</u> | <u>2,977,182</u> | <u>29,384,625</u> |
| Total noncurrent liabilities | <u>154,973,778</u> | <u>30,708,531</u> | <u>185,682,309</u> |
| Total liabilities | <u>184,342,637</u> | <u>39,399,429</u> | <u>223,742,066</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to leases | 387,107 | - | 387,107 |
| Deferred inflows of resources related to pensions | 2,755,475 | 130,551 | 2,886,026 |
| Deferred inflows of resources related to OPEB | 9,828,066 | 1,114,109 | 10,942,175 |
| Total deferred inflows of resources | <u>12,970,648</u> | <u>1,244,660</u> | <u>14,215,308</u> |
| NET POSITION | | | |
| Net investment in capital assets | <u>292,377,240</u> | <u>36,399,999</u> | <u>328,777,239</u> |
| Restricted: | | | |
| Community development projects | 17,423,933 | - | 17,423,933 |
| Asset forfeiture program | 17,020 | - | 17,020 |
| Law enforcement | 3,177,452 | - | 3,177,452 |
| Public works | 19,582,074 | - | 19,582,074 |
| Low/mod income housing activities | <u>3,585,900</u> | <u>-</u> | <u>3,585,900</u> |
| Total restricted | <u>43,786,379</u> | <u>-</u> | <u>43,786,379</u> |
| Unrestricted (deficit) | <u>(79,435,908)</u> | <u>30,980,533</u> | <u>(48,455,375)</u> |
| Total net position | <u>\$256,727,711</u> | <u>\$ 67,380,532</u> | <u>\$324,108,243</u> |

See accompanying Notes to the Basic Financial Statements.

City of South Gate
Statement of Activities
For the Year Ended June 30, 2025

| 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 | \$ 19,059,293 | \$ 1,439,176 | \$ 10,335,993 | \$ - | \$ 11,775,169 |
| Police | 36,968,644 | 1,971,387 | 1,528,358 | - | 3,499,745 |
| Community development | 15,754,270 | 10,751 | 10,001,909 | - | 10,012,660 |
| Parks & recreation | 12,357,498 | 2,066,409 | - | - | 2,066,409 |
| Public works | 22,363,765 | 4,360,408 | 13,352,168 | 17,385,994 | 35,098,570 |
| Interest on long-term debt | 413,845 | - | - | - | - |
| Total governmental activities | <u>106,917,315</u> | <u>9,848,131</u> | <u>35,218,428</u> | <u>17,385,994</u> | <u>62,452,553</u> |
| Business-type activities: | | | | | |
| Water | 19,010,988 | 20,290,003 | - | - | 20,290,003 |
| Sewer | 2,401,560 | 2,320,826 | - | - | 2,320,826 |
| Refuse | 352,274 | 108,835 | - | - | 108,835 |
| Total business-type activities | <u>21,764,822</u> | <u>22,719,664</u> | <u>-</u> | <u>-</u> | <u>22,719,664</u> |
| Total primary government | <u>\$ 128,682,137</u> | <u>\$ 32,567,795</u> | <u>\$ 35,218,428</u> | <u>\$ 17,385,994</u> | <u>\$ 85,172,217</u> |

See accompanying Notes to the Basic Financial Statements.

City of South Gate
Statement of Activities (Continued)
For the Year Ended June 30, 2025

| Functions/Programs | Net (Expense) Revenue and Changes in Net Position | | |
|--|--|-----------------------------|----------------|
| | Primary Government | | |
| | Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | |
| Governmental activities: | | | |
| General government | \$ (7,284,124) | \$ - | \$ (7,284,124) |
| Police | (33,468,899) | - | (33,468,899) |
| Community development | (5,741,610) | - | (5,741,610) |
| Parks & recreation | (10,291,089) | - | (10,291,089) |
| Public works | 12,734,805 | - | 12,734,805 |
| Interest on long-term debt | (413,845) | - | (413,845) |
| Total governmental activities | (44,464,762) | - | (44,464,762) |
| Business-type activities: | | | |
| Water | - | 1,279,015 | 1,279,015 |
| Sewer | - | (80,734) | (80,734) |
| Refuse | - | (243,439) | (243,439) |
| Total business-type activities | - | 954,842 | 954,842 |
| Total primary government | (44,464,762) | 954,842 | (43,509,920) |
| General revenues | | | |
| Taxes: | | | |
| Property taxes, levied for general purpose | 18,485,779 | - | 18,485,779 |
| Transient occupancy taxes | 607,448 | - | 607,448 |
| Sales taxes | 27,329,948 | - | 27,329,948 |
| Franchise taxes | 3,359,776 | - | 3,359,776 |
| Business licenses taxes | 1,398,257 | - | 1,398,257 |
| Other taxes | 232,622 | - | 232,622 |
| Total taxes | 51,413,830 | - | 51,413,830 |
| Intergovernmental revenue, unrestricted | 146,206 | - | 146,206 |
| Use of money and property | 3,699,121 | 1,804,933 | 5,504,054 |
| Other | 2,701,162 | - | 2,701,162 |
| Transfers | 1,411,826 | (1,411,826) | - |
| Total general revenues and transfers | 59,372,145 | 393,107 | 59,765,252 |
| Changes in net position | 14,907,383 | 1,347,949 | 16,255,332 |
| Net Position: | | | |
| Beginning of year, previously reported | 241,881,966 | 66,048,752 | 307,930,718 |
| Change in accounting principle (GASB 101) | (61,638) | (16,169) | (77,807) |
| Beginning of year, as restated | 241,820,328 | 66,032,583 | 307,852,911 |
| End of year | \$ 256,727,711 | \$ 67,380,532 | \$ 324,108,243 |

See accompanying Notes to the Basic Financial Statements.

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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, 2025**

| | Major Funds | | | | Total Governmental Funds |
|---|----------------------|--------------------------------|---|-----------------------------------|--------------------------------|
| | General Fund | Grants Special Revenue Fund | Capital Improvement Projects Fund | Nonmajor Governmental Funds | |
| ASSETS | | | | | |
| Cash and investments | \$ 13,317,769 | \$ - | \$ 10,265,044 | \$ 38,667,942 | \$ 62,250,755 |
| Restricted cash and investments held by fiscal agent | 323,374 | - | 296,209 | - | 619,583 |
| Receivables: | | | | | |
| Accounts | 1,707,944 | - | 15,000 | 385,608 | 2,108,552 |
| Notes and loans | 58,267 | 247,303 | - | 7,838,981 | 8,144,551 |
| Accrued interest | 123,042 | - | - | 214,988 | 338,030 |
| Leases | 431,198 | - | - | - | 431,198 |
| Due from other governments | 6,106,777 | 14,740,955 | - | 1,807,951 | 22,655,683 |
| Due from other funds | 18,671,322 | - | - | - | 18,671,322 |
| Inventories | 188,897 | - | - | - | 188,897 |
| Property held for resale | - | - | - | 4,950,000 | 4,950,000 |
| Advances to other funds | 1,813,000 | - | - | - | 1,813,000 |
| Total assets | \$ 42,741,590 | \$ 14,988,258 | \$ 10,576,253 | \$ 53,865,470 | \$ 122,171,571 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 1,423,537 | \$ 55 | \$ 7,459,442 | \$ 2,142,255 | \$ 11,025,289 |
| Accrued liabilities | 2,167,611 | - | - | 2,956 | 2,170,567 |
| Unearned revenue | - | 604,460 | - | 5,029,409 | 5,633,869 |
| Deposits | 1,588,407 | - | 259,353 | 23,054 | 1,870,814 |
| Retentions payable | 2,508 | - | 2,009,289 | - | 2,011,797 |
| Due to other funds | - | 15,970,698 | - | 2,085,238 | 18,055,936 |
| Advances from other funds | - | - | - | 1,813,000 | 1,813,000 |
| Total liabilities | 5,182,063 | 16,575,213 | 9,728,084 | 11,095,912 | 42,581,272 |
| Deferred inflows of resources: | | | | | |
| Leases related | 387,107 | - | - | - | 387,107 |
| Unavailable revenues | 117,545 | 11,322,833 | - | 89,229 | 11,529,607 |
| Total deferred inflows of resources | 504,652 | 11,322,833 | - | 89,229 | 11,916,714 |
| Fund Balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories | 188,897 | - | - | - | 188,897 |
| Notes and loans | 58,267 | - | - | - | 58,267 |
| Advances to other funds | 1,813,000 | - | - | - | 1,813,000 |
| Restricted: | | | | | |
| Community development projects | - | 247,303 | - | 17,176,630 | 17,423,933 |
| Asset forfeiture program | - | - | - | 17,020 | 17,020 |
| Law enforcement | - | - | - | 3,177,452 | 3,177,452 |
| Public works | - | - | - | 19,464,529 | 19,464,529 |
| Low/mod income housing | - | - | - | 3,585,900 | 3,585,900 |
| Committed: | | | | | |
| Emergency reserve | 13,000,000 | - | - | - | 13,000,000 |
| Budget stabilization | 6,000,000 | - | - | - | 6,000,000 |
| OPEB section 115 trust | 1,730,000 | - | - | - | 1,730,000 |
| Assigned: | | | | | |
| Public works | 115,000 | - | - | - | 115,000 |
| Capital projects | 1,737,023 | - | 848,169 | - | 2,585,192 |
| Unassigned (deficit) | 12,412,688 | (13,157,091) | - | (741,202) | (1,485,605) |
| Total fund balances | 37,054,875 | (12,909,788) | 848,169 | 42,680,329 | 67,673,585 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 42,741,590 | \$ 14,988,258 | \$ 10,576,253 | \$ 53,865,470 | \$ 122,171,571 |

See accompanying Notes to the Basic Financial Statements.

City of South Gate
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds \$ 67,673,585

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 | 293,675,005 |
| Less: capital assets reported in Internal Service Funds | <u>(4,510,603)</u> |
| Total capital assets adjustment | <u>289,164,402</u> |

Long-term debt are not due and payable in the current period and, therefore, are not reported in the governmental fund activity:

| | |
|---------------------------------|---------------------|
| Pension Obligation Bonds | (5,363,637) |
| Notes payable | (106,816) |
| Leases payable | (175,163) |
| Subscription payable | (171,693) |
| Compensated absences | <u>(5,832,132)</u> |
| Total long-term debt adjustment | <u>(11,649,441)</u> |

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. (22,936)

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 | 28,252,847 |
| Aggregate net pension liabilities | (101,796,951) |
| Deferred inflows of resources related to pensions | (2,710,385) |

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 | 8,765,627 |
| Other postemployment benefits liabilities | (26,447,887) |
| Deferred inflows of resources related to OPEB | (9,423,401) |

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. 11,529,607

Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.

| | |
|--|------------------|
| | <u>3,392,644</u> |
|--|------------------|

Net Position of Governmental Activities \$ 256,727,711

City of South Gate
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

| | Major Funds | | | Formerly Major Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------|--------------------------------|---|---------------------------------|-----------------------------------|--------------------------------|
| | General Fund | Grants Special Revenue Fund | Capital Improvement Projects Fund | American Rescue Plan Fund | | |
| REVENUES: | | | | | | |
| Taxes | \$ 51,413,830 | \$ - | \$ - | \$ - | \$ 2,003,582 | \$ 53,417,412 |
| Licenses and permits | 1,622,067 | - | - | - | 12,024 | 1,634,091 |
| Intergovernmental | 704,948 | 17,385,995 | - | - | 35,385,641 | 53,476,584 |
| Charges for services | 3,505,358 | - | - | - | 1,136,241 | 4,641,599 |
| Use of money and property | 1,521,048 | - | - | - | 1,991,327 | 3,512,375 |
| Fines and forfeitures | 1,568,859 | - | - | - | - | 1,568,859 |
| Rental income | 237,849 | - | - | - | - | 237,849 |
| Miscellaneous | 6,017,090 | - | - | - | 10,304 | 6,027,394 |
| Total revenues | 66,591,049 | 17,385,995 | - | - | 40,539,119 | 124,516,163 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | 8,580,905 | - | - | - | 9,312,400 | 17,893,305 |
| Police | 30,121,331 | - | - | - | 1,249,444 | 31,370,775 |
| Community development | 4,634,837 | 891 | - | - | 10,578,699 | 15,214,427 |
| Parks & recreation | 12,774,084 | - | - | - | 33,622 | 12,807,706 |
| Public works | 6,247,695 | - | - | - | 10,647,388 | 16,895,083 |
| Capital outlay | - | - | 29,932,605 | - | 632,117 | 30,564,722 |
| Debt service: | | | | | | |
| Principal | 1,729,582 | - | - | - | 224,069 | 1,953,651 |
| Interest and fiscal charges | 384,882 | - | - | - | 9,280 | 394,162 |
| Total expenditures | 64,473,316 | 891 | 29,932,605 | - | 32,687,019 | 127,093,831 |
| REVENUES OVER (UNDER) EXPENDITURES | 2,117,733 | 17,385,104 | (29,932,605) | - | 7,852,100 | (2,577,668) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of leases | 56,857 | - | - | - | 100,824 | 157,681 |
| Transfers in | 2,636,253 | 1,132,029 | 31,103,840 | - | 2,602,988 | 37,475,110 |
| Transfers out | (5,386,334) | (21,087,493) | (2,284,596) | - | (10,527,982) | (39,286,405) |
| Total other financing sources (uses) | (2,693,224) | (19,955,464) | 28,819,244 | - | (7,824,170) | (1,653,614) |
| CHANGES IN FUND BALANCES | (575,491) | (2,570,360) | (1,113,361) | - | 27,930 | (4,231,282) |
| FUND BALANCES: | | | | | | |
| Beginning of year, as previously presented | 37,630,366 | (10,339,428) | 1,961,530 | 913,192 | 41,739,207 | 71,904,867 |
| Change within financial reporting entity (major to nonmajor) | - | - | - | (913,192) | 913,192 | - |
| Beginning of year, as adjusted | 37,630,366 | (10,339,428) | 1,961,530 | - | 42,652,399 | 71,904,867 |
| End of year | \$ 37,054,875 | \$ (12,909,788) | \$ 848,169 | \$ - | \$ 42,680,329 | \$ 67,673,585 |

See accompanying Notes to the Basic Financial Statements.

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, 2025

| | |
|---|----------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (4,231,282) |
| <p>Amounts reported for governmental activities in the Statement of Activities were different because:</p> | |
| <p>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.</p> | |
| Capital outlay | 31,382,754 |
| Depreciation | (9,744,406) |
| | 21,638,348 |
| <p>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.</p> | |
| Principal paid on long-term debt | 1,953,651 |
| Issuance of leases | (157,681) |
| <p>Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.</p> | |
| | 6,361 |
| <p>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.</p> | |
| | (28,604) |
| <p>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.</p> | |
| | (3,786,254) |
| <p>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.</p> | |
| | 361,926 |
| <p>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.</p> | |
| | (725,955) |
| <p>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.</p> | |
| | (123,127) |
| Change in Net Position of Governmental Activities | \$ 14,907,383 |

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 166 for more details)

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City of South Gate
Statement of Net Position
Proprietary Funds
June 30, 2025

| | Business-type Activities Enterprise Funds | | | Total | Governmental Activities Internal Service Funds |
|--|--|-------------------|----------------|--------------------|---|
| | Major | | Nonmajor | | |
| | Water | Sewer | Refuse | | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 40,277,634 | \$ 63,087 | \$ 778,448 | \$ 41,119,169 | \$ 20,664,791 |
| Receivables: | | | | | |
| Accounts | 3,454,924 | 677,278 | 106,001 | 4,238,203 | 6,428 |
| Accrued interest | 178,666 | 4,027 | 4,329 | 187,022 | 54,764 |
| Due from other funds | 1,810 | - | - | 1,810 | - |
| Total current assets | <u>43,913,034</u> | <u>744,392</u> | <u>888,778</u> | <u>45,546,204</u> | <u>20,725,983</u> |
| Noncurrent assets: | | | | | |
| Restricted assets: | | | | | |
| Cash and investments | 916,807 | - | - | 916,807 | - |
| Capital assets: | | | | | |
| Non-depreciable assets | 4,043,168 | 1,917,959 | - | 5,961,127 | - |
| Depreciable assets, net | 38,557,883 | 13,804,039 | 22,631 | 52,384,553 | 4,510,603 |
| Total capital assets, net | <u>42,601,051</u> | <u>15,721,998</u> | <u>22,631</u> | <u>58,345,680</u> | <u>4,510,603</u> |
| Total noncurrent assets | <u>43,517,858</u> | <u>15,721,998</u> | <u>22,631</u> | <u>59,262,487</u> | <u>4,510,603</u> |
| Total assets | <u>87,430,892</u> | <u>16,466,390</u> | <u>911,409</u> | <u>104,808,691</u> | <u>25,236,586</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred charge on refunding of debt | 673,267 | 105,074 | - | 778,341 | - |
| Deferred outflows of resources related to pensions | 1,193,325 | 188,441 | 31,751 | 1,413,517 | 488,225 |
| Deferred outflows of resources related to OPEB | 866,557 | 157,515 | - | 1,024,072 | 370,109 |
| Total deferred outflows of resources | <u>2,733,149</u> | <u>451,030</u> | <u>31,751</u> | <u>3,215,930</u> | <u>858,334</u> |

See accompanying Notes to the Basic Financial Statements.

City of South Gate
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2025

| | Business-type Activities Enterprise Funds | | | Total | Governmental Activities Internal |
|---|--|----------------------|-------------------|----------------------|--|
| | Major | | Nonmajor | | Service Funds |
| | Water | Sewer | Refuse | | |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 1,054,922 | 600,331 | 6,941 | 1,662,194 | 498,267 |
| Accrued liabilities | - | - | - | - | 9,719 |
| Accrued interest | 177,714 | - | - | 177,714 | - |
| Deposits payable | 4,601,323 | - | - | 4,601,323 | - |
| Retentions payable | 223,064 | - | - | 223,064 | - |
| Due to other funds | - | - | - | - | 539,435 |
| Compensated absences, due within one year | 31,131 | 4,972 | - | 36,103 | 10,163 |
| Claims and judgments, due within one year | - | - | - | - | 2,234,729 |
| Long term debt, due within one year | 1,612,662 | 246,287 | - | 1,858,949 | 253,412 |
| Total OPEB liability, due within one year | 112,000 | 19,551 | - | 131,551 | 47,665 |
| Total current liabilities | 7,812,816 | 871,141 | 6,941 | 8,690,898 | 3,593,390 |
| Noncurrent liabilities: | | | | | |
| Compensated absences, due in more than one year | 337,938 | 53,994 | - | 391,932 | 110,323 |
| Claims and judgments, due in more than one year | - | - | - | - | 15,398,394 |
| Long term debt, due in more than one year | 18,836,658 | 2,945,222 | - | 21,781,880 | 152,109 |
| Aggregate net pension liability | 4,691,809 | 774,524 | 91,204 | 5,557,537 | 1,919,563 |
| Total OPEB liability, due in more than one year | 2,534,706 | 442,476 | - | 2,977,182 | 1,078,742 |
| Total noncurrent liabilities | 26,401,111 | 4,216,216 | 91,204 | 30,708,531 | 18,659,131 |
| Total liabilities | 34,213,927 | 5,087,357 | 98,145 | 39,399,429 | 22,252,521 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows of resources related to pensions | 110,210 | 12,779 | 7,562 | 130,551 | 45,090 |
| Deferred inflows of resources related to OPEB | 954,021 | 160,088 | - | 1,114,109 | 404,665 |
| Total deferred inflows of resources | 1,064,231 | 172,867 | 7,562 | 1,244,660 | 449,755 |
| NET POSITION | | | | | |
| Net investment in capital assets | 23,741,805 | 12,635,563 | 22,631 | 36,399,999 | 4,105,082 |
| Unrestricted | 31,144,078 | (978,367) | 814,822 | 30,980,533 | (712,438) |
| Total net position | <u>\$ 54,885,883</u> | <u>\$ 11,657,196</u> | <u>\$ 837,453</u> | <u>\$ 67,380,532</u> | <u>\$ 3,392,644</u> |

See accompanying Notes to the Basic Financial Statements.

City of South Gate
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

| | Business-type Activities Enterprise Funds | | | Total | Governmental Activities Internal Service Funds |
|---|--|----------------------|-------------------|----------------------|---|
| | Major | | Nonmajor | | |
| | Water | Sewer | Refuse | | |
| OPERATING REVENUES: | | | | | |
| Sales and service charges | \$ 19,182,652 | \$ 2,317,121 | \$ 108,835 | \$ 21,608,608 | \$ - |
| Interdepartmental charges | - | - | - | - | 13,299,564 |
| Miscellaneous | 1,107,351 | 3,705 | - | 1,111,056 | - |
| Total operating revenues | <u>20,290,003</u> | <u>2,320,826</u> | <u>108,835</u> | <u>22,719,664</u> | <u>13,299,564</u> |
| OPERATING EXPENSES: | | | | | |
| Personnel services | 5,423,820 | 1,088,213 | 9,289 | 6,521,322 | 2,042,202 |
| Utilities | 1,008,244 | 1,493 | - | 1,009,737 | 14,582 |
| Contractual services | 5,147,725 | 236,833 | 102,758 | 5,487,316 | 558,087 |
| Administrative services | 3,396,273 | 281,004 | 229,817 | 3,907,094 | 441,384 |
| Repairs and maintenance | 722,281 | 133,574 | 6,638 | 862,493 | 732,405 |
| Supplies | 411,532 | 29,335 | - | 440,867 | 847,359 |
| Insurance | - | - | - | - | 6,210,611 |
| Claims expense | - | - | - | - | 5,434,557 |
| Depreciation and amortization expense | 2,254,696 | 528,584 | 3,772 | 2,787,052 | 823,419 |
| Total operating expenses | <u>18,364,571</u> | <u>2,299,036</u> | <u>352,274</u> | <u>21,015,881</u> | <u>17,104,606</u> |
| OPERATING INCOME (LOSS) | <u>1,925,432</u> | <u>21,790</u> | <u>(243,439)</u> | <u>1,703,783</u> | <u>(3,805,042)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Investment income (loss) | 1,715,429 | 44,914 | 44,590 | 1,804,933 | 484,844 |
| Interest expense and fiscal charges | (646,417) | (102,524) | - | (748,941) | (26,044) |
| Total nonoperating revenues (expenses) | <u>1,069,012</u> | <u>(57,610)</u> | <u>44,590</u> | <u>1,055,992</u> | <u>458,800</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>2,994,444</u> | <u>(35,820)</u> | <u>(198,849)</u> | <u>2,759,775</u> | <u>(3,346,242)</u> |
| TRANSFERS: | | | | | |
| Transfers in | - | - | - | - | 3,234,898 |
| Transfers out | (1,398,859) | - | (12,967) | (1,411,826) | (11,783) |
| Total transfers | <u>(1,398,859)</u> | <u>-</u> | <u>(12,967)</u> | <u>(1,411,826)</u> | <u>3,223,115</u> |
| CHANGES IN NET POSITION | <u>1,595,585</u> | <u>(35,820)</u> | <u>(211,816)</u> | <u>1,347,949</u> | <u>(123,127)</u> |
| NET POSITION: | | | | | |
| Beginning of year, as previously reported | 53,307,798 | 11,691,635 | 1,049,319 | 66,048,752 | 3,535,824 |
| Change in accounting principle (GASB 101) | (17,500) | 1,381 | (50) | (16,169) | (20,053) |
| Beginning of year, as restated | <u>53,290,298</u> | <u>11,693,016</u> | <u>1,049,269</u> | <u>66,032,583</u> | <u>3,515,771</u> |
| End of year | <u>\$ 54,885,883</u> | <u>\$ 11,657,196</u> | <u>\$ 837,453</u> | <u>\$ 67,380,532</u> | <u>\$ 3,392,644</u> |

See accompanying Notes to the Basic Financial Statements.

City of South Gate
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

| | 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 | \$ 19,673,750 | \$ 2,071,150 | \$ 2,834 | \$ 21,747,734 | \$ - |
| Cash received from interfund service provided | - | - | - | - | 13,295,435 |
| Cash paid to suppliers for goods and services | (9,637,474) | (97,758) | (150,726) | (9,885,958) | (10,231,963) |
| Cash paid to employees for services | (7,657,283) | (932,136) | (240,383) | (8,829,802) | (1,953,512) |
| Net cash provided by (used in) operating activities | <u>2,378,993</u> | <u>1,041,256</u> | <u>(388,275)</u> | <u>3,031,974</u> | <u>1,109,960</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Acquisition and construction of capital assets | (3,359,787) | (1,619,595) | - | (4,979,382) | (688,975) |
| Principal paid for capital-related debt | (1,518,075) | (236,925) | - | (1,755,000) | (245,072) |
| Interest paid on capital-related debt | (651,218) | (101,635) | - | (752,853) | (28,639) |
| Net cash (used in) capital and related financing activities | <u>(5,529,080)</u> | <u>(1,958,155)</u> | <u>-</u> | <u>(7,487,235)</u> | <u>(962,686)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Cash received from other funds | - | - | - | - | 3,428,987 |
| Cash paid to other funds | (1,398,859) | - | (12,967) | (1,411,826) | (11,783) |
| Net cash provided by (used in) noncapital financing activities | <u>(1,398,859)</u> | <u>-</u> | <u>(12,967)</u> | <u>(1,411,826)</u> | <u>3,417,204</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Investment income | 1,817,926 | 49,669 | 47,931 | 1,915,526 | 503,531 |
| Net cash provided by (used in) investing activities | <u>1,817,926</u> | <u>49,669</u> | <u>47,931</u> | <u>1,915,526</u> | <u>503,531</u> |
| Net change in cash and cash equivalents | (2,731,020) | (867,230) | (353,311) | (3,951,561) | 4,068,009 |
| CASH AND CASH EQUIVALENTS: | | | | | |
| Beginning of year | 43,925,461 | 930,317 | 1,131,759 | 45,987,537 | \$16,596,782 |
| End of year | <u>\$ 41,194,441</u> | <u>\$ 63,087</u> | <u>\$ 778,448</u> | <u>\$ 42,035,976</u> | <u>\$ 20,664,791</u> |
| RECONCILIATION TO STATEMENT OF NET POSITION: | | | | | |
| Cash and investments | \$ 40,277,634 | \$ 63,087 | \$ 778,448 | \$ 41,119,169 | \$ 20,664,791 |
| Restricted cash and investments | 916,807 | - | - | 916,807 | - |
| Total cash and cash equivalents | <u>\$ 41,194,441</u> | <u>\$ 63,087</u> | <u>\$ 778,448</u> | <u>\$ 42,035,976</u> | <u>\$ 20,664,791</u> |

See accompanying Notes to the Basic Financial Statements.

