

A wide-angle photograph of an indoor swimming pool. The pool is filled with blue water and has several lanes marked with dark blue lane lines. The pool is surrounded by a light-colored tiled deck. In the background, there is a large wall with the words "SOUTH GATE" written on it in large, dark letters. To the left, there are large windows and a balcony with a railing. The ceiling is high and has several recessed lights. The overall atmosphere is bright and clean.

CITY OF SOUTH GATE CALIFORNIA

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2021**

City of South Gate

South Gate, California

Annual Comprehensive Financial Report and Independent Auditors' Report

For the Year Ended June 30, 2021

Prepared by:
Administrative Services Department

City of South Gate
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

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April 13, 2022

Honorable Mayor and Members of the City Council:

The Annual Comprehensive Financial Report of the City of South Gate for the Fiscal Year ended June 30, 2021, is hereby presented as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City of South Gate issue annually a report on its financial position and activity, and that an independent firm of certified public accountants audit this report. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of South Gate. To the best of our knowledge and belief, there are no misstatements of material fact within the financial statements or omissions of material fact which would cause the financial statements to be misleading. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

PROFILE OF THE CITY OF SOUTH GATE

The City of South Gate was incorporated on January 20, 1923, under the general laws of the State of California. South Gate encompasses 7.41 square miles and is located in the heart of the Los Angeles Metropolitan area, approximately 10 miles south of downtown Los Angeles. Services provided by the City include administration, police, public works, planning, building & safety, and parks & recreation. The official population is 96,533 as of January 1, 2021. The City of South Gate is a full service city, meaning that, except for library, refuse collection and fire protection services, all services are delivered by the City's own employees.

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

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

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

FINANCIAL INFORMATION

Internal Control

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

Budgetary Controls

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

Budget to Actual Comparison

For the fiscal year ended June 30, 2021, the City experienced a \$4.8M favorable budget variance in general fund revenues and a favorable \$568K budget variance in general fund operating

expenditures resulting in \$5.4M net positive budgetary variance. The total actual general fund operating expenditures exceeded revenues by \$2.4M. The City also transferred out \$41K to the Capital Improvement Fund to fund capital projects. The actual net income of \$2.3M, which includes transfers out, brought the prior fiscal year general fund balance from \$58.1M to \$60.4M for the fiscal year ended June 30, 2021. Many of the favorable revenue and expenditure variances were the result of conservative budget practices and continued careful management of resources during FY 2020/21.

Significant Financial Events

The Governmental Accounting Standards Board (GASB) is a private, non-governmental organization that creates accounting reporting standards, or generally accepted accounting principles (GAAP), for state and local governments. Changes in accounting policies issued by the Board, known as GASB Statements, will impact how the City reports and compiles its financial report. During the fiscal year ended June 30, 2021, the City implemented the following new GASB Pronouncement.

GASB Statement No. 84 – Fiduciary Activities, the statement established standards relating accounting and financial reporting for identifying and financial reporting of fiduciary activities. These provisions are effective for reporting periods beginning after December 15, 2019, as amended by GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative guidance, to provide temporary relief to governments relating COVID-19 pandemic.

Application of the following GASB statements did not have a significant effect on the City’s fiscal year ending June 30, 2021. **GASB Statement No. 90 – Majority Equity Interests** – requires majority equity interest be reported in a legally separate organization. The City’s equity investment in the Authority is reported in the Sewer Fund. The application of this statement did not have a material effect on the City’s June 30, 2021, financial statements. **GASB Statement No. 98 – The Annual Comprehensive Financial Report** – establishes the term annual comprehensive financial report (ACRF). Application of this statement was primarily qualitative and did not have a material financial effect on the City’s June 30, 2021, financial statements.

OTHER INFORMATION

Independent Audit

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

Single Audit

As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. Beginning with the single audit of fiscal years beginning on or after

January 1, 2015, the U. S. Office of Management and Budget (OMB) raised the single audit threshold for federal awards from \$500,000 to \$750,000. When over \$750,000 from Federal financial assistance programs is expended in any one fiscal year, the City is required to undergo a single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). For the year ended June 30, 2021, approximately \$13.7M in Federal financial assistance program funds were expended.

GFOA Certificate of Achievement Award

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

The City of South Gate strives to achieve this prestigious award each year. The City of South Gate submitted its ACFR for the fiscal year ended June 30, 2020 for the GFOA award of Certificate of Achievement for Excellence in Financial Reporting. The award is still being reviewed by the GFOA. We also believe our June 30, 2021, ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

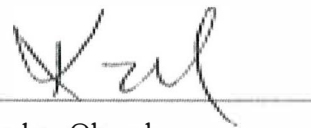
ACKNOWLEDGEMENTS

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

Respectfully submitted,



Chris Jeffers
Interim City Manager



Kingsley Okereke
Interim Deputy Director of Administrative
Services/Finance

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

Mayor

Al Rios

Vice Mayor

Maria del Pilar Avalos

Councilmember

Maria Davila

Councilmember

Denise Diaz

Councilmember

Gil Hurtado

City Clerk

Carmen Avalos

City Treasurer

Greg Martinez

Inerim City Manager

Chris Jeffers

City Attorney

Raul Salinas

Assistant City Manager/Director of Public Works

Arturo Cervantes

Police Chief

Darren Arakawa

Interim Director of Administrative Services

Kingsley Okereke

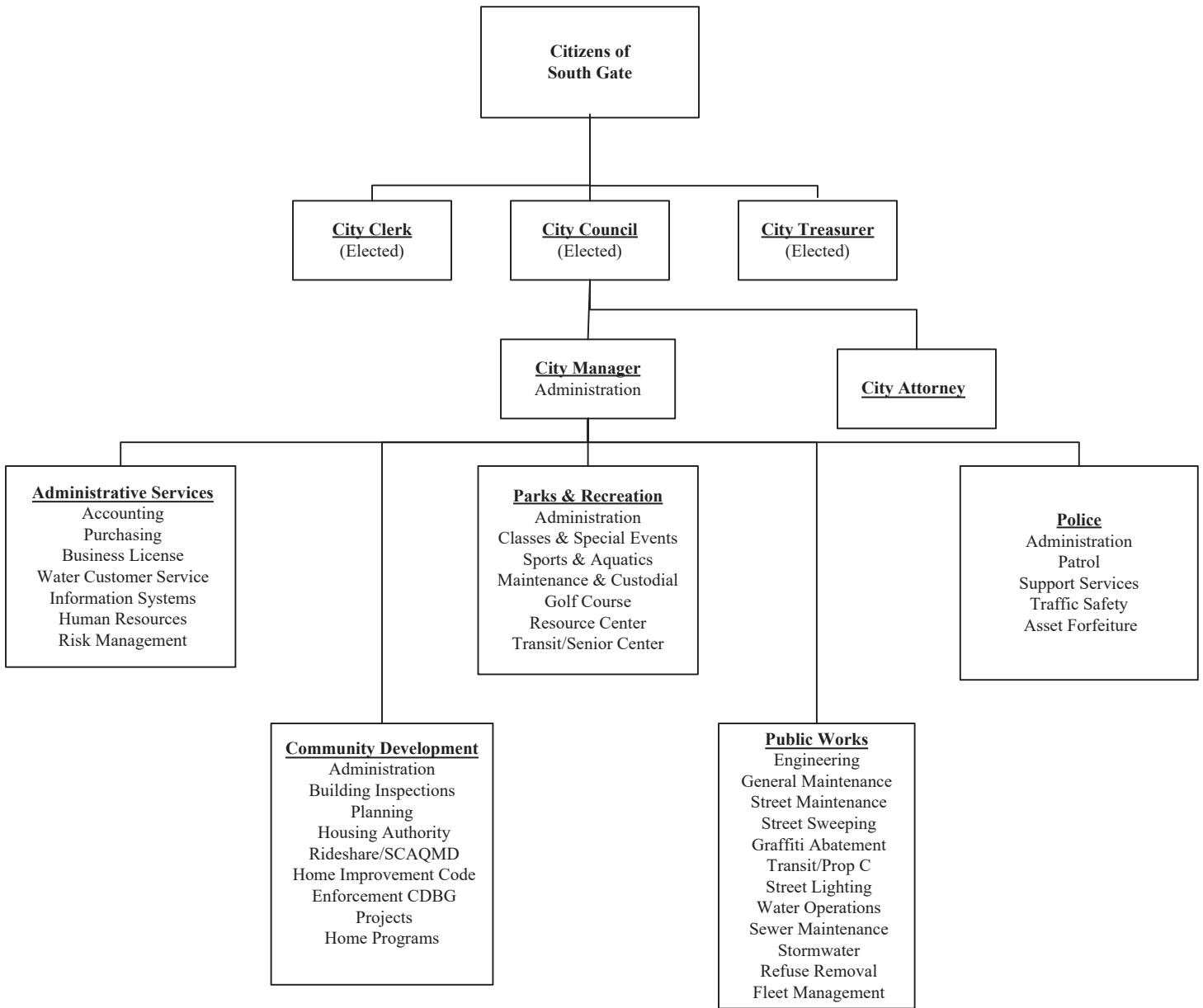
Director of Community Development

Meredith Elguira

Interim Director of Parks & Recreation

Steve Costley

CITY OF SOUTH GATE





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of South Gate
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to
City of South Gate
California

For its Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020
is still pending on Government Finance Officers association's review



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of South Gate, California (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, 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.

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Emphasis of Matter

Implementation of GASB Statement No. 84

As discussed in Note 1 to the financial statements, the City implemented GASB Statement No. 84, Fiduciary Activities. As a result of the implementation, the City converted the former agency funds, which previously reported assets and liabilities only, to custodial funds and reported a restatement of its net position in the amount of \$969,445. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Santa Ana, California
April 13, 2022

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City of South Gate
Management's Discussion and Analysis (Unaudited)
Year Ended June 30, 2021

The following discussion and analysis of the financial performance of the City of South Gate provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the financial statements identified in the accompanying table of contents.

Financial Highlights

Government-wide Financial Statements

- **Net Position:** The total assets and deferred outflows of the City of South Gate exceeded total liabilities and deferred inflows at the close of the fiscal year ended June 30, 2021, by \$273.6M. This amount is referred to as the net position of the City. Of this amount, \$260.4M is invested in capital assets, \$62.8M is restricted for public works, housing activities, community development projects, public safety and debt service, and \$49.5M is an unrestricted deficit amount.
- **Changes in Net Position:** The City's net position increased by \$27.6M year over year (from \$246M prior fiscal year ending balance to \$273.6M balance as June 30, 2021). Governmental Activities contributed \$22M while Business-type activities contributed \$5.6M toward the increased net position.
- **Long-Term Debt:** The City's total long-term liabilities increased from \$177M to \$189.2M year over year as of June 30, 2021, a net increase of \$12M. The net increase were mainly from increases of \$9.1M in pension liability, \$3.9M in OPEB liability, \$1.9M in claims and judgements, \$0.5M in compensated absences, and offsetting paydown of \$3.2M of outstanding bonds and lease obligations.
- **Capital Assets:** The City's capital assets totaled \$291.2M on June 30, 2021, a net increase of \$4.1M over the prior year balance of \$287.1M. \$3.8 million of the net increase is attributable to the governmental activities capital project improvements.

Fund Financial Statements

- **Governmental Funds:** As of June 30, 2021, the City's governmental funds reported a combined ending fund balance of \$120.7M, an increase of \$24M (25%) over the prior year's restated balance.
- **General Fund:** As of June 30, 2021, revenues and transfers-in exceeded expenditures and transfers-out by \$2.3M, increasing the fund balance from \$58.1M to \$60.4M. Of the \$60.4M fund balance, \$12.7M is unassigned and is available for spending at the City's discretion.

Using the Accompanying Financial Statements

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

Overview of the Financial Statements

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

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

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

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

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

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

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

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

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

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For City of South Gate, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$273.6M on June 30, 2021, as shown in Table 1.

Table 1
Statement of Net Positions

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 144,880,902	\$ 124,272,349	\$ 30,793,468	\$ 25,829,128	\$ 175,674,370	\$ 150,101,477
Capital assets	240,697,494	236,928,860	50,478,247	50,198,292	291,175,741	287,127,152
Total assets	385,578,396	361,201,209	81,271,715	76,027,420	466,850,111	437,228,629
Deferred Outflows	20,447,980	16,211,612	2,241,488	1,883,655	22,689,468	18,095,267
Total Deferred Outflows	20,447,980	16,211,612	2,241,488	1,883,655	22,689,468	18,095,267
Long-term debt outstanding	145,805,183	132,390,824	37,569,467	38,918,287	183,374,650	171,309,111
Other liabilities	13,742,328	15,044,301	9,012,191	7,293,251	22,754,519	22,337,552
Total liabilities	159,547,511	147,435,125	46,581,658	46,211,538	206,129,169	193,646,663
Deferred Inflows	9,118,980	12,507,245	656,027	1,001,664	9,775,007	13,508,909
Total Deferred Inflows of Resources	9,118,980	12,507,245	656,027	1,001,664	9,775,007	13,508,909
Net position:						
Invested in net capital assets	239,643,790	235,344,518	20,711,825	18,943,611	260,355,615	254,288,129
Restricted	61,928,090	38,446,753	846,419	831,423	62,774,509	39,278,176
Unrestricted (deficit)	(64,211,995)	(56,320,820)	14,717,274	10,922,839	(49,494,721)	(45,397,981)
Total net position	\$ 237,359,885	\$ 217,470,451	\$ 36,275,518	\$ 30,697,873	\$ 273,635,403	\$ 248,168,324

The largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) of \$260.4M, less any related debt used to acquire those assets that is still outstanding. The City of South Gate uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Another portion of the City's net position, \$62.8M, represents resources that are subject to external restrictions in how they may be used. The remaining deficit balance of \$49.5M is \$4.1M more than it was in FY 2019/20.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

Table 2
Statement of Changes in Net Position

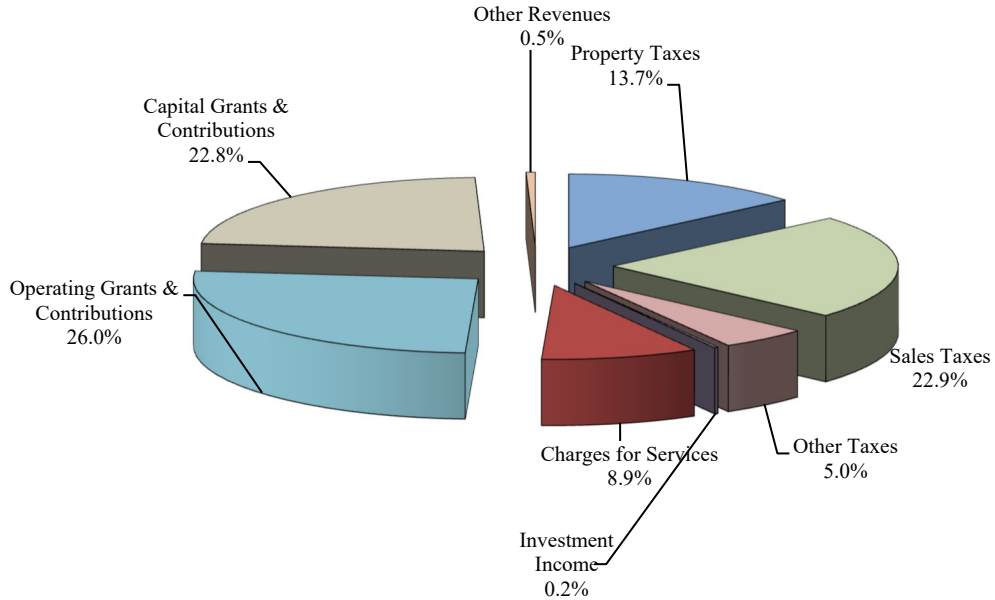
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 9,749,871	\$ 9,348,553	\$ 24,894,165	\$ 25,196,699	\$ 34,644,036	\$ 34,545,252
Operating grants & contributions	28,487,051	19,485,392	11,065	48,671	28,498,116	19,534,063
Capital grants & contributions	24,999,083	5,369,929	-	-	24,999,083	5,369,929
General revenues:						
Property taxes	15,082,297	14,078,869	-	-	15,082,297	14,078,869
Sales taxes	25,106,247	21,162,524	-	-	25,106,247	21,162,524
Other taxes	5,482,779	5,222,024	-	-	5,482,779	5,222,024
Investment income	225,984	1,574,858	61,524	-	287,508	1,574,858
Azalea participation payment	-	-	-	-	-	-
Other revenues	570,861	1,063,793	-	-	570,861	1,063,793
Total revenues	109,704,173	77,305,942	24,966,754	25,245,370	134,670,927	102,551,312
Program expenses						
General government	7,646,438	7,238,434	-	-	7,646,438	7,238,434
Public works	22,509,065	18,790,068	-	-	22,509,065	18,790,068
Parks & recreation	8,526,385	8,761,785	-	-	8,526,385	8,761,785
Police	34,518,786	32,658,124	-	-	34,518,786	32,658,124
Community development	13,738,406	11,681,154	-	-	13,738,406	11,681,154
Interest expense	702,810	533,290	-	-	702,810	533,290
Sewer	-	-	1,223,295	1,274,566	1,223,295	1,274,566
Water	-	-	14,001,403	13,992,104	14,001,403	13,992,104
Refuse	-	-	4,162,820	4,011,296	4,162,820	4,011,296
Total expenses	87,641,890	79,662,855	19,387,518	19,277,966	107,029,408	98,940,821
Transfers	1,591	287,309	(1,591)	(287,309)	-	-
Changes in Net Position	22,063,874	(2,069,604)	5,577,645	5,680,095	27,641,519	3,610,491
Beginning net position, restated	215,296,011	219,540,055	30,697,873	25,017,778	245,993,884	244,557,833
Ending net position, restated	\$ 237,359,885	\$ 217,470,451	\$ 36,275,518	\$ 30,697,873	\$ 273,635,403	\$ 248,168,324

Governmental Activities. See Table 2. The city's net position attributable to governmental activities increased by \$22.1M as of June 30, 2021. Program revenues increased by \$29 M in FY 2021 mainly from additional operating and capital grants received during the year. General revenues increased \$3.4M compared to prior year. Property tax increased by about \$1M, sales tax increased by \$3.9M while investment income decreased by approximately \$1.4M due to unrealized mark to market valuation losses. Program expenses increased by \$7.9M from \$79.7M in FY 2020 to \$87.6 in FY 2021, the increases were primarily in police, public works and community development.

The City of South Gate relies heavily on federal, state, and local grant funds (48.7%) as a major funding source for capital projects and eligible operating costs. After grants, sales tax (22.9%), property taxes (13.7%) and charges for services (8.9%) remain the most significant sources of the Governmental Activities revenue stream.

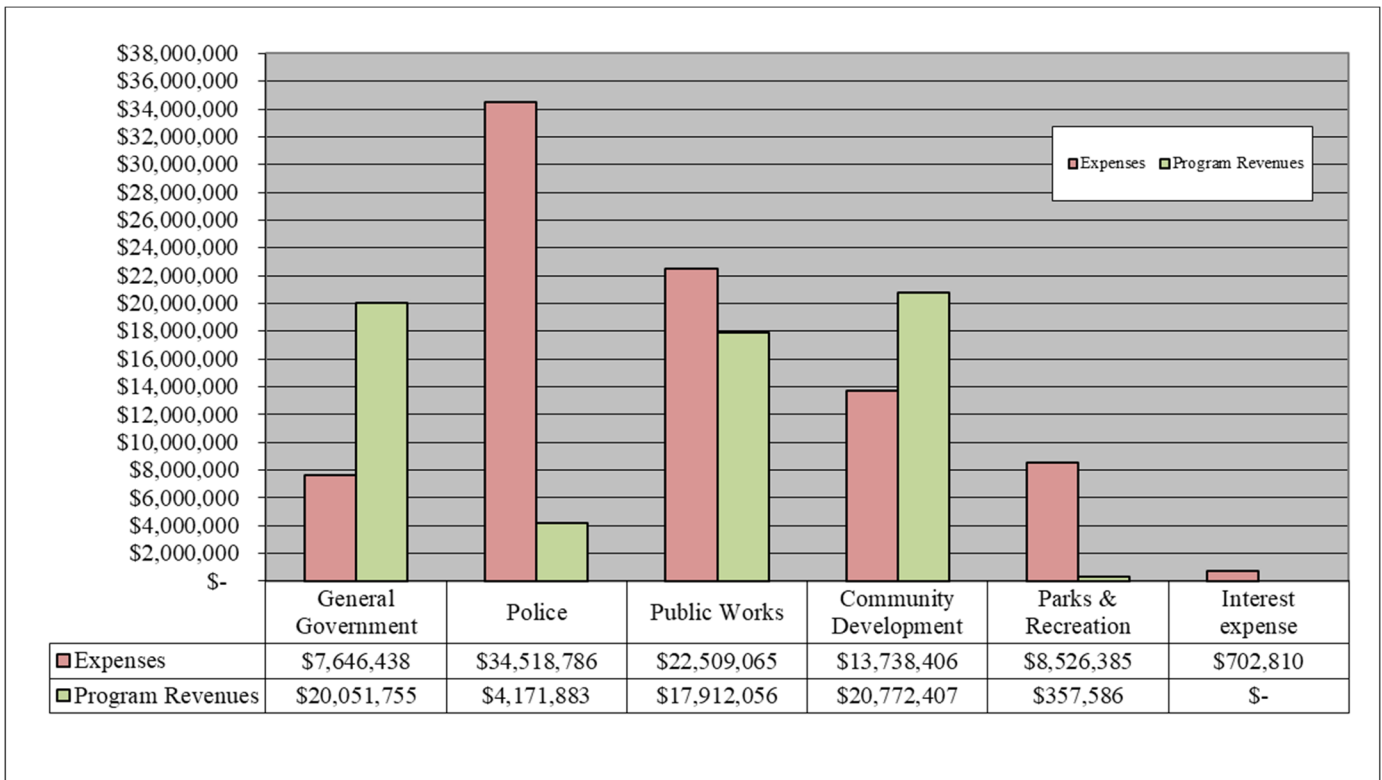
City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

Revenues by Source – Governmental Activities



The cost of all governmental activities this year was \$87.6M compared to \$79.6M in the prior year. Governmental activities generated sufficient revenues to pay these costs with \$9.38M paid for by those who directly benefited from programs provided, \$43.5 being subsidized by grants received from other governmental organizations for both capital and operating activities, and \$46.5M coming from general taxes and other revenues.

Expenses and Program Revenues – Governmental Activities



City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

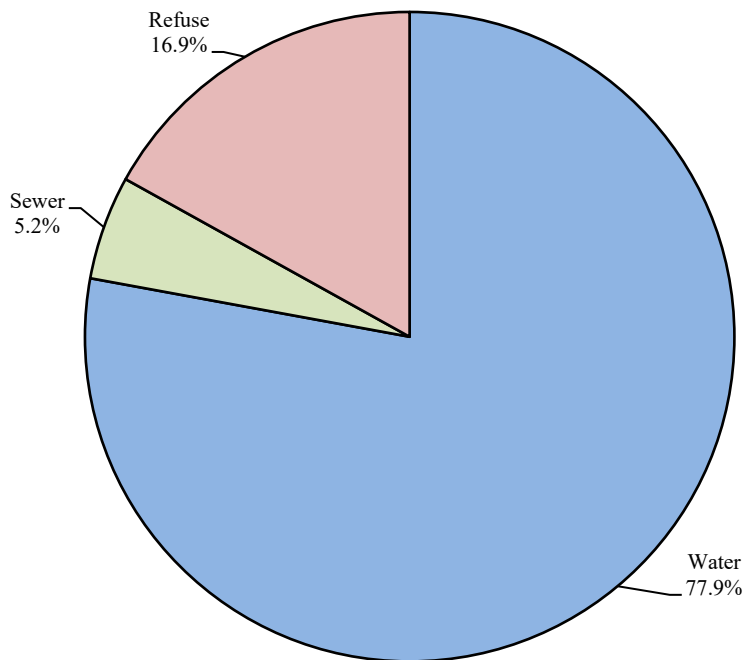
The City's largest expense is the Police Department, where operations totaled \$34.5M in FY 2020-21. Public Works followed with \$22.5M of expenses, which included expenses related to several large capital improvement projects. Community Development was the third largest in expenses, at \$13.7M, which included Federal Housing and Urban Development (HUD) funds.

Business-Type Activities. As of June 30, 2021, the financial condition of the City's business-type activities was a positive net position of \$36.3M, a \$5.6M increase from \$30.7M beginning net position.

The city business-type activities consisted of the water, sewer and refuse utilities. The combined cost of providing all business-type activities this year was \$18.5M. The revenue paid by users of these utilities was \$24.9M of which 77.9% comes from water fees, 16.9% from refuse fees and 5.2% from sewer fees. When capital improvements are made, the costs are capitalized and no expenses are incurred given that current assets have been converted to long-term capital assets.

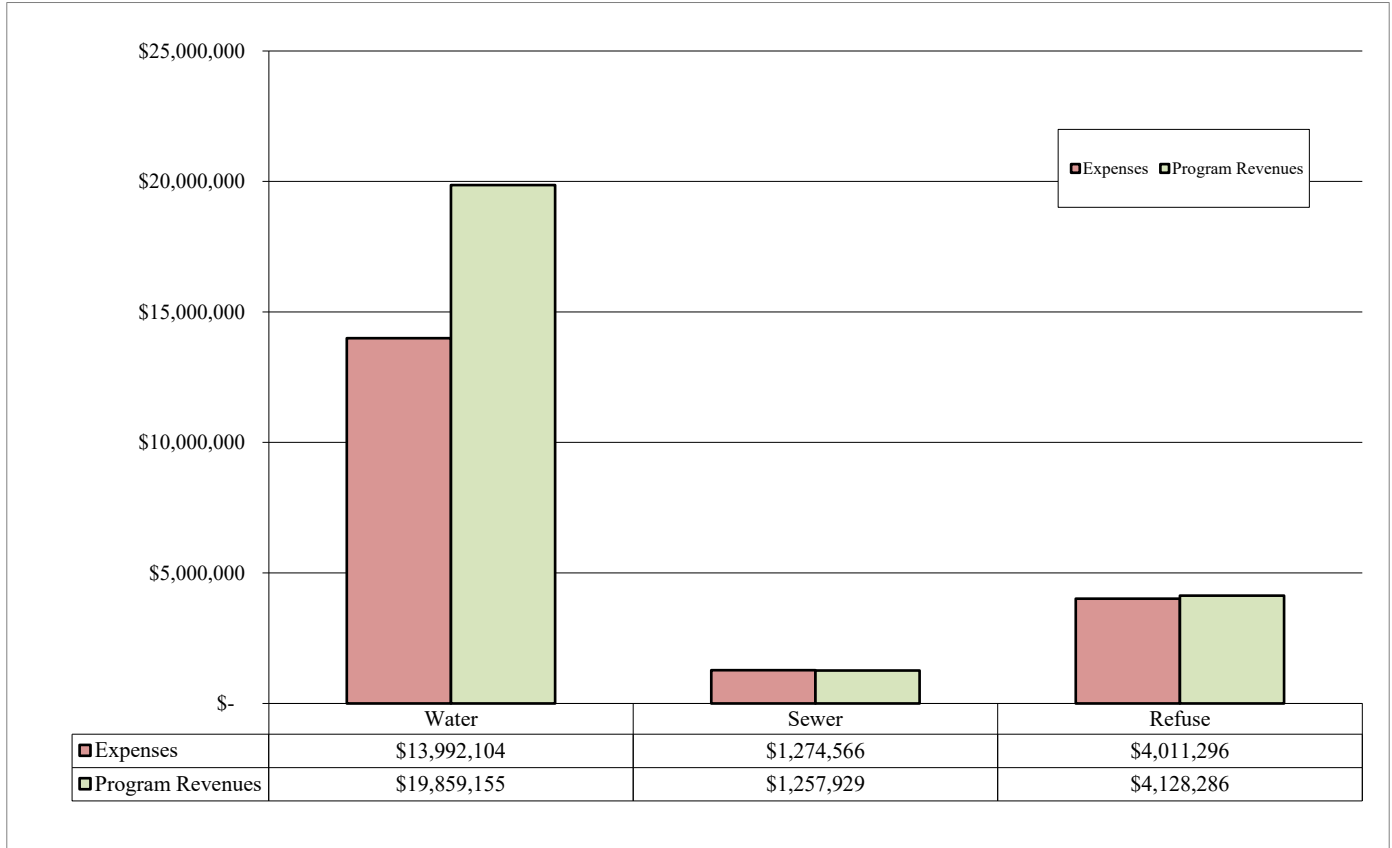
The water utility user rates are set to generate some excess of revenues over expenses in an effort to maintain a reasonable reserve for capital improvements and debt service requirements. A sewer rates study is underway to ensure that the sewer utility is similarly sustained financially to cover its 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. See below revenue and expense chart.

Revenues by Source – Business-Type Activities



City of South Gate
Management’s Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

Expenses and Program Revenues – Business-Type Activities



Financial Analysis of the City’s Funds

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

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

As of June 30, 2021, the City’s governmental funds reported combined ending fund balances of \$120.7M, an increase of \$24M from prior year. Of that amount, \$24M constitutes *nonspendable* fund balance. Of the remaining \$96.7M *spendable* fund balance, \$60.6M is *restricted* because it is subject to external enforceable legal obligations, \$23.6M is *committed* for such things as an emergency reserve, the employment resource center, a budget stabilization fund, an OPEB Section 115 trust, a revolving loan program, and capital projects, \$3.5M has been *assigned* by management for specific purposes, and the remaining \$9M is *unassigned* and can be spent at the City’s discretion.

The General Fund is the chief operating fund of the City of South Gate. As of the end of FY 2021 fiscal year, the total general fund balance was \$60.4M, an increase of \$2.3M from prior year. The unassigned fund balance totaled \$12.7M.

For FY 2020/21 General fund revenues increased by \$4.2M (7.7%) over the prior year from \$51.2M to \$55.4M, operating expenditures has minor increase of \$240K from \$52.8M to \$53.1M. In summary, general fund revenues exceeded expenditures by approximately \$2.3M for the fiscal year ended June 30, 2021.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

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. The total fund balance of \$3.7M at June 30, 2021, is designated mainly for the Courthouse rehabilitation project, which envisions the repurposing of this building for other city uses.

The other non-major governmental funds include several special revenue funds used exclusively to account for intergovernmental and assessment proceeds which are restricted by law as to their use. This group of funds includes the Community Development Block Grant, HOME Program, Housing Successor, Gas Tax, Asset Forfeiture, Prop A and C Local Returns, Measure R, Measure M, Street Lighting & Landscaping, and various other grant funds. In FY 2021, City received \$17M American rescue Plan Act grant to recover Covid-19 pandemic related expenditures.

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

In the business-type activities, the Water and Sewer Funds are considered major funds. The Refuse Fund is considered non-major. At fiscal year end, the combined net position of these funds totaled \$36.3M, an increase of \$5.6M (18.2%) from the beginning fund balance mainly as a result of revenues exceeding expenses. Resources used for the construction of capital facilities do not result in expenses because the assets are capitalized.

The internal service funds 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 \$3M from \$4.6M beginning fund balance to \$1.6M as of June 30, 2021, largely because of higher costs of insurance and provisions for projected future claim and judgement obligations.

General Fund Budgetary Highlights

For FY 2020/21, the final adopted general fund revenue budget was \$50.6M. The actual revenues came in \$4.8M (9.5%) higher than projected at \$55.4M, and mostly because of increases in tax revenues and a one-time receipt of \$1.9M from California State Care Act. Overall, property tax increased \$1M, sales tax increased \$3.9M and other taxes increased \$0.3M. Charges for services were down by \$520K, and Licenses and permits were also down by \$339K due to the closing of City facilities, which impacted parks and recreation activities. Use of money and property were down nearly \$1M mostly because of lower interest environment and the resulting "unrealized" investment losses as of June 30, 2021. Total actual expenditures came in at \$53.1M, which is \$0.5M (1.1%) lower than the final projected expenditure budget of \$53.7M due to staff vacancies and covid induced operations and facilities shut down during the fiscal year.

In March 2021, congress passed the \$1.9 trillion American Rescue Plan Act of 2021 (ARPA). The city's allocable share amounted to \$34.5M. The initial disbursement of \$17.2M was received by the City in XXXX 2021. The ARPA monies can be used to recover revenue loss due to the Pandemic, fund infrastructure projects including water, sewer and broadband and respond to public health emergency due to COVID-19 Pandemic including assistance to households, small business, and nonprofits organizations. For the fiscal year, COVID-19 related expenditures of \$1.0M, made up 1.9% of the total General Fund expenditures. All of this cost was covered by the \$1.2M CARES Act allocation from the State.

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

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, 2021, the City's net investment in capital assets for governmental activities totaled \$240.7M and net investment in capital assets for business-type activities totaled \$50.5M. Governmental capital assets had a net increase of \$3.8M mainly due to the addition of \$12.4M in construction in progress and \$2M in equipment, less depreciation of \$10.7M. Business-type capital assets increased by \$280K with additions to construction in progress of \$3.1M reduced by accumulated depreciation of \$2.8M.

City of South Gate Capital Assets
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Structures and improvements	11,198,342	11,370,775	2,600,018	2,696,726	13,798,360	14,067,501
Machinery and equipment	3,167,033	2,129,481	1,503,564	1,740,821	4,670,597	3,870,302
Infrastructure	193,651,173	198,410,054		-	193,651,173	198,410,054
Utility distribution system			39,769,208	41,747,543	39,769,208	41,747,543
Land	3,738,993	3,738,993	1,290,602	1,290,602	5,029,595	5,029,595
Construction in progress	28,941,953	21,279,557	3,381,711	789,456	32,323,664	22,069,013
Water rights		-	1,933,144	1,933,144	1,933,144	1,933,144
Total	\$240,697,494	\$236,928,860	\$50,478,247	\$50,198,292	\$291,175,741	\$287,127,152

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

Long-Term Debt. At the end of the fiscal year, the City of South Gate had total long-term outstanding debt of \$189.2M, an increase of approximately \$12.2M over the prior year balance. The net increase is attributable to a combination of \$1.9M increase in claims and judgements liability, about \$9.1M of actuarially determined increases in pension liability, and other post-employment benefits liability of about \$3.9M, \$0.5M increase in compensated absences liability, and paydown of about \$3.2M in outstanding revenue bond, pension obligation bonds and other financing agreements.

City of South Gate Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue bonds	\$ -	\$ -	\$30,713,226	\$32,397,575	\$ 30,713,226.00	\$ 32,397,575.00
Pension obligation bonds	11,480,000	12,800,000	-	-	11,480,000	12,800,000
Financing agreements	500,241	738,953	-	-	500,241	738,953
Notes/loans payable	-	-	-	-	-	-
Claims and judgments	10,771,328	8,789,673	-	-	10,771,328	8,789,673
Compensated Absences	5,628,554	5,098,868	372,380	430,843	6,000,934	5,529,711
Other post-employment benefits	26,359,310	22,513,995	2,620,475	2,596,912	28,979,785	25,110,907
Net pension liability	95,188,598	86,449,654	5,609,552	5,213,608	100,798,150	91,663,262
Total	\$ 149,928,031	\$136,391,143	\$39,315,633	\$40,638,938	\$189,243,664	\$177,030,081

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

City of South Gate
Management's Discussion and Analysis (Unaudited) (Continued)
Year Ended June 30, 2021

Economic Factors and Next Year's Budget

Over the past year, despite unprecedented challenges of the COVID-19 pandemic and the associated revenue shortfalls, the city has continued to effectively service and support our residents and businesses. While the intensity of the pandemic drag on the overall economy and the city finances is gradually waning, it is anticipated that recovery back to normal will take some time. In this environment, the Los Angeles County economic recovery is projected to trail the state and nation in 2021 before ramping up in 2022. Local GDP is projected to be around 2.8 percent in 2021 and then improve to 4.2 percent in 2022. The county unemployment rate currently about 10.7 percent is projected to float around 9.3 percent by end of the year, and then drop further to about 8.1 percent in 2022. These economic indicators projection portend favorable economic conditions over the next couple of years.

In addition, City is poised to receive additional financial relief and funding augmentation via the \$1.9 trillion American Rescue Plan Act (ARPA) stimulus funding bill passed by the US Congress in March 2021. The City of South Gate is slated to receive about \$34.55 million in funding, which will provide an opportunity for the city to provide needed support to our residents, protect essential reserves, rebuild critical services, and plan for facility and infrastructure improvements.

Like many cities throughout California, South Gate is also facing significant continued increases in retiree pension and health care costs. Future salary increases and increased CalPERS pension costs are expected to put upward pressure on the budget over the next few years.

For FY 2021/22, the city adopted a Maintenance of Effort Budget with provisions to attend to critical needs. The FY2021-22 citywide adopted operating and capital improvement budget totaling approximately \$195M 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.

General Fund Budget: The total general fund budget adopted for FY2021-22 of \$63M constitutes 32% of the citywide budget and reflects a 14.26% increase in general fund expenditures over prior fiscal year. FY2021-22 general fund projected revenue of \$56M is an increase of 14.46% over prior year receipts, but still short of the annual revenue requirement to effectively balance the general fund budget. Overall, the FY2021-22 adopted general fund budget was balanced with draw down from fund balance reserves of about \$1.45M to cover the projected deficit.