City of South Gate
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

| | Business-type Activities Enterprise Funds | | | Total | Governmental Activities Internal Service Funds |
|---|--|---------------------|---------------------|---------------------|---|
| | Major | | Nonmajor | | |
| | Water | Sewer | Refuse | | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | | |
| Operating income (loss) | \$ 1,925,432 | \$ 21,790 | \$ (243,439) | \$ 1,703,783 | \$ (3,805,041) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation and amortization | 2,254,696 | 528,584 | 3,772 | 2,787,052 | 823,419 |
| (Increase) decrease in accounts receivable | (719,337) | (249,676) | (106,001) | (1,075,014) | (4,130) |
| (Increase) decrease in due from other governments | 65,154 | - | - | 65,154 | - |
| (Increase) decrease in due from other funds | 397 | - | - | 397 | - |
| (Increase) decrease in deferred outflows of resources related to pensions | 92,512 | (19,766) | (261) | 72,485 | 80,443 |
| (Increase) decrease in deferred outflows of resources related to other postemployment benefits | 45,203 | (38,750) | - | 6,453 | 23,561 |
| Increase (decrease) in accounts payable | (2,348,089) | 303,477 | (41,330) | (2,085,942) | (207,324) |
| Increase (decrease) in accrued liabilities | - | - | - | - | (2,345) |
| Increase (decrease) in deposits payable | 37,930 | - | - | 37,930 | - |
| Increase (decrease) in claims and judgments | - | - | - | - | 3,953,687 |
| Increase (decrease) in compensated absences | 57,791 | 24,605 | (2,067) | 80,329 | (3,786) |
| Increase (decrease) in net pension liability | 1,009,572 | 291,491 | 1,027 | 1,302,090 | 291,072 |
| Increase (decrease) in net OPEB liability | 214,612 | 166,877 | - | 381,489 | 81,424 |
| Increase (decrease) in deferred inflows of resources related to pensions | (197,616) | (27,607) | 24 | (225,199) | (91,048) |
| Increase (decrease) in deferred inflows of resources related to other postemployment benefits | (59,264) | 40,231 | - | (19,033) | (29,972) |
| Total adjustments | <u>453,561</u> | <u>1,019,466</u> | <u>(144,836)</u> | <u>1,328,191</u> | <u>4,915,001</u> |
| Net cash provided by (used in) operating activities | <u>\$ 2,378,993</u> | <u>\$ 1,041,256</u> | <u>\$ (388,275)</u> | <u>\$ 3,031,974</u> | <u>\$ 1,109,960</u> |

There were no non-cash capital, financing, or investing transactions for the fiscal year ended June 30, 2025.

FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

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City of South Gate
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

| | Custodial Funds | Successor Agency of the Former Community Development Commission |
|---|--------------------|--|
| ASSETS | | |
| Cash and investments | \$ 1,120,945 | \$ 1,397,620 |
| Account receivables | 77 | 12,374 |
| Interest receivable | 52 | - |
| Due from other governments | - | 112 |
| Property held for resale | - | 205,000 |
| Capital assets: | | |
| Non-depreciable | - | 1,686,000 |
| Depreciable, net | - | 27,048 |
| Total assets | 1,121,074 | 3,328,154 |
| LIABILITIES | | |
| Accounts payable | 744 | 6,449 |
| Due to other governments | - | 186,760 |
| Total liabilities | 744 | 193,209 |
| NET POSITION | | |
| Held for: | | |
| Individuals, organizations, and other governments | \$ 1,120,330 | \$ 3,134,945 |

City of South Gate
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

| | Custodial Funds | Successor Agency of the Former Community Development Commission |
|---------------------------------------|-----------------------------|--|
| | <u> </u> | <u> </u> |
| ADDITIONS: | | |
| Redevelopment property tax trust fund | \$ - | \$ 315,500 |
| Membership assessment | 115,361 | - |
| Use of money and property | 468 | 98,245 |
| Total additions | <u>115,829</u> | <u>413,745</u> |
| DEDUCTIONS: | | |
| Operational expense | 151,690 | - |
| Administrative services | - | 36,889 |
| Depreciation expense | - | 19,089 |
| Interest expense and fiscal charges | - | 49,896 |
| Total deductions | <u>151,690</u> | <u>105,874</u> |
| Changes in Net Position | (35,861) | 307,871 |
| NET POSITION: | | |
| Beginning of year | 1,156,191 | 2,827,074 |
| End of year | <u>\$ 1,120,330</u> | <u>\$ 3,134,945</u> |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies

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

A. Description of the Reporting Entity

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

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

Blended Component Units

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

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

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

Eliminations have been made to minimize the double counting of internal service fund and similar activities. The effect of inter-fund services provided and used between functions is not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other no exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements

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

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the "current financial resources" measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of grants, for which the revenue recognition period is 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

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.

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.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

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

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

Fiduciary Fund Financial Statements

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

The City also reports the following fiduciary funds:

- Custodial Funds – These funds account for resources held by the City in custodian capacity. Cash and deposits are maintained for activities associated with various associations and third-party projects. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.
- Private-purpose Trust Fund – This fund accounts for the assets and liabilities of the former Community Development Commission and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

C. Cash Investments and Cash Equivalents

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

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

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

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

For the Year Ended June 30, 2025

(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. Property Held for Resale

Property held for resale is recorded in the City's Housing Successor Special Revenue Fund, Housing Authority Development Projects Fund and in the Private-Purpose Trust Fund – Successor Agency of the Former Community Development Commission (CDC) at the lower of acquisition cost or estimated net realizable value when such amount becomes determinable as a result of the City entering into a contract for sale of property.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

I. Capital Assets

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

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

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

The following schedule summarizes capital asset useful lives:

- Structures and improvements 10-50 years
- Equipment and furniture 3-50 years
- Vehicles 5-10 years
- Infrastructure 10-65 years
- Wells 20 years
- Pumping and purification equipment 5-50 years
- Distribution and service equipment 5-50 years
- Eastside reservoir 45 years
- Westside reservoir 45 years
- Right to use lease and subscription assets 5-50 years

J. Deferred Outflows/Inflows of Resources

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

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

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

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

K. Net Pension Liability

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

The following timeframes are used for pension reporting:

CaIPERS

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2023 |
| Measurement Date | June 30, 2024 |
| Measurement Period | July 1, 2023 to June 30, 2024 |

PARS

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2023 |
| Measurement Date | June 30, 2024 |
| Measurement Period | July 1, 2023 to June 30, 2024 |

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.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

The following timeframes are used for OPEB reporting:

OPEB

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2023 |
| Measurement Date | June 30, 2024 |
| Measurement Period | July 1, 2023 to June 30, 2024 |

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 five years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

M. Compensated Absences

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

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement. A liability is also recorded for unused sick leave balances for an estimated amount based on active employee's eligibility . The estimated amount is calculated based on accrued value of the sick leave balances at June 30, 2025 and if it's more likely they will use it or be paid for it.

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.

During the year ended June 30, 2025, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which seeks to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

N. Long-Term Liabilities

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

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

O. Net Position

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

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

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

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

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

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

P. Fund Balance

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

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

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

Committed – This portion of a fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (City Council) and remain binding unless removed in the same manner. The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by the adoption of a resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. The City's General Fund balance committed for emergency reserves is established at a maximum of twenty percent of operating expenditures. The City also has committed funds for the employment resource center, budget stabilization and OPEB section 115 trust. The commitments are made through council approval establishing and amending the reserve amounts.

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

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

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

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(1) Summary of Significant Accounting Policies (Continued)

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.

(2) Cash and Investments

As of June 30, 2025, cash and investments were reported in the accompanying financial statements as follows:

| | Government-Wide Statement of Net Position | | Fiduciary Funds Statement of Net Position | Total |
|---|--|-----------------------------|---|----------------|
| | Governmental Activities | Business-Type Activities | | |
| Cash and investments | \$ 82,915,546 | \$ 41,119,169 | \$ 2,518,565 | \$ 126,553,280 |
| Cash and investments with fiscal agent | 619,583 | 916,807 | - | 1,536,390 |
| Total cash and investments | \$ 83,535,129 | \$ 42,035,976 | \$ 2,518,565 | \$ 128,089,670 |

Cash and investments as of June 30, 2025 consisted of the following:

| | |
|-------------------------------------|----------------|
| Cash: | |
| Cash on hand | \$ 16,960 |
| Deposits with financial institution | 19,113,842 |
| Total Cash | 19,130,802 |
| Investments: | |
| Investments | 107,773,487 |
| Investments held by bond trustee | 1,185,381 |
| Total Investments | 108,958,868 |
| Total Cash and Investments | \$ 128,089,670 |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(2) **Cash and Investments (Continued)**

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, 2025, the carrying amount of the City's deposits was \$19,097,231 and the bank balance was \$20,227,005. 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 government.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(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.

| <u>Investment Types Authorized by State Law</u> | <u>Authorized by Investment Policy</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment in One Issuer</u> |
|---|--|-----------------------------|--|---|
| U.S. Treasury Obligations | Yes | 5 years | None | None |
| Federal Agency Obligations | Yes | 5 years | None | None |
| U.S. Government Sponsored Enterprise Securities | Yes | 5 years | None | None |
| Bankers' Acceptances | Yes | 180 days | 40% | 30% |
| Commercial Paper | Yes | 270 days | 30% | 10% |
| Negotiable Certificates of Deposit | Yes | 5 years | None | None |
| Repurchase Agreements | No | 1 year | None | None |
| Reverse Repurchase Agreements | No | 92 days | 20% | None |
| Medium-Term Notes | Yes | 5 years | 30% | 10% |
| Money Market Mutual Funds | Yes | N/A | None | None |
| Mortgage Pass-Through Securities | No | 5 years | 20% | None |
| County Pooled Investment Funds | No | N/A | None | None |
| Local Agency Investment Fund (LAIF) | Yes | N/A | None | None |

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

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(2) Cash and Investments (Continued)

C. Investments Authorized by Debt Agreements

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

| <u>Authorized Investment Types</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage Allowed</u> | <u>Maximum Investment in One Issuer</u> |
|-------------------------------------|-------------------------|-----------------------------------|---|
| Local Agency Bonds | 5 years | None | None |
| U.S. Treasury Obligations | 5 years | None | None |
| U.S. Agency Securities | None | None | None |
| Bankers' Acceptances | 1 year | None | None |
| Commercial Paper | 270 days | None | None |
| Repurchase Agreements | 30 days | None | None |
| Money Market Mutual Funds | N/A | None | None |
| Local Agency Investment Fund (LAIF) | N/A | None | None |
| Investment Agreements | N/A | None | None |

D. Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City's investments with LAIF at June 30, 2025, 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, 2025, the City had \$ 30,079,814 invested in LAIF, which had invested 0.15% of the pool investment funds in Loans.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(2) Cash and Investments (Continued)

E. Fair Value Measurements

At June 30, 2025, 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, 2025:

| Investment Type | Level 2 | Not subject to measurement | Total |
|--|----------------------|-------------------------------|-----------------------|
| Local Agency Investment Fund | \$ - | \$ 30,079,815 | \$ 30,079,815 |
| Certificates of deposits | 3,914,632 | - | 3,914,632 |
| Money market funds | - | 50,238,010 | 50,238,010 |
| U.S. government sponsored agency securities | 23,541,030 | - | 23,541,030 |
| Held by fiscal agent: Money market funds | - | 1,185,381 | 1,185,381 |
| Total | \$ 27,455,662 | \$ 81,503,206 | \$ 108,958,868 |

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

F. Risk Disclosures

Credit Risk

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

At June 30, 2025, the City's investments are rated as follows:

| Investment Type | Total | Minimum Legal Rating | Ratings at Year-End AA or AAA | Not Rated |
|--|-----------------------|----------------------------|-------------------------------------|----------------------|
| Local Agency Investment Fund | \$ 30,079,815 | N/A | \$ - | \$ 30,079,815 |
| Certificates of deposits | 3,914,632 | N/A | - | 3,914,632 |
| Money market funds | 50,238,010 | AAA | 50,238,010 | - |
| U.S. government sponsored agency securities | 23,541,030 | AA | 23,541,030 | - |
| Held by fiscal agent: Money market funds | 1,185,381 | AAA | 1,185,381 | - |
| Total | \$ 108,958,868 | | \$ 74,964,421 | \$ 33,994,447 |

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(2) Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2025, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions with the exception of U.S. Treasury securities, federal agency securities, U.S. government sponsored enterprise securities, overnight sweep accounts, and authorized pools that no more than 30% of the City's total investment portfolio to be invested in a single security type or 10% in any one corporate or bank issuer. With respect to concentration risk, as of June 30, 2025, the City is in compliance with its investment policy.

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

| <u>Investment Type</u> | <u>Issuer</u> | <u>Reported Amount</u> | <u>Percentage of Portfolio</u> |
|---|--------------------------|------------------------|--------------------------------|
| U.S. government sponsored agency securities | Federal Home Loan Bank | \$9,834,390 | 10.00% |
| U.S. government sponsored agency securities | Federal Farm Credit Bank | 4,867,470 | 6.00% |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(2) Cash and Investments (Continued)

Interest Rate Risk

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

At June 30, 2025, the City's investments have the following remaining maturities:

| Investment Type | Totals | Remaining Maturing (In Months) | | |
|--|-----------------------|--------------------------------|---------------------|--------------------|
| | | 12 Months Or Less | 13 to 24 Months | 25 to 60 Months |
| Local Agency Investment Fund | \$ 30,079,815 | \$ 30,079,815 | \$ - | \$ - |
| Certificates of deposit | 3,914,632 | 3,199,262 | 715,370 | - |
| Money market funds | 50,238,010 | 50,238,010 | - | - |
| U.S. government sponsored agency securities | 23,541,030 | 16,751,000 | 5,791,360 | 998,670 |
| Held by fiscal agent: Money market funds | 1,185,381 | 1,185,381 | - | - |
| Total | \$ 108,958,868 | \$ 101,453,468 | \$ 6,506,730 | \$ 998,670 |

(3) Leases Receivable

The City is the lessor in a non-cancellable lease for a land lease. The lessee is required to make fixed monthly payments of \$12,000 per month. The City recognized \$125,223 in lease revenue and \$ 19,977 in interest revenue during the current fiscal year related to this agreement. As of June 30, 2025, the lease receivable is \$431,198 and deferred inflows of resources related to this lease is \$387,107.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(4) Notes and Loans Receivable

Summary of changes in notes and loans receivable for the year ended June 30, 2025 is as follows:

| <u>Program</u> | <u>Balance July 1, 2024</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2025</u> |
|---------------------------------|---------------------------------|------------------|---------------------|----------------------------------|
| Rental Rehabilitation | \$ 17,433 | \$ 40,834 | \$ - | \$ 58,267 |
| Section 8 Repayment Program | 14,415 | - | - | 14,415 |
| CDBG and First Time Home Buyers | 7,939,273 | - | (114,707) | 7,824,566 |
| CalHome Loan Program | 296,740 | - | (49,437) | 247,303 |
| Total | <u>\$ 8,267,861</u> | <u>\$ 40,834</u> | <u>\$ (164,144)</u> | <u>\$ 8,144,551</u> |

A. Rental Rehabilitation

The City participates in a Rental Rehabilitation Program. The purpose of the Rental Rehabilitation Loan Program is to assist owners of smaller rental properties which are occupied by persons or families that have an income less than 80% of the statewide median income. At June 30, 2025, the City has rental rehabilitation outstanding balance in the amount of \$58,267.

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, 2025, 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, 2025, the outstanding balance was \$7,824,566.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(4) Notes and Loans Receivable (Continued)

D. CalHome Loan Program

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

A one-time funding of \$1,000,000 was awarded by the State of California Housing and Community Development Department to assist at least 15 residents with zero percent interest loans. This loan program is capped at \$50,000 per household and is due and payable when any of the following occurs: 1) the property is sold or transferred, 2) property is no longer owner-occupied, 3) property is refinanced, 4) the last surviving borrower dies, or 5) at the end of thirty (30) years from loan origination, at which time full repayment would be required. The loan is never forgiven. At June 30, 2025, the outstanding balance is \$247,303.

(5) Interfund Transactions

A. Due To/From Other Funds

Current interfund receivables and payables are the result of short-term borrowings at June 30, 2025.

| Due from Other Funds | Due to Other Funds | | | Total |
|------------------------------|-------------------------------|-----------------------------------|---------------------------|---------------|
| | Grant Special Revenue Fund | Nonmajor Governmental Funds | Internal Service Funds | |
| General Fund | \$ 15,970,698 | \$ 2,161,189 | \$ 539,435 | \$ 18,671,322 |
| Utility Authority Water Fund | - | 1,810 | - | 1,810 |
| Total | \$ 15,970,698 | \$ 2,162,999 | \$ 539,435 | \$ 18,673,132 |

B. Advances To/From Other Funds

On April 23, 2020, the City Council approved cooperation agreement between the City and the Housing Authority to provide needed financing for the purchase of property for development of low-moderate income housing project. The General Fund advanced \$1,813,000 to the Nonmajor Governmental Funds (Housing Successor Special Revenue Fund). As of June 30, 2025, the outstanding balance for the advance was in the amount of \$1,813,000. The advance is to be repaid upon sale of the project.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(5) Interfund Transactions (Continued)

C. Interfund Transfers

| Transfers Out | Transfers In | | | | | Total |
|-----------------------------------|---------------------|-----------------------|-----------------------------------|------------------------------|------------------------|----------------------|
| | General Fund | Grant Special Revenue | Capital Improvement Projects Fund | Non-major Governmental Funds | Internal Service Funds | |
| General Fund | \$ - | \$ - | \$ 713,982 | \$ 1,437,454 | \$ 3,234,898 | \$ 5,386,334 |
| Grants Special Revenue Fund | 164,323 | - | 20,923,170 | - | - | 21,087,493 |
| Capital Improvement Projects Fund | - | 1,132,029 | - | 1,152,567 | - | 2,284,596 |
| Non-major Governmental Funds | 1,168,527 | - | 9,359,455 | - | - | 10,527,982 |
| Utility Authority Water Fund | 1,303,403 | - | 95,456 | - | - | 1,398,859 |
| Utility Authority Refuse Fund | - | - | - | 12,967 | - | 12,967 |
| Internal Service Funds | - | - | 11,777 | - | - | 11,777 |
| Total | \$ 2,636,253 | \$ 1,132,029 | \$ 31,103,840 | \$ 2,602,988 | \$ 3,234,898 | \$ 40,710,008 |

The General Fund, Grant Special Revenue Fund, Non-major Governmental Fund, Utility Authority Water Fund, and Internal Service Funds transferred \$713,982; \$20,923,170; \$9,359,455; \$95,456; and \$11,777 respectively, to the Capital Improvement Projects Fund to pay for capital improvement projects.

The General Fund transferred \$1,437,454 to cover deficit balances in the Non-major Governmental Funds.

The General Fund transferred \$3,234,898 to cover deficit balances in the Internal Service Funds.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(6) Capital Assets

A. Governmental Activities

Capital assets activity for Governmental Activities for the year ended June 30, 2025, follows:

| | Balance July 1, 2024 | Additions | Deletions | Balance June 30, 2025 |
|---|-------------------------|----------------------|------------------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,997,485 | \$ - | \$ - | \$ 4,997,485 |
| Construction in progress | 37,062,158 | 10,300,605 | (29,902,415) | 17,460,348 |
| Total capital assets, not being depreciated | <u>42,059,643</u> | <u>10,300,605</u> | <u>(29,902,415)</u> | <u>22,457,833</u> |
| Capital assets, being depreciated: | | | | |
| Structures and improvements | 34,910,661 | 29,300,994 | - | 64,211,655 |
| Machinery and equipment | 17,625,136 | 1,701,830 | - | 19,326,966 |
| Right to use lease assets - Vehicles | 561,785 | 157,680 | - | 719,465 |
| Right to use lease assets - SBITA | 1,465,163 | - | - | 1,465,163 |
| Infrastructure street network | 425,525,740 | 20,535,980 | - | 446,061,720 |
| Subtotal | <u>480,088,485</u> | <u>51,696,484</u> | <u>-</u> | <u>531,784,969</u> |
| Less accumulated depreciation: | | | | |
| Structures and improvements | (20,437,052) | (1,217,380) | - | (21,654,432) |
| Machinery and equipment | (13,289,101) | (759,137) | - | (14,048,238) |
| Right to use lease assets - Vehicles | (203,491) | (166,232) | - | (369,723) |
| Right to use lease assets - SBITA | (541,897) | (408,332) | - | (950,229) |
| Infrastructure street network | (215,528,430) | (8,016,745) | - | (223,545,175) |
| Subtotal | <u>(249,999,971)</u> | <u>(10,567,826)</u> | <u>-</u> | <u>(260,567,797)</u> |
| Total capital assets, being depreciated | <u>230,088,514</u> | <u>41,128,658</u> | <u>-</u> | <u>271,217,172</u> |
| Total capital assets, net | <u>\$ 272,148,157</u> | <u>\$ 51,429,263</u> | <u>\$ (29,902,415)</u> | <u>\$ 293,675,005</u> |

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

| | |
|---|----------------------|
| General government | \$ 299,523 |
| Police | 203,433 |
| Parks and recreation | 828,045 |
| Community development | 126,492 |
| Public works | 8,286,911 |
| Fleet management | 50,990 |
| Information system | 365,861 |
| Buildings | 108,892 |
| Capital asset and equipment replacement | 297,679 |
| Total depreciation expense | <u>\$ 10,567,826</u> |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(6) Capital Assets (Continued)

B. Business Type Activities

Capital assets activity for Business-Type Activities for the year ended June 30, 2025, follows:

| | Balance July 1, 2024 | Additions | Deletions | Balance June 30, 2025 |
|---|-------------------------|---------------------|-----------------------|--------------------------|
| Capital assets, not being depreciated: | | | | |
| Water rights | \$ 1,933,144 | \$ - | \$ - | \$ 1,933,144 |
| Land | 1,290,602 | - | - | 1,290,602 |
| Construction in progress | 3,712,766 | 2,177,139 | (3,152,524) | 2,737,381 |
| Total capital assets, not being depreciated | <u>6,936,512</u> | <u>2,177,139</u> | <u>(3,152,524)</u> | <u>5,961,127</u> |
| Capital assets, being depreciated: | | | | |
| Structures and improvements | 13,525,002 | 240,449 | - | 13,765,451 |
| Machinery and equipment | 7,076,267 | 115,447 | - | 7,191,714 |
| Infrastructure utility distribution system | 77,673,282 | 5,347,791 | - | 83,021,073 |
| Subtotal | <u>98,274,551</u> | <u>5,703,687</u> | <u>-</u> | <u>103,978,238</u> |
| Less accumulated depreciation | | | | |
| Structures and improvements | (2,679,444) | (622,083) | - | (3,301,527) |
| Machinery and equipment | (5,581,495) | (165,136) | - | (5,746,631) |
| Infrastructure utility distribution system | (40,545,694) | (1,999,833) | - | (42,545,527) |
| Subtotal | <u>(48,806,633)</u> | <u>(2,787,052)</u> | <u>-</u> | <u>(51,593,685)</u> |
| Total capital assets, being depreciated | <u>49,467,918</u> | <u>2,916,635</u> | <u>-</u> | <u>52,384,553</u> |
| Total capital assets, net | <u>\$ 56,404,430</u> | <u>\$ 5,093,774</u> | <u>\$ (3,152,524)</u> | <u>\$ 58,345,680</u> |

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

| | |
|----------------------------|---------------------|
| Water Enterprise Fund | \$ 2,254,696 |
| Sewer Enterprise Fund | 528,584 |
| Refuse Enterprise Fund | 3,772 |
| Total depreciation expense | <u>\$ 2,787,052</u> |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(7) Long Term Liabilities

A. Governmental Activities

The following is summary of changes in governmental activities long-term liabilities for the year ended June 30, 2025:

| | Balance 7/1/2024 | Addition | Deletion | Balance June 30, 2025 | Due within One Year |
|---------------------------------|----------------------|---------------------|-----------------------|--------------------------|------------------------|
| Governmental activities: | | | | | |
| Notes payable: | | | | | |
| SCE Edison financing agreements | \$ 106,816 | \$ - | \$ (76,363) | \$ 30,453 | \$ 30,453 |
| Total notes payable | <u>106,816</u> | <u>-</u> | <u>(76,363)</u> | <u>30,453</u> | <u>30,453</u> |
| Public offering: | | | | | |
| 2005 Pension obligation bonds | 7,070,000 | - | (1,630,000) | 5,440,000 | 1,720,000 |
| Total bonds | <u>7,070,000</u> | <u>-</u> | <u>(1,630,000)</u> | <u>5,440,000</u> | <u>1,720,000</u> |
| Leases payable: | | | | | |
| Vehicle leases | 325,640 | 157,681 | (140,281) | 343,040 | 117,456 |
| Copier leases | 27,549 | - | (18,258) | 9,291 | 9,291 |
| Total lease payable | <u>353,189</u> | <u>157,681</u> | <u>(158,539)</u> | <u>352,331</u> | <u>126,747</u> |
| Subscriptions payable | 771,891 | - | (371,844) | 400,047 | 344,710 |
| Compensated absences* | 5,866,160 | 3,432,851 | (3,346,693) | 5,952,318 | 502,111 |
| Total long-term debt | <u>\$ 14,168,056</u> | <u>\$ 3,590,532</u> | <u>\$ (5,583,439)</u> | <u>\$ 12,175,149</u> | <u>\$ 2,724,021</u> |

*Beginning balance of compensated absences have been restated to reflect the implementation of GASB 101.

Notes Payable

Southern California Edison On-Bill Financing

The City entered into a financing agreement with Southern California Edison (direct borrowing) to provide five loans for a total of \$882,556 for the implementation of certain energy conservation measures at City facilities. The City is to make monthly payments of \$7,946 over a ten-year period. Payments commenced on December 30, 2015, and the last payment will be made on June 30, 2026. The loan has no interest. At June 30, 2025, the outstanding balance is \$30,453.

The following schedule summarizes the debt service to maturity requirements for Southern California Edison debt outstanding as of June 30, 2025:

| Year Ending June 30, | Principal | Total |
|-------------------------|------------------|------------------|
| 2026 | \$ 30,453 | \$ 30,453 |
| Total | <u>\$ 30,453</u> | <u>\$ 30,453</u> |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(7) Long Term Liabilities (Continued)

Bonds

2005 Pension Obligation Bond

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

The bonds mature in amounts ranging from \$1,070,000 to \$1,910,000 with interest ranging from 4.6% to 5.42%. Interest on the bonds is payable on December 1, 2005 and semi-annually thereafter on June 1 and December 1 of each year. The bonds were issued at face value. At June 30, 2025, the outstanding balance on the bonds is \$5,440,000.

The following schedule summarizes the debt service to maturity requirements for governmental activities bonds payable outstanding as of June 30, 2025:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2026 | \$ 1,720,000 | \$ 293,216 | \$ 2,013,216 |
| 2027 | 1,810,000 | 200,508 | 2,010,508 |
| 2028 | 1,910,000 | 102,949 | 2,012,949 |
| Total | <u>\$ 5,440,000</u> | <u>\$ 596,673</u> | <u>\$ 6,036,673</u> |

Leases Payable

Vehicle Lease

The City entered into eight lease agreements for the right to use vehicles in the amount of \$639,652. The City is to make monthly payments between \$682 and \$55,915 over five-year periods. At June 30, 2025, the outstanding balance is \$343,040.

The following schedule summarizes the debt service to maturity requirements for debt outstanding as of June 30, 2025:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|------------------|-------------------|
| 2026 | \$ 117,456 | \$ 23,882 | \$ 141,338 |
| 2027 | 95,364 | 16,768 | 112,132 |
| 2028 | 94,565 | 10,029 | 104,594 |
| 2029 | 35,655 | 2,836 | 38,491 |
| Total | <u>\$ 343,040</u> | <u>\$ 53,515</u> | <u>\$ 396,555</u> |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(7) Long Term Liabilities (Continued)

Copier Leases

The City entered into an agreement for the right to use copiers in the amount of \$79,814. The City is to make monthly payments of \$1,559 over a five-year period. At June 30, 2025, the outstanding balance is \$9,291.