Requests for Information

This comprehensive annual financial report (CAFR) is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's transparency and accountability for the money it receives and expends. If you have questions about this report or need additional financial information, please contact 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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 86,151,942	\$ 47,433,216	\$ 133,585,158
Receivables:			
Accounts	1,987,084	4,441,847	6,428,931
Accrued interest	79,152	50,146	129,298
Settlements	76,712	-	76,712
Internal balances	21,978,160	(21,978,160)	-
Prepaid items	32,716	-	32,716
Due from other governments	20,034,352	-	20,034,352
Inventories	193,590	-	193,590
Property held for resale	4,950,000	-	4,950,000
Total current assets	135,483,708	29,947,049	165,430,757
Noncurrent assets:			
Restricted cash and investments with fiscal agent	283,933	846,419	1,130,352
Notes and loans receivables	9,113,261	-	9,113,261
Capital assets:			
Non-depreciable capital assets	32,680,946	6,605,457	39,286,403
Depreciable capital assets, net	208,016,548	43,872,790	251,889,338
Total capital assets	240,697,494	50,478,247	291,175,741
Total noncurrent assets	250,094,688	51,324,666	301,419,354
Total assets	385,578,396	81,271,715	466,850,111
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding of debt	-	1,082,084	1,082,084
Deferred outflows of resources related to pensions	17,084,440	825,023	17,909,463
Deferred outflows of resources related to OPEB	3,363,540	334,381	3,697,921
Total deferred outflows of resources	20,447,980	2,241,488	22,689,468

City of South Gate
Statement of Net Position (Continued)
June 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 6,685,349	\$ 2,878,174	\$ 9,563,523
Accrued liabilities	897,456	72,702	970,158
Retention payable	553,463	135,280	688,743
Accrued interest	54,517	215,139	269,656
Unearned revenue	937,160	-	937,160
Deposits payable	458,091	3,964,730	4,422,821
Due to other governments	33,444	-	33,444
Compensated absences - due within one year	480,926	31,817	512,743
Claims payable - due within one year	2,015,049	-	2,015,049
Long-term debt - due within one year	1,626,873	1,714,349	3,341,222
Total current liabilities	<u>13,742,328</u>	<u>9,012,191</u>	<u>22,754,519</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year	5,147,628	340,563	5,488,191
Claims payable - due in more than one year	8,756,279	-	8,756,279
Long-term debt - due in more than one year	10,353,368	28,998,877	39,352,245
Aggregate net pension liability	95,188,598	5,609,552	100,798,150
Total other postemployment benefits liability	<u>26,359,310</u>	<u>2,620,475</u>	<u>28,979,785</u>
Total noncurrent liabilities	<u>145,805,183</u>	<u>37,569,467</u>	<u>183,374,650</u>
Total liabilities	<u>159,547,511</u>	<u>46,581,658</u>	<u>206,129,169</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,947,460	42,494	2,989,954
Deferred inflows of resources related to OPEB	6,171,520	613,533	6,785,053
Total deferred inflows of resources	<u>9,118,980</u>	<u>656,027</u>	<u>9,775,007</u>
NET POSITION			
Net investment in capital assets	<u>239,643,790</u>	<u>20,711,825</u>	<u>260,355,615</u>
Restricted:			
Community development projects	26,152,845	-	26,152,845
Asset forfeiture program	3,653,410	-	3,653,410
Law enforcement	551,458	-	551,458
Public works	19,108,018	-	19,108,018
Capital projects	2,000	-	2,000
Debt service	281,933	846,419	1,128,352
Low/mod income housing activities	12,179,860	-	12,179,860
Total restricted	<u>61,929,524</u>	<u>846,419</u>	<u>62,775,943</u>
Unrestricted (deficit)	<u>(64,213,429)</u>	<u>14,717,274</u>	<u>(49,496,155)</u>
Total net position	<u>\$ 237,359,885</u>	<u>\$ 36,275,518</u>	<u>\$ 273,635,403</u>

City of South Gate
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 7,646,438	\$ 2,675,954	\$ 97,564	\$ 17,278,237	\$ 20,051,755
Police	34,518,786	1,579,694	2,592,189	-	4,171,883
Community development	13,738,406	1,568,561	19,203,846	-	20,772,407
Parks & recreation	8,526,385	328,269	(365)	-	327,904
Public works	22,509,065	3,597,393	6,593,817	7,720,846	17,912,056
Interest on long-term debt	702,810	-	-	-	-
Total governmental activities	<u>87,641,890</u>	<u>9,749,871</u>	<u>28,487,051</u>	<u>24,999,083</u>	<u>63,236,005</u>
Business-type activities:					
Water	14,001,403	19,397,616	-	-	19,397,616
Sewer	1,223,295	1,289,064	-	-	1,289,064
Refuse	4,162,820	4,207,485	11,065	-	4,218,550
Total business-type activities	<u>19,387,518</u>	<u>24,894,165</u>	<u>11,065</u>	<u>-</u>	<u>24,905,230</u>
Total primary government	<u><u>\$ 107,029,408</u></u>	<u><u>\$ 34,644,036</u></u>	<u><u>\$ 28,498,116</u></u>	<u><u>\$ 24,999,083</u></u>	<u><u>\$ 88,141,235</u></u>

City of South Gate
Statement of Activities (Continued)
For the Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ 12,405,317	\$ -	\$ 12,405,317
Police	(30,346,903)	-	(30,346,903)
Community development	7,034,001	-	7,034,001
Parks & recreation	(8,198,481)	-	(8,198,481)
Public works	(4,597,009)	-	(4,597,009)
Interest on long-term debt	(702,810)	-	(702,810)
Total governmental activities	(24,405,885)	-	(24,405,885)
Business-type activities:			
Water	-	5,396,213	5,396,213
Sewer	-	65,769	65,769
Refuse	-	55,730	55,730
Total business-type activities	-	5,517,712	5,517,712
Total primary government	(24,405,885)	5,517,712	(18,888,173)
General revenues and transfers:			
Taxes:			
Property taxes, levied for general purpose	15,082,297	-	15,082,297
Transient occupancy taxes	473,886	-	473,886
Sales taxes	25,106,247	-	25,106,247
Franchise taxes	2,732,357	-	2,732,357
Business licenses taxes	1,495,775	-	1,495,775
Motor vehicle license in lieu	71,146	-	71,146
Other taxes	709,615	-	709,615
Total taxes	45,671,323	-	45,671,323
Use of money and property	225,984	61,524	287,508
Other	570,861	-	570,861
Transfers	1,591	(1,591)	-
Total general revenues and transfers	46,469,759	59,933	46,529,692
Changes in net position	22,063,874	5,577,645	27,641,519
Net Position:			
Beginning of year	215,296,011	30,697,873	245,993,884
End of year	\$ 237,359,885	\$ 36,275,518	\$ 273,635,403

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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, 2021**

	Major Funds				
	General Fund	Grants Special Revenue Fund	Capital Improvement Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 15,258,977	\$ -	\$ 7,399,683	\$ 50,498,835	\$ 73,157,495
Receivables:					
Accounts	1,496,546	-	15,000	475,538	1,987,084
Notes and loans	17,433	342,680	-	8,753,148	9,113,261
Accrued interest	33,394	-	-	32,812	66,206
Settlements	76,712	-	-	-	76,712
Prepaid items	-	-	-	32,716	32,716
Due from other governments	7,540,143	9,811,086	-	2,683,123	20,034,352
Due from other funds	14,136,351	-	-	-	14,136,351
Inventories	193,590	-	-	-	193,590
Land held for resale	-	-	-	4,950,000	4,950,000
Advances to other funds	23,798,000	-	-	-	23,798,000
Restricted cash and investments held by fiscal agent	281,933	-	2,000	-	283,933
Total assets	\$ 62,833,079	\$ 10,153,766	\$ 7,416,683	\$ 67,426,172	\$ 147,829,700

**City of South Gate
Balance Sheet (Continued)
Governmental Funds
June 30, 2021**

	Major Funds				
	General Fund	Grants Special Revenue Fund	Capital Improvement Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,163,747	\$ -	\$ 2,891,087	\$ 2,177,429	\$ 6,232,263
Accrued liabilities	794,215	-	-	81,951	876,166
Unearned revenue	-	97,119	259,355	580,686	937,160
Deposits	380,037	-	-	78,054	458,091
Retentions payable	-	-	553,463	-	553,463
Due to other governments	33,444	-	-	-	33,444
Due to other funds	-	9,462,518	-	4,798,071	14,260,589
Advances from other funds	-	-	-	1,813,000	1,813,000
Total liabilities	2,371,443	9,559,637	3,703,905	9,529,191	25,164,176
Deferred inflows of resources:					
Unavailable revenues	96,796	1,853,129	-	7,017	1,956,942
Total deferred inflows of resources	96,796	1,853,129	-	7,017	1,956,942
Fund Balances:					
Nonspendable					
Inventories	193,590	-	-	-	193,590
Prepaid items	-	-	-	32,716	32,716
Notes and loans	17,433	-	-	-	17,433
Advances to other funds	23,798,000	-	-	-	23,798,000
Restricted					
Community development projects	-	-	-	26,152,845	26,152,845
Asset forfeiture program	-	-	-	3,653,410	3,653,410
Law enforcement	-	-	-	551,458	551,458
Public works	-	-	-	19,108,018	19,108,018
Capital projects	-	-	2,000	-	2,000
Debt service	281,933	-	-	-	281,933
Low/mod income housing activities	-	-	-	10,875,112	10,875,112
Committed					
Emergency reserve	10,000,000	-	-	-	10,000,000
Employment resource center	1,870,000	-	3,547,316	-	5,417,316
Budget stabilization	6,000,000	-	-	-	6,000,000
OPEB section 115 trust	1,000,000	-	-	-	1,000,000
Revolving loan program (ED)	1,000,000	-	-	-	1,000,000
Capital projects	-	-	163,462	-	163,462
Assigned					
Public works	115,000	-	-	-	115,000
Capital projects	3,367,023	-	-	-	3,367,023
Unassigned (deficit)	12,721,861	(1,259,000)	-	(2,483,595)	8,979,266
Total fund balances	60,364,840	(1,259,000)	3,712,778	57,889,964	120,708,582
Total liabilities, deferred inflows of resources and fund balances	\$ 62,833,079	\$ 10,153,766	\$ 7,416,683	\$ 67,426,172	\$ 147,829,700

City of South Gate
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021

Total Fund Balances - Total Governmental Funds \$ 120,708,582

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	240,697,494
Less: capital assets reported in Internal Service Funds	(2,405,592)
Total capital assets adjustment	238,291,902

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	(11,480,000)
Financing agreements	(500,241)
Compensated absences, net of \$(81,195) reported in Internal Service Funds	(5,547,359)
Total long-term debt adjustment	(17,527,600)

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. (54,517)

Governmental funds report all pension contributions as expenditures; however, in the statement of net position, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability:

Deferred outflows of resources related to pensions, net of \$264,348 reported in Internal Service Funds.	16,820,092
Aggregate net pension liabilities, net of \$(1,797,394) reported in Internal Service Funds.	(93,391,204)
Deferred inflows of resources related to pensions, net of \$(13,615) reported in Internal Service Funds.	(2,933,845)

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

Deferred outflows of resources related to OPEB, net of \$117,100 reported in Internal Service Funds.	3,246,440
Other postemployment benefits liabilities, net of \$(917,693) reported in Internal Service Funds.	(25,441,617)
Deferred inflows of resources related to OPEB, net of \$(214,860) reported in Internal Service Funds.	(5,956,660)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 1,956,942

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. 1,641,370

Net Position of Governmental Activities **\$ 237,359,885**

City of South Gate
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds				
	General Fund	Grants Special Revenue Fund	Capital Improvement Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 45,600,177	\$ -	\$ -	\$ 1,999,071	\$ 47,599,248
Licenses and permits	1,649,566	-	-	2,117,340	3,766,906
Intergovernmental	2,232,341	10,240,630	67,075	37,394,162	49,934,208
Charges for services	1,212,094	-	-	920,009	2,132,103
Use of money and property	242,236	-	-	171,587	413,823
Fines and forfeitures	1,040,478	-	-	54,810	1,095,288
Miscellaneous	3,461,810	-	-	12,291	3,474,101
Total revenues	55,438,702	10,240,630	67,075	42,669,270	108,415,677
EXPENDITURES:					
Current:					
General government	6,786,198	-	-	20,986	6,807,184
Police	29,201,488	-	-	1,116,821	30,318,309
Community development	3,430,116	-	-	9,729,878	13,159,994
Parks & recreation	7,212,134	-	-	69	7,212,203
Public works	4,401,812	-	-	7,022,554	11,424,366
Capital outlay	43,898	-	12,426,059	780,644	13,250,601
Debt service:					
Principal	1,320,000	-	-	233,650	1,553,650
Interest and fiscal charges	693,187	-	-	12,599	705,786
Total expenditures	53,088,833	-	12,426,059	18,917,201	84,432,093
REVENUES OVER (UNDER) EXPENDITURES	2,349,869	10,240,630	(12,358,984)	23,752,069	23,983,584
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	12,051,718	138,599	12,190,317
Transfers out	(40,693)	(10,469,137)	-	(1,642,188)	(12,152,018)
Total other financing sources (uses)	(40,693)	(10,469,137)	12,051,718	(1,503,589)	38,299
CHANGES IN FUND BALANCES	2,309,176	(228,507)	(307,266)	22,248,480	24,021,883
FUND BALANCES:					
Beginning of year	58,055,664	(1,030,493)	4,020,044	35,641,484	96,686,699
End of year	<u>\$ 60,364,840</u>	<u>\$ (1,259,000)</u>	<u>\$ 3,712,778</u>	<u>\$ 57,889,964</u>	<u>\$ 120,708,582</u>

City of South Gate
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 24,021,883
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay, net of \$1,304,678 reported in Internal Service Fund	13,167,939
Depreciation, net of \$402,701 reported in Internal Service Fund	(10,301,281)
	2,866,658
Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Principal payment of long-term debt	1,553,650
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	
	2,976
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.	
	(448,491)
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.	
	(4,545,841)
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.	
	296,193
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.	
	1,304,748
Internal service funds are used by management to charge the costs of certain activities, such as fleet management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.	
	(2,987,902)
Change in Net Position of Governmental Activities	\$ 22,063,874

PROPRIETARY FUND FINANCIAL STATEMENTS

ENTERPRISE FUNDS:

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

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

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

INTERNAL SERVICE FUNDS: (Refer to page 167 for more details)

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City of South Gate
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Enterprise Funds				
	Major		Nonmajor		
	Water	Sewer	Refuse		
ASSETS					
Current assets:					
Cash and investments	\$ 44,410,239	\$ 1,964,480	\$ 1,058,497	\$ 47,433,216	\$ 12,994,447
Receivables:					
Accounts	3,310,468	418,559	712,820	4,441,847	-
Accrued interest	46,775	2,091	1,280	50,146	12,946
Due from other funds	6,840	-	-	6,840	117,398
Total current assets	<u>47,774,322</u>	<u>2,385,130</u>	<u>1,772,597</u>	<u>51,932,049</u>	<u>13,124,791</u>
Noncurrent assets:					
Restricted assets:					
Cash and investments	846,419	-	-	846,419	-
Capital assets:					
Non-depreciable assets	6,461,565	143,892	-	6,605,457	308,973
Depreciable assets, net of accumulated depreciation	28,144,094	15,728,696	-	43,872,790	2,096,619
Total capital assets, net	<u>34,605,659</u>	<u>15,872,588</u>	<u>-</u>	<u>50,478,247</u>	<u>2,405,592</u>
Total noncurrent assets	<u>35,452,078</u>	<u>15,872,588</u>	<u>-</u>	<u>51,324,666</u>	<u>2,405,592</u>
Total assets	<u>83,226,400</u>	<u>18,257,718</u>	<u>1,772,597</u>	<u>103,256,715</u>	<u>15,530,383</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding of debt	1,082,084	-	-	1,082,084	-
Deferred outflows of resources related to pensions	713,937	111,086	-	825,023	264,348
Deferred outflows of resources related to OPEB	299,307	35,074	-	334,381	117,100
Total deferred outflows of resources	<u>2,095,328</u>	<u>146,160</u>	<u>-</u>	<u>2,241,488</u>	<u>381,448</u>

City of South Gate
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Major		Nonmajor		
	Water	Sewer	Refuse		
LIABILITIES					
Liabilities:					
Current liabilities:					
Accounts payable	2,362,932	105,652	409,590	2,878,174	453,086
Accrued liabilities	61,126	10,647	929	72,702	21,290
Accrued interest	215,139	-	-	215,139	-
Unearned revenues	-	-	-	-	-
Deposits payable	3,964,730	-	-	3,964,730	-
Retentions payable	135,280	-	-	135,280	-
Compensated absences, due within one year	26,774	5,043	-	31,817	6,845
Claims and judgments, due within one year	-	-	-	-	2,015,049
Bonds payable, due within one year	1,714,349	-	-	1,714,349	-
Total current liabilities	<u>8,480,330</u>	<u>121,342</u>	<u>410,519</u>	<u>9,012,191</u>	<u>2,496,270</u>
Noncurrent liabilities:					
Advances from other funds	-	21,985,000	-	21,985,000	-
Compensated absences, due in more than one year	286,592	51,132	2,839	340,563	74,350
Claims and judgments, due in more than one year	-	-	-	-	8,756,279
Bonds payable, due in more than one year	28,998,877	-	-	28,998,877	-
Aggregate net pension liability	4,854,245	755,307	-	5,609,552	1,797,394
Net OPEB liability	2,345,606	274,869	-	2,620,475	917,693
Total noncurrent liabilities	<u>36,485,320</u>	<u>23,066,308</u>	<u>2,839</u>	<u>59,554,467</u>	<u>11,545,716</u>
Total liabilities	<u>44,965,650</u>	<u>23,187,650</u>	<u>413,358</u>	<u>68,566,658</u>	<u>14,041,986</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	36,772	5,722	-	42,494	13,615
Deferred inflows of resources related to OPEB	549,178	64,355	-	613,533	214,860
Total deferred inflows of resources	<u>585,950</u>	<u>70,077</u>	<u>-</u>	<u>656,027</u>	<u>228,475</u>
NET POSITION					
Net investment in capital assets	4,839,237	15,872,588	-	20,711,825	2,405,592
Restricted for debt service	846,419	-	-	846,419	-
Unrestricted (deficit)	34,084,472	(20,726,437)	1,359,239	14,717,274	(764,222)
Total net position	<u>\$ 39,770,128</u>	<u>\$ (4,853,849)</u>	<u>\$ 1,359,239</u>	<u>\$ 36,275,518</u>	<u>\$ 1,641,370</u>

City of South Gate
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Major		Nonmajor		
	Water	Sewer	Refuse		
OPERATING REVENUES:					
Sales and service charges	\$ 19,185,772	\$ 1,287,677	\$ 4,201,855	\$ 24,675,304	\$ -
Interdepartmental charges	-	-	-	-	7,543,876
Miscellaneous	211,844	1,387	5,630	218,861	-
Total operating revenues	<u>19,397,616</u>	<u>1,289,064</u>	<u>4,207,485</u>	<u>24,894,165</u>	<u>7,543,876</u>
OPERATING EXPENSES:					
Personnel services	3,173,787	184,026	93,488	3,451,301	895,719
Utilities	687,414	1,571	3,996,006	4,684,991	12,747
Contractual services	4,165,152	124,106	56,127	4,345,385	427,691
Administrative services	2,394,022	279,501	17,199	2,690,722	861,083
Repairs and maintenance	115,157	77,366	-	192,523	355,978
Supplies	331,080	21,776	-	352,856	663,715
Insurance	-	-	-	-	3,811,554
					3,047,630
Depreciation expense	2,242,044	534,949	-	2,776,993	402,701
Total operating expenses	<u>13,108,656</u>	<u>1,223,295</u>	<u>4,162,820</u>	<u>18,494,771</u>	<u>10,478,818</u>
OPERATING INCOME (LOSS)	<u>6,288,960</u>	<u>65,769</u>	<u>44,665</u>	<u>6,399,394</u>	<u>(2,934,942)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment income	60,169	322	1,033	61,524	(16,252)
Intergovernmental revenue	-	-	11,065	11,065	-
Interest expense and fiscal charges	(892,747)	-	-	(892,747)	-
Total nonoperating revenues (expenses)	<u>(832,578)</u>	<u>322</u>	<u>12,098</u>	<u>(820,158)</u>	<u>(16,252)</u>
INCOME (LOSS) BEFORE TRANSFERS	5,456,382	66,091	56,763	5,579,236	(2,951,194)
TRANSFERS:					
Transfers in	-	-	-	-	-
Transfers out	(1,591)	-	-	(1,591)	(36,708)
Total transfers	<u>(1,591)</u>	<u>-</u>	<u>-</u>	<u>(1,591)</u>	<u>(36,708)</u>
CHANGES IN NET POSITION	5,454,791	66,091	56,763	5,577,645	(2,987,902)
NET POSITION:					
Beginning of year, as restated (Note 19)	34,315,337	(4,919,940)	1,302,476	30,697,873	4,629,272
End of year	<u>\$ 39,770,128</u>	<u>\$ (4,853,849)</u>	<u>\$ 1,359,239</u>	<u>\$ 36,275,518</u>	<u>\$ 1,641,370</u>

City of South Gate
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	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	\$ 19,654,308	\$ 1,248,445	\$ 4,086,335	\$ 24,989,088	\$ -
Cash received from interfund service provided	-	-	-	-	7,505,241
Cash paid to suppliers for goods and services	(6,448,383)	(427,767)	(4,079,057)	(10,955,207)	(7,060,645)
Cash paid to employees for services	(3,269,307)	(508,097)	(91,418)	(3,868,822)	(1,184,522)
Net cash provided by (used in) operating activities	9,936,618	312,581	(84,140)	10,165,059	(739,926)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(2,936,064)	(729)	-	(2,936,793)	(1,304,678)
Cash paid for capital-related debt	(1,615,000)	-	-	(1,615,000)	-
Interest paid on capital-related debt	(893,861)	-	-	(893,861)	-
Net cash (used in) capital and related financing activities	(5,444,925)	(729)	-	(5,445,654)	(1,304,678)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental revenue	-	-	11,065	11,065	-
Transfers out	(1,591)	-	-	(1,591)	(36,708)
Net cash provided by (used in) noncapital financing activities	(1,591)	-	11,065	9,474	(36,708)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	156,445	5,478	3,890	165,813	22,258
Net cash provided by (used in) investing activities	156,445	5,478	3,890	165,813	22,258
Net change in cash and cash equivalents	4,646,547	317,330	(69,185)	4,894,692	(2,059,054)
CASH AND CASH EQUIVALENTS:					
Beginning of year	40,610,111	1,647,150	1,127,682	43,384,943	15,053,501
End of year	\$ 45,256,658	\$ 1,964,480	\$ 1,058,497	\$ 48,279,635	\$ 12,994,447
RECONCILIATION TO STATEMENT OF NET POSITION:					
Cash and investments	\$ 44,410,239	\$ 1,964,480	\$ 1,058,497	\$ 47,433,216	\$ 12,994,447
Restricted cash and investment	846,419	-	-	846,419	-
Total cash and cash equivalents	\$ 45,256,658	\$ 1,964,480	\$ 1,058,497	\$ 48,279,635	\$ 12,994,447

City of South Gate
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Business-type Activities			Total	Governmental Activities Internal Service Funds
	Enterprise Funds				
	Major		Nonmajor		
	Water	Sewer	Refuse		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 6,288,960	\$ 65,769	\$ 44,665	\$ 6,399,394	\$ (2,934,942)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,242,044	534,949	-	2,776,993	402,700
(Increase) decrease in accounts receivable	(106,786)	(40,619)	(21,471)	(168,876)	180
(Increase) decrease in prepaid items	-	-	-	-	7,061
(Increase) decrease in due from other funds	(5,061)	-	-	(5,061)	(58,699)
(Increase) decrease in deferred outflows of resources related to pensions	(180,073)	(26,900)	-	(206,973)	(26,146)
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	(212,033)	(14,762)	-	(226,795)	(83,850)
Increase (decrease) in accounts payable	1,244,442	76,553	(9,725)	1,311,270	150,922
Increase (decrease) in accrued liabilities	(304)	1,913	(769)	840	202
Increase (decrease) in unearned revenue	-	-	(99,679)	(99,679)	-
Increase (decrease) in deposits payable	368,539	-	-	368,539	-
Increase (decrease) in claims and judgments	-	-	-	-	1,981,655
Increase (decrease) in compensated absences	(55,277)	(6,025)	2,839	(58,463)	14,971
Increase (decrease) in net pension liability	350,797	45,147	-	395,944	(211,978)
Increase (decrease) in net OPEB liability	238,992	(215,429)	-	23,563	115,098
Increase (decrease) in deferred inflows of resources related to pensions	(144,283)	(22,829)	-	(167,112)	(67,169)
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	(93,339)	(85,186)	-	(178,525)	(29,931)
Total adjustments	<u>3,647,658</u>	<u>246,812</u>	<u>(128,805)</u>	<u>3,765,665</u>	<u>2,195,016</u>
Net cash provided by (used in) operating activities	<u><u>\$ 9,936,618</u></u>	<u><u>\$ 312,581</u></u>	<u><u>\$ (84,140)</u></u>	<u><u>\$ 10,165,059</u></u>	<u><u>\$ (739,926)</u></u>

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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.

City of South Gate
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodian Funds	Successor Agency of the Former Community Development Commission
ASSETS		
Cash and investments	\$ 975,729	\$ 2,299,249
Cash and investments with fiscal agent	-	4,016,239
Account receivables	10	-
Notes receivables and loans receivable	-	204,878
Due from other governments	-	33,444
Prepaid bond insurance	-	63,767
Property held for resale	-	1,463,492
Capital assets:		
Non-depreciable	-	1,686,000
Depreciable, net	-	103,404
Total assets	975,739	9,870,473
LIABILITIES		
Accounts payable	4,616	175,583
Interest payable	-	247,515
Due to other governments	-	1,434,835
Deposits payable	-	-
Long-term debt:		
Due within one year	-	3,939,658
Due in more than one year	-	12,884,090
Total liabilities	4,616	18,681,681
NET POSITION (DEFICIT)		
Held for		
Individuals, organizations, and other governments	\$ 971,123	\$ (8,811,208)

City of South Gate
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodian Funds	Successor Agency of the Former Community Development Commission
ADDITIONS:		
Redevelopment property tax trust fund	\$ -	\$ 5,270,657
Membership assessment	170,889	-
Use of money and property	22	23,055
Total additions	170,911	5,293,712
DEDUCTIONS:		
Operational expense	169,233	-
Utilities	-	43
Contractual services	-	772,858
Administrative services	-	191,777
Depreciation expense	-	19,089
Interest expense and fiscal charges	-	454,475
Total deductions	169,233	1,438,242
Changes in Net Position	1,678	3,855,470
NET POSITION:		
Beginning of year, as restated (Note 19)	969,445	(12,666,678)
End of year	\$ 971,123	\$ (8,811,208)

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of South Gate
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For the Year Ended June 30, 2021

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City of South Gate
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies

A. Description of the Reporting Entity

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

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

Blended Component Units

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

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

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

A. Description of the Reporting Entity (Continued)

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

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

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

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

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

Government-Wide Financial Statements

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

Proprietary Fund Financial Statements

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

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

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

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

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

Fiduciary Fund Financial Statements

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.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Cash, Investments, and Cash Equivalents

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

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

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

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

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

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

D. Fair Value Measurement

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

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Receivables and Payables

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

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

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

F. Prepaid Items

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

G. Inventories

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

H. Land Held for Resale

Land held for resale is recorded in the City's Housing Successor Special Revenue Fund, 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. Land held for resale at June 30, 2021, 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 CDC are \$3,150,000, \$1,800,000 and \$1,463,492, respectively.

I. Capital Assets

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

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

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

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

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

The following schedule summarizes capital asset useful lives:

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

J. Deferred Outflows/Inflows of Resources

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

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

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

K. Net Pension Liability

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

K. Net Pension Liability (Continued)

The following timeframes are used for pension reporting:

<u>CalPERS</u>	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

<u>PARS</u>	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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

L. Other Postemployment Benefits (“OPEB”)

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

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

M. *Compensated Absences*

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

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

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

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

N. *Long-Term Liabilities*

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

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

O. *Net Position*

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

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

O. Net Position (Continued)

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

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

P. Fund Balance

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

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

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

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

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

P. Fund Balance (Continued)

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

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

Q. Use of Estimates

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

R. Changes in Accounting Policy

During fiscal year ended June 30, 2021, the City implemented the following new GASB Pronouncement:

GASB Statement No. 84 Fiduciary Activities. This statement establishes standards relating accounting and financial reporting for identifying and financial reporting of fiduciary activities. Those provisions are effective for reporting periods beginning after December 15, 2019, as amended by GASB Statement No. 95. Application of this statement was effective starting in fiscal year ending June 30, 2021. See Note 17 for details.

GASB Statement No. 90, Majority Equity Interests. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. Those provisions are effective for reporting periods beginning after December 15, 2019. The application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2021.

GASB Statement No. 98. The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Those provision are effective for fiscal years ending after December 15, 2021. The City has elected early implementation of this statement. Application of this statement was primarily qualitative and did not have a material financial effect on the City's financial statements for the fiscal year ending June 30, 2021.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 - Cash and Investments

As of June 30, 2021, cash and investments were reported in the accompanying financial statements as follows:

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 86,151,942	\$ 47,433,216	\$ 133,585,158	\$ 3,274,978	\$ 136,860,136
Cash and investments with fiscal agent	283,933	846,419	1,130,352	4,016,239	5,146,591
Total cash and investments	\$ 86,435,875	\$ 48,279,635	\$ 134,715,510	\$ 7,291,217	\$ 142,006,727

Cash and investments as of June 30, 2021 consisted of the following:

Cash:	
Cash on hand	16,995
Deposits with financial institution	31,548,786
Total Cash	31,565,781
Investments:	
Investments	105,294,355
Investments held by bond trustee	5,146,591
Total Investments	110,440,946
Total Cash and Investments	\$ 142,006,727

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, 2021, the carrying amount of the City's deposits was \$31,548,786 and the bank balance was \$33,620,508. The difference represents outstanding checks and other reconciling items.

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 - Cash and Investments (Continued)

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

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

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

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

C. Investments Authorized by Debt Agreements

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 - Cash and Investments (Continued)

D. Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The City's investments with LAIF at June 30, 2021, 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, 2021, the City had \$39,023,753 invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes and Asset-Backed Securities.

E. Fair Value Measurement

At June 30, 2021, 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, 2021:

Investment Type	Measurement Input		Total
	Level 2	Not subject to measurement	
Local Agency Investment Fund	\$ -	\$ 39,023,753	\$ 39,023,753
Certificates of deposits	32,568,458	-	32,568,458
Money market funds	-	988,390	988,390
U.S. government sponsored enterprise securities	32,713,754	-	32,713,754
Held by fiscal agent:			
Money market funds	-	5,146,591	5,146,591
Total	\$ 65,282,212	\$ 45,158,734	\$ 110,440,946

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 - Cash and Investments (Continued)

F. Risk Disclosures

Credit Risk

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

At June 30, 2021, the City's investments are rated as following:

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Ratings at Year-End AA or AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund	\$ 39,023,753	N/A	\$ -	\$ 39,023,753
Certificates of deposits	32,568,458	N/A	-	32,568,458
Money market funds	988,390	AAA	988,390	-
U.S. government sponsored enterprise securities	32,713,754	AAA	32,713,754	-
Held by fiscal agent:				
Money market funds	5,146,591	AAA	5,146,591	-
	<u>\$ 110,440,946</u>		<u>\$ 38,848,735</u>	<u>\$ 71,592,211</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2021, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions with the exception of U.S. Treasury securities, federal agency securities, U.S. government sponsored enterprise securities, overnight sweep accounts, and authorized pools that no more than 20% of the City's total investment portfolio to be invested in a single security type or 10% in any one corporate or bank issuer. With respect to concentration risk, as of June 30, 2021, the City is in compliance with its investment policy.

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

<u>Investment Type</u>	<u>Issuer</u>	<u>Reported Amount</u>	<u>Percentage of Portfolio</u>
U.S. government sponsored enterprise securities	Freddie Mac	\$ 10,966,160	10.41%
U.S. government sponsored enterprise securities	Federal Home Loan Bank	\$ 7,948,670	7.55%
U.S. government sponsored enterprise securities	Fannie Mae	\$ 6,795,434	6.45%

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 2 - Cash and Investments (Continued)

F. Risk Disclosures (Continued)

Interest Rate Risk

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

As of June 30, 2021, the City had the following investments and original maturities:

Investment Type	Totals	Remaining Maturing (In Months)		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 39,023,753	\$ 39,023,753	\$ -	\$ -
Certificates of deposits	32,568,458	7,459,021	5,053,315	20,056,122
Money market funds	988,390	988,390	-	-
U.S. government sponsored enterprise securities	32,713,754	5,854,064	3,000,290	23,859,400
Held by fiscal agent:				
Money market funds	5,146,591	5,146,591	-	-
Total	\$ 110,440,946	\$ 58,471,819	\$ 8,053,605	\$ 43,915,522

Note 3 - Settlements Receivable

The City has two settlement agreements totaling \$76,712, one for the September 2, 2005, filing against Strategy Workshop and the second one for the March 1, 2005, filing against ECM Group Inc. The City contends that Strategy Workshop and ECM Group Inc. submitted false claims concerning certain service performed. The balance is also unavailable as of June 30, 2021. See Note 5.

Note 4 - Notes and Loans Receivable

Summary of changes in notes and loans receivable for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Rental Rehabilitation	\$ 17,433	\$ -	\$ -	\$ 17,433
Section 8 Repayment Program	14,415	-	-	14,415
CDBG and First Time Home Buyers	9,221,933	-	(483,200)	8,738,733
CalHome Loan Program	392,680	-	(50,000)	342,680
Total	\$ 9,646,461	\$ -	\$ (533,200)	\$ 9,113,261

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 4 - Notes and Loans Receivable (Continued)

A. Rental Rehabilitation

The City participates in a Rental Rehabilitation Program. The purpose of the Rental Rehabilitation Loan Program is to assist owners of smaller rental properties which are occupied by persons or families that have an income less than 80% of the statewide median income. At June 30, 2021, the City has rental rehabilitation outstanding balance in the amount of \$17,433.

B. Section 8 Repayment Program

The City of South Gate also participates in a Section 8 Repayment Program. The program was authorized by Congress in 1974 and developed by HUD to provide rental subsidies for eligible tenant families (including single persons) residing in newly constructed, rehabilitated and existing rental and cooperative apartment projects. At June 30, 2021, 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, 2021, the outstanding balance was \$8,738,733.

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, 2021, the outstanding balance is \$342,680.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 - Unavailable Revenue

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

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

	General Fund	Grants Special Revenue Fund	Nonmajor Governmental Fund	Total
Unavailable federal and state grant revenue	\$ 20,084	\$ 1,853,129	\$ 7,017	\$ 1,880,230
Settlement receivable (Note 3)	76,712	-	-	76,712
Total	<u>\$ 96,796</u>	<u>\$ 1,853,129</u>	<u>\$ 7,017</u>	<u>\$ 1,956,942</u>

Note 6 - Interfund Transactions

A. Due To/From Other Funds

Due from Other Funds	Due to Other Funds		
	Grants Special Revenue Fund	Nonmajor Governmental Funds	Total
	General Fund	\$ 9,462,518	\$ 4,673,833
Water Enterprise Fund	-	6,840	6,840
Internal Service Fund	-	117,398	117,398
Total	<u>\$ 9,462,518</u>	<u>\$ 4,798,071</u>	<u>\$ 14,260,589</u>

Current interfund receivables and payables are the result of short-term borrowings at June 30, 2021.

B. Advances To/From Other Funds

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

On April 23, 2020, the City Council approved cooperation agreement between the City and the Housing Authority to provide needed financing for the purchase of property for development of low-moderate income housing project. The General Fund advanced \$1,813,000 to the Nonmajor Governmental Funds (Housing Successor Special Revenue Fund). The advance bears interest at LAIF rate. As of June 30, 2021, the outstanding balance for the advance was in the amount of \$1,813,000. The advance is to be repaid upon sale of the project.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 6 - Interfund Transactions (Continued)

C. Interfund Transfers

Transfers Out	Transfers In			Total
	Capital Improvement Projects Fund	Nonmajor Governmental Fund	Utility Authority Water Enterprise Fund	
General Fund	\$ 40,693	\$ -	\$ -	\$ 40,693
Grants Special Revenue Funds	10,469,137	-	-	10,469,137
Nonmajor Governmental Funds	1,503,589	138,599	-	1,642,188
Water Enterprise Fund	1,591	-	-	1,591
Building & Infrastructure	36,708	-	-	36,708
Total	<u>\$ 12,051,718</u>	<u>\$ 138,599</u>	<u>\$ -</u>	<u>\$ 12,190,317</u>

The General Fund transferred \$40,693 to the Capital Improvement Projects Fund to pay for capital improvement projects.

The Grants Special Revenue Fund, nonmajor Governmental Funds and Building and Infrastructure Maintenance Fund transferred \$10,469,137, \$1,503,589 and \$36,708, respectively, to the Capital Improvement Fund to pay for capital improvement projects.

The nonmajor governmental funds transferred \$138,599 to nonmajor governmental funds mainly to pay for HOME program delivery costs.

The Utility Authority Water Enterprise Fund transferred \$1,591 to the Capital Improvement Projects Fund to pay for various capital improvement projects.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 - Capital Assets

A. Governmental Activities

Capital assets activity for Governmental Activities for the year ended June 30, 2021, follows

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 3,738,993	\$ -	\$ -	\$ -	\$ 3,738,993
Construction in progress	21,279,557	12,431,412	-	(4,769,016)	28,941,953
Total capital assets, not being depreciated	25,018,550	12,431,412	-	(4,769,016)	32,680,946
Capital assets, being depreciated:					
Structures and improvements	28,089,043	319,656	-	308,973	28,717,672
Machinery and equipment	14,142,894	1,721,548	(583,201)	-	15,281,241
Infrastructure street network	382,561,986	-	-	4,460,043	387,022,029
Subtotal	424,793,923	2,041,204	(583,201)	4,769,016	431,020,942
Less accumulated depreciation					
Structures and improvements	(16,718,268)	(801,062)	-	-	(17,519,330)
Machinery and equipment	(12,013,413)	(683,996)	583,201	-	(12,114,208)
Infrastructure street network	(184,151,932)	(9,218,924)	-	-	(193,370,856)
Subtotal	(212,883,613)	(10,703,982)	583,201	-	(223,004,394)
Total capital assets, being depreciated	211,910,310	(8,662,778)	-	4,769,016	208,016,548
Total capital assets, net	\$ 236,928,860	\$ 3,768,634	\$ -	\$ -	\$ 240,697,494

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

General government	\$ 24,412
Police	257,267
Parks and recreation	563,908
Public works	9,455,694
Fleet management	4,896
Information system	138,289
Buildings	3,177
Capital asset and equipment replacement	256,339
Total depreciation expense	\$ 10,703,982

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 - Capital Assets (Continued)

B. Business-Type Activities

Capital assets activity for Business-Type Activities for the year ended June 30, 2021, follows:

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets, not being depreciated:					
Water rights	\$ 1,933,144	\$ -	\$ -	\$ -	\$ 1,933,144
Land	1,290,602	-	-	-	1,290,602
Construction in progress	789,456	3,056,948	-	(464,693)	3,381,711
Total capital assets, not being depreciated	4,013,202	3,056,948	-	(464,693)	6,605,457
Capital assets, being depreciated:					
Structures and improvements	4,190,415	-	-	-	4,190,415
Machinery and equipment	6,763,169	-	(29,000)	-	6,734,169
Infrastructure utility distribution system	73,158,761	-	-	464,693	73,623,454
Subtotal	84,112,345	-	(29,000)	464,693	84,548,038
Less accumulated depreciation					
Structures and improvements	(1,493,689)	(96,708)	-	-	(1,590,397)
Machinery and equipment	(5,022,348)	(237,257)	29,000	-	(5,230,605)
Infrastructure utility distribution system	(31,411,218)	(2,443,028)	-	-	(33,854,246)
Subtotal	(37,927,255)	(2,776,993)	29,000	-	(40,675,248)
Total capital assets, being depreciated	46,185,090	(2,776,993)	-	464,693	43,872,790
Total capital assets, net	\$ 50,198,292	\$ 279,955	\$ -	\$ -	\$ 50,478,247

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

Water Enterprise Fund	\$ 2,242,044
Sewer Enterprise Fund	534,949
Total depreciation expense	\$ 2,776,993

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 - Long-Term Liabilities

A. Governmental Activities

The following is summary of changes in governmental activities long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	Addition	Deletion	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Governmental Activities:						
Direct Borrowing:						
SCE Edison financing agreements	\$ 446,197	\$ -	\$ (92,858)	\$ 353,339	\$ 84,971	\$ 268,368
Motorola Solutions loan	287,694	-	(140,792)	146,902	146,902	-
Total notes payable	733,891	-	(233,650)	500,241	231,873	268,368
Public Offering:						
2005 Pension obligation bonds	12,800,000	-	(1,320,000)	11,480,000	1,395,000	10,085,000
Total long-term debt	\$ 13,533,891	\$ -	\$ (1,553,650)	\$ 11,980,241	\$ 1,626,873	\$ 10,353,368

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, 2021, the outstanding balance is \$353,339.