The following schedule summarizes the debt service to maturity requirements for debt outstanding as of June 30, 2025:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-----------------|--------------|-----------------|
| 2026 | \$ 9,291 | \$ 62 | \$ 9,353 |
| Total | <u>\$ 9,291</u> | <u>\$ 62</u> | <u>\$ 9,353</u> |

Subscriptions Payable

The City entered into several subscription-based agreements. The following is a summary of the outstanding balance as of June 30, 2025:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|-----------------|-------------------|
| 2026 | \$ 344,710 | \$ 7,993 | \$ 352,703 |
| 2027 | 51,778 | 980 | 52,758 |
| 2028 | 3,559 | 148 | 3,707 |
| Total | <u>\$ 400,047</u> | <u>\$ 9,121</u> | <u>\$ 409,168</u> |

B. Business-Type Activities

The following is summary of changes in business-type activities long-term liabilities for the year ended June 30, 2025:

| | Balance July 1, 2024 | Addition | Deletion | Balance June 30, 2025 | Due within One Year |
|--------------------------------------|-------------------------|-------------------|-----------------------|--------------------------|------------------------|
| Business-Type Activities: | | | | | |
| Public Offering: | | | | | |
| 2019A Water Revenue Refunding Bonds | \$ 7,760,000 | \$ - | \$ (65,000) | \$ 7,695,000 | \$ 65,000 |
| 2019AT Water Revenue Refunding Bonds | 16,925,000 | - | (1,690,000) | 15,235,000 | 1,730,000 |
| Unamortized premium | 780,178 | - | (69,349) | 710,829 | 69,349 |
| Compensated absences* | 331,537 | 483,366 | (386,686) | 428,217 | 36,103 |
| Total long-term debt | <u>\$ 25,796,715</u> | <u>\$ 483,366</u> | <u>\$ (2,211,035)</u> | <u>\$ 24,069,046</u> | <u>\$ 1,900,452</u> |

*Beginning balance of compensated absences have been restated to reflect the implementation of GASB 101.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(7) Long Term Liabilities (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, 2025 was \$22,930,000.

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 \$4,171,878. Total principal and interest paid for the fiscal year was \$2,507,853 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, 2025:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2026 | \$ 1,755,000 | \$ 710,856 | \$ 2,465,856 |
| 2027 | 1,840,000 | 665,624 | 2,505,624 |
| 2028 | 1,890,000 | 616,800 | 2,506,800 |
| 2029 | 1,945,000 | 564,109 | 2,509,109 |
| 2030 | 2,000,000 | 507,974 | 2,507,974 |
| 2031-2035 | 11,000,000 | 1,535,864 | 12,535,864 |
| 2036 | 2,460,000 | 49,200 | 2,509,200 |
| Total | <u>\$ 22,890,000</u> | <u>\$ 4,650,427</u> | <u>\$ 27,540,427</u> |

(8) Defined Contribution Plan

The City has established a defined contribution plan in accordance with Internal Revenue Code Section 401(a) to provide tax deferred payments towards retirement for employees. Under this plan, the City will provide a dollar-for-dollar match of the contributions paid by the employee into a 457 deferred compensation plan in accordance with the MOU language of the five (5) bargaining units and as stated in the Terms and Conditions of Employment for Unclassified Executive Management group. For the year ended June 30, 2025, the City contributed \$318,314 to the plan.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(9) Retirement Plans

The following is the summary of net pension liability and related deferred outflows of resources and deferred inflows of resources at June 30, 2025 and pension expense for the year then ended.

| | CalPERS Miscellaneous | CalPERS Safety | PARS | Total |
|--------------------------------|--------------------------|-------------------|------------|----------------|
| Net pension liability | \$ 39,591,747 | \$ 69,440,275 | \$ 242,029 | \$ 109,274,051 |
| Deferred outflows of resources | \$ 10,069,850 | \$ 19,995,577 | \$ 89,162 | \$ 30,154,589 |
| Deferred inflow of resources | \$ 930,003 | \$ 1,956,023 | \$ - | \$ 2,886,026 |
| Pension expense (credit) | \$ 5,960,448 | \$ 12,646,610 | \$ 26,403 | \$ 18,633,461 |

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.

Benefits Provided

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

| | Miscellaneous Plan | | Safety Plan | |
|--|-----------------------------|--------------------------------|-----------------------------|--------------------------------|
| | Classic* | PEPRA | Classic* | PEPRA |
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2.7% @ 55 | 2.0% @ 62 | 3.0% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life | monthly for life |
| Retirement age | minimum 50 | minimum 52 | minimum 50 | minimum 50 |
| Monthly benefits, as a % of eligible compensation | 2.000% - 2.700% | 1.000% - 2.500% | 3.00% | 2.000% - 2.700% |
| Required employee contribution rates | 8.000% | 8.000% | 9.000% | 14.500% |
| Required employer contribution rates | 12.470% | 12.470% | 29.300% | 14.720% |

* Closed to new entrants

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(9) Retirement Plans (Continued)

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

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

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

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

Employees Covered by Benefit Terms

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

| | Miscellaneous | Safety | |
|--------------------------------------|---------------|---------|-------|
| | | Classic | PEPRA |
| Active employees | 267 | 38 | 34 |
| Transferred and terminated employees | 421 | 41 | 15 |
| Retired Employees and Beneficiaries | 398 | 204 | - |
| Total | 1,086 | 283 | 49 |

Contribution Description

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

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(9) Retirement Plans (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 valuation was used to determine the June 30, 2025 total pension liabilities, based on the following actuarial methods and assumptions:

| Actuarial Cost Method | Entry Age Actuarial Cost Method |
|----------------------------------|--|
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table | Derived using CalPERS' membership data for all funds |
| Post Retirement Benefit Increase | The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter |

The mortality table was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Change in Assumptions

There were no changes in assumptions.

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS considered both short-term and long-term market return expectations. Using historical returns of all the funds' assets classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for the administrative expenses assumed of 10 Basis points.

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(9) Retirement Plans (Continued)

The expected real rate of return by asset class are as follows:

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

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

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

Discount Return

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(9) Retirement Plans (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, 2023 (Valuation Date) | \$ 198,649,171 | \$ 157,565,982 | \$ 41,083,189 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 3,814,580 | - | 3,814,580 |
| Interest on the total pension liability | 13,767,000 | - | 13,767,000 |
| Difference between expected and actual experience | 3,232,295 | - | 3,232,295 |
| Contributions from the employer | - | 5,626,503 | (5,626,503) |
| Contributions from employees | - | 1,688,116 | (1,688,116) |
| Net investment income | - | 15,118,910 | (15,118,910) |
| Administrative expenses | - | (128,212) | 128,212 |
| Benefit payments, including refunds of employee contributions | (8,534,043) | (8,534,043) | - |
| Net Changes during July 1, 2023 to June 30, 2024 | 12,279,832 | 13,771,274 | (1,491,442) |
| Balance at June 30, 2024 (Measurement Date) | \$ 210,929,003 | \$ 171,337,256 | \$ 39,591,747 |

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, 2023 (Measurement Date) | 206,196,971 | 135,794,075 | 70,402,896 |
| Balance at June 30, 2024 (Measurement Date) | 214,080,656 | 144,640,381 | 69,440,275 |
| Net Changes during 2023-2024 | 7,883,685 | 8,846,306 | (962,621) |

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

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

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(9) Retirement Plans (Continued)

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

| | |
|------------------------------|--------------------|
| | <u>Safety Plan</u> |
| 6/30/2023 (Measurement Date) | 0.94185% |
| 6/30/2024 (Measurement Date) | 0.95243% |
| Change - Increase (Decrease) | <u>0.01058%</u> |

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

| | | | |
|--------------------|---|-------------------------|---------------------------|
| | <u>Plan's Net Pension Liability/(Asset)</u> | | |
| | <u>Discount Rate - 1%</u> | <u>Current Discount</u> | <u>Discount Rate + 1%</u> |
| | <u>(5.90%)</u> | <u>Rate (6.90%)</u> | <u>(7.90%)</u> |
| Miscellaneous Plan | \$ 69,799,291 | \$ 39,591,747 | \$ 14,950,232 |
| Safety Plan | \$ 98,683,488 | \$ 69,440,275 | \$ 45,523,439 |

Pension Plan Fiduciary Net Position

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

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

As of measurement date of June 30, 2024, the City has deferred outflows and deferred inflows of resources related to pensions as follows.

Miscellaneous Plan

| | | |
|---|--------------------------|-------------------------|
| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> |
| | <u>of Resources</u> | <u>of Resources</u> |
| Pension contribution after measurement date | \$ 5,679,517 | \$ - |
| Difference between expected and actual experience | 1,989,105 | (930,003) |
| Net difference between projected and actual earning on pension plan investments | 2,401,228 | - |
| | <u>\$ 10,069,850</u> | <u>\$ (930,003)</u> |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(9) Retirement Plans (Continued)

Safety Plan

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Changes of Assumptions | \$ 1,710,866 | \$ - |
| Pension contribution after measurement date | 7,657,403 | - |
| Difference between expected and actual experience | 5,666,944 | (184,257) |
| Net difference between projected and actual earning on pension plan investments | 3,356,427 | - |
| Adjustment due to differences in proportions Employer contributions in excess (under) proportionate contributions | 1,382,628 | (518,288) |
| | <u>221,307</u> | <u>(1,253,478)</u> |
| Total | <u>\$ 19,995,575</u> | <u>\$ (1,956,023)</u> |

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, 2024 is 2.6 and 3.8 years, which was obtained by dividing the total service years of 2,876 and 630,177 (the sum of remaining service lifetimes of the active employees) by 1,086 and 166,163 (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.

\$5,679,517 and \$7,657,403 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City's contributions subsequent to the measurement date during the fiscal year ended June 30, 2025 will be recognized as a reduction of the net pension liability and collective net pension liability in the fiscal year ending June 30, 2026. 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 | <u>Deferred Outflows/ (Inflows) of Resources Miscellaneous</u> | <u>Deferred Outflows/ (Inflows) of Resources Safety</u> |
|-------------------------------|--|---|
| 2025 | \$ 192,369 | \$ 3,881,160 |
| 2026 | 4,787,842 | 7,774,455 |
| 2027 | (658,766) | (125,048) |
| 2028 | (861,115) | (1,148,418) |
| 2029 | - | - |
| Thereafter | - | - |
| Total | <u>\$ 3,460,330</u> | <u>\$ 10,382,149</u> |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

Benefits Provided

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

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

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, 2023, the valuation date, plan membership consisted of the following:

Employee information

| | |
|-------------------------------------|-----------|
| Active employees | 1 |
| Terminated employees | - |
| Retired Employees and Beneficiaries | 26 |
| Total | <u>27</u> |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(9) Retirement Plans (Continued)

Contributions

The employer contribution rates for all public employees are determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The total plan contributions are determined by an independent pension actuary using information furnished by the City and by PARS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, the City contributed \$80,009 for the plan. No contributions are required from the employees.

Net Pension Liability

The City’s total pension liability was valued as of June 30, 2023 and was used to calculate the net pension liability measured as of June 30, 2024.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------|---|
| Actuarial Cost Method | Entry age normal , level percent of pay |
| Amortization Method | Closed period, level percent of pay |
| Amortization period | 20 years |
| Inflation | 2.30% |
| Investment return | 6.60% |
| Mortality | CalPERS rates |
| Retirement | CalPERS rates |

Long-Term Expected Real Rate of Return

The long-term expected rate of return is determined using the long-term rates of return developed by PFM Asset Management for financial reporting after June 30, 2023.

| Index | Target Allocation |
|--------------------------------|----------------------|
| Domestic Equity | 23.00% |
| International Developed Equity | 4.00% |
| Emerging Markets Equity | 2.00% |
| REITs | 1.00% |
| Short-Term Bond | 14.00% |
| Core Fixed Income | 49.30% |
| High Yield | 1.80% |
| Cash | 5.00% |
| | 100.00% |

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(9) Retirement Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability is 6.60%. This is the expected long-term rate of return on City assets using the expected long-term rate of return on invested assets provided by Public Agency Retirement Services (PARS). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position is projected to cover all future pension payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Change in Net Pension Liability

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

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) Liability/(Asset) (c) = (a) - (b) |
| Balance at June 30, 2023 | \$ 1,506,148 | \$ 1,152,928 | \$ 353,220 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 3,308 | - | 3,308 |
| Interest on the total pension liability | 95,999 | - | 95,999 |
| Difference between expected and actual experience | (8,170) | - | (8,170) |
| Changes of Assumptions | - | - | - |
| Contributions from employer | - | 78,989 | (78,989) |
| Net investment income | - | 128,988 | (128,988) |
| Benefit payments, including refunds | (109,851) | (109,851) | - |
| Administrative expense | - | (5,649) | 5,649 |
| Net Changes | <u>(18,714)</u> | <u>92,477</u> | <u>(111,191)</u> |
| Balance at June 30, 2024 (Measurement Date) | <u>\$ 1,487,434</u> | <u>\$ 1,245,405</u> | <u>\$ 242,029</u> |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(9) Retirement Plans (Continued)

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.60%, 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 (5.60%) or 1 percentage point higher (7.60%) than the current rate.

| | Discount Rate 1% Decrease (5.60%) | Current Discount Rate (6.60%) | Discount Rate 1% Increase (7.60%) |
|------------------------------|---|-------------------------------------|---|
| Plan's Net Pension Liability | \$ 382,239 | \$ 242,029 | \$ 121,488 |

Pension Plan Fiduciary Net Position

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

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

At June 30, 2025, the City reported deferred outflows and deferred inflows of resources related to PARS plan as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contribution after measurement date | \$ 80,009 | \$ - |
| Net difference between expected and actual earnings on pension plan investment | 9,153 | - |
| Total | \$ 89,162 | \$ - |

\$80,009 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, 2025 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year Ending June 30 | Deferred Outflows/(Inflows) of Resources |
|-------------------------------|--|
| 2026 | \$ (2,818) |
| 2027 | 35,717 |
| 2028 | (12,927) |
| 2029 | (10,819) |
| 2030 | - |
| Thereafter | - |
| Total | \$ 9,153 |

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(10) Other Postemployment Benefits

A. Plan Description

The City administers a single-employer defined-benefit post-employment healthcare plan (the Plan). Dependents are eligible to enroll, and benefits continue to surviving spouses. Retirees are eligible for medical benefits if they retire with 20+ years of City service and remain in or enroll in a CalPERS plan upon retirement, and remain so retired. For 2025, the City reimburses retirees who have attained age 50 and at least 20 years of service for 100% of premiums up to a maximum of \$150/month for NonSafety Employees, \$200/month for Top Management Employees, and \$250/month for Safety Employees who retired before July 1, 2005. Safety employees retired after July 1, 2005, who have attained age 50 and at least 20 years of service are eligible to receive up to the two-party Kaiser rate in effect on July 1, 2005 and increased each year by 5% maximum. The maximum does not change based on Medicare eligibility or spouse coverage. The terms of benefits provided are authorized and may be amended in the future by City Council.

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

| | | |
|-------------------------------------|--|-----|
| Active employees | | 344 |
| Retired employees and beneficiaries | | 120 |
| | | 464 |
| | | 464 |

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, 2025 was \$1,298,403 on a pay-as-you-go basis. The City has not established a trust for the purpose of holding assets accumulated for plan benefits.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(10) Other Postemployment Benefits (Continued)

C. Actuarial Assumptions

The City's total OPEB liability was valued as of June 30, 2023, and was used to calculate the net OPEB liability measured as of June 30, 2024. The total OPEB liability in the June 30, 2023 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 | 4.09% |
| Inflation | 2.30% |
| Salary Increases | 2.80%. Additional merit-based increases based on CalPERS merit salary increase tables. |
| Healthcare cost trend rates | |
| Pre-Medicare | 6.80% in the first year, trending down to 4.14% |
| Medicare | 4.17% in the first year, trending down to 4.14% over 52 years. |
| Mortality Rate Table | Based on CalPERS tables. |

D. Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. 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

| | <u>Increase (Decrease)</u> |
|--|--------------------------------|
| | Total OPEB Liability (a) |
| | <u>\$</u> |
| Balance at June 30, 2023 | 30,356,893 |
| Changes Recognized for the Measurement Period: | |
| Service Cost | 1,163,320 |
| Interest on the total OPEB liability | 1,193,542 |
| Changes of benefit terms | - |
| Difference between expected and actual experience | 118,145 |
| Changes of assumptions | (949,996) |
| Contributions from the employer | (923,733) |
| Contributions from employees | - |
| Benefit payments, including refunds of employee contributions and implicit subsidy | <u>(275,144)</u> |
| Net Changes during July 1, 2023 to June 30, 2024 | <u>326,134</u> |
| Balance at June 30, 2024 (Measurement Date) | <u><u>\$ 30,683,027</u></u> |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(10) Other Postemployment Benefits (Continued)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (3.09%) or 1-percentage point higher (5.09%) than the current discount rate:

| | Plan's OPEB Liability/(Asset) | | |
|--------------------------------|-------------------------------|----------------------------------|-------------------------------|
| | Discount Rate - 1% (3.09%) | Current Discount Rate (4.09%) | Discount Rate + 1% (5.09%) |
| June 30, 2024 Measurement Date | \$ 35,154,509 | \$ 30,683,027 | \$ 27,014,149 |

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 (5.80%) or 1-percentage-point higher (7.80%) than the current healthcare cost trend rates:

| | Plan's OPEB Liability/(Asset) | | |
|--------------------------------|---|--|---|
| | Healthcare Cost Trend Rate - 1% (5.80%) | Healthcare Cost Trend Rate (6.80%) | Healthcare Cost Trend Rate + 1% (7.80%) |
| June 30, 2024 Measurement Date | \$ 27,912,111 | \$ 30,683,027 | \$ 33,651,930 |

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

For the year ended June 30, 2025, the City recognized OPEB expense of \$1,380,399 for the City Plan. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| OPEB contribution made after the measurement period | \$ 1,298,403 | \$ - |
| Difference between expected and actual experience | 6,172,140 | (3,486,464) |
| Changes of assumptions | 2,689,265 | (7,455,711) |
| Total | \$ 10,159,808 | \$ (10,942,175) |

\$1,298,403 reported as deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follows:

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(10) Other Postemployment Benefits (Continued)

| Fiscal Year Ending June 30 | Deferred Outflows/(Inflows) of Resources |
|-------------------------------|--|
| 2026 | \$ (897,758) |
| 2027 | (890,353) |
| 2028 | (275,437) |
| 2029 | (233,695) |
| 2030 | (336,717) |
| Thereafter | 553,190 |
| Total | \$ (2,080,770) |

(11) Self-Insurance

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

A claims liability of \$17,633,123 is reported in the Self-Insurance Internal Service Fund at June 30, 2025. Claims are reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Claims activities for the two years ended June 30, 2025 are presented as follows:

| Years Ended | Beginning Balance | Addition | Deletion | Ending Balance |
|-------------------------------|----------------------|--------------|----------------|-------------------|
| Workers' Compensation: | | | | |
| June 30, 2024 | \$ 7,236,950 | \$ 2,104,066 | \$ (3,244,887) | \$ 6,096,129 |
| June 30, 2025 | 6,096,129 | 2,177,891 | (2,002,480) | 6,271,540 |
| General Liability: | | | | |
| June 30, 2024 | \$ 6,772,949 | \$ 2,586,902 | \$ (1,776,544) | \$ 7,583,307 |
| June 30, 2025 | 7,583,307 | 4,010,526 | (232,249) | 11,361,584 |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(12) Contingencies

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

(13) Commitments

The following encumbrances existed at June 30, 2025:

| <u>Fund</u> | <u>Total Encumbrances</u> |
|------------------------------|---------------------------|
| General | \$ 1,970,000 |
| Capital Improvement Projects | 10,485,385 |
| Nonmajor Governmental | 3,033,171 |

The following material construction commitments existed at June 30, 2025:

| <u>Project Name</u> | <u>Contract Amount</u> | <u>Expenditures to date as of June 30, 2025</u> | <u>Remaining Commitments</u> |
|-------------------------------|------------------------|---|------------------------------|
| Tweedy Mile Complete Streets | \$ 704,506 | 665,132 | 39,374 |
| I-710 Freeway Blvd Southbound | 1,070,257 | 1,033,783 | 36,474 |
| Urban Orchard Well No. 30 | 399,000 | 61,647 | 337,353 |

CITY OF SOUTH GATE
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

(14) Deficit Fund Balances and Net Position

A. Government Wide Financial Statements

The City's Statement of Net Position shows an unrestricted deficit net position of \$48,455,375, resulting mainly from the implementation of GASB Statement No.'s 68 (Pensions) and 75 (OPEB) that required the City to report \$109,274,051 in aggregate net pension liability and \$30,683,027 in total OPEB liability in the City's financial statements.

B. Fund Financial Statements

The following funds contained a deficit at June 30, 2025:

| Funds | Deficit |
|-------------------------------|---------------|
| Governmental Funds: | |
| Grants Special Revenue | \$ 12,909,788 |
| Nonmajor Governmental Funds: | |
| Housing Authority | 9,572 |
| Housing Authority Development | 206,435 |
| LEAP Grant | 285,368 |
| Permanent Local Housing Grant | 764 |
| Street Lighting & Landscape | 137,467 |
| TDA Bikeway | 87,756 |
| Used Oil Recycling Program | 13,840 |
| Internal Service Funds: | |
| Insurance | 9,144,880 |

These deficits will be funded with future revenue or transfers from other funds.

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

(15) Excess Expenditures over Appropriations

Expenditures for the year ended June 30, 2025, exceeded appropriations at the department or expenditure category level within the following funds:

| Fund | Appropriations | Expenditures | Excess |
|--------------------------------------|----------------|--------------|-------------|
| General Fund: | | | |
| City attorney | \$ 1,688,037 | \$ 1,787,806 | \$ (99,769) |
| Principal | 1,630,000 | 1,729,582 | (99,582) |
| Interest | 381,073 | 384,882 | (3,809) |
| Nonmajor Governmental Funds: | | | |
| Special Revenue Funds: | | | |
| Housing Authority | | | |
| Community development | 5,799,950 | 6,743,657 | (943,707) |
| Air Quality Improvement | | | |
| Community development | 7,913 | 8,092 | (179) |
| Public Access Corporation | | | |
| General government | 18,845 | 29,852 | (11,007) |
| Street Lighting & Landscaping | | | |
| Public works | 3,227,271 | 3,278,941 | (51,670) |
| Principal | - | 76,364 | (76,364) |
| Measure W | | | |
| Public works | - | 519,746 | (519,746) |
| Used Oil Recycling Program | | | |
| Public works | - | 27,006 | (27,006) |
| Beverage Container Recycling Program | | | |
| Public works | - | 29,809 | (29,809) |
| Emergency Housing Voucher | | | |
| Community development | 200,000 | 397,032 | (197,032) |
| Integrated Waste Management Grant | | | |
| Community development | - | 59,092 | (59,092) |
| LEAP Grant | | | |
| Community development | - | 6,986 | (6,986) |
| American Rescue Plan Act | | | |
| General government | 7,684,554 | 9,282,548 | (1,597,994) |
| Police | - | 494,702 | (494,702) |

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

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

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

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. Capital Assets

The summary of changes in the successor agency's capital assets for the year ended June 30, 2025 is as follows:

| | Balance July 1, 2024 | Additions | Deletions | Balance June 30, 2025 |
|---|-------------------------|-------------|-----------|--------------------------|
| 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 |
| Subtotal | 381,785 | - | - | 381,785 |
| Less accumulated depreciation: | | | | |
| Structures and improvements | (335,648) | (19,089) | - | (354,737) |
| Subtotal | (335,648) | (19,089) | - | (354,737) |
| Total capital assets, being depreciated | 46,137 | (19,089) | - | 27,048 |
| Total capital assets, net | \$ 1,732,137 | \$ (19,089) | \$ - | \$ 1,713,048 |

CITY OF SOUTH GATE

Notes to the Basic Financial Statements

For the Year Ended June 30, 2025

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

B. Commitments and Contingencies

On May 13, 1998, the Community Development Commission of the City of South Gate entered into a Disposition and Development Agreement with South Gate Villas, LLC. In accordance with this agreement, a promissory note, dated October 27, 1998, was written whereby South Gate Villas, LLC, would pay the Commission \$7,030,000. However, subject to certain provisions included in the disposition and development agreement, \$187,421 would be forgiven annually for each of the next twenty-nine years. Since the provisions indicated in the disposition and development agreement have been significantly met and the possibility of repayment is remote, no receivable has been reflected. The accounting treatment is in accordance with generally accepted accounting principles.

In addition, the Community Development Commission of the City of South Gate has land held for resale in the amount \$205,000 which was acquired and recorded at acquisition cost. Due to the downturn of the economic condition of the State and potential sale of the land in the future, the City may record a potential loss due to the fair market of the asset at the time of the sale.

(17) Restatements

The City no longer reports the American Rescue Plan Act as a major fund as it no longer meets the requirements of a major fund. Additionally, the City implemented *GASB 101: Compensated Absences* during the year. This adjustment recognized vacation, sick, and administrative leave (and applicable payroll taxes) that has not been used but is more likely than not to be used or settled in the future.

| | Government Wide | | Funds | |
|--|-------------------------|--------------------------|--------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | American Rescue Plan Act | Nonmajor Governmental |
| Net position at July 1, 2024, as previously reported | \$241,881,966 | \$ 66,048,752 | \$ 913,192 | \$ 41,739,207 |
| Change from major to nonmajor fund | - | - | (913,192) | 913,192 |
| Change in accounting principle (GASB 101) | (61,638) | (16,169) | - | - |
| Net position at July 1, 2024, as restated | <u>\$241,820,328</u> | <u>\$ 66,032,583</u> | <u>\$ -</u> | <u>\$ 42,652,399</u> |

REQUIRED SUPPLEMENTARY INFORMATION

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City of South Gate
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|-----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 52,620,936 | \$ 52,033,171 | \$ 51,413,830 | \$ (619,341) |
| Licenses and permits | 1,716,800 | 1,592,534 | 1,622,067 | 29,533 |
| Intergovernmental | 154,600 | 1,364,555 | 704,948 | (659,607) |
| Charges for services | 3,305,300 | 3,179,216 | 3,505,358 | 326,142 |
| Use of money and property (loss) | 506,700 | 796,852 | 1,521,048 | 724,196 |
| Fines and forfeitures | 1,427,697 | 1,559,268 | 1,568,859 | 9,591 |
| Rental | 2,030,228 | 1,599,516 | 237,849 | (1,361,667) |
| Miscellaneous | 4,892,740 | 6,649,614 | 6,017,090 | (632,524) |
| Total revenues | 66,655,001 | 68,774,726 | 66,591,049 | (2,183,677) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | | | | |
| City Council | 351,462 | 351,462 | 323,562 | 27,900 |
| City Clerk | 997,604 | 997,604 | 785,316 | 212,288 |
| City Treasurer | 75,592 | 75,592 | 69,656 | 5,936 |
| City Attorney | 1,688,037 | 1,688,037 | 1,786,879 | (98,842) |
| City Manager | 964,363 | 1,078,713 | 947,613 | 131,100 |
| Administrative Services | 5,252,030 | 5,091,024 | 4,667,879 | 423,145 |
| Total general government | 9,329,088 | 9,282,432 | 8,580,905 | 701,527 |
| Police | 32,787,553 | 30,267,896 | 30,121,331 | 146,565 |
| Community development | 5,147,391 | 5,402,585 | 4,634,837 | 767,748 |
| Parks & recreation | 12,916,199 | 14,291,608 | 12,774,084 | 1,517,524 |
| Public works | 6,417,340 | 6,743,959 | 6,247,695 | 496,264 |
| Principal | 1,630,000 | 1,630,000 | 1,729,582 | (99,582) |
| Interest and fiscal charges | 381,073 | 381,073 | 384,882 | (3,809) |
| Total expenditures | 68,608,644 | 67,999,553 | 64,473,316 | 3,526,237 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,953,643) | 775,173 | 2,117,733 | 1,342,560 |
| OTHER FINANCING (USES): | | | | |
| Issuance of leases | - | - | 56,857 | 56,857 |
| Transfers in | - | 188,700 | 2,636,253 | 2,447,553 |
| Transfers out | (202,384) | (2,911,086) | (5,386,334) | (2,475,248) |
| Total other financing (uses) | (202,384) | (2,722,386) | (2,693,224) | 29,162 |
| CHANGE IN FUND BALANCE | \$ (2,156,027) | \$ (1,947,213) | (575,491) | \$ 1,371,722 |
| Fund Balance: | | | | |
| Beginning of year | | | 37,630,366 | |
| End of year | | | <u>\$ 37,054,875</u> | |

See accompanying Notes to the Required Supplementary Information.