The annual requirements to amortize the outstanding loan as of June 30, 2021, are as follows:

Year Ending June 30,	Lease Payment
2022	\$ 84,971
2023	83,548
2024	78,004
2025	76,363
2026	30,453
Total Minimum Lease Payments	353,339
Less: Amount Representing Interest	-
Present Value of Future Minimum Lease Payments	\$ 353,339

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 - Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Motorola Solutions loan

The City entered into a Lease Financing Agreement with Bearcomm Inc. (direct borrowing) for the purchase of seventy-five (75) Motorola radios for the South Gate Police Department in the amount of \$459,834. The City is to make annual payments of \$153,278 over a three-year period. The loan has an annual interest of 4.34%. At June 30, 2021, the outstanding balance is \$153,278.

The annual requirements to amortize the outstanding loan as of June 30, 2021, are as follows:

Year Ending June 30,	Lease Payment
2022	153,278
Total Minimum Lease Payments	\$ 153,278
Less: Amount Representing Interest	(6,376)
Present Value of Future Minimum Lease Payments	\$ 146,902

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, 2021, the outstanding balance on the bonds is \$11,480,000.

Debt Service Requirements

The following schedule summarizes the debt service to maturity requirements for governmental activities bonds payable outstanding as of June 30, 2021:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,395,000	\$ 618,772	\$ 2,013,772
2023	1,470,000	543,582	2,013,582
2024	1,545,000	464,349	2,009,349
2025	1,630,000	381,073	2,011,073
2026-2028	5,440,000	596,673	6,036,673
Total	\$ 11,480,000	\$ 2,604,449	\$ 14,084,449

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 - Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Compensated Absences

The following is summary of changes in governmental activities compensated absences for the year ended June 30, 2021:

	Balance July 1, 2020	Addition	Deletion	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences	\$ 5,098,868	\$ 2,758,654	\$ (2,228,968)	\$ 5,628,554	\$ 480,926	\$ 5,147,628

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2021, was \$5,628,554. Vacation, sick leave, holiday and compensatory time are recorded as expenditures in the related funds when used, mainly in the General Fund.

B. Business-Type Activities

The following is summary of changes in business-type activities long-term liabilities for the year ended June 30, 2021:

Business-Type Activities:	Balance July 1, 2020	Addition	Deletion	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Public Offering:						
2019A Water Revenue Refunding Bonds	\$ 7,990,000	\$ -	\$ (55,000)	\$ 7,935,000	\$ 55,000	\$ 7,880,000
2019AT Water Revenue Refunding Bonds	23,350,000	-	(1,560,000)	21,790,000	1,590,000	20,200,000
Unamortized premium	1,057,575	-	(69,349)	988,226	69,349	918,877
Total long-term debt	<u>\$ 32,397,575</u>	<u>\$ -</u>	<u>\$ (1,684,349)</u>	<u>\$ 30,713,226</u>	<u>\$ 1,714,349</u>	<u>\$ 28,998,877</u>

2019 Series A and AT Water Revenue Bonds

On December 5, 2019, the South Gate Utility Authority issued \$31,340,000 of 2019 Series A and AT Water Revenue Bonds. Proceeds of these bonds were used to refund the Authority's 2001 Subordinate Revenue Bonds and 2012 Series Water Revenue Bonds and pay costs of issuance of these bonds.

The refunding resulted in saving in debt service payment in the amount of \$7,568,399 and economic gain in present value saving of \$5,941,319. The outstanding balance of the refunded debt at June 30, 2021 was \$30,713,226.

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 \$8,589,585. Total principal and interest paid for the fiscal year was \$2,506,362 for 2019 Series A and AT Water Revenue Bonds.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 - Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

The following schedule summarizes the debt service to maturity requirements for the bonds outstanding as of June 30, 2021:

Year Ending June 30,	Principal	Interest	Total
2022	1,645,000	860,556	2,505,556
2023	1,680,000	827,639	2,507,639
2024	1,715,000	791,722	2,506,722
2025	1,755,000	752,853	2,507,853
2026-2030	9,470,000	3,065,363	12,535,363
2031-2035	11,000,000	1,535,864	12,535,864
2036	2,460,000	49,200	2,509,200
Total	\$ 29,725,000	\$ 7,883,197	\$ 37,608,197

Compensated Absences

The following is summary of changes in business-type activities compensated absences for the year ended June 30, 2021:

	Balance July 1, 2020	Addition	Deletion	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Compensated absences	\$ 430,843	\$ 165,144	\$ (223,607)	\$ 372,380	\$ 31,817	\$ 340,563

For the enterprise funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$372,380 at June 30, 2021. The liability will be paid in future years by the Utility Authority Water Fund and the Utility Authority Sewer Fund.

Note 9 - Defined Contribution Plan

The City has established a defined contribution plan in accordance with Internal Revenue Code Section 401(a) to provide tax deferred payments towards retirement for Top Management employees. Under this plan, the City will provide a dollar-for-dollar match of the contributions paid by the employee into a 457 deferred compensation plan up to one-half the annual contribution limit set by the IRS. For the year ended June 30, 2021, the City contributed \$20,950 to the plan.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans

The following is the summary of net pension liability and related deferred outflows of resources and deferred inflows of resources at June 30, 2021 and pension expense for the year then ended.

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous	\$ 3,481,195	\$ 537,247	\$ 4,018,442
CalPERS Safety	4,902,949	-	4,902,949
PARS	49,000	-	49,000
Total pension contribution made after measurement date	<u>8,433,144</u>	<u>537,247</u>	<u>8,970,391</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	858,890	132,552	991,442
CalPERS Safety	4,526,629	-	4,526,629
Total difference between expected and actual experience	<u>5,385,519</u>	<u>132,552</u>	<u>5,518,071</u>
Projected earnings on pension plan investments in excess of actual earnings:			
CalPERS Miscellaneous	1,005,803	155,224	1,161,027
CalPERS Safety	1,268,719	-	1,268,719
PARS	34,687	-	34,687
Total projected earnings on pension plan investments in excess of actual earnings:	<u>2,309,209</u>	<u>155,224</u>	<u>2,464,433</u>
Adjustment due to difference in proportions			
CalPERS Safety	956,568	-	956,568
Total deferred outflows of resources	<u>\$ 17,084,440</u>	<u>\$ 825,023</u>	<u>\$ 17,909,463</u>
Net pension liabilities:			
CalPERS Miscellaneous	\$ 36,348,170	\$ 5,609,552	\$ 41,957,722
CalPERS Safety	58,374,278	-	58,374,278
PARS	466,150	-	466,150
Total net pension liabilities	<u>\$ 95,188,598</u>	<u>\$ 5,609,552</u>	<u>\$ 100,798,150</u>
Deferred inflows of resources:			
Change in assumption			
CalPERS Safety	\$ 194,446	\$ -	\$ 194,446
Total change in assumption	<u>194,446</u>	<u>-</u>	<u>194,446</u>
Difference between expected and actual experience			
CalPERS Miscellaneous	275,343	42,494	317,837
Total difference between expected and actual experience	<u>275,343</u>	<u>42,494</u>	<u>317,837</u>
Employer contributions in excess of proportionate share of contribution			
CalPERS Safety	2,477,671	-	2,477,671
Total deferred inflows of resources	<u>\$ 2,947,460</u>	<u>\$ 42,494</u>	<u>\$ 2,989,954</u>
Pension expenses:			
CalPERS Miscellaneous	\$ 5,154,155	\$ 795,464	\$ 5,949,619
CalPERS Safety	7,344,805	-	7,344,805
PARS	173,555	-	173,555
Total net pension expenses	<u>\$ 12,672,515</u>	<u>\$ 795,464</u>	<u>\$ 13,467,979</u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

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

General Information about the Pension Plan

Plan Description

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

Benefit Provided

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

	Miscellaneous Plan		Safety Plan	
	Classic*	PEPRA	Classic*	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50	minimum 52	minimum 50	minimum 50
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%	1.000% - 2.500%	3.00%	2.000% - 2.700%
Required employee contribution rates	8.000%	5.750%	9.000%	
Required employer contribution rates	12.028%	12.028%	25.540%	13.884%

* Closed to new entrants

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

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

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

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

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

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

Employees Covered by Benefit Terms

At the June 30, 2020 measurement date, the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>	<u>Safety</u>	
		<u>Classic</u>	<u>PEPRA</u>
Active employees	301	47	35
Transferred and terminated employees	656	109	2
Retired Employees and Beneficiaries	382	198	-
Total	1,339	354	37

Contribution Description

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

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

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 total pension liabilities, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.63%
Salary Increases	Varies by Entry Age and Service
Intestment Rate of Return	7.25%
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale MP-2016.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

Change in Assumptions

There were no changes in assumptions.

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

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

Net Pension Liability (Continued)

Long-Term Expected Rate of Return (Continued)

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

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

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

² An expected inflation of 2.00% used.

³ An expected inflation of 2.92% used.

Discount Return

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability

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

	Miscellaneous Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 165,669,847	\$ 128,336,230	\$ 37,333,617
Changes Recognized for the Measurement Period:			
Service Cost	3,054,995	-	3,054,995
Interest on the total pension liability	11,842,099	-	11,842,099
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Difference between expected and actual experience	1,611,093	-	1,611,093
Contributions from the employer	-	4,439,314	(4,439,314)
Contributions from employees	-	1,242,255	(1,242,255)
Net investment income	-	6,383,436	(6,383,436)
Administrative expenses	-	(180,923)	180,923
Plan to plan resource movement	-	-	-
Other Miscellaneous Income/(Expense)	-	-	-
Benefit payments, including refunds of employee contributions	(6,369,348)	(6,369,348)	-
Net Changes during July 1, 2018 to June 30, 2019	10,138,839	5,514,734	4,624,105
Balance at June 30, 2019 (Measurement Date)	\$ 175,808,686	\$ 133,850,964	\$ 41,957,722

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, 2019 (Measurement Date)	\$ 180,934,436	\$ 127,050,942	\$ 53,883,494
Balance at June 30, 2020 (Measurement Date)	184,765,880	126,391,602	58,374,278
Net Changes during 2019-2020	3,831,444	(659,340)	4,490,784

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability (Continued)

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

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

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2019). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2020). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2020 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2019-20).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan’s share of the actuarial accrued liability. FNP is allocated based on the rate plan’s share of market value assets.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

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

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

	Safety Plan
6/30/2019 (Measurement Date)	0.525845%
6/30/2020 (Measurement Date)	0.536507%
Change - Increase (Decrease)	0.010663%

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability (Continued)

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

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

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 67,074,664	\$ 41,957,722	\$ 21,419,892
Safety Plan	\$ 83,466,169	\$ 58,374,278	\$ 37,784,007

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2021, the City recognized pension expense in the amounts of \$5,949,619 and \$7,344,805 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution after measurement date	\$ 4,018,442	\$ -
Difference between expected and actual experience	991,442	(317,837)
Net difference between projected and actual earning on pension plan investments	1,161,027	-
Total	<u>\$ 6,170,911</u>	<u>\$ (317,837)</u>

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

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

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

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution after measurement date	\$ 4,902,949	\$ -
Changes of assumptions	-	(194,446)
Difference between expected and actual experience	4,526,629	-
Net difference between projected and actual earning on pension plan investments	1,268,719	-
Adjustment due to differences in proportions	956,568	-
Employer contributions in excess (under) proportionate contributions	-	(2,477,671)
Total	\$ 11,654,865	\$ (2,672,117)

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, 2020 is 2.6 and 3.8 years, which was obtained by dividing the total service years of 2,632 and 548,581 (the sum of remaining service lifetimes of the active employees) by 1,011 and 145,663 (the total number of participants: active, inactive, and retired), respectively. Inactive employees and retirees have remaining service lifetime equal to 0. Total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund.

\$4,018,442 and \$4,902,949 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2021 will be recognized as a reduction of the net pension liability and collective net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
Fiscal Year Ending June 30	Miscellaneous	Safety
2021	\$ (153,606)	\$ 340,878
2022	754,506	1,782,327
2023	686,066	1,320,896
2024	547,666	635,699
Total	\$ 1,834,632	\$ 4,079,799

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

At June 30, 2020, the valuation date, plan membership consisted of the following:

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

Contributions

The employer contribution rates for all public employees are determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The total plan contributions are determined by an independent pension actuary using information furnished by the City and by PARS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, the City contributed \$49,000 for the plan. No contributions are required from the employees.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

Net Pension Liability

The City’s total pension liability was valued as of June 30, 2019 and was used to calculate the net pension liability measured as of June 30, 2020.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal , level percent of pay
Amortization Method	Closed period, level percent of pay
Actuarial Assumptions:	
Discount Rate	6.22%
Inflation	2.50%
Salary Increases	2.75% (same as CalPERS). Additional merit-based increases based on CalPERS merit salary increase tables.
Investment return	6.22%
Mortality	Based on CalPERS tables

Long-Term Expected Real Rate of Return

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

Index	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Core	32.00%	6.80%
Mid Cap Core	6.00%	7.10%
Small Cap Core	9.00%	7.90%
International	7.00%	7.30%
Emerging Markets	4.00%	7.30%
Real Estate	2.00%	6.60%
Short-Term Bond	6.75%	3.30%
Intermediate - Term Bond	27.00%	3.90%
High - Yield Bond	1.25%	6.10%
Cash	5.00%	2.40%
	100.00%	

Discount Rate

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

Change in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018	\$ 1,562,750	\$ 1,116,599	\$ 446,151
Changes Recognized for the Measurement Period:			
Service Cost	7,114	-	7,114
Interest on the total pension liability	98,688	-	98,688
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(2,071)	-	(2,071)
Changes of assumptions	42,502	-	42,502
Contributions from the employer	-	96,005	(96,005)
Contributions from employees	-	-	-
Net investment income	-	35,713	(35,713)
Benefit payments, including refunds	(103,183)	(103,183)	-
Administrative expense	-	(5,484)	5,484
Net Changes during July 1, 2018 to June 30, 2019	43,050	23,051	19,999
Balance at June 30, 2019 (Measurement Date)	<u>\$ 1,605,800</u>	<u>\$ 1,139,650</u>	<u>\$ 466,150</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.22%, 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 (5.22%) or 1 percentage point higher (7.22%) than the current rate.

	Discount Rate 1% Decrease (5.22%)	Current Discount Rate (6.22%)	Discount Rate 1% Increase (7.22%)
Plan's Net Pension Liability	\$ 634,914	\$ 466,150	\$ 322,669

Pension Plan Fiduciary Net Position

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 10 – Retirement Plans (Continued)

B. Supplemental Retirement Plan (Continued)

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

For the measurement period ended June 30, 2020, the City incurred pension expense in the amount of \$173,555 for the PARS plan. At June 30, 2021, the City reported deferred outflows and deferred inflows of resources related to PARS plan as follows:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Pension contribution after measurement date	\$ 49,000	\$ -
Projected earning on pension plan investments in excess of actual earnings	34,687	-
Total	<u>\$ 83,687</u>	<u>\$ -</u>

\$49,000 reported as deferred outflows of resources related to pension contribution resulting from the City's contributions subsequent to the measurement date during the year ended June 30, 2020 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ 9,621
2023	9,620
2024	8,121
2025	7,325
2026	-
Thereafter	-
Total	<u>\$ 34,687</u>

Note 11 – Other Postemployment Benefits

A. Plan Description

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

A. Plan Description (Continued)

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

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

Active employees	329
Retired employees and beneficiaries	171
	500

B. Funding Policy

Retirees participating in PEMHCA are responsible for the payment of their medical insurance premiums except that the City contributes the minimum amount provided under Government Code Section 22825 of the Public Employees Medical and Hospital Care Act. The amount contributed by the City during the year ended June 30, 2021 was \$930,513, on a pay-as-you-go basis.

C. Actuarial Assumptions

The City’s total OPEB liability was valued as of June 30, 2019, and was used to calculate the net OPEB liability measured as of June 30, 2020. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.45%
Inflation	2.50%
Salary Increases	2.75%. Additional merit-based increases based on CalPERS merit salary increase tables.
Healthcare cost trend rates	
Pre-Medicare	6.00% in the first year, trending down to 3.84% over 54 years.
Medicare	4.00% in the first year, trending down to 3.84% over 54 years.
Mortality Rate Table	Based on CalPERS tables.

D. Discount Rate

The discount rate used to measure the total OPEB liability was 2.45%. 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.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

E. Change in the Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2019	\$ 25,110,907	\$ -	\$ 25,110,907
Changes Recognized for the Measurement Period:			
Service Cost	1,093,910	-	1,093,910
Interest on the total OPEB liability	809,810	-	809,810
Difference between expected and actual experience	(89,563)	-	(89,563)
Changes of assumptions	2,719,276	-	2,719,276
Contributions from the employer	-	664,555	(664,555)
Benefit payments, including refunds of employee contributions and implicit subsidy	(664,555)	(664,555)	-
Net Changes during July 1, 2019 to June 30, 2020	3,868,878	-	3,868,878
Balance at June 30, 2020 (Measurement Date)	\$ 28,979,785	\$ -	\$ 28,979,785

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

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (1.45%) or 1-percentage point higher (3.45%) than the current discount rate:

Plan's OPEB Liability/(Asset)		
Discount Rate - 1% (1.45%)	Current Discount Rate (2.45%)	Discount Rate + 1% (3.45%)
\$ 33,784,762	\$ 28,979,785	\$ 25,108,934

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%) or 1-percentage-point higher (7%) than the current healthcare cost trend rates:

Plan's OPEB Liability/(Asset)		
Healthcare Cost Trend Rate - 1% (5.00%)	Healthcare Cost Trend Rate (6.00%)	Healthcare Cost Trend Rate + 1% (7.00%)
\$ 25,507,948	\$ 28,979,785	\$ 33,538,857

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 11 – Other Postemployment Benefits (Continued)

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$1,147,879 for the City Plan. At June 30, 2021, 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	\$ 930,513	\$ -
Difference between expected and actual experience	-	(5,985,895)
Changes of assumptions	2,767,408	(799,158)
Total	\$ 3,697,921	\$ (6,785,053)

\$930,513 reported as deferred outflows of resources related to OPEB resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amount reported as deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follow:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ (755,841)
2023	(755,841)
2024	(755,841)
2025	(767,855)
2026	(569,014)
Thereafter	(413,253)
Total	\$ (4,017,645)

Note 12 - Self Insurance

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – Self Insurance (Continued)

A claims liability of \$10,771,328 is reported in the Self-Insurance Internal Service Fund at June 30, 2021. Claims are reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Claims activities for the three years ended June 30, 2021 are presented as follows:

<u>Years Ended</u>	<u>Beginning Balance</u>	<u>Addition</u>	<u>Deletion</u>	<u>Ending Balance</u>
Workers' Compensation:				
June 30, 2019	\$ 6,988,548	\$ 327,091	\$ (763,756)	\$ 6,551,883
June 30, 2020	6,551,883	-	(1,259,458)	5,292,425
June 30, 2021	5,292,425	35,695	(273,900)	5,054,220
General Liability:				
June 30, 2019	\$ 7,641,977	\$ 239,600	\$ (3,148,334)	\$ 4,733,243
June 30, 2020	4,733,243	1,174,318	(2,410,313)	3,497,248
June 30, 2021	3,497,248	2,514,491	(294,631)	5,717,108

Note 13 - Contingencies

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

Note 14 - Construction Commitments

The following material construction commitments existed at June 30, 2021:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2021</u>	<u>Remaining Commitments</u>
Firestone Blvd Median Island-Alameda	\$ 14,091,347	\$ 13,247,023	\$ 844,324
Software for Business License and Building Permit	490,400	481,515	8,885

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 15 – Deficit Fund Balances and Net Position

A. Government-Wide Financial Statements

The City’s Statement of Net Position shows an unrestricted deficit net position of \$49,494,721, resulting mainly from the implementation of GASB Statement No.’s 68 (Pensions) and 75 (OPEB) that required the City to report \$100,798,150 in aggregate net pension liability and \$28,979,785 in net OPEB liability in the City’s financial statements.

B. Fund Financial Statements

The following funds contained a deficit at June 30, 2021:

Funds	Deficit
Governmental Funds:	
Grants Special Revenue	\$ 1,259,000
Nonmajor Governmental Funds:	
Traffic Safety Special Revenue	1,232,122
Street Lighting & Landscaping	1,148,848
Housing Authority Development	81,903
SB 2 Grant	16,184
LEAP Grant	4,538
Enterprise Funds:	
Sewer	4,853,849
Internal Service Funds:	
Insurance	2,935,746
Information Systems	302,502
Fleet Management	1,490,172
Fiduciary Funds:	
Successor Agency of the Former CDC	8,811,208

These deficits will be funded with future revenue. The Successor Agency Funds deficit will be eliminated by future property tax revenues.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 16 - Excess Expenditures over Appropriations

Expenditures for the year ended June 30, 2021, exceeded appropriations at the department or expenditure category level within the following funds:

Fund	Appropriations	Expenditures	Excess
General Fund:			
City Manager	\$ 1,241,240	\$ 1,250,127	\$ (8,887)
City Attorney	1,126,160	1,519,409	(393,249)
Administrative Services	2,099,259	3,218,764	(1,119,505)
Capital outlay	42,923	43,898	(975)
Nonmajor Governmental Funds:			
Special Revenue Funds:			
Housing Authority			
Community development	4,704,454	5,274,590	(570,136)
Capital outlay	-	13,477	(13,477)
Air Quality Improvement			
Community development	6,000	6,043	(43)
Gas Tax Fund			
Public works	27,560	115,843	(88,283)
Prop A Transit			
Capital outlay	-	447,556	(447,556)
Public Access Corporation			
General government	-	20,986	(20,986)
Road Repair & Accountability Act			
Public works	-	269	(269)
Park Enhancement			
Parks & recreation	-	69	(69)
Road Mitigation Program			
Public works	-	14	(14)
SB 2 Grant			
Community development	-	16,184	(16,184)
LEAP Grant			
Community development	-	4,538	(4,538)
American Rescue Plan Act			
Interest and fiscal charges	-	113	(113)

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

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

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

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

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

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

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

A. Cash and Investments

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

Cash and investments	\$ 2,299,249
Cash and investments with fiscal agent	<u>4,016,239</u>
Total cash and investments	<u>\$ 6,315,488</u>

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

B. Notes and Loans Receivable

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Family Trust Dudlex Housing Project	<u>\$ 256,100</u>	<u>\$ -</u>	<u>\$ (51,222)</u>	<u>\$ 204,878</u>

On April 5, 1994, the Community Development Commission of the City of South Gate entered into a Disposition and Development Agreement with South Gate Realty Group for the development of certain Real property. South Gate Realty Group owns and operates a housing project located within the boundaries of the South Gate Community Development Commission at 8931 Dudlex Avenue consisting of 20 senior 1-bedroom units. South Gate Realty Group must comply with Housing and Urban Development (HUD) rents for 30 years from the certificate of occupancy date. The agreement states that 1/30th of the loan amount (\$51,222) will be forgiven each fiscal year starting from the occupancy date if South Gate Realty Group can illustrate compliance with the Disposition and Development Agreement (DDA). The DDA limits the rent at \$620 per unit less \$50 utility allowance for a net of \$570 per month or less. The compliance report is required to be submitted to the City each month in order to receive the \$51,222 annual forgiveness. At June 30, 2021, the outstanding balance on the loan is \$204,878.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

C. Capital Assets

The summary of changes in the successor agency's capital assets for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 1,686,000	\$ -	\$ -	\$ 1,686,000
Total capital assets, not being depreciated	1,686,000	-	-	1,686,000
Capital assets, being depreciated:				
Structures and improvements	381,785	-	-	381,785
Machinery and equipment	19,359	-	-	19,359
Subtotal	401,144	-	-	401,144
Less accumulated depreciation				
Structures and improvements	(259,292)	(19,089)	-	(278,381)
Machinery and equipment	(19,359)	-	-	(19,359)
Subtotal	(278,651)	(19,089)	-	(297,740)
Total capital assets, being depreciated	122,493	(19,089)	-	103,404
Total capital assets, net	\$ 1,808,493	\$ (19,089)	\$ -	\$ 1,789,404

D. Long-Term Liabilities

The summary of changes in the successor agency's long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due within One Year	Due in More Than One Year
Fiduciary Activities:						
Public Offering:						
Tax allocation bonds:						
2014A Tax Allocation Bonds	\$ 16,590,000	\$ -	\$ (3,000,000)	\$ 13,590,000	\$ 3,155,000	\$ 10,435,000
Unamortized premium	1,948,846	-	(389,769)	1,559,077	389,769	1,169,308
2014B Tax Allocation Bonds	2,080,000	-	(390,000)	1,690,000	400,000	1,290,000
Unamortized discount	(20,440)	-	5,111	(15,329)	(5,111)	(10,218)
Total tax allocation bonds	20,598,406	-	(3,774,658)	16,823,748	3,939,658	12,884,090
Total	\$ 20,598,406	\$ -	\$ (3,774,658)	\$ 16,823,748	\$ 3,939,658	\$ 12,884,090

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

D. Long-Term Liabilities (Continued)

2014 Tax Allocation Revenue Refunding Bonds

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

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

A reserve account is required to be maintained in an amount equal to the least of: (i) 10% of the original aggregate principal amount of the bonds; (ii) 125% of average annual debt service; or (iii) maximum annual debt service. As of June 30, 2021, the reserve requirement was \$2,708,638 and the balance held in the reserve account was \$3,040,440.

The bonds were issued at a premium of \$4,287,460. At June 30, 2021, the unamortized premium is \$1,559,077 and the outstanding balance on the bonds is \$13,590,000.

The following schedule summarizes the debt service to maturity requirements for bonds payable outstanding as of June 30, 2021:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,155,000	\$ 600,625	\$ 3,755,625
2023	3,310,000	439,000	3,749,000
2024	3,475,000	356,250	3,831,250
2025	3,650,000	182,500	3,832,500
Thereafter	-	-	-
Total	\$ 13,590,000	\$ 1,578,375	\$ 15,168,375

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

A reserve account is required to be maintained in an amount equal to the least of: (i) 10% of the original aggregate principal amount of the bonds; (ii) 125% of average annual debt service; or (iii) maximum annual debt service. As of June 30, 2021, the reserve requirement was \$325,780 and the balance held in the reserve account was \$335,060.

The bonds were issued at a discount of \$51,106. At June 30, 2021, the unamortized discount is \$15,329 and the outstanding balance on the bonds is \$1,690,000.

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

D. Long-Term Liabilities (Continued)

2014 Tax Allocation Revenue Refunding Bonds (Continued)

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

The Former Redevelopment Agency pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low/Mod Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low/Mod Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$21,206,135 with annual debt service requirements as indicated in the table above. For the current year, the total property tax revenue recognized by the Authority for the payment of indebtedness incurred by the dissolved redevelopment agency was \$5,270,657 and the debt service obligation on the bonds \$4,213,394.

The following schedule summarizes the debt service to maturity requirements for bonds payable outstanding as of June 30, 2021:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 400,000	\$ 56,544	\$ 456,544
2023	415,000	42,522	457,522
2024	430,000	26,400	456,400
2025	445,000	8,900	453,900
Thereafter	-	-	-
Total	\$ 1,690,000	\$ 134,366	\$ 1,824,366

City of South Gate
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

E. Commitments and Contingencies

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

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

Note 18 – Lease Arrangements Between City and Utility Authority

In November 2001, the Utility Authority leased the Water Enterprise from the City pursuant to a Lease Agreement for total lease payments of \$105,334,004 with an upfront lease payment of \$21,985,000 to be paid from the 2001 Bond proceeds. A second upfront lease payment of \$12,000,000 was made in January 2002 from funds available in the Water Enterprise Fund. A third upfront lease payment of \$6,400,000 was made from the 2012 Bond proceeds. The Lease Agreement expires on December 1, 2056. As of June 30, 2021, the outstanding balance was \$64,949,004.

In November 2001, the Utility Authority leased the Sewer Enterprise from the City pursuant to a Lease Agreement for total lease payments of \$12,798,626. The Lease Agreement expires on December 1, 2056. As of June 30, 2021, the outstanding balance was \$12,798,626.

Note 19 – Prior Period Adjustments

A. Fiduciary Fund Financial Statements

The beginning net position at July 1, 2020 of the Fiduciary Fund Financial Statements was restated as follows:

	Tweedy P & BIA Fund	Special Deposits Fund	Total Fiduciary Funds
Net position at July 1, 2020, as previously reported	\$ -	\$ -	\$ -
Prior period adjustments:			
To implement GASB 84	20,795	948,650	969,445
Net position at July 1, 2020, as restated	<u>\$ 20,795</u>	<u>\$ 948,650</u>	<u>\$ 969,445</u>

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of South Gate
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 37,768,512	\$ 40,687,512	\$ 45,600,177	\$ 4,912,665
Licenses and permits	1,629,424	1,680,037	1,649,566	(30,471)
Intergovernmental	480,907	554,065	2,232,341	1,678,276
Charges for services	1,968,254	1,381,417	1,212,094	(169,323)
Use of money and property	1,785,764	1,779,201	242,236	(1,536,965)
Fines and forfeitures	1,273,974	1,273,974	1,040,478	(233,496)
Miscellaneous	3,064,726	3,289,726	3,461,810	172,084
Total revenues	47,971,561	50,645,932	55,438,702	4,792,770
EXPENDITURES:				
Current:				
General government				
City Council	291,327	274,257	245,202	29,055
City Clerk	659,669	561,919	518,194	43,725
City Treasurer	38,836	37,286	34,502	2,784
City Attorney	1,126,160	1,126,160	1,519,409	(393,249)
City Manager	1,306,036	1,241,240	1,250,127	(8,887)
Administrative Services	2,256,239	2,099,259	3,218,764	(1,119,505)
Total general government	5,678,267	5,340,121	6,786,198	(1,446,077)
Police	29,552,883	29,256,511	29,201,488	55,023
Community development	4,155,171	3,952,480	3,430,116	522,364
Parks & recreation	9,106,674	8,234,996	7,212,134	1,022,862
Public works	4,825,102	4,816,361	4,401,812	414,549
Capital outlay	-	42,923	43,898	(975)
Debt service:				
Principal	1,320,000	1,320,000	1,320,000	-
Interest and fiscal charges	693,220	693,220	693,187	33
Total expenditures	55,331,317	53,656,612	53,088,833	567,779
REVENUES OVER (UNDER) EXPENDITURES	(7,359,756)	(3,010,680)	2,349,869	5,360,549
OTHER FINANCING (USES)				
Transfers out	-	(4,833,995)	(40,693)	4,793,302
Total other financing (uses)	-	(4,833,995)	(40,693)	4,793,302
Net change in fund balance	\$ (7,359,756)	\$ (7,844,675)	2,309,176	\$ 10,153,851
Fund Balance:				
Beginning of year			58,055,664	
End of year			<u>\$ 60,364,840</u>	

City of South Gate
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule - Grants Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 3,426,224	\$ 10,240,630	\$ 6,814,406
Total revenues	<u>-</u>	<u>3,426,224</u>	<u>10,240,630</u>	<u>6,814,406</u>
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>3,426,224</u>	<u>10,240,630</u>	<u>6,814,406</u>
OTHER FINANCING USES:				
Transfers out	-	(49,104,652)	(10,469,137)	38,635,515
Total other financing uses	<u>-</u>	<u>(49,104,652)</u>	<u>(10,469,137)</u>	<u>38,635,515</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (45,678,428)</u>	<u>(228,507)</u>	<u>\$ 45,449,921</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(1,030,493)	
End of year			<u>\$ (1,259,000)</u>	

City of South Gate
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2021

Budgets and Budgetary Accounting

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

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2021

Last Ten Fiscal Years

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

Measurement Period	2019-20	2018-19
Service cost	\$ 3,054,995	\$ 2,870,032
Interest on total pension liability	11,842,099	11,164,341
Changes in assumptions	-	-
Differences between expected and actual experience	1,611,093	(1,377,295)
Changes in benefit terms	-	-
Benefit payments, including refunds of employee contributions	(6,369,348)	(6,148,296)
Net change in total pension liability	10,138,839	6,508,782
Total pension liability - beginning	165,669,847	159,161,065
Total pension liability - ending (a)	\$175,808,686	\$165,669,847
Plan fiduciary net position		
Contributions - employer	\$ 4,439,314	\$ 3,679,801
Contributions - employee	1,242,255	1,242,553
Net investment income ²	6,383,436	7,937,313
Benefit payments	(6,369,348)	(6,148,296)
Plan to plan resources movement	-	-
Administrative expense	(180,923)	(86,856)
Other Miscellaneous Income/(Expense)	-	282
Net change in plan fiduciary net position	5,514,734	6,624,797
Plan fiduciary net position - beginning	128,336,230	121,711,433
Plan fiduciary net position - ending (b)	\$133,850,964	\$128,336,230
Net pension liability - ending (a)-(b)	\$ 41,957,722	\$ 37,333,617
Plan fiduciary net position as a percentage of the total pension liability	76.13%	77.47%
Covered payroll	\$ 16,451,239	\$ 15,190,177
Net pension liability as a percentage of covered payroll	255.04%	245.77%

Notes:

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

Changes in assumptions: None in 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent, net of administrative expense, to 7.65 percent, without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

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

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

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

Notes:

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

Changes in assumptions: None in 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent, net of administrative expense, to 7.65 percent, without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Measurement Period	2019-20	2018-19
Service cost	\$ 7,114	\$ 6,565
Interest on total pension liability	98,688	94,584
Differences between expected and actual experience	(2,071)	62,961
Changes in assumptions	42,502	3,036
Changes in benefit terms	-	-
Benefit payments, including refunds of employee contributions	(103,183)	(97,041)
Net change in total pension liability	43,050	70,105
Total pension liability - beginning	1,562,750	1,492,645
Total pension liability - ending (a)	\$ 1,605,800	\$ 1,562,750
Plan fiduciary net position		
Contributions - employer	\$ 96,005	\$ 101,362
Contributions - employee	-	-
Net investment income	35,713	64,637
Benefit payments	(103,183)	(97,041)
Administrative expense	(5,484)	(5,307)
Net change in plan fiduciary net position	23,051	63,651
Plan fiduciary net position - beginning	1,116,599	1,052,948
Plan fiduciary net position - ending (b)	\$ 1,139,650	\$ 1,116,599
Net pension liability - ending (a)-(b)	\$ 466,150	\$ 446,151
Plan fiduciary net position as a percentage of the total pension liability	70.97%	71.45%
Covered payroll	\$ 321,270	\$ 312,672
Net pension liability as a percentage of covered payroll	145.10%	142.69%

Notes:

Changes in assumptions: In 2020, discount rate changed from 6.50% to 6.22%. In 2019, discount rate changed from 6.52% to 6.50%.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

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

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

Notes:

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2021

Last Ten Fiscal Years

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

Measurement Period	<u>2019-20</u>	<u>2018-19</u>
Proportion of the Net Pension Liability	0.53651%	0.52584%
Proportionate Share of the Net Pension Liability	\$ 58,374,278	\$ 53,883,494
Covered Payroll	<u>\$ 8,357,626</u>	<u>\$ 8,138,937</u>
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	<u>698.46%</u>	<u>662.05%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>68.41%</u>	<u>70.22%</u>

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

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

Measurement Period	2017-18	2016-17	2015-16	2014-15	2013-14¹
Proportion of the Net Pension Liability	52.05200%	0.49939%	0.50255%	0.49730%	0.46523%
Proportionate Share of the Net Pension Liability	\$ 50,159,050	\$ 49,525,601	\$ 43,486,293	\$ 34,133,907	\$ 28,948,876
Covered Payroll	<u>\$ 8,109,044</u>	<u>\$ 7,968,440</u>	<u>\$ 7,367,602</u>	<u>\$ 7,077,495</u>	<u>\$ 6,919,179</u>
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	<u>618.56%</u>	<u>621.52%</u>	<u>590.24%</u>	<u>482.29%</u>	<u>418.39%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>71.18%</u>	<u>70.47%</u>	<u>71.79%</u>	<u>77.47%</u>	<u>81.02%</u>

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2021

Last Ten Fiscal Years

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

Fiscal year	2020-21	2019-20	2018-19
Actuarially determined contribution	\$ 4,018,442	\$ 4,439,314	\$ 3,679,801
Contributions in relation to the actuarially determined contributions	(4,018,442)	(4,439,314)	(3,679,801)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll ^{2,3}	\$ 16,037,124	\$ 15,607,907	\$ 15,190,177
Contributions as a percentage of covered payroll ²	25.06%	28.44%	24.22%

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

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-20; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were from the June 30, 2019 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percentage of payroll
Asset valuation method	Market value
Inflation	2.63%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

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

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

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

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

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-20; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were from the June 30, 2019 public agency valuations.

Methods and assumptions used to determine contribution rates:

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

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

Fiscal year	2019-20	2019-20	2018-19
Actuarially determined contribution	\$ 4,902,949	\$ 4,957,802	\$ 4,399,729
Contributions in relation to the actuarially determined contributions	(4,902,949)	(4,957,802)	(4,399,729)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll ^{2,3}	\$ 8,592,734	\$ 8,362,758	\$ 8,138,937
Contributions as a percentage of covered payroll ²	57.06%	59.28%	54.06%

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

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-20; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were from the June 30, 2019 public agency valuations.

Methods and assumptions used to determine contribution rates:

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

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

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

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

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

³ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-20; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule

Valuation date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020-21 were from the June 30, 2019 public agency valuations.