City of South Gate
Required Supplementary Information
Budgetary Comparison Schedule - Grants Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|----------------------|------------------------|------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 12,487,981 | \$ 24,415,816 | \$ 17,385,995 | \$ (7,029,821) |
| Total revenues | <u>12,487,981</u> | <u>24,415,816</u> | <u>17,385,995</u> | <u>(7,029,821)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | - | 5,000,705 | 891 | 4,999,814 |
| Total expenditures | <u>-</u> | <u>5,000,705</u> | <u>891</u> | <u>4,999,814</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>12,487,981</u> | <u>19,415,111</u> | <u>17,385,104</u> | <u>(2,030,007)</u> |
| OTHER FINANCING USES: | | | | |
| Transfers in | - | - | 1,132,029 | 1,132,029 |
| Transfers out | - | (42,980,831) | (21,087,493) | 21,893,338 |
| Total other financing uses | <u>-</u> | <u>(42,980,831)</u> | <u>(19,955,464)</u> | <u>23,025,367</u> |
| CHANGE IN FUND BALANCE | <u>\$ 12,487,981</u> | <u>\$ (23,565,720)</u> | <u>(2,570,360)</u> | <u>\$ 20,995,360</u> |
| FUND BALANCE (DEFICIT): | | | | |
| Beginning of year | | | <u>(10,339,428)</u> | |
| End of year | | | <u>\$ (12,909,788)</u> | |

See accompanying Notes to the Required Supplementary Information.

City of South Gate
Required Supplementary Information
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2025

Budgets and Budgetary Accounting

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

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

Expenditures for the year ended June 30, 2025, exceeded appropriations at the department or expenditure category level within the following funds:

| Fund | Appropriations | Expenditures | Excess |
|---------------|----------------|--------------|-------------|
| General Fund: | | | |
| City attorney | \$ 1,688,037 | \$ 1,786,879 | \$ (98,842) |
| Principal | 1,630,000 | 1,729,582 | (99,582) |
| Interest | 381,073 | 384,882 | (3,809) |

City of South Gate
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

| Measurement Period | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Service cost | \$ 3,814,580 | \$ 3,186,185 | \$ 3,205,823 | \$ 3,140,084 | \$ 3,054,995 |
| Interest on total pension liability | 13,767,000 | 12,976,797 | 12,686,538 | 12,388,906 | 11,842,099 |
| Changes in assumptions | - | 246,872 | 6,119,427 | - | - |
| Differences between expected and actual experience | 3,232,295 | (4,030,015) | (3,681,427) | (601,444) | 1,611,093 |
| Changes in benefit terms | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (8,534,043) | (7,980,476) | (7,805,031) | (7,011,754) | (6,369,348) |
| Net change in total pension liability | 12,279,832 | 4,399,363 | 10,525,330 | 7,915,792 | 10,138,839 |
| Total pension liability - beginning | 198,649,171 | 194,249,808 | 183,724,478 | 175,808,686 | 165,669,847 |
| Total pension liability - ending (a) | <u>\$ 210,929,003</u> | <u>\$ 198,649,171</u> | <u>\$ 194,249,808</u> | <u>\$ 183,724,478</u> | <u>\$ 175,808,686</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 5,626,503 | \$ 5,816,539 | \$ 5,234,731 | \$ 4,879,335 | \$ 4,439,314 |
| Contributions - employee | 1,688,116 | 1,320,586 | 1,213,666 | 1,142,823 | 1,242,255 |
| Net investment income ² | 15,118,910 | 9,241,247 | (12,317,517) | 30,325,923 | 6,383,436 |
| Benefit payments | (8,534,043) | (7,980,476) | (7,805,031) | (7,011,754) | (6,369,348) |
| Plan to plan resources movement | - | - | - | - | - |
| Administrative expense | (128,212) | (109,772) | (101,573) | (133,709) | (180,923) |
| Other Miscellaneous Income/(Expense) | - | - | - | - | - |
| Net change in plan fiduciary net position | 13,771,274 | 8,288,124 | (13,775,724) | 29,202,618 | 5,514,734 |
| Plan fiduciary net position - beginning | 157,565,982 | 149,277,858 | 163,053,582 | 133,850,964 | 128,336,230 |
| Plan fiduciary net position - ending (b) | <u>\$ 171,337,256</u> | <u>\$ 157,565,982</u> | <u>\$ 149,277,858</u> | <u>\$ 163,053,582</u> | <u>\$ 133,850,964</u> |
| Net pension liability - ending (a)-(b) | <u>\$ 39,591,747</u> | <u>\$ 41,083,189</u> | <u>\$ 44,971,950</u> | <u>\$ 20,670,896</u> | <u>\$ 41,957,722</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>81.23%</u> | <u>79.32%</u> | <u>76.85%</u> | <u>88.75%</u> | <u>76.13%</u> |
| Covered payroll | <u>\$23,564,125</u> | <u>\$15,962,851</u> | <u>\$ 17,709,348</u> | <u>\$ 16,037,124</u> | <u>\$ 15,607,907</u> |
| Net pension liability as a percentage of covered payroll | <u>168.02%</u> | <u>257.37%</u> | <u>253.94%</u> | <u>128.89%</u> | <u>255.04%</u> |

Notes:

Benefit changes: the figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years of Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: No changes in 2024. No assumption changes in 2023. In 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Actuarial Assumptions. None in 2021, 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent, net of administrative expense, to 7.65 percent, without a reduction for pension plan administrative expense.

City of South Gate
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

| Measurement Period | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Service cost | \$ 2,870,032 | \$ 2,850,621 | \$2,604,468 | \$2,261,496 | \$2,160,710 |
| Interest on total pension liability | 11,164,341 | 10,723,300 | 10,183,905 | 9,807,665 | 9,431,040 |
| Changes in assumptions | - | (532,576) | 9,063,137 | - | (2,453,625) |
| Differences between expected and actual experience | (1,377,295) | 961,061 | (1,443,448) | (1,238,446) | (399,523) |
| Changes in benefit terms | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (6,148,296) | (5,927,517) | (5,664,414) | (5,601,315) | (5,359,664) |
| Net change in total pension liability | 6,508,782 | 8,074,889 | 14,743,648 | 5,229,400 | 3,378,938 |
| Total pension liability - beginning | 159,161,065 | 151,086,176 | 136,342,528 | 131,113,128 | 127,734,190 |
| Total pension liability - ending (a) | <u>\$ 165,669,847</u> | <u>\$ 159,161,065</u> | <u>\$ 151,086,176</u> | <u>\$ 136,342,528</u> | <u>\$ 131,113,128</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 3,679,801 | \$ 3,025,649 | \$ 2,807,597 | \$ 2,371,025 | \$ 1,749,186 |
| Contributions - employee | 1,242,553 | 1,239,580 | 1,119,350 | 1,117,889 | 1,028,703 |
| Net investment income ² | 7,937,313 | 9,588,212 | 11,577,937 | 511,739 | 2,339,332 |
| Benefit payments | (6,148,296) | (5,927,517) | (5,664,414) | (5,601,315) | (5,359,664) |
| Plan to plan resources movement | - | (282) | 936 | (254) | (119,756) |
| Administrative expense | (86,856) | (178,114) | (154,457) | (64,773) | 4,871 |
| Other Miscellaneous Income/(Expense) | 282 | (338,242) | - | - | - |
| Net change in plan fiduciary net position | 6,624,797 | 7,409,286 | 9,686,949 | (1,665,689) | (357,328) |
| Plan fiduciary net position - beginning | 121,711,433 | 114,302,147 | 104,615,198 | 106,280,887 | 106,638,215 |
| Plan fiduciary net position - ending (b) | <u>\$ 128,336,230</u> | <u>\$ 121,711,433</u> | <u>\$ 114,302,147</u> | <u>\$ 104,615,198</u> | <u>\$ 106,280,887</u> |
| Net pension liability - ending (a)-(b) | <u>\$ 37,333,617</u> | <u>\$ 37,449,632</u> | <u>\$ 36,784,029</u> | <u>\$ 31,727,330</u> | <u>\$ 24,832,241</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>77.47%</u> | <u>76.47%</u> | <u>75.65%</u> | <u>76.73%</u> | <u>81.06%</u> |
| Covered payroll | <u>\$ 15,190,177</u> | <u>\$ 14,926,282</u> | <u>\$ 13,777,340</u> | <u>\$ 13,452,475</u> | <u>\$ 12,677,247</u> |
| Net pension liability as a percentage of covered payroll | <u>245.77%</u> | <u>250.90%</u> | <u>266.99%</u> | <u>235.85%</u> | <u>195.88%</u> |

City of South Gate
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

| Measurement Period | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Service cost | \$ 3,308 | \$ 2,831 | \$ 3,014 | \$ 7,560 | \$ 7,114 |
| Interest on total pension liability | 95,999 | 89,917 | 90,861 | 96,992 | 98,688 |
| Differences between expected and actual experience | (8,170) | 121,701 | (523) | (90,671) | (2,071) |
| Changes in assumptions | - | 13,430 | (48,124) | - | 42,502 |
| Benefit payments, including refunds of employee contributions | (109,851) | (170,828) | (107,816) | (107,996) | (103,183) |
| Net change in total pension liability | (18,714) | 57,051 | (62,588) | (94,115) | 43,050 |
| Total pension liability - beginning | 1,506,148 | 1,449,097 | 1,511,685 | 1,605,800 | 1,562,750 |
| Total pension liability - ending (a) | <u>\$ 1,487,434</u> | <u>\$ 1,506,148</u> | <u>\$ 1,449,097</u> | <u>\$ 1,511,685</u> | <u>\$ 1,605,800</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 78,989 | \$ 90,510 | \$ 93,404 | \$ 49,000 | \$ 96,005 |
| Net investment income | 128,988 | 83,716 | (160,749) | 261,564 | 35,713 |
| Benefit payments | (109,851) | (170,828) | (107,816) | (107,996) | (103,183) |
| Administrative expense | (5,649) | (5,596) | (6,101) | (5,830) | (5,484) |
| Net change in plan fiduciary net position | 92,477 | (2,198) | (181,262) | 196,738 | 23,051 |
| Plan fiduciary net position - beginning | 1,152,928 | 1,155,126 | 1,336,388 | 1,139,650 | 1,116,599 |
| Plan fiduciary net position - ending (b) | <u>\$ 1,245,405</u> | <u>\$ 1,152,928</u> | <u>\$ 1,155,126</u> | <u>\$ 1,336,388</u> | <u>\$ 1,139,650</u> |
| Net pension liability - ending (a)-(b) | <u>\$ 242,029</u> | <u>\$ 353,220</u> | <u>\$ 293,971</u> | <u>\$ 175,297</u> | <u>\$ 466,150</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 83.73% | 76.55% | 79.71% | 88.40% | 70.97% |
| Covered payroll | <u>\$ 139,938</u> | <u>\$ 158,424</u> | <u>\$ 147,697</u> | <u>\$ 142,716</u> | <u>\$ 321,270</u> |
| Net pension liability as a percentage of covered payroll | <u>172.95%</u> | <u>222.96%</u> | <u>199.04%</u> | <u>122.83%</u> | <u>145.10%</u> |

Notes:
Changes in assumptions: None in 2024. In 2023, the discount rate changed from 6.58% to 6.60%. In 2022, the payroll growth rate changed from 2.75% to 2.80%. None in 2021. In 2020, discount rate changed from 6.50% to 6.22%. In 2019, discount rate changed from 6.52% to 6.50%. In 2018, discount rate changed from 6.75% to 6.52%; payroll growth rate changed from 2.875% to 2.750%.

City of South Gate
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

| Measurement Period | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Service cost | \$ 6,565 | \$ 6,173 | \$ - | \$ 9,276 | \$ 9,006 |
| Interest on total pension liability | 94,584 | 97,115 | - | 95,683 | 94,489 |
| Differences between expected and actual experience | 62,961 | - | - | - | (29,211) |
| Changes in assumptions | 3,036 | 32,997 | 13,920 | - | 63,351 |
| Benefit payments, including refunds of employee contributions | (97,041) | (86,425) | - | (85,995) | (86,885) |
| Net change in total pension liability | 70,105 | 49,860 | 13,920 | 18,964 | 50,750 |
| Total pension liability - beginning | 1,492,645 | 1,442,785 | 1,428,865 | 1,409,901 | 1,359,151 |
| Total pension liability - ending (a) | <u>\$ 1,562,750</u> | <u>\$ 1,492,645</u> | <u>\$ 1,442,785</u> | <u>\$ 1,428,865</u> | <u>\$ 1,409,901</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 101,362 | \$ 89,422 | \$ - | \$ 89,262 | \$ 92,402 |
| Net investment income | 64,637 | 62,482 | - | 91,701 | 10,118 |
| Benefit payments | (97,041) | (86,425) | - | (85,995) | (86,885) |
| Administrative expense | (5,307) | (8,712) | - | (4,851) | (4,517) |
| Net change in plan fiduciary net position | 63,651 | 56,767 | - | 90,117 | 11,118 |
| Plan fiduciary net position - beginning | 1,052,948 | 996,181 | 996,181 | 906,064 | 894,946 |
| Plan fiduciary net position - ending (b) | <u>\$ 1,116,599</u> | <u>\$ 1,052,948</u> | <u>\$ 996,181</u> | <u>\$ 996,181</u> | <u>\$ 906,064</u> |
| Net pension liability - ending (a)-(b) | <u>\$ 446,151</u> | <u>\$ 439,697</u> | <u>\$ 446,604</u> | <u>\$ 432,684</u> | <u>\$ 503,837</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 71.45% | 70.54% | 69.05% | 69.72% | 64.26% |
| Covered payroll | <u>\$ 312,672</u> | <u>\$ 289,767</u> | <u>\$ 282,012</u> | <u>\$ 277,966</u> | <u>\$ 260,000</u> |
| Net pension liability as a percentage of covered payroll | <u>142.69%</u> | <u>151.74%</u> | <u>158.36%</u> | <u>155.66%</u> | <u>193.78%</u> |

City of South Gate
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

| Measurement Period | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 |
|---|---------------|---------------|---------------|---------------|---------------|
| Proportion of the Net Pension Liability | 0.60387% | 0.60966% | 0.66015% | 0.69752% | 0.53651% |
| Proportionate Share of the Net Pension Liability | \$ 69,440,275 | \$ 70,402,896 | \$ 66,510,995 | \$ 40,036,851 | \$ 58,374,278 |
| Covered Payroll | \$ 14,815,470 | \$ 13,177,044 | \$ 12,341,610 | \$ 8,592,734 | \$ 8,357,626 |
| Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll | 468.70% | 534.28% | 538.92% | 465.94% | 698.46% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 67.56% | 65.86% | 66.77% | 78.92% | 68.41% |

City of South Gate
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

| Measurement Period | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|---|---------------|---------------|---------------|---------------|---------------|
| Proportion of the Net Pension Liability | 0.52584% | 0.52052% | 0.49939% | 0.50255% | 0.49730% |
| Proportionate Share of the Net Pension Liability | \$ 53,883,494 | \$ 50,159,050 | \$ 49,525,601 | \$ 43,486,293 | \$ 34,133,907 |
| Covered Payroll | \$ 8,138,937 | \$ 8,109,044 | \$ 7,968,440 | \$ 7,367,602 | \$ 7,077,495 |
| Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll | 662.05% | 618.56% | 621.52% | 590.24% | 482.29% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 70.22% | 71.18% | 70.47% | 71.79% | 77.47% |

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

| Fiscal year | 2024-25 | 2023-24 | 2022-23 | 2021-22 | 2020-21 |
|---|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 5,679,517 | \$ 5,626,076 | \$ 5,816,585 | \$ 5,234,731 | \$ 4,879,335 |
| Contributions in relation to the actuarially determined contributions | (5,679,517) | (5,626,076) | (5,816,585) | (5,234,731) | (4,879,335) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll ¹ | \$22,244,505 | \$23,564,125 | \$15,962,851 | \$17,709,348 | \$16,037,124 |
| Contributions as a percentage of covered payroll ¹ | 25.53% | 23.88% | 36.44% | 29.56% | 25.06% |

¹ Covered Payroll represented above is based on pensionable earnings provided by the employer.

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-25 were from the June 30, 2022 public agency valuations.

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|--|
| Actuarial cost method | Entry Age Actuarial Cost Method |
| Amortization method/period | Level percentage of payroll |
| Asset valuation method | Fair value of assets |
| Inflation | 2.30% |
| Salary increases | Varies by entry age and service |
| Payroll growth | 2.80% |
| Investment rate of return | 6.80% net of pension plan investment and administrative expenses; includes inflation. |
| Retirement age | The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. |
| Mortality | The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. |

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

| Fiscal year | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 4,439,314 | \$ 3,679,801 | \$ 3,025,649 | \$ 2,807,597 | \$ 2,371,025 |
| Contributions in relation to the actuarially determined contributions | <u>(4,439,314)</u> | <u>(3,679,801)</u> | <u>(3,025,649)</u> | <u>(2,807,597)</u> | <u>(2,371,025)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered payroll ¹ | \$15,607,907 | \$ 15,190,177 | \$ 14,926,282 | \$ 13,777,340 | \$ 13,452,475 |
| Contributions as a percentage of covered payroll ¹ | 28.44% | 24.22% | 20.27% | 20.38% | 17.63% |

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

| Fiscal year | 2024-25 | 2023-24 | 2022-23 | 2021-22 | 2020-21 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 7,657,403 | \$ 6,352,315 | \$ 6,758,712 | \$ 6,175,454 | \$ 4,902,949 |
| Contributions in relation to the actuarially determined contributions | <u>(7,657,403)</u> | <u>(6,352,315)</u> | <u>(6,758,712)</u> | <u>(6,175,454)</u> | <u>(4,902,949)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered payroll ² | \$ 14,331,594 | \$ 14,815,470 | \$ 13,177,044 | \$ 12,341,610 | \$ 8,592,734 |
| Contributions as a percentage of covered payroll ² | 53.43% | 42.88% | 51.29% | 50.04% | 57.06% |

¹ Covered Payroll represented above is based on pensionable earnings provided by the employer.

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2024-25 were from the June 30, 2022 public agency valuations.

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|--|
| Actuarial cost method | Entry Age Actuarial Cost Method |
| Amortization method/period | Level percentage of payroll |
| Asset valuation method | Fair value of assets |
| Inflation | 2.30% |
| Salary increases | Varies by entry age and service |
| Payroll growth | 2.80% |
| Investment rate of return | 6.80% net of pension plan investment and administrative expenses; includes inflation. |
| Retirement age | The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. |
| Mortality | The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. |

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

| Fiscal year | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 4,902,949 | \$ 4,957,802 | \$ 4,399,729 | \$ 3,802,971 | \$ 3,802,971 |
| Contributions in relation to the actuarially determined contributions | <u>(4,902,949)</u> | <u>(4,957,802)</u> | <u>(4,399,729)</u> | <u>(3,802,971)</u> | <u>(3,802,971)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered payroll ¹ | \$ 8,357,626 | \$ 8,138,937 | \$ 8,109,044 | \$ 7,968,440 | \$ 7,367,602 |
| Contributions as a percentage of covered payroll ¹ | 57.06% | 59.28% | 54.06% | 46.90% | 47.73% |

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

| Fiscal year | 2024-25 | 2023-24 | 2022-23 | 2021-22 | 2020-21 |
|---|------------|-------------|-------------|------------|------------|
| Actuarially determined contribution | \$ 77,820 | \$ 56,817 | \$ 65,369 | \$ 114,778 | \$ 109,307 |
| Contributions in relation to the actuarially determined contributions | (80,009) | (78,989) | (90,510) | (93,404) | (96,005) |
| Contribution deficiency (excess) | \$ (2,189) | \$ (22,172) | \$ (25,141) | \$ 21,374 | \$ 13,302 |
| Covered payroll | \$ 143,856 | \$ 139,938 | \$ 158,424 | \$ 147,697 | \$ 142,716 |
| Contributions as a percentage of covered payroll | 55.62% | 56.45% | 57.13% | 63.24% | 67.27% |

Notes to Schedule

Valuation date: June 30, 2023

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method/period | Closed period, level percent of pay |
| Asset valuation method | Fair value |
| Inflation | 2.30% |
| Salary increases | Varies by entry age and service |
| Cost of living adjustment | 2.30% |
| Investment rate of return | 6.60% |
| Retirement age | Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans. |
| Mortality | Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans. |

City of South Gate
Required Supplementary Information
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

| Fiscal year | <u>2019-20</u> | <u>2018-19</u> | <u>2017-18</u> | <u>2016-17</u> | <u>2015-16</u> |
|---|-------------------|--------------------|-------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 92,251 | \$ 71,442 | \$ (3,073) | \$ 65,461 | \$ 61,230 |
| Contributions in relation to the actuarially determined contributions | <u>(101,362)</u> | <u>(89,422)</u> | <u>-</u> | <u>(89,262)</u> | <u>(92,402)</u> |
| Contribution deficiency (excess) | <u>\$ (9,111)</u> | <u>\$ (17,980)</u> | <u>\$ (3,073)</u> | <u>\$ (23,801)</u> | <u>\$ (31,172)</u> |
| Covered payroll | \$ 321,270 | \$ 312,672 | \$ 289,767 | \$ 282,012 | \$ 277,966 |
| Contributions as a percentage of covered payroll | 31.55% | 28.60% | 0.00% | 31.65% | 33.24% |

City of South Gate
Required Supplementary Information
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years

| Measurement Period | 2023-24 | 2022-23 | 2021-22 | 2020-21 | 2019-20 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Service cost | \$ 1,163,320 | \$ 908,615 | \$ 1,324,575 | \$ 1,342,086 | \$ 1,093,910 |
| Interest on total OPEB liability | 1,193,542 | 937,686 | 597,331 | 731,487 | 809,810 |
| Differences between expected and actual experience | 118,145 | 7,825,900 | (70,977) | (3,057,982) | (89,563) |
| Changes in assumptions | (949,996) | (3,254,055) | (6,152,215) | 3,139,649 | 2,719,276 |
| Implicit Subsidy Credit | (275,144) | (268,800) | (231,883) | (216,510) | (190,665) |
| Benefit payments, including refunds of employee contributions | (923,733) | (859,552) | (604,243) | (714,004) | (473,890) |
| Net change in total OPEB liability | 326,134 | 5,289,794 | (5,137,412) | 1,224,726 | 3,868,878 |
| Total OPEB liability - beginning | 30,356,893 | 25,067,099 | 30,204,511 | 28,979,785 | 25,110,907 |
| Total OPEB liability - ending (a) | <u>\$ 30,683,027</u> | <u>\$ 30,356,893</u> | <u>\$ 25,067,099</u> | <u>\$ 30,204,511</u> | <u>\$ 28,979,785</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 1,298,403 | \$ 1,198,877 | \$ 1,128,352 | \$ 836,126 | \$ 473,890 |
| Contributions - employee | - | - | - | - | - |
| Net investment income | - | - | - | - | - |
| Benefit payments | (1,298,403) | (1,198,877) | (1,128,352) | (836,126) | (473,890) |
| Recognized difference in proportion | - | - | - | - | - |
| Plan to plan resources movement | - | - | - | - | - |
| Administrative expense | - | - | - | - | - |
| Net change in plan fiduciary net position | - | - | - | - | - |
| Plan fiduciary net position - beginning | - | - | - | - | - |
| Plan fiduciary net position - ending (b) | <u>\$ -</u> |
| Net OPEB liability - ending (a)-(b) | <u>\$ 30,683,027</u> | <u>\$ 30,356,893</u> | <u>\$ 25,067,099</u> | <u>\$ 30,204,511</u> | <u>\$ 28,979,785</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Covered-employee payroll | <u>\$ 28,370,215</u> | <u>\$ 24,512,390</u> | <u>\$ 23,242,786</u> | <u>\$ 23,961,037</u> | <u>\$ 23,319,744</u> |
| Net OPEB liability as a percentage of covered-employee payroll | <u>108.15%</u> | <u>123.84%</u> | <u>107.85%</u> | <u>126.06%</u> | <u>120.88%</u> |

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

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

City of South Gate
Required Supplementary Information
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2025

Last Ten Fiscal Years

| Measurement Period | 2018-19 | 2017-18 | 2016-17 ¹ |
|---|----------------------|----------------------|----------------------|
| 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 |
| Implicit Subsidy Credit | - | - | (539,170) |
| Benefit payments, including refunds of employee contributions | (902,892) | (834,408) | (260,590) |
| Net change in total OPEB liability | (5,952,202) | 806,807 | 455,880 |
| Total OPEB liability - beginning | <u>31,063,109</u> | <u>30,256,302</u> | <u>29,800,422</u> |
| Total OPEB liability - ending (a) | <u>\$ 25,110,907</u> | <u>\$ 31,063,109</u> | <u>\$ 30,256,302</u> |
| 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) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net OPEB liability - ending (a)-(b) | <u>\$ 25,110,907</u> | <u>\$ 31,063,109</u> | <u>\$ 30,256,302</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Covered-employee payroll | <u>\$ 22,695,615</u> | <u>\$ 20,739,803</u> | <u>\$ 20,184,723</u> |
| Net OPEB liability as a percentage of covered-employee payroll | <u>110.64%</u> | <u>149.78%</u> | <u>149.90%</u> |

¹ Historical information is presented only for periods for which GASB 75 is implemented. The first year of implementation is 2016-17. The City has not established a trust for the purpose of holding assets accumulated for plan benefits.

City of South Gate
Required Supplementary Information
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2025

Last Ten Fiscal Years

| Fiscal year | 2024-25 | 2023-24 | 2022-23 | 2021-22 | 2020-21 |
|--|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution | \$ 1,298,403 | \$ 1,198,877 | \$ 1,128,352 | \$ 836,126 | \$ 752,739 |
| Contributions in relation to the actuarially | (1,298,403) | (1,198,877) | (1,128,352) | (836,126) | (930,513) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ (177,774) |
| Covered-employee payroll ² | \$ 38,379,595 | \$ 28,370,215 | \$ 24,512,390 | \$ 23,242,786 | \$ 23,961,037 |
| Contributions as a percentage of covered payroll | 3.38% | 4.23% | 4.60% | 3.60% | 3.88% |

¹ Historical information is presented only for

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

Notes to Schedule

Valuation date: June 30, 2023

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Discount Rate | 4.09% |
| Inflation | 2.30% |
| Healthcare Cost Trend Rate | 4.17% trending down to 4.14% over 51 years |
| Salary increases | 2.80% |
| Retirement age | According to the retirement rates under the most recent CalPERS pension plan experience study. |
| Mortality | According to the mortality rates under the CalPERS pension plan updated to reflect the most recent experience study |

City of South Gate
Required Supplementary Information
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2025

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

¹ Historical information is presented only for

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

Notes to Schedule

Valuation date: June 30, 2023

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Discount Rate | 4.09% |
| Inflation | 2.30% |
| Healthcare Cost Trend Rate | 4.17% trending down to 4.14% over 51 years |
| Salary increases | 2.80% |
| Retirement age | According to the retirement rates under the most recent CalPERS pension plan experience study. |
| Mortality | According to the mortality rates under the CalPERS pension plan updated to reflect the most recent experience study |

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SUPPLEMENTARY INFORMATION

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Improvement Projects Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Capital outlay | 18,167,598 | 87,365,813 | 29,932,605 | 57,433,208 |
| Total expenditures | <u>18,167,598</u> | <u>87,365,813</u> | <u>29,932,605</u> | <u>57,433,208</u> |
| REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | <u>(18,167,598)</u> | <u>(87,365,813)</u> | <u>(29,932,605)</u> | <u>57,433,208</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 18,167,598 | 86,854,641 | 31,103,840 | (55,750,801) |
| Transfers out | - | - | (2,284,596) | 2,284,596 |
| Total other financing sources (uses) | <u>18,167,598</u> | <u>86,854,641</u> | <u>28,819,244</u> | <u>(55,750,801)</u> |
| CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ (511,172)</u> | <u>(1,113,361)</u> | <u>\$ 1,682,407</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,961,530</u> | |
| End of year | | | <u>\$ 848,169</u> | |

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

Housing Authority Fund - This fund is used to account for revenues from the U.S. Department of Housing and Urban Development for housing assistance (Section 8) payments to eligible participants.