Methods and assumptions used to determine contribution rates:

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

Fiscal year	2020-21	2019-20	2018-19
Actuarially determined contribution	\$ 109,307	\$ 92,251	\$ 71,442
Contributions in relation to the actuarially determined contributions	(96,005)	(101,362)	(89,422)
Contribution deficiency (excess)	\$ 13,302	\$ (9,111)	\$ (17,980)
Covered payroll	\$ 321,270	\$ 312,672	\$ 289,767
Contributions as a percentage of covered payroll	29.88%	32.42%	30.86%

Notes to Schedule

Valuation date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Closed period, level percent of pay
Asset valuation method	Fair market value
Inflation	2.50%
Salary increases	Varies by entry age and service
Cost of living adjustment	2.75%
Investment rate of return	6.22% for 2021, 6.50% for 2020, 6.52% for 2019
Retirement age	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2021

Last Ten Fiscal Years

PARS - Supplemental Retirement Plan

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

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

Notes to Schedule

Valuation date: June 30, 2017

Methods and assumptions used to determine contribution rates:

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2021

Last Ten Fiscal Years

Measurement Period	2019-20	2018-19	2017-18	2016-17¹
Service cost	\$ 1,093,910	\$ 1,094,006	\$ 1,102,741	\$ 1,071,923
Interest on total OPEB liability	809,810	1,147,746	1,064,551	1,036,683
Differences between expected and actual experience	(89,563)	(6,638,431)	-	(1,503,666)
Changes in assumptions	2,719,276	(652,631)	(526,077)	650,700
Implicit Subsidy Credit	(190,665)	-	-	-
Benefit payments, including refunds of employee contributions	(473,890)	(902,892)	(834,408)	(799,760)
Net change in total OPEB liability	3,868,878	(5,952,202)	806,807	455,880
Total OPEB liability - beginning	25,110,907	31,063,109	30,256,302	29,800,422
Total OPEB liability - ending (a)	\$ 28,979,785	\$ 25,110,907	\$ 31,063,109	\$ 30,256,302
Plan fiduciary net position				
Contributions - employer	\$ 473,890	\$ 902,892	\$ 834,408	\$ 799,760
Contributions - employee	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	(473,890)	(902,892)	(834,408)	(799,760)
Recognized difference in proportion	-	-	-	-
Plan to plan resources movement	-	-	-	-
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability - ending (a)-(b)	\$ 28,979,785	\$ 25,110,907	\$ 31,063,109	\$ 30,256,302
Plan fiduciary net position as a percentage of the				
total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 23,973,907	\$ 22,695,615	\$ 20,739,803	\$ 20,184,723
Net OPEB liability as a percentage of covered-employee payroll	120.88%	110.64%	149.78%	149.90%

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

City of South Gate
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2021

Last Ten Fiscal Years

Fiscal year	<u>2019-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17 ¹</u>
Actuarially determined contribution	\$ 752,739	\$ 752,739	\$ 902,892	\$ 834,408	\$ 799,760
determined contributions	(930,513)	(664,556)	(902,892)	(834,408)	(799,760)
Contribution deficiency (excess)	<u>\$ (177,774)</u>	<u>\$ 88,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll ²	\$ 23,961,037	\$ 23,319,744	\$ 22,695,615	\$ 20,739,803	\$ 20,184,723
Contributions as a percentage of covered payroll	3.88%	2.85%	3.98%	4.02%	3.96%

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

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

Notes to Schedule

Valuation date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Discount Rate	2.45%
Inflation	2.50%
Healthcare Cost Trend Rate	6.00% trending down to 3.84% over 54 years
Salary increases	2.75%
Retirement age	According to the retirement rates under the most recent CalPERS pension plan experience study.
Mortality	According to the mortality rates under the CalPERS pension plan updated to reflect the most recent experience study

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SUPPLEMENTARY INFORMATION

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City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Improvement Projects Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 233,075	\$ 67,075	\$ (166,000)
Total revenues	<u>-</u>	<u>233,075</u>	<u>67,075</u>	<u>(166,000)</u>
EXPENDITURES:				
Capital outlay	1,800,000	70,338,501	12,426,059	57,912,442
Total expenditures	<u>1,800,000</u>	<u>70,338,501</u>	<u>12,426,059</u>	<u>57,912,442</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,800,000)</u>	<u>(70,105,426)</u>	<u>(12,358,984)</u>	<u>57,746,442</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,220,000	67,003,373	12,051,718	(54,951,655)
Total other financing sources (uses)	<u>2,220,000</u>	<u>67,003,373</u>	<u>12,051,718</u>	<u>(54,951,655)</u>
CHANGE IN FUND BALANCE	<u>\$ 420,000</u>	<u>\$ (3,102,053)</u>	<u>(307,266)</u>	<u>\$ 2,794,787</u>
FUND BALANCE:				
Beginning of year			<u>4,020,044</u>	
End of year			<u>\$ 3,712,778</u>	

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued):

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

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

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

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

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (Continued):

Permanent Local Housing Allocation Grant Fund - This fund is to account for the PLHA grant allocations to help provide for affordable housing options.

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

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

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

City of South Gate
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue				
	Community Development Block Grant	Housing Authority	HOME Program	Housing Successor	Law Enforcement Grants
ASSETS					
Cash and investments	\$ -	\$ 1,495,407	\$ 235,157	\$ 102,761	\$ 451,641
Receivables:					
Accounts	-	6,076	-	2,020	-
Loans	1,535,958	14,415	6,515,396	687,379	-
Interest	-	236	-	164	521
Prepaid items	-	-	-	-	-
Due from other governments	2,331,075	5,911	81,984	-	138,115
Land held for resale	-	-	-	3,150,000	-
Total assets	\$ 3,867,033	\$ 1,522,045	\$ 6,832,537	\$ 3,942,324	\$ 590,277
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 663,949	\$ 28,438	\$ 2,133	\$ 853	\$ 33,278
Accrued payroll and related liabilities	5,262	7,731	1,574	-	5,541
Unearned revenue	133,458	-	313,435	-	-
Deposits	-	-	-	78,054	-
Due to other funds	1,694,665	995,766	-	5,839	-
Advances from other funds	-	-	-	-	-
Total liabilities	2,497,334	1,031,935	317,142	84,746	38,819
Deferred inflows of resources:					
Unavailable revenues	-	-	-	1,571	-
Total deferred inflows of resources	-	-	-	1,571	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,369,699	490,110	6,515,395	3,856,007	551,458
Unassigned (deficit)	-	-	-	-	-
Total fund balances	1,369,699	490,110	6,515,395	3,856,007	551,458
Total liabilities and fund balances	\$ 3,867,033	\$ 1,522,045	\$ 6,832,537	\$ 3,942,324	\$ 590,277

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue				
	Asset Forfeiture	Air Quality Improvement	Traffic Safety	Gas Tax	Street Sweeping
ASSETS					
Cash and investments	\$ 3,719,106	\$ 581,866	\$ -	\$ 624,462	\$ 490,637
Receivables:					
Accounts	-	-	-	337	126,999
Loans	-	-	-	-	-
Interest	4,530	599	-	-	632
Prepaid items	-	-	-	-	-
Due from other governments	22,603	32,207	6,810	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 3,746,239	\$ 614,672	\$ 6,810	\$ 624,799	\$ 618,268
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 85,906	\$ 678	\$ 56,998	\$ 15,207	\$ 56,695
Accrued payroll and related liabilities	6,923	-	-	-	727
Unearned revenue	-	-	-	74,293	-
Deposits	-	-	-	-	-
Due to other funds	-	-	1,181,934	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	92,829	678	1,238,932	89,500	57,422
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	3,653,410	613,994	-	535,299	560,846
Unassigned (deficit)	-	-	(1,232,122)	-	-
Total fund balances	3,653,410	613,994	(1,232,122)	535,299	560,846
Total liabilities and fund balances	\$ 3,746,239	\$ 614,672	\$ 6,810	\$ 624,799	\$ 618,268

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue				
	Prop A Transit	Prop C Transit	UDAG	Public Access Corporation	Street Lighting & Landscaping
ASSETS					
Cash and investments	\$ 4,153,736	\$ 5,812,877	\$ 438,978	\$ 14,609	\$ -
Receivables:					
Accounts	-	-	-	-	10,136
Loans	-	-	-	-	-
Interest	4,135	5,952	477	26	-
Prepaid items	32,716	-	-	-	-
Due from other governments	-	25,000	-	-	35,629
Land held for resale	-	-	-	-	-
Total assets	\$ 4,190,587	\$ 5,843,829	\$ 439,455	\$ 14,635	\$ 45,765
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 631,452	\$ 1,625	\$ 20,000	\$ 2,082	\$ 330,931
Accrued payroll and related liabilities	3,844	-	-	-	12,718
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	850,964
Advances from other funds	-	-	-	-	-
Total liabilities	635,296	1,625	20,000	2,082	1,194,613
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	32,716	-	-	-	-
Restricted	3,522,575	5,842,204	419,455	12,553	-
Unassigned (deficit)	-	-	-	-	(1,148,848)
Total fund balances	3,555,291	5,842,204	419,455	12,553	(1,148,848)
Total liabilities and fund balances	\$ 4,190,587	\$ 5,843,829	\$ 439,455	\$ 14,635	\$ 45,765

(Continued)

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue				
	Measure R Transit	Road Repair & Accountability Act	Measure M Transit	Park Enhancement	CASp
ASSETS					
Cash and investments	\$ 5,004,157	\$ 3,617,206	\$ 2,478,839	\$ 941,639	\$ 62,976
Receivables:					
Accounts	-	327,701	-	2,269	-
Loans	-	-	-	-	-
Interest	6,402	3,745	2,332	940	59
Prepaid items	-	-	-	-	-
Due from other governments	3,789	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 5,014,348	\$ 3,948,652	\$ 2,481,171	\$ 944,848	\$ 63,035
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 116,056	\$ -	\$ 36,065	\$ -	\$ -
Accrued payroll and related liabilities	36,735	-	390	-	-
Unearned revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	152,791	-	36,455	-	-
Deferred inflows of resources:					
Unavailable revenues	-	-	-	5,446	-
Total deferred inflows of resources	-	-	-	5,446	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	4,861,557	3,948,652	2,444,716	939,402	63,035
Unassigned (deficit)	-	-	-	-	-
Total fund balances	4,861,557	3,948,652	2,444,716	939,402	63,035
Total liabilities and fund balances	\$ 5,014,348	\$ 3,948,652	\$ 2,481,171	\$ 944,848	\$ 63,035

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue					
	Measure W Stormwater	Used Oil Recycling Program	Beverage Container Recycling Program		Road Mitigation Program	Housing Authority Development
ASSETS						
Cash and investments	\$ 688,258	\$ 23,846	\$ 89,298	\$ 2,106,330	\$ -	
Receivables:						
Accounts	-	-	-	-	-	
Loans	-	-	-	-	-	
Interest	285	1	6	192	-	
Prepaid items	-	-	-	-	-	
Due from other governments	-	-	-	-	-	
Land held for resale	-	-	-	-	1,800,000	
Total assets	\$ 688,543	\$ 23,847	\$ 89,304	\$ 2,106,522	\$ 1,800,000	
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 50,210	\$ 3,044	\$ 21,107	\$ -	\$ -	
Accrued payroll and related liabilities	506	-	-	-	-	
Unearned revenue	-	-	-	-	-	
Deposits	-	-	-	-	-	
Due to other funds	-	-	-	-	68,903	
Advances from other funds	-	-	-	-	1,813,000	
Total liabilities	50,716	3,044	21,107	-	1,881,903	
Deferred inflows of resources:						
Unavailable revenues	-	-	-	-	-	
Total deferred inflows of resources	-	-	-	-	-	
Fund Balances:						
Nonspendable	-	-	-	-	-	
Restricted	637,827	20,803	68,197	2,106,522	-	
Unassigned (deficit)	-	-	-	-	(81,903)	
Total fund balances	637,827	20,803	68,197	2,106,522	(81,903)	
Total liabilities and fund balances	\$ 688,543	\$ 23,847	\$ 89,304	\$ 2,106,522	\$ 1,800,000	

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue				
	Emergency Housing Voucher	Permanent Local Hosing Allocation Grant	SB 2 Grant	LEAP Grant	American Rescue Plan Act
ASSETS					
Cash and investments	\$ 73,100	\$ -	\$ -	\$ -	\$ 17,291,949
Receivables:					
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Interest	-	-	-	-	1,578
Prepaid items	-	-	-	-	-
Due from other governments	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 73,100	\$ -	\$ -	\$ -	\$ 17,293,527
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 16,184	\$ 4,538	\$ -
Accrued payroll and related liabilities	-	-	-	-	-
Unearned revenue	59,500	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	59,500	-	16,184	4,538	-
Deferred inflows of resources:					
Unavailable revenues	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	13,600	-	-	-	17,293,527
Unassigned (deficit)	-	-	(16,184)	(4,538)	-
Total fund balances	13,600	-	(16,184)	(4,538)	17,293,527
Total liabilities and fund balances	\$ 73,100	\$ -	\$ -	\$ -	\$ 17,293,527

City of South Gate
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	<u>Total Nonmajor Governmental Funds</u>
ASSETS	
Cash and investments	\$ 50,498,835
Receivables:	
Accounts	475,538
Loans	8,753,148
Interest	32,812
Prepaid items	32,716
Due from other governments	2,683,123
Land held for resale	4,950,000
Total assets	<u><u>\$ 67,426,172</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 2,177,429
Accrued payroll and related liabilities	81,951
Unearned revenue	580,686
Deposits	78,054
Due to other funds	4,798,071
Advances from other funds	1,813,000
Total liabilities	<u>9,529,191</u>
Deferred inflows of resources:	
Unavailable revenues	7,017
Total deferred inflows of resources	<u>7,017</u>
Fund Balances:	
Nonspendable	32,716
Restricted	60,340,843
Unassigned (deficit)	(2,483,595)
Total fund balances	<u>57,889,964</u>
Total liabilities and fund balances	<u><u>\$ 67,426,172</u></u>

(Concluded)

City of South Gate
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue				
	Community Development Block Grant	Housing Authority	HOME Program	Housing Successor	Law Enforcement Grants
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	2,644,710	5,413,730	82,168	-	329,633
Charges for services	12,000	-	-	-	-
Use of money and property	390	21	-	88,102	(421)
Fines and forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>2,657,100</u>	<u>5,413,751</u>	<u>82,168</u>	<u>88,102</u>	<u>329,212</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	365,053
Community development	2,385,316	5,274,590	401,220	38,376	-
Parks & recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	13,477	-	-	61,386
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>2,385,316</u>	<u>5,288,067</u>	<u>401,220</u>	<u>38,376</u>	<u>426,439</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>271,784</u>	<u>125,684</u>	<u>(319,052)</u>	<u>49,726</u>	<u>(97,227)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	81,301	57,298	-
Transfers out	(259,394)	-	-	-	-
Total other financing sources (uses)	<u>(259,394)</u>	<u>-</u>	<u>81,301</u>	<u>57,298</u>	<u>-</u>
CHANGES IN FUND BALANCES	12,390	125,684	(237,751)	107,024	(97,227)
FUND BALANCES:					
Beginning of year	<u>1,357,309</u>	<u>364,426</u>	<u>6,753,146</u>	<u>3,748,983</u>	<u>648,685</u>
End of year	<u>\$ 1,369,699</u>	<u>\$ 490,110</u>	<u>\$ 6,515,395</u>	<u>\$ 3,856,007</u>	<u>\$ 551,458</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, 2021

	Special Revenue				
	Asset Forfeiture	Air Quality Improvement	Traffic Safety	Gas Tax	Street Sweeping
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	195,338	126,665	-	2,099,436	-
Charges for services	-	-	-	-	680,055
Use of money and property	(5,643)	1,059	-	-	(183)
Fines and forfeitures	-	-	54,810	-	-
Miscellaneous	-	-	-	-	-
Total revenues	189,695	127,724	54,810	2,099,436	679,872
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	678,901	-	72,867	-	-
Community development	-	6,043	-	-	-
Parks & recreation	-	-	-	-	-
Public works	-	-	-	115,843	773,611
Capital outlay	215,243	42,982	-	-	-
Debt service:					
Principal	140,792	-	-	-	-
Interest and fiscal charges	12,486	-	-	-	-
Total expenditures	1,047,422	49,025	72,867	115,843	773,611
REVENUES OVER (UNDER) EXPENDITURES	(857,727)	78,699	(18,057)	1,983,593	(93,739)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(49,210)	-	-	-	-
Total other financing sources (uses)	(49,210)	-	-	-	-
CHANGES IN FUND BALANCES	(906,937)	78,699	(18,057)	1,983,593	(93,739)
FUND BALANCES:					
Beginning of year	4,560,347	535,295	(1,214,065)	(1,448,294)	654,585
End of year	<u>\$ 3,653,410</u>	<u>\$ 613,994</u>	<u>\$ (1,232,122)</u>	<u>\$ 535,299</u>	<u>\$ 560,846</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, 2021

	Special Revenue				
	Prop A Transit	Prop C Transit	UDAG	Public Access Corporation	Street Lighting & Landscaping
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,999,071
Licenses and permits	-	-	-	-	-
Intergovernmental	2,105,899	1,615,103	-	-	-
Charges for services	57,957	-	-	-	-
Use of money and property	41,849	8,066	(365)	(251)	-
Fines and forfeitures	-	-	-	-	-
Miscellaneous	8,604	-	-	-	3,687
Total revenues	2,214,309	1,623,169	(365)	(251)	2,002,758
EXPENDITURES:					
Current:					
General government	-	-	-	20,986	-
Police	-	-	-	-	-
Community development	1,543,022	-	20,000	-	-
Parks & recreation	-	-	-	-	-
Public works	-	181,818	-	-	2,404,809
Capital outlay	447,556	-	-	-	-
Debt service:					
Principal	-	-	-	-	92,858
Interest and fiscal charges	-	-	-	-	-
Total expenditures	1,990,578	181,818	20,000	20,986	2,497,667
REVENUES OVER (UNDER) EXPENDITURES	223,731	1,441,351	(20,365)	(21,237)	(494,909)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(335,848)	-	-	-
Total other financing sources (uses)	-	(335,848)	-	-	-
CHANGES IN FUND BALANCES	223,731	1,105,503	(20,365)	(21,237)	(494,909)
FUND BALANCES:					
Beginning of year	3,331,560	4,736,701	439,820	33,790	(653,939)
End of year	<u>\$ 3,555,291</u>	<u>\$ 5,842,204</u>	<u>\$ 419,455</u>	<u>\$ 12,553</u>	<u>\$ (1,148,848)</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, 2021

	Special Revenue				
	Measure R Transit	Road Repair & Accountability Act	Measure M Transit	Park Enhancement	CASp
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	12,680
Intergovernmental	1,213,006	1,798,294	1,374,380	-	-
Charges for services	-	-	-	169,997	-
Use of money and property	(6,164)	12,560	9,222	3,042	172
Fines and forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	1,206,842	1,810,854	1,383,602	173,039	12,852
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Community development	-	-	-	-	-
Parks & recreation	-	-	-	69	-
Public works	2,877,675	269	306,127	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	2,877,675	269	306,127	69	-
REVENUES OVER (UNDER) EXPENDITURES	(1,670,833)	1,810,585	1,077,475	172,970	12,852
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(89,505)	(662,426)	(160,787)	(26,104)	-
Total other financing sources (uses)	(89,505)	(662,426)	(160,787)	(26,104)	-
CHANGES IN FUND BALANCES	(1,760,338)	1,148,159	916,688	146,866	12,852
FUND BALANCES:					
Beginning of year	6,621,895	2,800,493	1,528,028	792,536	50,183
End of year	<u>\$ 4,861,557</u>	<u>\$ 3,948,652</u>	<u>\$ 2,444,716</u>	<u>\$ 939,402</u>	<u>\$ 63,035</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, 2021