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

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

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

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

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

TDA Bikeway Fund - This fund accounts for revenue received on a per capita basis from funds administered by Los Angeles County Metropolitan Transportation Authority (MTA).

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued):

Street Lighting & Landscaping Fund - This fund accounts for revenues received through a citywide street lighting assessment for street lighting and traffic signal maintenance.

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

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

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

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

CASp Fund - This fund accounts for revenues received under the SB 1186 (\$1) and the SB 1379 (\$4) State legislation that assesses a fee when business licenses and equivalent permits are issued or renewed. The CASp program is designed to meet the public's need for experienced, trained, and tested individuals (Certified Access Specialists) who can inspect buildings and sites for compliance with applicable state and federal construction standards.

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued):

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

Integrated Waste Management Fund - This fund is to account for tracking AB 939 compliance fees by solid waste haulers.

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

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

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

City of South Gate
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

Special Revenue

| | Community Development Block Grant | Housing Authority | HOME Program | Housing Successor | Law Enforcement Grants |
|--|---|----------------------|---------------------|----------------------|------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 3,614 | \$ 304,735 | \$ 578,237 | \$ - | \$ 3,354,047 |
| Receivables: | | | | | |
| Accounts | 450 | 110,437 | - | 17,758 | - |
| Loans | 1,244,235 | 14,415 | 5,941,409 | 638,922 | - |
| Interest | - | 487 | - | 164 | 14,831 |
| Due from other governments | 962,587 | 64,594 | - | - | 28,752 |
| Property held for resale | - | - | - | 3,150,000 | - |
| Total assets | <u>\$ 2,210,886</u> | <u>\$ 494,668</u> | <u>\$ 6,519,646</u> | <u>\$ 3,806,844</u> | <u>\$ 3,397,630</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 280,787 | \$ 229,038 | \$ 14,371 | \$ 9,475 | \$ 118,975 |
| Retention payable | - | - | 2,508 | - | - |
| Unearned revenue | 132,431 | - | 313,435 | - | - |
| Deposits | - | - | - | 23,054 | - |
| Due to other funds | 891,262 | 275,202 | - | 188,415 | 93,945 |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | <u>1,304,480</u> | <u>504,240</u> | <u>330,314</u> | <u>220,944</u> | <u>212,920</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenues | - | - | 52,052 | - | 7,258 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>52,052</u> | <u>-</u> | <u>7,258</u> |
| Fund Balances: | | | | | |
| Restricted | 906,406 | - | 6,137,280 | 3,585,900 | 3,177,452 |
| Unassigned (deficit) | - | (9,572) | - | - | - |
| Total fund balances | <u>906,406</u> | <u>(9,572)</u> | <u>6,137,280</u> | <u>3,585,900</u> | <u>3,177,452</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 2,210,886</u> | <u>\$ 494,668</u> | <u>\$ 6,519,646</u> | <u>\$ 3,806,844</u> | <u>\$ 3,397,630</u> |

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

Special Revenue

| | West Santa Ana Branch TOD SIP | Air Quality Improvement | TDA Bikeway | Gas Tax | Street Sweeping |
|--|-------------------------------------|----------------------------|-----------------|---------------------|--------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 16,946 | \$ 316,568 | \$ - | \$ 2,277,639 | \$ 47,066 |
| Receivables: | | | | | |
| Accounts | - | - | - | 337 | 136,329 |
| Loans | - | - | - | - | - |
| Interest | 74 | 1,863 | - | 11,087 | 918 |
| Due from other governments | - | 32,277 | - | 218,858 | - |
| Property held for resale | - | - | - | - | - |
| Total assets | <u>\$ 17,020</u> | <u>\$ 350,708</u> | <u>\$ -</u> | <u>\$ 2,507,921</u> | <u>\$ 184,313</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 449,998 | \$ 33,320 |
| Retention payable | - | - | - | - | - |
| Unearned revenue | - | - | - | 74,293 | - |
| Deposits | - | - | - | - | - |
| Due to other funds | - | - | 87,756 | - | - |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>87,756</u> | <u>524,291</u> | <u>33,320</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenues | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Restricted | 17,020 | 350,708 | - | 1,983,630 | 150,993 |
| Unassigned (deficit) | - | - | (87,756) | - | - |
| Total fund balances | <u>17,020</u> | <u>350,708</u> | <u>(87,756)</u> | <u>1,983,630</u> | <u>150,993</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 17,020</u> | <u>\$ 350,708</u> | <u>\$ -</u> | <u>\$ 2,507,921</u> | <u>\$ 184,313</u> |

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

Special Revenue

| | Prop A Transit | Prop C Transit | UDAG | Public Access Corporation | Street Lighting & Landscaping |
|--|---------------------|---------------------|-------------------|---------------------------------|----------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 8,677,714 | \$ 4,328,552 | \$ 447,095 | \$ 109,720 | \$ 6,092 |
| Receivables: | | | | | |
| Accounts | - | - | - | 9,148 | 9,856 |
| Loans | - | - | - | - | - |
| Interest | 35,788 | 30,503 | 1,958 | 475 | - |
| Due from other governments | - | - | - | - | 34,717 |
| Property held for resale | - | - | - | - | - |
| Total assets | <u>\$ 8,713,502</u> | <u>\$ 4,359,055</u> | <u>\$ 449,053</u> | <u>\$ 119,343</u> | <u>\$ 50,665</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 248,135 | \$ 32,964 | \$ - | \$ 1,761 | \$ 113,254 |
| Retention payable | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| Due to other funds | - | - | - | - | 74,878 |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | <u>248,135</u> | <u>32,964</u> | <u>-</u> | <u>1,761</u> | <u>188,132</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenues | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Restricted | 8,465,367 | 4,326,091 | 449,053 | 117,582 | - |
| Unassigned (deficit) | - | - | - | - | (137,467) |
| Total fund balances | <u>8,465,367</u> | <u>4,326,091</u> | <u>449,053</u> | <u>117,582</u> | <u>(137,467)</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 8,713,502</u> | <u>\$ 4,359,055</u> | <u>\$ 449,053</u> | <u>\$ 119,343</u> | <u>\$ 50,665</u> |

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

| | Special Revenue | | | | |
|--|----------------------|--|----------------------|---------------------|-------------------|
| | Measure R Transit | Road Repair & Accountability Act | Measure M Transit | Park Enhancement | CASp |
| ASSETS | | | | | |
| Cash and investments | \$ 2,654,365 | \$ 4,056,086 | \$ 2,216,041 | \$ 1,751,545 | \$ 123,775 |
| Receivables: | | | | | |
| Accounts | - | - | - | 5,911 | - |
| Loans | - | - | - | - | - |
| Interest | 13,176 | 19,164 | 10,408 | 7,502 | 510 |
| Due from other governments | 3,789 | 445,925 | - | - | - |
| Property held for resale | - | - | - | - | - |
| Total assets | <u>\$ 2,671,330</u> | <u>\$ 4,521,175</u> | <u>\$ 2,226,449</u> | <u>\$ 1,764,958</u> | <u>\$ 124,285</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 154,425 | \$ - | \$ 107,717 | \$ - | \$ - |
| Retention payable | - | - | - | 448 | - |
| Unearned revenue | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | <u>154,425</u> | <u>-</u> | <u>107,717</u> | <u>448</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenues | <u>3,789</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>3,789</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Restricted | 2,513,116 | 4,521,175 | 2,118,732 | 1,764,510 | 124,285 |
| Unassigned (deficit) | - | - | - | - | - |
| Total fund balances | <u>2,513,116</u> | <u>4,521,175</u> | <u>2,118,732</u> | <u>1,764,510</u> | <u>124,285</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 2,671,330</u> | <u>\$ 4,521,175</u> | <u>\$ 2,226,449</u> | <u>\$ 1,764,958</u> | <u>\$ 124,285</u> |

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

| | Special Revenue | | | | |
|--|-------------------------|-------------------------------|---|----------------------------|-------------------------------------|
| | Measure W Stormwater | Used Oil Recycling Program | Beverage Container Recycling Program | Road Mitigation Program | Housing Authority Development |
| ASSETS | | | | | |
| Cash and investments | \$ 1,601,539 | \$ 543 | \$ 61,426 | \$ 289,549 | \$ - |
| Receivables: | | | | | |
| Accounts | - | - | - | - | - |
| Loans | - | - | - | - | - |
| Interest | 2,834 | - | 210 | 8,016 | - |
| Due from other governments | - | - | - | - | - |
| Property held for resale | - | - | - | - | 1,800,000 |
| Total assets | <u>\$ 1,604,373</u> | <u>\$ 543</u> | <u>\$ 61,636</u> | <u>\$ 297,565</u> | <u>\$ 1,800,000</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 96,145 | \$ 14,383 | \$ 23,014 | \$ - | \$ 5,023 |
| Retention payable | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| Due to other funds | - | - | - | - | 188,412 |
| Advances from other funds | - | - | - | - | 1,813,000 |
| Total liabilities | <u>96,145</u> | <u>14,383</u> | <u>23,014</u> | <u>-</u> | <u>2,006,435</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenues | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Restricted | 1,508,228 | - | 38,622 | 297,565 | - |
| Unassigned (deficit) | - | (13,840) | - | - | (206,435) |
| Total fund balances | <u>1,508,228</u> | <u>(13,840)</u> | <u>38,622</u> | <u>297,565</u> | <u>(206,435)</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,604,373</u> | <u>\$ 543</u> | <u>\$ 61,636</u> | <u>\$ 297,565</u> | <u>\$ 1,800,000</u> |

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

| | Special Revenue | | | | |
|--|--|---------------------------------|-----------------------------------|---------------|------------------|
| | Permanent Local Housing Allocation Grant | Emergency Housing Voucher | Integrated Waste Management | SB 2 Grant | LEAP Grant |
| ASSETS | | | | | |
| Cash and investments | \$ - | \$ 63,686 | \$ 586,249 | \$ - | \$ - |
| Receivables: | | | | | |
| Accounts | - | 40,644 | 54,738 | - | - |
| Loans | - | - | - | - | - |
| Interest | - | - | 1,956 | - | - |
| Due from other governments | 16,452 | - | - | - | - |
| Property held for resale | - | - | - | - | - |
| Total assets | <u>\$ 16,452</u> | <u>\$ 104,330</u> | <u>642,943</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 764 | \$ 5,059 | \$ - | \$ - | \$ - |
| Retention payable | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Deposits | - | - | - | - | - |
| Due to other funds | - | - | - | - | 285,368 |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | <u>764</u> | <u>5,059</u> | <u>-</u> | <u>-</u> | <u>285,368</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenues | <u>16,452</u> | <u>9,678</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>16,452</u> | <u>9,678</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Restricted | - | 89,593 | 642,943 | - | - |
| Unassigned (deficit) | <u>(764)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(285,368)</u> |
| Total fund balances | <u>(764)</u> | <u>89,593</u> | <u>642,943</u> | <u>-</u> | <u>(285,368)</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 16,452</u> | <u>104,330</u> | <u>642,943</u> | <u>\$ -</u> | <u>\$ -</u> |

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

| | Special Revenue | |
|--|-------------------------------------|--|
| | American Rescue Plan Act Fund | Total Nonmajor Governmental Funds |
| | | |
| ASSETS | | |
| Cash and investments | \$ 4,795,113 | \$ 38,667,942 |
| Receivables: | | |
| Accounts | - | 385,608 |
| Loans | - | 7,838,981 |
| Interest | 53,064 | 214,988 |
| Due from other governments | - | 1,807,951 |
| Property held for resale | - | 4,950,000 |
| Total assets | \$ 4,848,177 | \$ 53,865,470 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 203,647 | \$ 2,142,255 |
| Retention payable | - | 2,956 |
| Unearned revenue | 4,509,250 | 5,029,409 |
| Deposits | - | 23,054 |
| Due to other funds | - | 2,085,238 |
| Advances from other funds | - | 1,813,000 |
| Total liabilities | 4,712,897 | 11,095,912 |
| Deferred inflows of resources: | | |
| Unavailable revenues | - | 89,229 |
| Total deferred inflows of resources | - | 89,229 |
| Fund Balances: | | |
| Restricted | 135,280 | 43,421,531 |
| Unassigned (deficit) | - | (741,202) |
| Total fund balances | 135,280 | 42,680,329 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 4,848,177 | \$ 53,865,470 |

(Concluded)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

| | Special Revenue | | | | |
|---|---|----------------------|---------------------|----------------------|------------------------------|
| | Community Development Block Grant | Housing Authority | HOME Program | Housing Successor | Law Enforcement Grants |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | 2,519,283 | 6,624,030 | - | - | 1,528,358 |
| Charges for services | - | - | - | - | - |
| Use of money and property | - | 2,143 | - | 21,753 | 129,389 |
| Miscellaneous | - | - | - | - | 10,304 |
| Total revenues | <u>2,519,283</u> | <u>6,626,173</u> | <u>-</u> | <u>21,753</u> | <u>1,668,051</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Police | - | - | - | - | 754,742 |
| Community development | 1,066,068 | 6,739,005 | 138,614 | 19,807 | - |
| Parks & recreation | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Capital outlay | - | - | - | - | 366,164 |
| Debt service: | | | | | |
| Principal | - | - | - | - | 147,705 |
| Interest and fiscal charges | - | - | - | - | 9,280 |
| Total expenditures | <u>1,066,068</u> | <u>6,739,005</u> | <u>138,614</u> | <u>19,807</u> | <u>1,277,891</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,453,215</u> | <u>(112,832)</u> | <u>(138,614)</u> | <u>1,946</u> | <u>390,160</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of lease | - | - | - | - | 100,824 |
| Transfers in | - | - | - | - | - |
| Transfers out | <u>(1,539,170)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(1,539,170)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>100,824</u> |
| CHANGES IN FUND BALANCES | <u>(85,955)</u> | <u>(112,832)</u> | <u>(138,614)</u> | <u>1,946</u> | <u>490,984</u> |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year, as previously presented | 992,361 | 103,260 | 6,275,894 | 3,583,954 | 2,686,468 |
| Change within financial reporting entity (major to nonmajor) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Beginning of year, as adjusted | <u>992,361</u> | <u>103,260</u> | <u>6,275,894</u> | <u>3,583,954</u> | <u>2,686,468</u> |
| End of year | <u>\$ 906,406</u> | <u>\$ (9,572)</u> | <u>\$ 6,137,280</u> | <u>\$ 3,585,900</u> | <u>\$ 3,177,452</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, 2025

| | Special Revenue | | | | |
|---|-------------------------------------|----------------------------|--------------------|---------------------|--------------------|
| | West Santa Ana Branch TOD SIP | Air Quality Improvement | TDA Bikeway | Gas Tax | Street Sweeping |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | - | 123,601 | 124,800 | 2,569,131 | - |
| Charges for services | - | - | - | - | 716,668 |
| Use of money and property | 667 | 17,783 | - | 95,444 | 11,575 |
| Miscellaneous | - | - | - | - | - |
| Total revenues | <u>667</u> | <u>141,384</u> | <u>124,800.00</u> | <u>2,664,575</u> | <u>728,243</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Police | - | - | - | - | - |
| Community development | - | 8,092 | - | - | - |
| Parks & recreation | - | - | - | - | - |
| Public works | - | - | - | 2,636,191 | 961,871 |
| Capital outlay | - | 265,953 | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>274,045</u> | <u>-</u> | <u>2,636,191</u> | <u>961,871</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>667</u> | <u>(132,661)</u> | <u>124,800.00</u> | <u>28,384</u> | <u>(233,628)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of lease | - | - | - | - | - |
| Transfers in | - | - | 179,136 | - | - |
| Transfers out | - | (35,000) | (53,936) | (259,999) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(35,000)</u> | <u>125,200</u> | <u>(259,999)</u> | <u>-</u> |
| CHANGES IN FUND BALANCES | <u>667</u> | <u>(167,661)</u> | <u>250,000</u> | <u>(231,615)</u> | <u>(233,628)</u> |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year, as previously presented | 16,353 | 518,369 | (337,756) | 2,215,245 | 384,621 |
| Change within financial reporting entity (major to nonmajor) | - | - | - | - | - |
| Beginning of year, as adjusted | <u>16,353</u> | <u>518,369</u> | <u>(337,756)</u> | <u>2,215,245</u> | <u>384,621</u> |
| End of year | <u>\$ 17,020</u> | <u>\$ 350,708</u> | <u>\$ (87,756)</u> | <u>\$ 1,983,630</u> | <u>\$ 150,993</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, 2025

| | Special Revenue | | | | |
|---|---------------------|---------------------|-------------------|---------------------------------|----------------------------------|
| | Prop A Transit | Prop C Transit | UDAG | Public Access Corporation | Street Lighting & Landscaping |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 2,003,582 |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | 2,590,749 | 2,015,988 | - | - | - |
| Charges for services | 93,363 | - | - | 39,011 | - |
| Use of money and property | 396,546 | 273,926 | 17,583 | 4,048 | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | <u>3,080,658</u> | <u>2,289,914</u> | <u>17,583</u> | <u>43,059</u> | <u>2,003,582</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | 29,852 | - |
| Police | - | - | - | - | - |
| Community development | 2,120,237 | - | - | - | - |
| Parks & recreation | - | - | - | - | - |
| Public works | - | 231,282 | - | - | 3,272,849 |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | 76,364 |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>2,120,237</u> | <u>231,282</u> | <u>-</u> | <u>29,852</u> | <u>3,349,213</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>960,421</u> | <u>2,058,632</u> | <u>17,583</u> | <u>13,207</u> | <u>(1,345,631)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of lease | - | - | - | - | - |
| Transfers in | - | - | - | - | 1,208,164 |
| Transfers out | - | (3,488,900) | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(3,488,900)</u> | <u>-</u> | <u>-</u> | <u>1,208,164</u> |
| CHANGES IN FUND BALANCES | <u>960,421</u> | <u>(1,430,268)</u> | <u>17,583</u> | <u>13,207</u> | <u>(137,467)</u> |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year, as previously presented | 7,504,946 | 5,756,359 | 431,470 | 104,375 | - |
| Change within financial reporting entity (major to nonmajor) | - | - | - | - | - |
| Beginning of year, as adjusted | <u>7,504,946</u> | <u>5,756,359</u> | <u>431,470</u> | <u>104,375</u> | <u>-</u> |
| End of year | <u>\$ 8,465,367</u> | <u>\$ 4,326,091</u> | <u>\$ 449,053</u> | <u>\$ 117,582</u> | <u>\$ (137,467)</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, 2025

| | Special Revenue | | | | |
|---|----------------------|--|----------------------|---------------------|-------------------|
| | Measure R Transit | Road Repair & Accountability Act | Measure M Transit | Park Enhancement | CASP |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | 12,024 |
| Intergovernmental | 1,511,711 | 2,530,491 | 1,712,719 | - | - |
| Charges for services | - | - | - | 287,199 | - |
| Use of money and property | 143,813 | 182,447 | 104,069 | 65,737 | 4,383 |
| Miscellaneous | - | - | - | - | - |
| Total revenues | <u>1,655,524</u> | <u>2,712,938</u> | <u>1,816,788</u> | <u>352,936</u> | <u>16,407</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Police | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Parks & recreation | - | - | - | 33,622 | - |
| Public works | 1,196,575 | - | 1,772,059 | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>1,196,575</u> | <u>-</u> | <u>1,772,059</u> | <u>33,622</u> | <u>-</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>458,949</u> | <u>2,712,938</u> | <u>44,729</u> | <u>319,314</u> | <u>16,407</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of lease | - | - | - | - | - |
| Transfers in | - | - | - | - | - |
| Transfers out | (437,074) | (1,509,894) | (264,183) | (9,907) | - |
| Total other financing sources (uses) | <u>(437,074)</u> | <u>(1,509,894)</u> | <u>(264,183)</u> | <u>(9,907)</u> | <u>-</u> |
| CHANGES IN FUND BALANCES | 21,875 | 1,203,044 | (219,454) | 309,407 | 16,407 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year, as previously presented | 2,491,241 | 3,318,131 | 2,338,186 | 1,455,103 | 107,878 |
| Change within financial reporting entity (major to nonmajor) | - | - | - | - | - |
| Beginning of year, as adjusted | <u>2,491,241</u> | <u>3,318,131</u> | <u>2,338,186</u> | <u>1,455,103</u> | <u>107,878</u> |
| End of year | <u>\$ 2,513,116</u> | <u>\$ 4,521,175</u> | <u>\$ 2,118,732</u> | <u>\$ 1,764,510</u> | <u>\$ 124,285</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, 2025

| | Special Revenue | | | | |
|---|-------------------------|-------------------------------|--|----------------------------|-------------------------------------|
| | Measure W Stormwater | Used Oil Recycling Program | Beverage Container Recycling Program | Road Mitigation Program | Housing Authority Development |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | 985,917 | 13,216 | 23,401 | - | - |
| Charges for services | - | - | - | - | - |
| Use of money and property | 30,371 | - | 1,708 | 86,124 | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | <u>1,016,288</u> | <u>13,216.00</u> | <u>25,109</u> | <u>86,124</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Police | - | - | - | - | - |
| Community development | - | - | - | - | 16,093 |
| Parks & recreation | - | - | - | - | - |
| Public works | 519,746 | 27,006 | 29,809 | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>519,746</u> | <u>27,006</u> | <u>29,809</u> | <u>-</u> | <u>16,093</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>496,542</u> | <u>(13,790)</u> | <u>(4,700)</u> | <u>86,124</u> | <u>(16,093)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of lease | - | - | - | - | - |
| Transfers in | 973,431 | 12,967 | - | - | - |
| Transfers out | (171,818) | - | - | (1,589,574) | - |
| Total other financing sources (uses) | <u>801,613</u> | <u>12,967.00</u> | <u>-</u> | <u>(1,589,574)</u> | <u>-</u> |
| CHANGES IN FUND BALANCES | <u>1,298,155</u> | <u>(823)</u> | <u>(4,700)</u> | <u>(1,503,450)</u> | <u>(16,093)</u> |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year, as previously presented | 210,073 | (13,017) | 43,322 | 1,801,015 | (190,342) |
| Change within financial reporting entity (major to nonmajor) | - | - | - | - | - |
| Beginning of year, as adjusted | <u>210,073</u> | <u>(13,017)</u> | <u>43,322</u> | <u>1,801,015</u> | <u>(190,342)</u> |
| End of year | <u>\$ 1,508,228</u> | <u>\$ (13,840)</u> | <u>\$ 38,622</u> | <u>\$ 297,565</u> | <u>\$ (206,435)</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, 2025

| | Special Revenue | | | | |
|---|--|---------------------------------|-----------------------------------|------------------|---------------------|
| | Permanent Local Housing Allocation Grant | Emergency Housing Voucher | Integrated Waste Management | SB 2 Grant | LEAP Grant |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | - | 420,606 | 314,389 | - | - |
| Charges for services | - | - | - | - | - |
| Use of money and property | - | - | 11,204 | - | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>420,606</u> | <u>325,593</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Police | - | - | - | - | - |
| Community development | 4,465 | 397,032 | - | - | 69,286 |
| Parks & recreation | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>4,465</u> | <u>397,032</u> | <u>-</u> | <u>-</u> | <u>69,286</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(4,465)</u> | <u>23,574</u> | <u>325,593</u> | <u>-</u> | <u>(69,286)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of lease | - | - | - | - | - |
| Transfers in | 26,337 | - | - | 202,953 | - |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | <u>26,337</u> | <u>-</u> | <u>-</u> | <u>202,953</u> | <u>-</u> |
| CHANGES IN FUND BALANCES | 21,872 | 23,574 | 325,593 | 202,953 | (69,286) |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year, as previously presented | (22,636) | 66,019 | 317,350 | (202,953) | (216,082) |
| Change within financial reporting entity (major to nonmajor) | - | - | - | - | - |
| Beginning of year, as adjusted | <u>(22,636)</u> | <u>66,019</u> | <u>317,350</u> | <u>(202,953)</u> | <u>(216,082)</u> |
| End of year | <u>\$ (764)</u> | <u>\$ 89,593</u> | <u>\$ 642,943</u> | <u>\$ -</u> | <u>\$ (285,368)</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, 2025

| | <u>Special Revenue</u> | |
|---|-------------------------------------|--|
| | American Rescue Plan Act Fund | Total Nonmajor Governmental Funds |
| REVENUES: | | |
| Taxes | \$ - | \$ 2,003,582 |
| Licenses and permits | - | 12,024 |
| Intergovernmental | 9,777,251 | 35,385,641 |
| Charges for services | - | 1,136,241 |
| Use of money and property | 390,614 | 1,991,327 |
| Miscellaneous | - | 10,304 |
| Total revenues | 10,167,865 | 40,539,119 |
| EXPENDITURES: | | |
| Current: | | |
| General government | 9,282,548 | 9,312,400 |
| Police | 494,702 | 1,249,444 |
| Community development | - | 10,578,699 |
| Parks & recreation | - | 33,622 |
| Public works | - | 10,647,388 |
| Capital outlay | - | 632,117 |
| Debt service: | | |
| Principal | - | 224,069 |
| Interest and fiscal charges | - | 9,280 |
| Total expenditures | 9,777,250 | 32,687,019 |
| REVENUES OVER (UNDER) EXPENDITURES | 390,615 | 7,852,100 |
| OTHER FINANCING SOURCES (USES): | | |
| Issuance of lease | - | 100,824 |
| Transfers in | - | 2,602,988 |
| Transfers out | (1,168,527) | (10,527,982) |
| Total other financing sources (uses) | (1,168,527) | (7,824,170) |
| CHANGES IN FUND BALANCES | (777,912) | 27,930 |
| FUND BALANCES (DEFICIT): | | |
| Beginning of year, as previously presented | - | 41,739,207 |
| Change within financial reporting entity (major to nonmajor) | 913,192 | 913,192 |
| Beginning of year, as adjusted | 913,192 | 42,652,399 |
| End of year | \$ 135,280 | \$ 42,680,329 |

(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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|-------------------|-----------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,245,005 | \$ 1,245,005 | \$ 2,519,283 | \$ 1,274,278 |
| Total revenues | <u>1,245,005</u> | <u>1,245,005</u> | <u>2,519,283</u> | <u>1,274,278</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 851,731 | 1,436,771 | 1,066,068 | 370,703 |
| Total expenditures | <u>851,731</u> | <u>1,436,771</u> | <u>1,066,068</u> | <u>370,703</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>393,274</u> | <u>(191,766)</u> | <u>1,453,215</u> | <u>1,644,981</u> |
| OTHER FINANCING (USES): | | | | |
| Transfers out | - | (1,080,769) | (1,539,170) | (458,401) |
| Total other financing sources (uses) | <u>-</u> | <u>(1,080,769)</u> | <u>(1,539,170)</u> | <u>(458,401)</u> |
| CHANGE IN FUND BALANCE | <u>\$ 393,274</u> | <u>\$ (1,272,535)</u> | <u>(85,955)</u> | <u>\$ 1,186,580</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>992,361</u> | |
| End of year | | | <u>\$ 906,406</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|---------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 5,875,600 | \$ 5,875,600 | \$ 6,624,030 | \$ 748,430 |
| Use of money and property | 7,000 | 7,000 | 2,143 | (4,857) |
| Total revenues | <u>5,882,600</u> | <u>5,882,600</u> | <u>6,626,173</u> | <u>743,573</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 6,291,666 | 5,799,950 | 6,739,005 | (939,055) |
| Total expenditures | <u>6,291,666</u> | <u>5,799,950</u> | <u>6,739,005</u> | <u>(939,055)</u> |
| CHANGE IN FUND BALANCE | <u>\$ (409,066)</u> | <u>\$ 82,650</u> | (112,832) | <u>\$ (195,482)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>103,260</u> | |
| End of year | | | <u>\$ (9,572)</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|--------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 564,831 | \$ 564,831 | \$ - | \$ (564,831) |
| Total revenues | <u>564,831</u> | <u>564,831</u> | <u>-</u> | <u>(564,831)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 579,562 | 816,916 | 138,614 | 678,302 |
| Total expenditures | <u>579,562</u> | <u>816,916</u> | <u>138,614</u> | <u>678,302</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(14,731)</u> | <u>(252,085)</u> | <u>(138,614)</u> | <u>113,471</u> |
| CHANGE IN FUND BALANCE | <u>\$ (14,731)</u> | <u>\$ (252,085)</u> | <u>(138,614)</u> | <u>\$ 113,471</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>6,275,894</u> | |
| End of year | | | <u>\$ 6,137,280</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 61,668 | \$ 61,668 | \$ 21,753 | \$ (39,915) |
| Total revenues | <u>61,668</u> | <u>61,668</u> | <u>21,753</u> | <u>(39,915)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 120,544 | 120,544 | 19,807 | 100,737 |
| Total expenditures | <u>120,544</u> | <u>120,544</u> | <u>19,807</u> | <u>100,737</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(58,876)</u> | <u>(58,876)</u> | <u>1,946</u> | <u>60,822</u> |
| CHANGE IN FUND BALANCE | <u>\$ (58,876)</u> | <u>\$ (58,876)</u> | <u>1,946</u> | <u>\$ 60,822</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>3,583,954</u> | |
| End of year | | | <u>\$ 3,585,900</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,451,755 | \$ 1,707,332 | \$ 1,528,358 | \$ (178,974) |
| Use of money and property | 34,190 | 34,190 | 129,389 | 95,199 |
| Miscellaneous | - | - | 10,304 | 10,304 |
| Total revenues | <u>1,485,945</u> | <u>1,741,522</u> | <u>1,668,051</u> | <u>(73,471)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Police | 1,472,611 | 1,738,762 | 754,742 | 984,020 |
| Capital outlay | 283,076 | 756,515 | 366,164 | 390,351 |
| Debt service: | | | | |
| Principal | - | - | 147,705 | (147,705) |
| Interest and fiscal charges | - | - | 9,280 | (9,280) |
| Total expenditures | <u>1,755,687</u> | <u>2,495,277</u> | <u>1,277,891</u> | <u>1,217,386</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(269,742)</u> | <u>(753,755)</u> | <u>390,160</u> | <u>1,143,915</u> |
| CHANGE IN FUND BALANCE | <u>\$ (269,742)</u> | <u>\$ (753,755)</u> | 490,984 | <u>\$ 1,244,739</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>2,686,468</u> | |
| End of year | | | <u>\$ 3,177,452</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
West Santa Ana Branch TOD SIP
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|------------------|---------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Use of money and property | - | - | 667 | 667 |
| Total revenues | - | - | 667 | 667 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community Development | - | 159,658 | - | 159,658 |
| Total expenditures | - | 159,658 | - | 159,658 |
| CHANGE IN FUND BALANCE | \$ - | \$ (159,658) | 667 | \$ 160,325 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 16,353 | |
| End of year | | | \$ 17,020 | |

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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|--------------------|---------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 126,600 | \$ 126,600 | \$ 123,601 | \$ (2,999) |
| Use of money and property | 65,000 | 65,000 | 17,783 | (47,217) |
| Total revenues | <u>191,600</u> | <u>191,600</u> | <u>141,384</u> | <u>(50,216)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 7,913 | 7,913 | 8,092 | (179) |
| Capital outlay | 277,636 | 288,000 | 265,953 | 22,047 |
| Total expenditures | <u>285,549</u> | <u>295,913</u> | <u>274,045</u> | <u>21,868</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(93,949)</u> | <u>(104,313)</u> | <u>(132,661)</u> | <u>(28,348)</u> |
| OTHER FINANCING (USES): | | | | |
| Transfers out | - | (35,000) | (35,000) | - |
| Total other financing (uses) | <u>-</u> | <u>(35,000)</u> | <u>(35,000)</u> | <u>-</u> |
| CHANGE IN FUND BALANCE | <u>\$ (93,949)</u> | <u>\$ (139,313)</u> | <u>(167,661)</u> | <u>\$ (28,348)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>518,369</u> | |
| End of year | | | <u>\$ 350,708</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
TDA Bikeway Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|---------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 95,120 | \$ 95,120 | \$ 124,800 | \$ 29,680 |
| Total revenues | <u>95,120</u> | <u>95,120</u> | <u>124,800</u> | <u>29,680</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>95,120</u> | <u>95,120</u> | <u>124,800</u> | <u>29,680</u> |
| OTHER FINANCING (USES): | | | | |
| Transfers in | - | - | 179,136 | 179,136 |
| Transfers out | - | (228,128) | (53,936) | 174,192 |
| Total other financing (uses) | <u>-</u> | <u>(228,128)</u> | <u>125,200</u> | <u>353,328</u> |
| CHANGE IN FUND BALANCE | <u>\$ 95,120</u> | <u>\$ (133,008)</u> | 250,000 | <u>\$ 383,008</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>(337,756)</u> | |
| End of year | | | <u>\$ (87,756)</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|---------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,519,456 | \$ 2,519,456 | \$ 2,569,131 | \$ 49,675 |
| Use of money and property | 25,700 | 25,700 | 95,444 | 69,744 |
| Total revenues | <u>2,545,156</u> | <u>2,545,156</u> | <u>2,664,575</u> | <u>119,419</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 2,860,791 | 3,395,369 | 2,636,191 | 759,178 |
| Total expenditures | <u>2,860,791</u> | <u>3,395,369</u> | <u>2,636,191</u> | <u>759,178</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(315,635)</u> | <u>(850,213)</u> | <u>28,384</u> | <u>878,597</u> |
| OTHER FINANCING (USES): | | | | |
| Transfers out | - | (1,104,398) | (259,999) | 844,399 |
| Total other financing (uses) | <u>-</u> | <u>(1,104,398)</u> | <u>(259,999)</u> | <u>844,399</u> |
| CHANGE IN FUND BALANCE | <u>\$ (315,635)</u> | <u>\$ (1,954,611)</u> | <u>(231,615)</u> | <u>\$ 1,722,996</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>2,215,245</u> | |
| End of year | | | <u>\$ 1,983,630</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|---------------------|---------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 703,000 | \$ 703,000 | \$ 716,668 | \$ 13,668 |
| Use of money and property | 6,400 | 6,400 | 11,575 | 5,175 |
| Total revenues | <u>709,400</u> | <u>709,400</u> | <u>728,243</u> | <u>18,843</u> |
| EXPENDITURES: | | | | |
| Public works | 943,002 | 941,794 | 961,871 | (20,077) |
| Total expenditures | <u>943,002</u> | <u>941,794</u> | <u>961,871</u> | <u>(20,077)</u> |
| CHANGE IN FUND BALANCE | <u>\$ (233,602)</u> | <u>\$ (232,394)</u> | (233,628) | <u>\$ (1,234)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>384,621</u> | |
| End of year | | | <u>\$ 150,993</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,888,818 | \$ 2,888,818 | \$ 2,590,749 | \$ (298,069) |
| Charges for services | 92,300 | 92,300 | 93,363 | 1,063 |
| Use of money and property | 97,500 | 97,500 | 396,546 | 299,046 |
| Miscellaneous | 8,500 | 8,500 | - | (8,500) |
| Total revenues | <u>3,087,118</u> | <u>3,087,118</u> | <u>3,080,658</u> | <u>(6,460)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 2,886,886 | 2,780,561 | 2,120,237 | 660,324 |
| Total expenditures | <u>2,986,886</u> | <u>2,780,561</u> | <u>2,120,237</u> | <u>660,324</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>100,232</u> | <u>306,557</u> | <u>960,421</u> | <u>653,864</u> |
| CHANGE IN FUND BALANCE | <u>\$ 100,232</u> | <u>\$ 306,557</u> | 960,421 | <u>\$ 653,864</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>7,504,946</u> | |
| End of year | | | <u>\$ 8,465,367</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|----------------------------|------------------------------|----------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,161,039 | \$ 2,161,039 | \$ 2,015,988 | \$ (145,051) |
| Use of money and property | 75,000 | 75,000 | 273,926 | 198,926 |
| Total revenues | <u>2,236,039</u> | <u>2,236,039</u> | <u>2,289,914</u> | <u>53,875</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 594,002 | 644,002 | 231,282 | 412,720 |
| Total expenditures | <u>594,002</u> | <u>644,002</u> | <u>231,282</u> | <u>412,720</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,642,037</u> | <u>1,592,037</u> | <u>2,058,632</u> | <u>466,595</u> |
| OTHER FINANCING (USES): | | | | |
| Transfers out | - | (5,393,983) | (3,488,900) | 1,905,083 |
| Total other financing (uses) | <u>-</u> | <u>(5,393,983)</u> | <u>(3,488,900)</u> | <u>1,905,083</u> |
| CHANGE IN FUND BALANCE | <u><u>\$ 1,642,037</u></u> | <u><u>\$ (3,801,946)</u></u> | <u>(1,430,268)</u> | <u><u>\$ 2,371,678</u></u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>5,756,359</u> | |
| End of year | | | <u><u>\$ 4,326,091</u></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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|-------------------------------|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 6,500 | \$ 6,500 | \$ 17,583 | \$ 11,083 |
| Total revenues | <u>6,500</u> | <u>6,500</u> | <u>17,583</u> | <u>11,083</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 30,000 | 30,000 | - | 30,000 |
| Total expenditures | <u>30,000</u> | <u>30,000</u> | <u>-</u> | <u>30,000</u> |
| CHANGE IN FUND BALANCE | <u>\$ (23,500)</u> | <u>\$ (23,500)</u> | 17,583 | <u>\$ 41,083</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>431,470</u> | |
| End of year | | | <u>\$ 449,053</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|----------------------------------|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 60,000 | \$ 60,000 | \$ 39,011 | \$ (20,989) |
| Use (loss) of money and property | 500 | 500 | 4,048 | 3,548 |
| Total revenues | <u>60,500</u> | <u>60,500</u> | <u>43,059</u> | <u>(17,441)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | <u>18,845</u> | <u>18,845</u> | <u>29,852</u> | <u>(11,007)</u> |
| Total expenditures | <u>18,845</u> | <u>18,845</u> | <u>29,852</u> | <u>(11,007)</u> |
| CHANGE IN FUND BALANCE | <u>\$ 41,655</u> | <u>\$ 41,655</u> | 13,207 | <u>\$ (28,448)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>104,375</u> | |
| End of year | | | <u>\$ 117,582</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|-----------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ 2,003,582 | \$ 2,003,582 |
| Total revenues | <u>-</u> | <u>-</u> | <u>2,003,582</u> | <u>2,003,582</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 3,403,768 | 3,227,271 | 3,272,849 | (45,578) |
| Debt service: | | | | |
| Principal | - | - | 76,364 | (76,364) |
| Total expenditures | <u>3,403,768</u> | <u>3,227,271</u> | <u>3,349,213</u> | <u>(121,942)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(3,403,768)</u> | <u>(3,227,271)</u> | <u>(1,345,631)</u> | <u>1,881,640</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 1,208,164 | 1,208,164 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>1,208,164</u> | <u>1,208,164</u> |
| CHANGE IN FUND BALANCE | <u>\$ (3,403,768)</u> | <u>\$ (3,227,271)</u> | <u>(137,467)</u> | <u>\$ 3,089,804</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | - | |
| End of year | | | <u>\$ (137,467)</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,620,780 | \$ 1,620,780 | \$ 1,511,711 | \$ (109,069) |
| Use of money and property | 16,000 | 16,000 | 143,813 | 127,813 |
| Total revenues | <u>1,636,780</u> | <u>1,636,780</u> | <u>1,655,524</u> | <u>18,744</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 1,543,771 | 2,234,725 | 1,196,575 | 1,038,150 |
| Total expenditures | <u>1,543,771</u> | <u>2,234,725</u> | <u>1,196,575</u> | <u>1,038,150</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>93,009</u> | <u>(597,945)</u> | <u>458,949</u> | <u>1,056,894</u> |
| OTHER FINANCING (USES): | | | | |
| Transfers out | - | (857,956) | (437,074) | 420,882 |
| Total other financing (uses) | <u>-</u> | <u>(857,956)</u> | <u>(437,074)</u> | <u>420,882</u> |
| CHANGE IN FUND BALANCE | <u>\$ 93,009</u> | <u>\$ (1,455,901)</u> | 21,875 | <u>\$ 1,477,776</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>2,491,241</u> | |
| End of year | | | <u>\$ 2,513,116</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,370,569 | \$ 2,370,569 | \$ 2,530,491 | \$ 159,922 |
| Use of money and property | 75,800 | 75,800 | 182,447 | 106,647 |
| Total revenues | <u>2,446,369</u> | <u>2,446,369</u> | <u>2,712,938</u> | <u>266,569</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>2,446,369</u> | <u>2,446,369</u> | <u>2,712,938</u> | <u>266,569</u> |
| OTHER FINANCING (USES): | | | | |
| Transfers out | - | (3,160,407) | (1,509,894) | 1,650,513 |
| Total other financing (uses) | <u>-</u> | <u>(3,160,407)</u> | <u>(1,509,894)</u> | <u>1,650,513</u> |
| CHANGE IN FUND BALANCE | <u>\$ 2,446,369</u> | <u>\$ (714,038)</u> | 1,203,044 | <u>\$ 1,917,082</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>3,318,131</u> | |
| End of year | | | <u>\$ 4,521,175</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|--------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,836,884 | \$ 1,836,884 | \$ 1,712,719 | \$ (124,165) |
| Use of money and property | 16,000 | 16,000 | 104,069 | 88,069 |
| Total revenues | <u>1,852,884</u> | <u>1,852,884</u> | <u>1,816,788</u> | <u>(36,096)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 1,913,034 | 1,941,850 | 1,772,059 | 169,791 |
| Total expenditures | <u>1,913,034</u> | <u>1,941,850</u> | <u>1,772,059</u> | <u>169,791</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(60,150)</u> | <u>(88,966)</u> | <u>44,729</u> | <u>133,695</u> |
| OTHER FINANCING (USES): | | | | |
| Transfers out | - | (598,890) | (264,183) | 334,707 |
| Total other financing (uses) | <u>-</u> | <u>(598,890)</u> | <u>(264,183)</u> | <u>334,707</u> |
| CHANGE IN FUND BALANCE | <u>\$ (60,150)</u> | <u>\$ (687,856)</u> | <u>(219,454)</u> | <u>\$ 468,402</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>2,338,186</u> | |
| End of year | | | <u>\$ 2,118,732</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|-------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ 291,593 | \$ 291,593 | \$ 287,199 | \$ (4,394) |
| Use of money and property | 16,000 | 16,000 | 65,737 | 49,737 |
| Total revenues | <u>307,593</u> | <u>307,593</u> | <u>352,936</u> | <u>45,343</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Parks & recreation | 103,958 | 103,958 | 33,622 | 70,336 |
| Total expenditures | <u>103,958</u> | <u>103,958</u> | <u>33,622</u> | <u>70,336</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>203,635</u> | <u>203,635</u> | <u>319,314</u> | <u>115,679</u> |
| OTHER FINANCING (USES): | | | | |
| Transfers out | - | (868,560) | (9,907) | 858,653 |
| Total other financing (uses) | <u>-</u> | <u>(868,560)</u> | <u>(9,907)</u> | <u>858,653</u> |
| CHANGE IN FUND BALANCE | <u>\$ 203,635</u> | <u>\$ (664,925)</u> | 309,407 | <u>\$ 974,332</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,455,103</u> | |
| End of year | | | <u>\$ 1,764,510</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, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 15,888 | \$ 15,888 | \$ 12,024 | \$ (3,864) |
| Use of money and property | 1,100 | 1,100 | 4,383 | 3,283 |
| Total revenues | <u>16,988</u> | <u>16,988</u> | <u>16,407</u> | <u>(581)</u> |
| CHANGE IN FUND BALANCE | <u>\$ 16,988</u> | <u>\$ 16,988</u> | 16,407 | <u>\$ (581)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>107,878</u> | |
| End of year | | | <u>\$ 124,285</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure W Stormwater Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|---------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,009,259 | \$ 1,009,259 | \$ 985,917 | \$ (23,342) |
| Use of money and property | 17,700 | 17,700 | 30,371 | 12,671 |
| Total revenues | <u>1,026,959</u> | <u>1,026,959</u> | <u>1,016,288</u> | <u>(10,671)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | - | - | 519,746 | (519,746) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>519,746</u> | <u>(519,746)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>1,026,959</u> | <u>1,026,959</u> | <u>496,542</u> | <u>(530,417)</u> |
| OTHER FINANCING (USES): | | | | |
| Transfers in | - | - | 973,431 | 973,431 |
| Transfers out | - | (299,625) | (171,818) | 127,807 |
| Total other financing (uses) | <u>-</u> | <u>(299,625)</u> | <u>801,613</u> | <u>1,101,238</u> |
| CHANGE IN FUND BALANCE | <u>\$ 1,026,959</u> | <u>\$ 727,334</u> | <u>1,298,155</u> | <u>\$ 570,821</u> |
| Beginning of year | | | <u>210,073</u> | |
| End of year | | | <u>\$ 1,508,228</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Used Oil Recycling Program Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 14,400 | \$ 14,400 | \$ 13,216 | \$ (1,184) |
| Total revenues | <u>14,400</u> | <u>14,400</u> | <u>13,216</u> | <u>(1,184)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | - | - | 27,006 | (27,006) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>27,006</u> | <u>(27,006)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>14,400</u> | <u>14,400</u> | <u>(13,790)</u> | <u>(28,190)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 12,967 | (28,190) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>12,967</u> | <u>12,967</u> |
| CHANGE IN FUND BALANCE | <u>\$ 14,400</u> | <u>\$ 14,400</u> | (823) | <u>\$ (15,223)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>(13,017)</u> | |
| End of year | | | <u>\$ (13,840)</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Beverage Container Recycling Program Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 24,000 | \$ 24,000 | \$ 23,401 | \$ (599) |
| Use of money and property | 500 | 500 | 1,708 | 1,208 |
| Total revenues | <u>24,500</u> | <u>24,500</u> | <u>25,109</u> | <u>609</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | - | - | 29,809 | (29,809) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>29,809</u> | <u>(29,809)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>24,500</u> | <u>24,500</u> | <u>(4,700)</u> | <u>(29,200)</u> |
| CHANGE IN FUND BALANCE | <u>\$ 24,500</u> | <u>\$ 24,500</u> | <u>(4,700)</u> | <u>\$ (29,200)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>43,322</u> | |
| End of year | | | <u>\$ 38,622</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Road Mitigation Program Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|-----------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses and permits | \$ 50,000 | \$ 50,000 | \$ - | \$ (50,000) |
| Use of money and property | 25,000 | 25,000 | 86,124 | 61,124 |
| Total revenues | <u>75,000</u> | <u>75,000</u> | <u>86,124</u> | <u>11,124</u> |
| REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | <u>75,000</u> | <u>75,000</u> | <u>86,124</u> | <u>11,124</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (1,734,474) | (1,589,574) | 144,900 |
| Total other financing sources (uses) | <u>-</u> | <u>(1,734,474)</u> | <u>(1,589,574)</u> | <u>144,900</u> |
| CHANGE IN FUND BALANCE | <u>\$ 75,000</u> | <u>\$ (1,659,474)</u> | (1,503,450) | <u>\$ 156,024</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,801,015</u> | |
| End of year | | | <u>\$ 297,565</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing Authority - Development Projects Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|----------------------------|----------------------------|----------------------------|-------------------------------|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | \$ 173,033 | \$ 173,033 | \$ 16,093 | \$ 156,940 |
| Total expenditures | <u>173,033</u> | <u>173,033</u> | <u>16,093</u> | <u>156,940</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(173,033)</u> | <u>(173,033)</u> | <u>(16,093)</u> | <u>156,940</u> |
| CHANGE IN FUND BALANCE | <u><u>\$ (173,033)</u></u> | <u><u>\$ (173,033)</u></u> | <u>(16,093)</u> | <u><u>\$ 156,940</u></u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>(190,342)</u> | |
| End of year | | | <u><u>\$ (206,435)</u></u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Permanent Local Housing Allocation Grant Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|---------------------|---------------------|-------------------|-------------------------------|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 74,400 | 74,400 | 4,465 | 69,935 |
| Total expenditures | 74,400 | 74,400 | 4,465 | 69,935 |
| REVENUES OVER (UNDER) EXPENDITURES | | | | |
| | (74,400) | (74,400) | (4,465) | 69,935 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 26,337 | 26,337 |
| Transfers out | (248,210) | (248,210) | - | 248,210 |
| Total other financing sources (uses) | (248,210) | (248,210) | 26,337 | 274,547 |
| CHANGE IN FUND BALANCE | <u>\$ (322,610)</u> | <u>\$ (322,610)</u> | 21,872 | <u>\$ 344,482</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>(22,636)</u> | |
| End of year | | | <u>\$ (764)</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Emergency Housing Voucher Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 222,000 | \$ 222,000 | \$ 420,606 | \$ 198,606 |
| Total revenues | <u>222,000</u> | <u>222,000</u> | <u>420,606</u> | <u>198,606</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | <u>200,000</u> | <u>200,000</u> | <u>397,032</u> | <u>(197,032)</u> |
| Total expenditures | <u>200,000</u> | <u>200,000</u> | <u>397,032</u> | <u>(197,032)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>22,000</u> | <u>22,000</u> | <u>23,574</u> | <u>1,574</u> |
| CHANGE IN FUND BALANCE | <u>\$ 22,000</u> | <u>\$ 22,000</u> | 23,574 | <u>\$ 1,574</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>66,019</u> | |
| End of year | | | <u>\$ 89,593</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Integrated Waste Management Grant Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|-------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Current: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 314,389 | \$ 314,389 |
| Use of money and property | - | - | 11,204 | 11,204 |
| Total revenues | - | - | 325,593 | 325,593 |
| REVENUES OVER (UNDER) EXPENDITURES | - | - | 325,593 | 325,593 |
| CHANGE IN FUND BALANCE | \$ - | \$ - | 325,593 | \$ 325,593 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 317,350 | |
| End of year | | | \$ 642,943 | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SB 2 Grant Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|-------------|-------------------|-------------------------------|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | \$ - | \$ - | \$ - | \$ - |
| Total expenditures | - | - | - | - |
| REVENUES OVER (UNDER) EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 202,953 | 202,953 |
| Total other financing sources (uses) | - | - | 202,953 | 202,953 |
| CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 202,953 | <u>\$ 202,953</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>(202,953)</u> | |
| End of year | | | <u>\$ -</u> | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
LEAP Grant Special Revenue Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|------------------|-------|-------------------|-------------------------------|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | \$ - | \$ - | \$ 69,286 | \$ (69,286) |
| Total expenditures | - | - | 69,286 | (69,286) |
| REVENUES OVER (UNDER) EXPENDITURES | - | - | (69,286) | (69,286) |
| CHANGE IN FUND BALANCE | \$ - | \$ - | (69,286) | \$ (69,286) |
| FUND BALANCE: | | | | |
| Beginning of year | | | (216,082) | |
| End of year | | | \$ (285,368) | |

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
American Rescue Plan Act Fund
For the Year Ended June 30, 2025

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|-----------------------|------------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 9,777,251 | \$ 9,777,251 |
| Use of money and property | 150,000 | 150,000 | 390,614 | 240,614 |
| Total revenues | <u>150,000</u> | <u>150,000</u> | <u>10,167,865</u> | <u>10,017,865</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 5,670,000 | 7,834,554 | 9,282,548 | (1,447,994) |
| Police | - | - | 494,702 | (494,702) |
| Total expenditures | <u>5,670,000</u> | <u>7,834,554</u> | <u>9,777,250</u> | <u>(1,942,696)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(5,520,000)</u> | <u>(7,684,554)</u> | <u>390,615</u> | <u>8,075,169</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (4,856,583) | (1,168,527) | 3,688,056 |
| Total other financing sources (uses) | <u>-</u> | <u>(4,856,583)</u> | <u>(1,168,527)</u> | <u>3,688,056</u> |
| CHANGE IN FUND BALANCE | <u>\$ (5,520,000)</u> | <u>\$ (12,541,137)</u> | <u>(777,912)</u> | <u>\$ 11,763,225</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>913,192</u> | |
| End of year | | | <u>\$ 135,280</u> | |

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

City of South Gate
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

| | Insurance | Information Systems | Fleet Management | Capital Asset & Equipment Replacement |
|---|-----------------------|------------------------|---------------------|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 8,991,729 | \$ 2,110,911 | \$ 1,295,619 | \$ 5,266,532 |
| Accounts receivable | 6,428 | - | - | - |
| Accrued interest | 21,452 | 5,908 | 3,980 | 23,424 |
| Total current assets | <u>9,019,609</u> | <u>2,116,819</u> | <u>1,299,599</u> | <u>5,289,956</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Depreciable assets, net of accumulated depreciation | - | 1,151,783 | 646,935 | 2,062,877 |
| Total capital assets, net | <u>-</u> | <u>1,151,783</u> | <u>646,935</u> | <u>2,062,877</u> |
| Total assets | <u>9,019,609</u> | <u>3,268,602</u> | <u>1,946,534</u> | <u>7,352,833</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows of resources related to pensions | 104,146 | 145,689 | 238,390 | - |
| Deferred outflows of resources related to OPEB | 56,845 | 118,743 | 194,521 | - |
| Total deferred outflows of resources | <u>160,991</u> | <u>264,432</u> | <u>432,911</u> | <u>-</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 15,948 | 325,699 | 60,299 | 70,396 |
| Interest payable | - | 2,407 | 898 | 6,414 |
| Due to other funds | - | - | - | - |
| Compensated absences, due within one year | 1,730 | 4,342 | 4,091 | - |
| Claims and judgments, due within one year | 2,234,729 | - | - | - |
| Long-term debt, due within one year | - | 178,285 | 20,148 | 54,979 |
| Total OPEB liability, due within one year | <u>7,362</u> | <u>15,314</u> | <u>24,989</u> | <u>-</u> |
| Total current liabilities | <u>2,259,769</u> | <u>526,047</u> | <u>110,425</u> | <u>131,789</u> |
| Noncurrent liabilities: | | | | |
| Long-term debt, due in more than one year | - | 5,029 | 24,892 | 122,188 |
| Compensated absences, due in more than one year | 18,779 | 47,130 | 44,414 | - |
| Claims and judgments, due in more than one year | 15,398,394 | - | - | - |
| Net pension liability | 409,475 | 572,808 | 937,280 | - |
| Total OPEB liability, due in more than one year | <u>166,614</u> | <u>346,583</u> | <u>565,545</u> | <u>-</u> |
| Total noncurrent liabilities | <u>15,993,262</u> | <u>971,550</u> | <u>1,572,131</u> | <u>122,188</u> |
| Total liabilities | <u>18,253,031</u> | <u>1,497,597</u> | <u>1,682,556</u> | <u>253,977</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows of resources related to pensions | 9,618 | 13,455 | 22,017 | - |
| Deferred inflows of resources related to OPEB | 62,831 | 130,185 | 211,649 | - |
| Total deferred inflows of resources | <u>72,449</u> | <u>143,640</u> | <u>233,666</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | - | 968,469 | 601,895 | 1,885,710 |
| Unrestricted (deficit) | (9,144,880) | 923,328 | (138,672) | 5,213,146 |
| Total net position | <u>\$ (9,144,880)</u> | <u>\$ 1,891,797</u> | <u>\$ 463,223</u> | <u>\$ 7,098,856</u> |

City of South Gate
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2025

| | Building & Infrastructure Maintenance | Total |
|--|---|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and investments | \$ 3,000,000 | \$ 20,664,791 |
| Accounts receivable | - | 6,428 |
| Accrued interest | - | 54,764 |
| Total current assets | <u>3,000,000</u> | <u>20,725,983</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Depreciable assets, net of accumulated depreciation | 649,008 | 4,510,603 |
| Total capital assets, net | <u>649,008</u> | <u>4,510,603</u> |
| Total assets | <u>3,649,008</u> | <u>25,236,586</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources related to pension plan | - | 488,225 |
| Deferred outflows of resources related to OPEB | - | 370,109 |
| Total deferred outflows of resources | <u>-</u> | <u>858,334</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 25,925 | 498,267 |
| Accrued liabilities | - | 9,719 |
| Due to other funds | 539,435 | 539,435 |
| Compensated absences, due within one year | - | 10,163 |
| Claims and judgments, due within one year | - | 2,234,729 |
| Long-term debt, due within one year | - | 253,412 |
| Total OPEB liability, due within one year | <u>-</u> | <u>47,665</u> |
| Total current liabilities | <u>565,360</u> | <u>3,593,390</u> |
| Noncurrent liabilities: | | |
| Long-term debt, due in more than one year | - | 152,109 |
| Compensated absences, due in more than one year | - | 110,323 |
| Claims and judgments, due in more than one year | - | 15,398,394 |
| Net pension liability | - | 1,919,563 |
| Total OPEB liability, due in more than one year | <u>-</u> | <u>1,078,742</u> |
| Total noncurrent liabilities | <u>-</u> | <u>18,659,131</u> |
| Total liabilities | <u>565,360</u> | <u>22,252,521</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources related to pensions | - | 45,090 |
| Deferred inflows of resources related to OPEB | - | 404,665 |
| Total deferred inflows of resources | <u>-</u> | <u>449,755</u> |
| NET POSITION | | |
| Net investment in capital assets | 649,008 | 4,105,082 |
| Unrestricted (deficit) | 2,434,640 | (712,438) |
| Total net position | <u>\$ 3,083,648</u> | <u>\$ 3,392,644</u> |

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

| | Insurance | Information Systems | Fleet Management | Capital Asset & Equipment Replacement |
|---|-----------------------|------------------------|---------------------|---|
| OPERATING REVENUES: | | | | |
| Interdepartmental charges | \$ 8,597,593 | \$ 1,964,212 | \$ 1,989,035 | \$ 581,324 |
| Total operating revenues | <u>8,597,593</u> | <u>1,964,212</u> | <u>1,989,035</u> | <u>581,324</u> |
| OPERATING EXPENSES: | | | | |
| Personnel services | 393,289 | 708,560 | 940,353 | - |
| Utilities | - | 14,582 | - | - |
| Contractual services | 159,039 | 241,782 | 157,266 | - |
| Administrative services | 88,169 | 180,725 | 172,490 | - |
| Repair and maintenance | - | 270,317 | 21,290 | 17,674 |
| Supplies | 2,023 | 13,782 | 831,554 | - |
| Insurance | 6,210,611 | - | - | - |
| Claim expense | 5,434,557 | - | - | - |
| Depreciation expense | - | 365,860 | 50,987 | 297,680 |
| Total operating expenses | <u>12,287,688</u> | <u>1,795,608</u> | <u>2,173,940</u> | <u>315,354</u> |
| Operating income (loss) | <u>(3,690,095)</u> | <u>168,604</u> | <u>(184,905)</u> | <u>265,970</u> |
| NONOPERATING REVENUES: | | | | |
| Interest expense | - | (7,731) | (3,630) | (14,683) |
| Interest income (loss) | 186,675 | 44,479 | 45,438 | 208,252 |
| Total nonoperating revenues | <u>186,675</u> | <u>36,748</u> | <u>41,808</u> | <u>193,569</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(3,503,420)</u> | <u>205,352</u> | <u>(143,097)</u> | <u>459,539</u> |
| TRANSFERS: | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total transfers | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Changes in net position | <u>(3,503,420)</u> | <u>205,352</u> | <u>(143,097)</u> | <u>459,539</u> |
| NET POSITION: | | | | |
| Beginning of year, as previously reported | (5,642,915) | 1,693,927 | 620,346 | 6,639,317 |
| Change in accounting principle (GASB 101) | 1,455 | (7,482) | (14,026) | - |
| Beginning of year, as restated | <u>(5,641,460)</u> | <u>1,686,445</u> | <u>606,320</u> | <u>6,639,317</u> |
| End of year | <u>\$ (9,144,880)</u> | <u>\$ 1,891,797</u> | <u>\$ 463,223</u> | <u>\$ 7,098,856</u> |

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)
Internal Service Funds
For the Year Ended June 30, 2025

| | Building & Infrastructure Maintenance | Total |
|---|---|---------------------|
| OPERATING REVENUES: | | |
| Interdepartmental charges | \$ 167,400 | \$ 13,299,564 |
| Total operating revenues | <u>167,400</u> | <u>13,299,564</u> |
| OPERATING EXPENSES: | | |
| Personnel services | - | 2,042,202 |
| Utilities | - | 14,582 |
| Contractual services | - | 558,087 |
| Administrative services | - | 441,384 |
| Repair and maintenance | 423,124 | 732,405 |
| Supplies | - | 847,359 |
| Insurance | - | 6,210,611 |
| Claim expense | - | 5,434,557 |
| Depreciation expense | 108,892 | 823,419 |
| Total operating expenses | <u>532,016</u> | <u>17,104,606</u> |
| Operating income (loss) | <u>(364,616)</u> | <u>(3,805,042)</u> |
| NONOPERATING REVENUES: | | |
| Interest expense | - | (26,044) |
| Interest income (loss) | - | 484,844 |
| Total nonoperating revenues | <u>-</u> | <u>458,800</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(364,616)</u> | <u>(3,346,242)</u> |
| TRANSFERS: | | |
| Transfers in | 3,234,898 | 3,234,898 |
| Transfers out | (11,783) | (11,783) |
| Total transfers | <u>3,223,115</u> | <u>3,223,115</u> |
| Changes in net position | 2,858,499 | (123,127) |
| NET POSITION: | | |
| Beginning of year, as previously reported | 225,149 | 3,535,824 |
| Change in accounting principle (GASB 101) | - | (20,053) |
| Beginning of year, as restated | <u>225,149</u> | <u>3,515,771</u> |
| End of year | <u>\$ 3,083,648</u> | <u>\$ 3,392,644</u> |

City of South Gate
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

| | <u>Insurance</u> | <u>Information Systems</u> | <u>Fleet Management</u> | <u>Capital Asset & Equipment Replacement</u> |
|--|---------------------|--------------------------------|-----------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from interfund service provided | \$ 8,592,554 | \$ 1,964,212 | \$ 1,989,944 | \$ 581,324 |
| Cash paid to suppliers for goods and services | (243,335) | (601,123) | (1,103,172) | (17,674) |
| Cash paid to employees for services | (456,957) | (505,198) | (991,357) | - |
| Cash paid for insurance premium and claims | (7,691,481) | - | - | - |
| Net cash provided by (used in) operating activities | <u>200,781</u> | <u>857,891</u> | <u>(104,585)</u> | <u>563,650</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Principal paid on long-term debt | - | (193,804) | - | (51,268) |
| Interest paid on long-term debt | - | (7,731) | (4,370) | (16,538) |
| Acquisition and construction of capital assets | - | - | (207,117) | (472,431) |
| Net cash (used in) capital and related financing activities | <u>-</u> | <u>(201,535)</u> | <u>(211,487)</u> | <u>(540,237)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Investment income (loss) | <u>195,519</u> | <u>43,223</u> | <u>50,529</u> | <u>214,260</u> |
| Net cash provided by (used in) investing activities | <u>195,519</u> | <u>43,223</u> | <u>50,529</u> | <u>214,260</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Cash received from other funds | - | - | - | - |
| Cash paid to other funds | - | - | - | - |
| Net cash (used in) noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in cash and cash equivalents | 396,300 | 699,579 | (265,543) | 237,673 |
| CASH AND CASH EQUIVALENTS: | | | | |
| Beginning of year | <u>8,595,429</u> | <u>1,411,332</u> | <u>1,561,162</u> | <u>5,028,859</u> |
| End of year | <u>\$ 8,991,729</u> | <u>\$ 2,110,911</u> | <u>\$ 1,295,619</u> | <u>\$ 5,266,532</u> |

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2025

| | Building & Infrastructure Maintenance | Total |
|--|---|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from interfund service provided | \$ 167,401 | \$13,295,435 |
| Cash paid to suppliers for goods and services | (575,178) | (2,540,482) |
| Cash paid to employees for services | - | (1,953,512) |
| Cash paid for insurance premium and claims | - | (7,691,481) |
| Net cash provided by (used in) operating activities | (407,777) | 1,109,960 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Principal paid on long-term debt | - | (245,072) |
| Interest paid on long-term debt | - | (28,639) |
| Acquisition and construction of capital assets | (9,427) | (688,975) |
| Net cash (used in) capital and related financing activities | (9,427) | (962,686) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment income (loss) | - | 503,531 |
| Net cash provided by (used in) investing activities | - | 503,531 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Cash received from other funds | 3,428,987 | 3,428,987 |
| Cash paid to other funds | (11,783) | (11,783) |
| Net cash (used in) noncapital financing activities | 3,417,204 | 3,417,204 |
| Net change in cash and cash equivalents | 3,000,000 | 4,068,009 |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning of year | - | 16,596,782 |
| End of year | \$3,000,000 | \$ 20,664,791 |

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2025

| | <u>Insurance</u> | <u>Information Systems</u> | <u>Fleet Management</u> | <u>Capital Asset & Equipment Replacement</u> |
|---|-------------------|--------------------------------|-----------------------------|--|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ (3,690,095) | \$ 168,604 | \$ (184,905) | \$ 265,971 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | - | 365,860 | 50,987 | 297,679 |
| (Increase) decrease in accounts receivable | (5,039) | - | 909 | - |
| (Increase) decrease in deferred outflows of resources related to pensions | 26,749 | 7,015 | 46,679 | - |
| (Increase) decrease in deferred outflows of resources related to other postemployment benefits | 14,861 | (16,306) | 25,006 | - |
| Increase (decrease) in accounts payable | (82,273) | 120,065 | (93,062) | - |
| Increase (decrease) in accrued liabilities | - | (2,345) | - | - |
| Increase (decrease) in compensated absences | 4,073 | (2,486) | (5,373) | - |
| Increase (decrease) in claims and judgments | 3,953,687 | - | - | - |
| Increase (decrease) in net pension liability | 34,632 | 135,508 | 120,932 | - |
| Increase (decrease) in net OPEB liability | (17,259) | 88,705 | 9,978 | - |
| Increase (decrease) in deferred inflows of resources related to pensions | (21,718) | (23,102) | (46,228) | - |
| Increase (decrease) in deferred inflows of resources related to other postemployment benefits | (16,837) | 16,373 | (29,508) | - |
| Total adjustments | <u>3,890,876</u> | <u>689,287</u> | <u>80,320</u> | <u>297,679</u> |
| Net cash provided by (used in) operating activities | <u>\$ 200,781</u> | <u>\$ 857,891</u> | <u>\$ (104,585)</u> | <u>\$ 563,650</u> |

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2025

| | Building & Infrastructure Maintenance | Total |
|---|---|----------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | |
| Operating income (loss) | \$ (364,616) | \$ (3,805,041) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | 108,893 | 823,419 |
| (Increase) decrease in accounts receivable | - | (4,130) |
| (Increase) decrease in deferred outflows of resources related to pensions | - | 80,443 |
| (Increase) decrease in deferred outflows of resources related to other postemployment benefits | - | 23,561 |
| Increase (decrease) in accounts payable | (152,054) | (207,324) |
| Increase (decrease) in accrued liabilities | - | (2,345) |
| Increase (decrease) in compensated absences | - | (3,786) |
| Increase (decrease) in claims and judgments | - | 3,953,687 |
| Increase (decrease) in net pension liability | - | 291,072 |
| Increase (decrease) in net OPEB liability | - | 81,424 |
| Increase (decrease) in deferred inflows of resources related to pensions | - | (91,048) |
| Increase (decrease) in deferred inflows of resources related to other postemployment benefits | - | (29,972) |
| Total adjustments | (43,161) | 4,915,001 |
| Net cash provided by (used in) operating activities | \$ (407,777) | \$ 1,109,960 |

(Concluded)

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CUSTODIAL FUNDS

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

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

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

City of South Gate
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2025

| | Tweedy P & BIA | Special Deposits | Total |
|---|-------------------|---------------------|--------------|
| ASSETS | | | |
| Cash and investments | \$ 28,458 | \$ 1,092,487 | \$ 1,120,945 |
| Accounts receivable | 52 | 77 | 129 |
| Total assets | 28,510 | 1,092,564 | 1,121,074 |
| LIABILITIES | | | |
| Accounts payable | - | 744 | 744 |
| Total liabilities | - | 744 | 744 |
| NET POSITION | | | |
| Restricted for: | | | |
| Individuals, organizations, and other governments | \$ 28,510 | \$ 1,091,820 | \$ 1,120,330 |

City of South Gate
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2025

| | <u>Tweedy P & BIA</u> | <u>Special Deposits</u> | <u>Total</u> |
|--------------------------------|-------------------------------|-----------------------------|----------------------------|
| ADDITIONS: | | | |
| Use of money and property | \$ 468 | \$ - | \$ 468 |
| Membership assessment | 21,386 | 93,975 | 115,361 |
| Total additions | <u>21,854</u> | <u>93,975</u> | <u>115,829</u> |
| DEDUCTIONS: | | | |
| Operational expenses | 10,637 | 141,048 | 151,685 |
| Total deductions | <u>10,637</u> | <u>141,048</u> | <u>151,685</u> |
| Changes in Net Position | 11,217 | (47,073) | (35,856) |
| NET POSITION: | | | |
| Beginning of year | <u>17,293</u> | <u>1,138,893</u> | <u>1,156,186</u> |
| End of year | <u><u>\$ 28,510</u></u> | <u><u>\$ 1,091,820</u></u> | <u><u>\$ 1,120,330</u></u> |

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STATISTICAL SECTION (UNAUDITED)

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

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

| | Page |
|---|---------|
| Contents | |
| Financial Trends | 182-195 |
| <p>These schedules contain trends data to help the reader understand how the government's financial performance and wellbeing have changed over time.</p> | |
| Revenue Capacity | 196-203 |
| <p>These schedules contain information to help the reader assess one of the government's most significant local revenue source - property tax.</p> | |
| Debt Capacity | 204-208 |
| <p>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p> | |
| Demographic and Economic Information | 209 |
| <p>This schedule offers demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p> | |
| Operating Information | 210-214 |
| <p>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p> | |

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

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</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 | 34,130 | 38,447 |
| Unrestricted | (40,323) | (22,504) | (72,433) | (70,880) | (56,382) |
| Total governmental activities net position | <u>\$ 218,138</u> | <u>\$ 224,238</u> | <u>\$ 195,021</u> | <u>\$ 201,174</u> | <u>\$ 217,410</u> |
| Business-type activities | | | | | |
| Net Investment in capital assets | \$ 352 | \$ 17,879 | \$ 19,086 | \$ 19,213 | \$ 18,944 |
| Restricted | 2,002 | 2,169 | 1,888 | 1,974 | 831 |
| Unrestricted | 20,588 | 11,024 | 16,523 | 22,031 | 10,984 |
| Total business-type activities net position | <u>\$ 22,942</u> | <u>\$ 31,072</u> | <u>\$ 37,497</u> | <u>\$ 43,218</u> | <u>\$ 30,759</u> |
| Primary government | | | | | |
| Net Investment in capital assets | \$ 229,035 | \$ 232,189 | \$ 252,353 | \$ 257,137 | \$ 254,289 |
| Restricted | 31,780 | 34,601 | 36,075 | 36,104 | 39,278 |
| Unrestricted | (19,735) | (11,480) | (55,910) | (48,849) | (45,398) |
| Total primary government net position | <u>\$ 241,080</u> | <u>\$ 255,310</u> | <u>\$ 232,518</u> | <u>\$ 244,392</u> | <u>\$ 248,169</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>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental Activities | | | | | |
| Net Investment in capital assets | \$ 239,644 | \$ 239,102 | \$ 249,431 | \$ 271,688 | \$ 292,377 |
| Restricted | 61,928 | 49,312 | 61,752 | 56,246 | 43,786 |
| Unrestricted | <u>(64,212)</u> | <u>(81,468)</u> | <u>(80,758)</u> | <u>(84,779)</u> | <u>(79,436)</u> |
| Total governmental activities net position | <u>\$ 237,360</u> | <u>\$ 206,946</u> | <u>\$ 230,425</u> | <u>\$ 243,155</u> | <u>\$ 256,727</u> |
| Business-type activities | | | | | |
| Net Investment in capital assets | \$ 20,712 | \$ 22,812 | \$ 22,936 | \$ 32,690 | \$ 36,400 |
| Restricted | 846 | - | - | - | - |
| Unrestricted | <u>14,717</u> | <u>38,301</u> | <u>38,700</u> | <u>33,359</u> | <u>30,981</u> |
| Total business-type activities net position | <u>\$ 36,275</u> | <u>\$ 61,113</u> | <u>\$ 61,636</u> | <u>\$ 66,049</u> | <u>\$ 67,381</u> |
| Primary government | | | | | |
| Net Investment in capital assets | \$ 260,356 | \$ 261,914 | \$ 272,367 | \$ 304,378 | \$ 328,777 |
| Restricted | 62,774 | 49,312 | 61,752 | 56,246 | 43,786 |
| Unrestricted | <u>(49,495)</u> | <u>(43,167)</u> | <u>(42,058)</u> | <u>(51,420)</u> | <u>(48,455)</u> |
| Total primary government net position | <u>\$ 273,635</u> | <u>\$ 268,059</u> | <u>\$ 292,061</u> | <u>\$ 309,204</u> | <u>\$ 324,108</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)**

| Expenses | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Governmental activities: | | | | | |
| General government | \$ 6,312 | \$ 6,847 | \$ 8,663 | \$ 7,568 | \$ 7,239 |
| Police | 22,507 | 27,043 | 31,154 | 27,451 | 32,658 |
| Community development | 10,939 | 10,987 | 12,533 | 11,033 | 11,681 |
| Parks and recreation | 6,951 | 7,544 | 10,115 | 8,495 | 8,762 |
| Public works | 16,794 | 18,513 | 21,475 | 18,882 | 18,790 |
| 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: | | | | | |
| Water | 12,956 | 12,516 | 14,033 | 13,733 | 15,171 |
| Sewer | 1,672 | 1,767 | 1,740 | 1,481 | 1,330 |
| 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)

| Program Revenues | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Governmental activities: | | | | | |
| Charges for service: | | | | | |
| General government | \$ 3,037 | \$ 2,949 | \$ 2,900 | \$ 3,104 | \$ 2,945 |
| Police | 3,844 | 4,189 | 1,837 | 2,160 | 2,052 |
| Community development | 2,684 | 3,619 | 1,619 | 1,671 | 1,739 |
| Parks and recreation | 966 | 1,106 | 1,274 | 1,394 | 1,029 |
| Public works | 1,146 | 1,456 | 1,283 | 1,269 | 1,584 |
| Operating grants and contributions | 14,756 | 14,090 | 11,846 | 16,278 | 19,486 |
| 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>34,205</u> |
| Business-type activities: | | | | | |
| Charges for service: | | | | | |
| Water | 20,524 | 19,720 | 20,772 | 19,899 | 19,859 |
| Sewer | 1,346 | 1,340 | 1,350 | 1,298 | 1,258 |
| Refuse | 3,717 | 3,738 | 3,856 | 3,955 | 4,080 |
| Operating grants and contributions | 71 | 35 | 37 | 69 | 48 |
| 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>\$ 59,450</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | \$ (31,044) | \$ (36,614) | \$ (55,344) | \$ (39,854) | \$ (45,458) |
| Business-type activities | 7,537 | 6,835 | 6,432 | 6,066 | 4,701 |
| Total primary government net expense | <u>\$ (23,507)</u> | <u>\$ (29,779)</u> | <u>\$ (48,912)</u> | <u>\$ (33,788)</u> | <u>\$ (40,757)</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)

| General Revenues and Other Changes in Position | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 11,712 | \$ 12,131 | \$ 14,907 | \$ 15,358 | \$ 14,079 |
| Transient occupancy taxes | 350 | 390 | 420 | 450 | 412 |
| Sales taxes | 21,838 | 20,623 | 21,121 | 22,561 | 21,162 |
| 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 |
| Miscellaneous | 1,237 | 576 | 5,800 | 240 | 1,064 |
| Transfers | (1,066) | (1,294) | 6 | 12 | 287 |
| Total governmental activities | <u>41,015</u> | <u>38,680</u> | <u>48,421</u> | <u>46,006</u> | <u>43,389</u> |
| Business-type activities: | | | | | |
| Investment income | - | - | - | - | - |
| 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>(287)</u> |
| Total primary government | <u>\$ 42,081</u> | <u>\$ 39,974</u> | <u>\$ 48,415</u> | <u>\$ 45,994</u> | <u>\$ 43,102</u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ 9,972 | \$ 2,065 | \$ (6,922) | \$ 6,153 | \$ (2,070) |
| Business-type activities | 8,603 | 8,130 | 6,425 | 6,218 | 5,681 |
| 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
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

| Expenses | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Governmental activities: | | | | | |
| General government | \$ 7,647 | \$ 7,578 | \$ 15,387 | \$ 17,482 | \$ 19,059 |
| Police | 34,519 | 34,487 | 23,419 | 44,055 | 36,969 |
| Community development | 13,738 | 11,374 | 11,686 | 13,311 | 15,754 |
| Parks and recreation | 8,526 | 8,775 | 11,068 | 12,027 | 12,357 |
| Public works | 22,509 | 19,189 | 20,221 | 15,329 | 22,364 |
| Interest expense | 703 | 650 | 578 | 522 | 414 |
| Total governmental activities expenses | <u>87,642</u> | <u>82,053</u> | <u>82,359</u> | <u>102,726</u> | <u>106,917</u> |
| Business-type activities: | | | | | |
| Water | 14,001 | 15,071 | 15,693 | 15,024 | 19,011 |
| Sewer | 1,224 | 1,751 | 1,530 | 1,781 | 2,402 |
| Refuse | 4,163 | 4,324 | 2,571 | 494 | 352 |
| Total business-type activities expenses | <u>19,388</u> | <u>21,146</u> | <u>19,794</u> | <u>17,299</u> | <u>21,765</u> |
| Total primary government expenses | <u>\$ 107,030</u> | <u>\$ 103,199</u> | <u>\$ 102,153</u> | <u>\$ 120,025</u> | <u>\$ 128,682</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)

| Program Revenues | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Governmental activities: | | | | | |
| Charges for service: | | | | | |
| General government | \$ 2,676 | \$ 1,965 | \$ 2,434 | \$ 2,255 | \$ 1,439 |
| Police | 1,580 | 1,607 | 2,081 | 2,070 | 1,971 |
| Community development | 1,569 | 2,002 | 1,992 | 1,995 | 11 |
| Parks and recreation | 328 | 1,160 | 1,533 | 1,750 | 2,067 |
| Public works | 3,597 | 1,703 | 2,244 | 1,787 | 4,360 |
| Operating grants and contributions | 28,487 | 33,778 | 32,332 | 30,181 | 35,218 |
| Capital grants and contributions | 24,999 | 10,387 | 4,554 | 13,079 | 17,386 |
| Total governmental activities program revenues | <u>63,236</u> | <u>52,602</u> | <u>47,170</u> | <u>53,117</u> | <u>62,452</u> |
| Business-type activities: | | | | | |
| Charges for service: | | | | | |
| Water | 19,398 | 19,565 | 17,577 | 19,342 | 20,290 |
| Sewer | 1,289 | 1,272 | 1,127 | 1,307 | 2,321 |
| Refuse | 4,207 | 4,347 | 2,382 | (80) | 109 |
| Operating grants and contributions | 11 | 137 | - | 261 | - |
| Total business-type activities program revenues | <u>24,905</u> | <u>25,321</u> | <u>21,086</u> | <u>20,830</u> | <u>22,720</u> |
| Total primary government program revenues | <u>\$ 88,141</u> | <u>\$ 77,923</u> | <u>\$ 68,256</u> | <u>\$ 73,947</u> | <u>\$ 85,172</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | \$ (24,406) | \$ (29,451) | \$ (35,189) | \$ (49,609) | \$ (44,465) |
| Business-type activities | 5,517 | 4,175 | 1,292 | 3,531 | 955 |
| Total primary government net expense | <u>\$ (18,889)</u> | <u>\$ (25,276)</u> | <u>\$ (33,897)</u> | <u>\$ (46,078)</u> | <u>\$ (43,510)</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)

| General Revenues and Other Changes in Position | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 15,082 | \$ 15,462 | \$ 16,575 | \$ 17,497 | \$ 18,486 |
| Transient occupancy taxes | 474 | 557 | 609 | 565 | 607 |
| Sales taxes | 25,106 | 27,689 | 28,980 | 28,409 | 27,330 |
| Franchise taxes | 2,732 | 2,847 | 3,117 | 3,392 | 3,360 |
| Other taxes | 2,206 | 2,215 | 2,017 | 2,019 | 1,631 |
| Investment income | 226 | (2,243) | 759 | 4,701 | 3,699 |
| Motor vehicle in-lieu | 71 | 112 | - | - | - |
| Miscellaneous | 571 | 858 | 5,155 | 4,435 | 2,847 |
| Transfers | 2 | (21,986) | 1,336 | 1,320 | 1,412 |
| Total governmental activities | <u>46,470</u> | <u>25,511</u> | <u>58,548</u> | <u>62,338</u> | <u>59,372</u> |
| Business-type activities: | | | | | |
| Investment income | 62 | (1,324) | 567 | 2,202 | 1,805 |
| Transfers | (2) | 21,986 | (1,336) | (1,320) | (1,412) |
| Total business-type activities | <u>60</u> | <u>20,662</u> | <u>(769)</u> | <u>882</u> | <u>393</u> |
| Total primary government | <u>\$ 46,530</u> | <u>\$ 46,173</u> | <u>\$ 57,779</u> | <u>\$ 63,220</u> | <u>\$ 59,765</u> |
| Change in Net Position | | | | | |
| Governmental activities | \$ 22,064 | \$ (3,940) | \$ 23,359 | \$ 12,729 | \$ 14,907 |
| Business-type activities | 5,578 | 24,837 | 523 | 4,413 | 1,348 |
| Total primary government | <u>\$ 27,642</u> | <u>\$ 20,897</u> | <u>\$ 23,882</u> | <u>\$ 17,142</u> | <u>\$ 16,255</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>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| General fund | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| 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 | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| 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 | 4,056 |
| Unassigned | | | | | |
| Unassigned, reported in: | | | | | |
| Special Revenue funds | (5,401) | (3,672) | (3,437) | (3,139) | (4,384) |
| 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
FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

| | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| General fund | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Nonspendable | 24,009 | 2,076 | 2,213 | 2,035 | 2,060 |
| Restricted | 282 | 450 | 313 | 285 | - |
| Committed | 19,870 | 9,000 | 20,730 | 20,730 | 20,730 |
| Assigned | 3,482 | 3,482 | 4,852 | 4,852 | 4,852 |
| Unassigned | 12,722 | 24,396 | 9,436 | 9,701 | 9,413 |
| Total general fund | <u>\$ 60,365</u> | <u>\$ 39,404</u> | <u>\$ 37,544</u> | <u>\$ 37,603</u> | <u>\$ 37,055</u> |
| All other governmental funds | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Nonspendable | 32 | 35 | 54 | - | - |
| Restricted | | | | | |
| Restricted, reported in: | | | | | |
| Special Revenue funds | 49,465 | 40,191 | 45,101 | 39,332 | 40,083 |
| Capital Projects funds | 2 | 2 | 2 | 2 | - |
| Low and moderate housing activities | 10,874 | 4,231 | 3,682 | 3,687 | 3,586 |
| Committed | | | | | |
| Capital Project funds | 3,711 | 3,507 | 3,210 | 3,029 | 848 |
| Unassigned | | | | | |
| Unassigned, reported in: | | | | | |
| Special Revenue funds | (3,741) | (5,343) | (12,270) | (11,956) | (13,898) |
| Capital Projects funds | - | 1,470 | 1,470 | - | - |
| Debt Service funds | - | - | - | - | - |
| Total all other governmental funds | <u>\$ 60,343</u> | <u>\$ 44,093</u> | <u>\$ 41,249</u> | <u>\$ 34,094</u> | <u>\$ 30,619</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>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 |
| Licenses and permits | 1,557 | 1,482 | 1,464 | 1,371 | 2,001 |
| Intergovernmental | 20,009 | 27,090 | 21,660 | 25,274 | 22,577 |
| Charges for service | 3,365 | 3,227 | 3,451 | 3,699 | 2,785 |
| Investment income | 2,226 | 1,204 | 1,356 | 2,531 | 2,033 |
| Fines and forfeitures | 1,249 | 1,183 | 1,125 | 1,443 | 1,502 |
| Rental income | - | - | - | - | - |
| 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 |
| Police | 22,863 | 24,131 | 25,252 | 26,539 | 29,449 |
| Community development | 10,893 | 10,766 | 10,880 | 11,143 | 11,537 |
| Parks and recreation | 6,027 | 6,429 | 7,148 | 7,510 | 7,956 |
| Public works | 8,405 | 9,276 | 10,089 | 10,104 | 10,753 |
| Capital Outlay | 12,912 | 12,891 | 9,689 | 14,696 | 7,017 |
| Debt service: | | | | | |
| Principal | 1,823 | 1,725 | 1,749 | 1,575 | 1,813 |
| Interest and fees | 1,109 | 1,028 | 946 | 862 | 774 |
| 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> |

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>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) |
| Issuance of leases | - | - | - | - | - |
| Debt issued | 882 | - | - | - | - |
| Issuance of financing agreements | - | - | - | 441 | - |
| Total other financing sources (uses) | <u>(184)</u> | <u>(1,133)</u> | <u>(5,897)</u> | <u>720</u> | <u>287</u> |
| Net change in fund balances | <u>\$ 1,730</u> | <u>\$ 3,822</u> | <u>\$ 599</u> | <u>\$ 720</u> | <u>\$ 1,512</u> |
| Debt service as a percentage of noncapital expenditures | 5.1% | 4.6% | 4.3% | 3.8% | 3.7% |

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>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|--|------------------|-----------------|-------------------|-------------------|-------------------|
| <u>Revenues</u> | | | | | |
| Taxes | \$ 47,599 | \$ 50,772 | \$ 53,290 | \$ 53,877 | \$ 53,417 |
| Licenses and permits | 3,767 | 1,666 | 2,178 | 1,675 | 1,634 |
| Intergovernmental | 49,934 | 41,327 | 28,974 | 44,030 | 53,477 |
| Charges for service | 2,132 | 3,460 | 4,426 | 4,454 | 4,642 |
| Investment income | 414 | (1,511) | 866 | 4,419 | 3,512 |
| Fines and forfeitures | 1,095 | 1,310 | 1,687 | 1,679 | 1,569 |
| Rental income | - | 130 | 143 | 141 | 238 |
| Other | 3,474 | 4,129 | 5,827 | 5,224 | 6,027 |
| Total revenues | <u>108,415</u> | <u>101,283</u> | <u>97,391</u> | <u>115,499</u> | <u>124,516</u> |
| <u>Expenditures</u> | | | | | |
| General government | 6,807 | 8,305 | 14,474 | 18,251 | 17,893 |
| Police | 30,318 | 31,217 | 33,030 | 32,794 | 31,371 |
| Community development | 13,160 | 12,051 | 11,737 | 13,181 | 15,214 |
| Parks and recreation | 7,212 | 8,777 | 10,523 | 11,289 | 12,808 |
| Public works | 11,424 | 12,023 | 14,257 | 15,904 | 16,895 |
| Capital Outlay | 13,250 | 17,545 | 17,244 | 30,037 | 30,565 |
| Debt service: | | - | - | - | - |
| Principal | 1,554 | 1,692 | 1,701 | 1,805 | 1,954 |
| Interest and fees | 706 | 633 | 564 | 489 | 394 |
| Total expenditures | <u>84,431</u> | <u>92,243</u> | <u>103,530</u> | <u>123,750</u> | <u>127,094</u> |
| Excess of revenues over (under) expenditures | <u>\$ 23,984</u> | <u>\$ 9,040</u> | <u>\$ (6,139)</u> | <u>\$ (8,251)</u> | <u>\$ (2,578)</u> |

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

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

| | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|--|------------------|--------------------|-------------------|-------------------|-------------------|
| <u>Other financing sources (uses)</u> | | | | | |
| Transfers in | \$ 12,190 | \$ 28,455 | \$ 18,821 | \$ 29,946 | \$ 37,475 |
| Transfers out | (12,152) | (57,458) | (17,481) | (28,583) | (39,286) |
| Issuance of leases | - | 30 | 94 | - | 158 |
| Debt issued | - | - | - | - | - |
| Issuance of financing agreements | - | - | - | - | - |
| Total other financing sources (uses) | <u>38</u> | <u>(28,973)</u> | <u>1,434</u> | <u>1,363</u> | <u>(1,653)</u> |
| Net change in fund balances | <u>\$ 24,022</u> | <u>\$ (19,933)</u> | <u>\$ (4,705)</u> | <u>\$ (6,888)</u> | <u>\$ (4,231)</u> |
| Debt service as a percentage of noncapital expenditures | 3.2% | 3.1% | 2.6% | 2.4% | 2.4% |

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>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 |
| Transient occupancy tax | 350 | 390 | 420 | 450 | 412 |
| Sales and use tax | 21,838 | 20,623 | 21,121 | 22,561 | 21,162 |
| 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> |

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>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Property tax | \$ 15,082 | \$ 15,462 | \$ 16,576 | \$ 17,497 | \$ 18,486 |
| Transient occupancy tax | 474 | 557 | 609 | 565 | 607 |
| Sales and use tax | 25,106 | 27,689 | 28,980 | 28,410 | 27,330 |
| Franchise tax | 2,732 | 2,847 | 3,117 | 3,392 | 3,360 |
| Business licenses tax | 1,496 | 1,568 | 1,721 | 1,710 | 1,398 |
| Motor vehicle in-lieu | 71 | 112 | - | - | - |
| Other taxes | 710 | 647 | 295 | 308 | 233 |
| Total | <u>\$ 45,671</u> | <u>\$ 48,882</u> | <u>\$ 51,298</u> | <u>\$ 51,882</u> | <u>\$ 51,414</u> |

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

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

| Agency | <u>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 | <u>1.48947</u> | <u>1.55131</u> | <u>1.69454</u> | <u>1.62681</u> | <u>1.73065</u> |
| | | | | | |
| 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 | 0.06095 |

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 2015/16 - 2024/25 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>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Basic Levy * | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Cerritos Community College District | 0.04348 | 0.04251 | 0.04361 | 0.04231 | 0.06489 |
| Compton Community College District | 0.00899 | 0.00906 | 0.01575 | 0.02022 | 0.01658 |
| Downey Unified School District | 0.08771 | 0.09504 | 0.09106 | 0.13183 | 0.12561 |
| LA Community College District | 0.04016 | 0.04376 | 0.02488 | 0.06023 | 0.05136 |
| Los Angeles Unified School District | 0.13993 | 0.11323 | 0.12107 | 0.12422 | 0.12802 |
| Lynwood Unified School District | 0.08702 | 0.12991 | 0.15513 | 0.15810 | 0.14278 |
| Metropolitan Water District | 0.00350 | 0.00350 | 0.00350 | 0.00350 | 0.00700 |
| Paramount Unified School District | 0.15139 | 0.16594 | 0.16986 | 0.15741 | 0.15816 |
| Total Direct & Overlapping ** Tax Rates | <u>1.56218</u> | <u>1.60295</u> | <u>1.62486</u> | <u>1.69782</u> | <u>1.69440</u> |
| | | | | | |
| 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***** | 0.06097 | 0.06098 | 0.06101 | 0.06102 | 0.06102 |

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 2015/16 - 2024/25 Tax Rate Table

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

| <u>Type of Property</u> | <u>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 Assesed Value | 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

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

| <u>Type of Property</u> | <u>2020/21</u> | <u>2021/22</u> | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Residential | \$ 4,413,386 | \$ 4,544,525 | \$ 4,819,099 | \$ 5,173,077 | \$ 5,377,743 |
| Commercial | 898,548 | 915,066 | 940,224 | 984,054 | 1,015,998 |
| Industrial | 781,891 | 802,521 | 921,187 | 977,402 | 1,079,120 |
| Farm | - | - | - | - | - |
| Government | 3,131 | 2,649 | 2,702 | 2,756 | 2,811 |
| Institutional | 30,181 | 25,601 | 45,473 | 43,564 | 29,462 |
| Irrigated | 9,846 | 9,863 | 9,977 | 14,792 | 14,538 |
| Miscellaneous | 422 | 426 | 592 | 939 | 951 |
| Recreational | 5,664 | 9,375 | 6,570 | 10,769 | 6,604 |
| Vacant Land | 38,881 | 40,656 | 43,278 | 44,359 | 49,715 |
| SBE Nonunitary | 883 | 883 | 883 | 883 | 883 |
| Unsecured | 405,425 | 423,319 | 462,358 | 486,882 | 467,660 |
| Cross Reference | 15,952 | 16,192 | 16,824 | 17,300 | 18,139 |
| Total taxable A.V. | 6,604,211 | 6,791,076 | 7,269,167 | 7,756,780 | 8,063,625 |
| Total direct tax rate | 6.09700% | 6.09800% | 6.10100% | 6.10200% | 6.10300% |
| Tax-Exempt | (44,456) | (44,979) | (44,872) | (45,900) | (37,378) |

Source: Los Angeles County Assessor

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

| Taxpayer | 2024/25 | | | 2015/16 | | |
|--|--------------------------------------|-------------|---|-------------------------------|-------------|---|
| | Taxable Assessed Value | Rank | % of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | % of Total City Taxable Assessed Value |
| | Schultz Steel Company ⁽¹⁾ | \$ 145,810 | 1 | 1.81% | \$ 108,661 | 1 |
| CFT Sola LLC | 136,680 | 2 | 1.70% | | | |
| Azalea Joint Venture LLC ⁽¹⁾ | 132,302 | 3 | 1.64% | 36,381 | 4 | 0.70% |
| South Gate Owner LP | 81,395 | 4 | 1.01% | | | |
| El Paseo Center SPE LLC | 65,948 | 5 | 0.82% | 55,969 | 3 | 1.08% |
| J B HUNT TRANSPORT INC | 64,644 | 6 | 0.80% | | | |
| Tesoro Logistics Operations LLC ⁽¹⁾ | 45,585 | 7 | 0.57% | 69,639 | 2 | 1.34% |
| 4545 Ardine Street Investors LLC | 44,571 | 8 | 0.55% | | | |
| HUSPRF Bowers LP ⁽¹⁾ | 43,860 | 9 | 0.54% | | | |
| Walmart/Sam's ⁽¹⁾ | 40,789 | 10 | 0.51% | 23,384 | 9 | 0.45% |
| South Gate Business & Industrial Park | | | | 32,461 | 5 | 0.62% |
| Armstrong Cork Company | | | | 28,741 | 6 | 0.55% |
| Hudd Distribution Services Inc. | | | | 26,163 | 7 | 0.50% |
| World Oil Company | - | | | 23,859 | 8 | 0.46% |
| Rockview Dairies Inc. | | | | 22,459 | 10 | 0.43% |
| | \$ 801,582 | | 9.95% | \$ 427,717 | | 8.22% |
| City Total Assessed Valuation | 8,063,625 | | | 5,200,554 | | |

Source: Los Angeles County Assessor and HdL Companies
(1) Pending Appeals on Parcels.

**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 | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years ⁽¹⁾ | Total Collections to Date | |
|--|---|---|------------------|---|----------------------------------|------------------|
| | | Amount ⁽¹⁾ | % of Levy | | Amount ⁽¹⁾ | % of Levy |
| 2025 | \$ 3,526 | \$ 3,273 | 93% | N/A | N/A | N/A |
| 2024 | 3,451 | 3,097 | 90% | 13 | 3,110 | 90% |
| 2023 | 3,319 | 3,198 | 96% | 17 | 3,215 | 97% |
| 2022 | 3,133 | 2,990 | 95% | 23 | 3,013 | 96% |
| 2021 | 3,052 | 2,959 | 97% | 13 | 2,972 | 97% |
| 2020 | 2,909 | 2,739 | 94% | 3 | 2,742 | 94% |
| 2019 | 2,786 | 2,666 | 96% | 14 | 2,680 | 96% |
| 2018 | 2,585 | 2,479 | 96% | (2) | 2,478 | 96% |
| 2017 | 2,504 | 2,423 | 97% | 3 | 2,426 | 97% |
| 2016 | 2,431 | 2,339 | 96% | 6 | 2,346 | 96% |

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

(1) Revised figures due to methodology revision.

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 |
| 2025 | \$ - | \$ 5,440 | | 0.00% | \$ 58.52 | \$ - | \$ - | \$ 782 | \$ - |
| 2024 | - | 7,070 | | 0.00% | 76.24 | - | - | 1,232 | - |
| 2023 | - | 8,615 | | 0.00% | 93.01 | - | - | 858 | - |
| 2022 | - | 10,085 | | 0.17% | 108.14 | - | - | 798 | - |
| 2021 | - | 11,480 | | 0.17% | 118.90 | - | - | 500 | - |
| 2020 | - | 12,800 | | 0.19% | 132.26 | - | - | 739 | - |
| 2019 | - | 14,055 | | 0.24% | 145.23 | - | - | 987 | 310 |
| 2018 | - | 15,245 | | 0.27% | 155.35 | - | - | 641 | 600 |
| 2017 | - | 16,375 | | 0.30% | 166.02 | - | - | 730 | 1,130 |
| 2016 | - | 17,445 | | 0.34% | 175.19 | - | - | 825 | 1,690 |

| Fiscal Year Ended June 30 | Business Type Activities | | Percentage of Personal Income (2) | Per Capita (2) |
|---------------------------|--------------------------|------------------------------|-----------------------------------|----------------|
| | Water Revenue Bonds | Total Primary Government (3) | | |
| 2025 | \$ 23,640 | 29,862 | 1.31% | 321.25 |
| 2024 | 25,465 | 33,767 | 1.60% | 364.15 |
| 2023 | 27,249 | 36,722 | 1.94% | 396.45 |
| 2022 | 28,998 | 39,881 | 2.17% | 417.79 |
| 2021 | 30,713 | 42,693 | 2.44% | 431.94 |
| 2020 | 32,398 | 45,937 | 2.81% | 474.67 |
| 2019 | 36,750 | 52,102 | 3.43% | 538.37 |
| 2018 | 38,299 | 54,785 | 3.76% | 558.27 |
| 2017 | 39,777 | 58,012 | 4.19% | 588.16 |
| 2016 | 41,187 | 61,147 | 4.49% | 614.06 |

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, 2025**

| | Total Debt 6/30/2025 | Percent Applicable (1) | City's Share of Debt @6/30/2025 |
|--|-------------------------|------------------------------|---------------------------------------|
|--|-------------------------|------------------------------|---------------------------------------|

2024-25 Assessed Valuation 8,063,625,032

OVERLAPPING TAX AND ASSESSMENT DEBT:

| | | | |
|---|----------------|--------|-----------------------|
| Metropolitan Water District | \$ 17,155,000 | 0.198% | \$ 33,967 |
| Cerritos Community College District | 510,110,300 | 1.322% | 6,743,658 |
| Compton Community College District | 140,875,266 | 2.133% | 3,004,869 |
| Los Angeles Community College District | 4,919,505,000 | 0.553% | 27,204,863 |
| Downey Unified School District | 352,660,294 | 4.981% | 17,566,009 |
| Los Angeles Unified School District | 11,745,405,000 | 0.675% | 79,281,484 |
| Lynwood Unified School District | 136,221,842 | 0.771% | 1,050,270 |
| Paramount Unified School District | 173,576,371 | 7.178% | 12,459,312 |
| TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$ 147,344,432 |
| Less: Los Angeles Unified School District General Obligation Bonds Election of 20050, Series J & H Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Aside for Repayment | | | 3,113,304 |
| TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT | | | \$ 144,231,128 |

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

| | | | |
|---|------------------|-------------|----------------------|
| Los Angeles County General Fund Obligations | \$3,036,637,390 | 0.384% | \$ 11,660,688 |
| Los Angeles County Superintendent of Schools Certification of Participation | 2,331,775 | 0.384% | 8,954 |
| Los Angeles Unified School District Certificates of Participation | 225,010,000 | 0.675% | 1,518,818 |
| Lynwood Unified School District Certificates of Participation | 13,865,000 | 0.771% | 106,899 |
| Paramount Unified School District Certificates of Participation | 18,093,000 | 7.178% | 1,298,716 |
| City of South Gate Pension Obligation Bonds | 5,440,000 | 100% | 5,440,000 |
| City of South Gate Notes Payable | 30,453 | 100% | 30,453 |
| City of South Gate Leases Payable | 352,331 | 100% | 352,331 |
| City of South Gate Subscriptions Payable | 400,047 | 100% | 400,047 |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$ 20,816,906 |

| | |
|------------------------------|---------------------|
| TOTAL DIRECT DEBT | \$ 6,222,831 |
| TOTAL GROSS OVERLAPPING DEBT | \$ 161,938,507 |
| TOTAL NET OVERLAPPING DEBT | \$ 158,825,203 |

| | |
|---------------------------|--------------------|
| GROSS COMBINED TOTAL DEBT | \$ 168,161,338 (2) |
| NET COMBINED TOTAL DEBT | \$ 165,048,034 |

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:

| | |
|---|--------------|
| Total Gross Overlapping Tax and Assessment Debt | 1.83% |
| Total Net Overlapping Tax and Assessment Debt | 1.79% |
| Total Net Direct Debt (\$6,222,831) | 0.08% |
| Gross Combined Total Debt | 2.09% |
| Net Combined Total Debt | 2.05% |

Source: L MuniServices, LLC / Neumo
California Municipal Statistics, Inc.

**City of South Gate
Legal Debt Margin Information
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 2023/24 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>2020</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|--|--------------|--------------|--------------|--------------|--------------|
| Debt Limit | \$ 1,003,037 | \$ 1,035,245 | \$ 1,102,845 | \$ 1,176,194 | \$ 1,231,205 |
| Total net debt applicable to limit | - | - | - | - | - |
| Legal debt margin | 1,003,037 | 1,035,245 | 1,102,845 | 1,176,194 | 1,231,205 |
| 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 2023-2024:**

| | | | |
|--|---------------------|---------------------|---------------------|
| Assessed value | \$ 7,269,167 | \$ 7,756,780 | \$ 8,063,625 |
| Add back: exempt real property | 83,130 | 84,514 | 144,408 |
| Total assessed value | <u>\$ 7,352,297</u> | <u>\$ 7,841,294</u> | <u>\$ 8,208,033</u> |
| Debt limit (15% of total assessed value) | \$ 1,102,845 | \$ 1,176,194 | \$ 1,231,205 |
| Debt applicable to limit: | <u>-</u> | <u>-</u> | <u>-</u> |
| Legal debt margin | <u>\$ 1,102,845</u> | <u>\$ 1,176,194</u> | <u>\$ 1,231,205</u> |

Source: L.A. County Assessor 2024/25 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
PLEGDED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

2019 Water Revenue Bonds (1)

| Fiscal Year | Utility Charges and Other | Less: Operating Expenses | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|--------------|---------------------------|--------------------------|--|---------------------------|------------|-----------|----------|
| | | | | Principal | Interest | Total | |
| <u>Water</u> | | | | | | | |
| 2025 | \$ 20,290,003 | \$ 16,109,875 | 4,180,128 | \$ 1,755,000 | \$ 752,853 | 2,507,853 | 166.68% |
| 2024 | 19,342,033 | 11,916,184 | 7,425,849 | 1,715,000 | 791,722 | 2,506,722 | 296.24% |
| 2023 | 17,577,356 | 12,777,245 | 4,800,111 | 1,680,000 | 827,639 | 2,507,639 | 191.42% |
| 2022 | 19,564,619 | 12,034,455 | 7,530,164 | 1,645,000 | 860,555 | 2,505,555 | 300.54% |
| 2021 | 19,397,616 | 10,866,612 | 8,531,004 | 1,615,000 | 893,861 | 2,508,861 | 340.03% |

2001 Utility Revenue Bonds

| Fiscal Year | Utility Charges and Other (3) | 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% |

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% |

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

Operating expenses do not include interest or depreciation.

(1) 2019 Water Revenue Bonds refunded both 2001 and 2012 Water Revenue Bonds

(2) Debt service payments split between Water & Sewer Funds beginning FY2021-22

(3) 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) |
|--------------------|-----------------------|---|---|----------------------------------|----------------------------------|
| 2025 | 92,955 | \$ 2,287,634 | \$ 24,610 | 21,825 | 5.1% |
| 2024 | 92,729 | 2,116,584 | 22,825 | 22,435 | 5.1% |
| 2023 | 92,628 | 1,892,059 | 20,426 | 23,187 | 5.1% |
| 2022 | 93,259 | 1,797,081 | 19,269 | 28,683 | 9.9% |
| 2021 | 96,553 | 1,706,474 | 17,673 | 28,672 | 13.7% |
| 2020 | 97,003 | 1,633,262 | 16,837 | 28,672 | 4.7% |
| 2019 | 96,777 | 1,517,002 | 15,675 | 28,672 | 4.9% |
| 2018 | 98,133 | 1,455,568 | 14,832 | 29,076 | 6.3% |
| 2017 | 98,633 | 1,384,879 | 14,040 | 28,859 | 6.9% |
| 2016 | 99,578 | 1,361,700 | 13,674 | 28,920 | 8.8% |
| 2015 | 96,101 | 1,354,544 | 14,095 | 28,956 | 10.7% |

Sources:

- (1) State of California - Department of Finance
- (2) Bureau of Economic Analysis - reflects latest data available for Los Angeles Metro region
- (3) Avenu Insights & Analytics
- (4) California Employment Development Department/U.S. Dept. of Labor - Bureau of Labor Statistics

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

| <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 | <u>297.00</u> | <u>306.00</u> | <u>316.00</u> | <u>316.00</u> | <u>316.00</u> |
| 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 | <u>355.54</u> | <u>358.83</u> | <u>376.96</u> | <u>375.96</u> | <u>375.96</u> |

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>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| City Manager | 7.00 | 7.00 | 7.00 | 6.00 | 5.00 |
| 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 | 3.00 |
| Personnel | 5.00 | 5.00 | 7.00 | 7.00 | 7.00 |
| Finance | 23.00 | 24.00 | 24.00 | 25.00 | 25.00 |
| Police | | | | | |
| Officers | 85.00 | 85.00 | 85.00 | 86.00 | 86.00 |
| Civilians | 43.00 | 45.00 | 46.00 | 51.00 | 51.00 |
| Public Works | | | | | |
| Administration/Engineering | 12.00 | 12.00 | 13.00 | 14.00 | 15.00 |
| Maintenance | 42.00 | 46.00 | 46.00 | 46.00 | 46.00 |
| Water/Sewer | 26.00 | 26.00 | 26.00 | 26.00 | 27.00 |
| Parks & Recreation | 46.00 | 46.00 | 49.00 | 50.00 | 50.00 |
| Community Development | 23.00 | 24.00 | 24.00 | 28.00 | 32.00 |
| Sub-Total | <u>317.00</u> | <u>325.00</u> | <u>332.00</u> | <u>344.00</u> | <u>348.00</u> |
| Part-Time Hours | 96,853 | 126,166 | 157,144 | 151,902 | 144,768 |
| Full-Time Equivalents | 46.56 | 60.66 | 75.55 | 73.03 | 69.60 |
| TOTAL POSITIONS | <u>363.56</u> | <u>385.66</u> | <u>407.55</u> | <u>417.03</u> | <u>417.60</u> |

Source: City of South Gate Finance Department

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

| <u>Function</u> | | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|------------------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Police | Calls for service | 40,521 | 45,549 | 45,315 | 45,536 | 43,694 |
| | Arrests | 1,222 | 1,617 | 1,731 | 1,637 | 2,371 |
| | Parking citations issued | 21,567 | 19,938 | 22,845 | 22,903 | 21,691 |
| | Moving citations/traffic violations | 2,650 | 3,374 | 1,935 | 1,567 | 1,816 |
| | Share of seized asset (in thousands) ⁽¹⁾ | \$ 160 | \$ 135 | \$ 698 | \$ 1,013 | \$ 1,077 |
| Water | Customer accounts | 15,691 | 14,418 | 14,334 | 14,376 | 15,907 |
| | Average daily consumption (millions of gallons) | 7.5 | 6.4 | 7.0 | 6.9 | 7.0 |
| | Water samples taken | 2,161 | 2,323 | 2,066 | 2,054 | 2,403 |
| | New connections | 20 | 33 | 49 | 35 | 27 |
| Street Maintenance | | | | | | |
| | Potholes repaired | 85 | 500 | 498 | 1,737 | 1,816 |
| | Sq.ft of graffiti removal (in thousands) | 900 | 800 | 800 | 800 | 950 |
| | Miles of streets swept | 36,400 | 36,400 | 36,400 | 36,400 | 36,400 |
| Culture and Recreation | | | | | | |
| | Golf course participants | 1,666 | 1,560 | 3,628 | 8,309 | 11,241 |
| | Swimming participants | 1,492 | 18,418 | 32,763 | 42,525 | 55,000 |
| | Facility rentals | 449 | 1,850 | 1,269 | 1,594 | 2,248 |
| | Recreation classes provided | 77 | 340 | 565 | 825 | 805 |
| Community Development | | | | | | |
| | Permits issued | 2,225 | 927 | 2,371 | 2,175 | 2,093 |
| | Code enforcement inspections | 10,041 | 746 | 10,020 | 9,450 | 4,100 |
| | Housing vouchers issued | 62 | 41 | 55 | 81 | 38 |

(1) Revised figures for FY21-22 & FY22-23

Source: Various City Departments

**City of South Gate
Capital Asset Statistics by Function
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

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

| <u>Function</u> | | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|------------------------|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Police | Stations | 1 | 1 | 1 | 1 | 1 |
| | Patrol Units | 36 | 35 | 34 | 34 | 35 |
| Water | Miles of lines and mains | 135 | 135 | 135 | 135 | 135 |
| | Number of wells | 12 | 11 | 11 | 11 | 11 |
| | Number of tanks | 2 | 2 | 2 | 2 | 2 |
| | Number of reservoirs | 6 | 6 | 6 | 6 | 6 |
| Sewer | Miles of sewers | 125.8 | 125.8 | 120.0 | 120.00 | 120.00 |
| | Miles of storm drains | 25.2 | 25.2 | 25.2 | 25.20 | 25.20 |
| Streets | Miles of streets | 125.8 | 125.8 | 125.8 | 125.80 | 125.80 |
| | Traffic signals | 93 | 93 | 93 | 93 | 93 |
| | Streetlights | 4,400 | 4,400 | 4,400 | 4,400 | 4,400 |
| Culture and Recreation | Parks | 8 | 9 | 9 | 10 | 10 |
| | Park acreage | 185 | 185 | 185 | 192 | 185 |
| | Playgrounds | 14 | 14 | 14 | 15 | 15 |
| | Ballfields | 15 | 15 | 15 | 15 | 15 |
| | Swimming pools | 1 | 1 | 1 | 1 | 1 |
| | Community Centers | 7 | 7 | 8 | 8 | 8 |

Source: Various City Departments