	Special Revenue					
	Measure W Stormwater	Used Oil Recycling Program	Beverage Container Recycling Program		Road Mitigation Program	Housing Authority Development
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	2,104,660	-	-
Intergovernmental	980,221	26,359	97,383	-	-	-
Charges for services	-	-	-	-	-	-
Use of money and property	2,786	10	56	1,876	-	-
Fines and forfeitures	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>983,007</u>	<u>26,369</u>	<u>97,439</u>	<u>2,106,536</u>	<u>-</u>	<u>-</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Community development	-	-	-	-	40,589	-
Parks & recreation	-	-	-	-	-	-
Public works	327,580	5,566	29,242	14	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>327,580</u>	<u>5,566</u>	<u>29,242</u>	<u>14</u>	<u>40,589</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>655,427</u>	<u>20,803</u>	<u>68,197</u>	<u>2,106,522</u>	<u>(40,589)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	(17,600)	-	-	-	-	(41,314)
Total other financing sources (uses)	<u>(17,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,314)</u>
CHANGES IN FUND BALANCES	637,827	20,803	68,197	2,106,522	(81,903)	-
FUND BALANCES:						
Beginning of year	-	-	-	-	-	-
End of year	<u>\$ 637,827</u>	<u>\$ 20,803</u>	<u>\$ 68,197</u>	<u>\$ 2,106,522</u>	<u>\$ (81,903)</u>	<u>-</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, 2021

	Special Revenue				
	Emergency Housing Voucher	Permanent Local Hosing Allocation Grant	SB 2 Grant	LEAP Grant	American Rescue Plan Act
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	13,600	-	-	-	17,278,237
Charges for services	-	-	-	-	-
Use of money and property	-	-	-	-	15,403
Fines and forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>13,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,293,640</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Police	-	-	-	-	-
Community development	-	-	16,184	4,538	-
Parks & recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	113
Total expenditures	<u>-</u>	<u>-</u>	<u>16,184</u>	<u>4,538</u>	<u>113</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>13,600</u>	<u>-</u>	<u>(16,184)</u>	<u>(4,538)</u>	<u>17,293,527</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCES	13,600	-	(16,184)	(4,538)	17,293,527
FUND BALANCES:					
Beginning of year	-	-	-	-	-
End of year	<u>\$ 13,600</u>	<u>\$ -</u>	<u>\$ (16,184)</u>	<u>\$ (4,538)</u>	<u>\$ 17,293,527</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, 2021

	<u>Total Nonmajor Governmental Funds</u>
REVENUES:	
Taxes	\$ 1,999,071
Licenses and permits	2,117,340
Intergovernmental	37,394,162
Charges for services	920,009
Use of money and property	171,587
Fines and forfeitures	54,810
Miscellaneous	12,291
Total revenues	<u>42,669,270</u>
EXPENDITURES:	
Current:	
General government	20,986
Police	1,116,821
Community development	9,729,878
Parks & recreation	69
Public works	7,022,554
Capital outlay	780,644
Debt service:	
Principal	233,650
Interest and fiscal charges	12,599
Total expenditures	<u>18,917,201</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>23,752,069</u>
OTHER FINANCING SOURCES (USES):	
Transfers in	138,599
Transfers out	(1,642,188)
Total other financing sources (uses)	<u>(1,503,589)</u>
CHANGES IN FUND BALANCES	22,248,480
FUND BALANCES:	
Beginning of year	<u>35,641,484</u>
End of year	<u>\$ 57,889,964</u>

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,400,000	\$ 3,125,895	\$ 2,644,710	\$ (481,185)
Charges for services	-	-	12,000	12,000
Use of money and property	13,000	13,000	390	(12,610)
Total revenues	<u>1,413,000</u>	<u>3,138,895</u>	<u>2,657,100</u>	<u>(481,795)</u>
EXPENDITURES:				
Current:				
Community development	2,770,282	3,471,653	2,385,316	1,086,337
Total expenditures	<u>2,770,282</u>	<u>3,471,653</u>	<u>2,385,316</u>	<u>1,086,337</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,357,282)</u>	<u>(332,758)</u>	<u>271,784</u>	<u>604,542</u>
OTHER FINANCING (USES):				
Transfers out	-	(840,249)	(259,394)	580,855
Total other financing sources (uses)	<u>-</u>	<u>(840,249)</u>	<u>(259,394)</u>	<u>580,855</u>
CHANGE IN FUND BALANCE	<u>\$ (1,357,282)</u>	<u>\$ (1,173,007)</u>	<u>12,390</u>	<u>\$ 1,185,397</u>
FUND BALANCE:				
Beginning of year			<u>1,357,309</u>	
End of year			<u>\$ 1,369,699</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 4,893,140	\$ 4,893,140	\$ 5,413,730	\$ 520,590
Use of money and property	5,500	5,500	21	(5,479)
Total revenues	<u>4,898,640</u>	<u>4,898,640</u>	<u>5,413,751</u>	<u>515,111</u>
EXPENDITURES:				
Current:				
Community development	4,722,704	4,704,454	5,274,590	(570,136)
Capital outlay	-	-	13,477	(13,477)
Total expenditures	<u>4,722,704</u>	<u>4,704,454</u>	<u>5,288,067</u>	<u>(583,613)</u>
CHANGE IN FUND BALANCE	<u>\$ 175,936</u>	<u>\$ 194,186</u>	125,684	<u>\$ (68,502)</u>
FUND BALANCE:				
Beginning of year			<u>364,426</u>	
End of year			<u>\$ 490,110</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 425,000	\$ 425,000	\$ 82,168	\$ (342,832)
Total revenues	<u>425,000</u>	<u>425,000</u>	<u>82,168</u>	<u>(342,832)</u>
EXPENDITURES:				
Current:				
Community development	604,734	934,734	401,220	533,514
Total expenditures	<u>604,734</u>	<u>934,734</u>	<u>401,220</u>	<u>533,514</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(179,734)</u>	<u>(509,734)</u>	<u>(319,052)</u>	<u>190,682</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000	100,000	81,301	(18,699)
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>81,301</u>	<u>(18,699)</u>
CHANGE IN FUND BALANCE	<u>\$ (79,734)</u>	<u>\$ (409,734)</u>	<u>(237,751)</u>	<u>\$ 171,983</u>
FUND BALANCE:				
Beginning of year			<u>6,753,146</u>	
End of year			<u>\$ 6,515,395</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 22,824	\$ 22,824	\$ 88,102	\$ 65,278
Total revenues	<u>22,824</u>	<u>22,824</u>	<u>88,102</u>	<u>65,278</u>
EXPENDITURES:				
Current:				
Community development	120,000	120,000	38,376	81,624
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>38,376</u>	<u>81,624</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	57,298	57,298
Total other financing sources	<u>-</u>	<u>-</u>	<u>57,298</u>	<u>57,298</u>
CHANGE IN FUND BALANCE	<u>\$ (97,176)</u>	<u>\$ (97,176)</u>	107,024	<u>\$ 204,200</u>
FUND BALANCE:				
Beginning of year			<u>3,748,983</u>	
End of year			<u>\$ 3,856,007</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 414,000	\$ 625,667	\$ 329,633	\$ (296,034)
Use of money and property	6,000	6,000	(421)	(6,421)
Total revenues	<u>420,000</u>	<u>631,667</u>	<u>329,212</u>	<u>(302,455)</u>
EXPENDITURES:				
Current:				
Police	317,486	419,560	365,053	54,507
Capital outlay	176,502	132,692	61,386	71,306
Total expenditures	<u>493,988</u>	<u>552,252</u>	<u>426,439</u>	<u>125,813</u>
CHANGE IN FUND BALANCE	<u>\$ (73,988)</u>	<u>\$ 79,415</u>	(97,227)	<u>\$ (176,642)</u>
FUND BALANCE:				
Beginning of year			<u>648,685</u>	
End of year			<u>\$ 551,458</u>	

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,035,000	\$ 1,035,000	\$ 195,338	\$ (839,662)
Use of money and property	85,000	85,000	(5,643)	(90,643)
Miscellaneous	-	-	-	-
Total revenues	<u>1,120,000</u>	<u>1,120,000</u>	<u>189,695</u>	<u>(930,305)</u>
EXPENDITURES:				
Current:				
Police	860,663	937,411	678,901	258,510
Capital outlay	355,960	355,960	215,243	140,717
Debt service:				
Principal retirement	153,278	140,792	140,792	-
Interest and fiscal charges	12,486	12,486	12,486	-
Total expenditures	<u>1,382,387</u>	<u>1,446,649</u>	<u>1,047,422</u>	<u>399,227</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(262,387)</u>	<u>(326,649)</u>	<u>(857,727)</u>	<u>(531,078)</u>
OTHER FINANCING (USES):				
Transfers out	-	(90,779)	(49,210)	41,569
Total other financing (uses)	<u>-</u>	<u>(90,779)</u>	<u>(49,210)</u>	<u>41,569</u>
CHANGE IN FUND BALANCE	<u>\$ (262,387)</u>	<u>\$ (417,428)</u>	<u>(906,937)</u>	<u>\$ (489,509)</u>
FUND BALANCE:				
Beginning of year			<u>4,560,347</u>	
End of year			<u>\$ 3,653,410</u>	

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 119,384	\$ 119,384	\$ 126,665	\$ 7,281
Use of money and property	3,000	3,000	1,059	(1,941)
Total revenues	<u>122,384</u>	<u>122,384</u>	<u>127,724</u>	<u>5,340</u>
EXPENDITURES:				
Current:				
Community development	6,000	6,000	6,043	(43)
Capital outlay	182,018	182,018	42,982	139,036
Total expenditures	<u>188,018</u>	<u>188,018</u>	<u>49,025</u>	<u>138,993</u>
CHANGE IN FUND BALANCE	<u>\$ (65,634)</u>	<u>\$ (65,634)</u>	78,699	<u>\$ 144,333</u>
FUND BALANCE:				
Beginning of year			<u>535,295</u>	
End of year			<u>\$ 613,994</u>	

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 100,000	\$ 100,000	\$ 54,810	\$ (45,190)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>54,810</u>	<u>(45,190)</u>
EXPENDITURES:				
Current:				
Police	346,292	225,000	72,867	152,133
Total expenditures	<u>346,292</u>	<u>225,000</u>	<u>72,867</u>	<u>152,133</u>
CHANGE IN FUND BALANCE	<u>\$ (246,292)</u>	<u>\$ (125,000)</u>	(18,057)	<u>\$ 106,943</u>
FUND BALANCE:				
Beginning of year			(1,214,065)	
End of year			<u>\$ (1,232,122)</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ (2,180,000)	\$ (2,180,000)	\$ 2,099,436	\$ 4,279,436
Use of money and property	-	-	-	-
Total revenues	<u>(2,180,000)</u>	<u>(2,180,000)</u>	<u>2,099,436</u>	<u>4,279,436</u>
EXPENDITURES:				
Current:				
Public works	27,560	27,560	115,843	(88,283)
Total expenditures	<u>27,560</u>	<u>27,560</u>	<u>115,843</u>	<u>(88,283)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,207,560)</u>	<u>(2,207,560)</u>	<u>1,983,593</u>	<u>4,191,153</u>
OTHER FINANCING (USES):				
Transfers out	-	(82,511)	-	82,511
Total other financing (uses)	<u>-</u>	<u>(82,511)</u>	<u>-</u>	<u>82,511</u>
CHANGE IN FUND BALANCE	<u>\$ (2,207,560)</u>	<u>\$ (2,290,071)</u>	<u>1,983,593</u>	<u>\$ 4,273,664</u>
FUND BALANCE:				
Beginning of year			(1,448,294)	
End of year			<u>\$ 535,299</u>	

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 701,000	\$ 701,000	\$ 680,055	\$ (20,945)
Use of money and property	1,575	1,575	(183)	(1,758)
Total revenues	<u>702,575</u>	<u>702,575</u>	<u>679,872</u>	<u>(22,703)</u>
EXPENDITURES:				
Public works	786,130	774,130	773,611	519
Total expenditures	<u>786,130</u>	<u>774,130</u>	<u>773,611</u>	<u>519</u>
CHANGE IN FUND BALANCE	<u>\$ (83,555)</u>	<u>\$ (71,555)</u>	(93,739)	<u>\$ (22,184)</u>
FUND BALANCE:				
Beginning of year			<u>654,585</u>	
End of year			<u>\$ 560,846</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,115,163	\$ 2,115,163	\$ 2,105,899	\$ (9,264)
Charges for services	107,000	107,000	57,957	(49,043)
Use of money and property	135,000	135,000	41,849	(93,151)
Miscellaneous	8,000	8,000	8,604	604
Total revenues	<u>2,365,163</u>	<u>2,365,163</u>	<u>2,214,309</u>	<u>(150,854)</u>
EXPENDITURES:				
Current:				
Community development	2,493,197	1,973,197	1,543,022	430,175
Capital outlay	-	-	447,556	(447,556)
Total expenditures	<u>2,493,197</u>	<u>1,973,197</u>	<u>1,990,578</u>	<u>(17,381)</u>
CHANGE IN FUND BALANCE	<u>\$ (128,034)</u>	<u>\$ 391,966</u>	223,731	<u>\$ (168,235)</u>
FUND BALANCE:				
Beginning of year			3,331,560	
End of year			<u>\$ 3,555,291</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,635,387	\$ 1,635,387	\$ 1,615,103	\$ (20,284)
Use of money and property	60,000	60,000	8,066	(51,934)
Total revenues	<u>1,695,387</u>	<u>1,695,387</u>	<u>1,623,169</u>	<u>(72,218)</u>
EXPENDITURES:				
Current:				
Public works	440,580	415,580	181,818	233,762
Total expenditures	<u>440,580</u>	<u>415,580</u>	<u>181,818</u>	<u>233,762</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,254,807</u>	<u>1,279,807</u>	<u>1,441,351</u>	<u>161,544</u>
OTHER FINANCING (USES):				
Transfers out	-	(4,419,817)	(335,848)	4,083,969
Total other financing (uses)	<u>-</u>	<u>(4,419,817)</u>	<u>(335,848)</u>	<u>4,083,969</u>
CHANGE IN FUND BALANCE	<u>\$ 1,254,807</u>	<u>\$ (3,140,010)</u>	<u>1,105,503</u>	<u>\$ 4,245,513</u>
FUND BALANCE:				
Beginning of year			4,736,701	
End of year			<u>\$ 5,842,204</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,000	\$ 4,000	\$ (365)	\$ (4,365)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>(365)</u>	<u>(4,365)</u>
EXPENDITURES:				
Current:				
Community development	120,000	120,000	20,000	100,000
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>20,000</u>	<u>100,000</u>
CHANGE IN FUND BALANCE	<u>\$ (116,000)</u>	<u>\$ (116,000)</u>	(20,365)	<u>\$ 95,635</u>
FUND BALANCE:				
Beginning of year			<u>439,820</u>	
End of year			<u>\$ 419,455</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ (251)	\$ (251)
Total revenues	<u>-</u>	<u>-</u>	<u>(251)</u>	<u>(251)</u>
EXPENDITURES:				
Current:				
General government	-	-	20,986	(20,986)
Total expenditures	<u>-</u>	<u>-</u>	<u>20,986</u>	<u>(20,986)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(21,237)</u>	<u>\$ (21,237)</u>
FUND BALANCE:				
Beginning of year			33,790	
End of year			<u>\$ 12,553</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 2,005,360	\$ 2,005,360	\$ 2,002,758	\$ (2,602)
Total revenues	<u>2,005,360</u>	<u>2,005,360</u>	<u>2,002,758</u>	<u>(2,602)</u>
EXPENDITURES:				
Current:				
Public works	2,947,385	2,685,796	2,404,809	280,987
Capital outlay	185,500	185,500	-	185,500
Debt service:				
Principal	95,351	95,351	92,858	2,493
Total expenditures	<u>3,228,236</u>	<u>2,966,647</u>	<u>2,497,667</u>	<u>468,980</u>
CHANGE IN FUND BALANCE	<u>\$ (1,222,876)</u>	<u>\$ (961,287)</u>	(494,909)	<u>\$ 466,378</u>
FUND BALANCE:				
Beginning of year			(653,939)	
End of year			<u>\$ (1,148,848)</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,234,802	\$ 1,234,802	\$ 1,213,006	\$ (21,796)
Use of money and property	80,000	80,000	(6,164)	(86,164)
Total revenues	<u>1,314,802</u>	<u>1,314,802</u>	<u>1,206,842</u>	<u>(107,960)</u>
EXPENDITURES:				
Current:				
Public works	3,465,977	3,494,019	2,877,675	616,344
Capital outlay	15,000	15,000	-	15,000
Total expenditures	<u>3,480,977</u>	<u>3,509,019</u>	<u>2,877,675</u>	<u>631,344</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,166,175)</u>	<u>(2,194,217)</u>	<u>(1,670,833)</u>	<u>523,384</u>
OTHER FINANCING (USES):				
Transfers out	-	(1,652,523)	(89,505)	1,563,018
Total other financing (uses)	<u>-</u>	<u>(1,652,523)</u>	<u>(89,505)</u>	<u>1,563,018</u>
CHANGE IN FUND BALANCE	<u>\$ (2,166,175)</u>	<u>\$ (3,846,740)</u>	<u>(1,760,338)</u>	<u>\$ 2,086,402</u>
FUND BALANCE:				
Beginning of year			<u>6,621,895</u>	
End of year			<u>\$ 4,861,557</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,815,172	\$ 1,815,172	\$ 1,798,294	\$ (16,878)
Use of money and property	17,500	17,500	12,560	(4,940)
Total revenues	<u>1,832,672</u>	<u>1,832,672</u>	<u>1,810,854</u>	<u>(21,818)</u>
EXPENDITURES:				
Current:				
Public works	-	-	269	(269)
Total expenditures	<u>-</u>	<u>-</u>	<u>269</u>	<u>(269)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,832,672</u>	<u>1,832,672</u>	<u>1,810,585</u>	<u>(22,087)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,800,000)	(3,867,823)	(662,426)	3,205,397
Total other financing sources (uses)	<u>(1,800,000)</u>	<u>(3,867,823)</u>	<u>(662,426)</u>	<u>3,205,397</u>
CHANGE IN FUND BALANCE	<u>\$ 32,672</u>	<u>\$ (2,035,151)</u>	1,148,159	<u>\$ 3,183,310</u>
FUND BALANCE:				
Beginning of year			2,800,493	
End of year			<u>\$ 3,948,652</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,392,285	\$ 1,392,285	\$ 1,374,380	\$ (17,905)
Use of money and property	15,000	15,000	9,222	(5,778)
Total revenues	<u>1,407,285</u>	<u>1,407,285</u>	<u>1,383,602</u>	<u>(23,683)</u>
EXPENDITURES:				
Current:				
Public works	482,048	445,548	306,127	139,421
Capital outlay	15,000	15,000	-	15,000
Total expenditures	<u>497,048</u>	<u>460,548</u>	<u>306,127</u>	<u>154,421</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>910,237</u>	<u>946,737</u>	<u>1,077,475</u>	<u>130,738</u>
OTHER FINANCING (USES):				
Transfers out	-	(1,055,570)	(160,787)	894,783
Total other financing (uses)	<u>-</u>	<u>(1,055,570)</u>	<u>(160,787)</u>	<u>894,783</u>
CHANGE IN FUND BALANCE	<u>\$ 910,237</u>	<u>\$ (108,833)</u>	916,688	<u>\$ 1,025,521</u>
FUND BALANCE:				
Beginning of year			1,528,028	
End of year			<u>\$ 2,444,716</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 293,145	\$ 293,145	\$ 169,997	\$ (123,148)
Use of money and property	8,200	8,200	3,042	(5,158)
Total revenues	<u>301,345</u>	<u>301,345</u>	<u>173,039</u>	<u>(128,306)</u>
EXPENDITURES:				
Current:				
Parks & recreation	-	-	69	(69)
Capital outlay	-	72,000	-	72,000
Total expenditures	<u>-</u>	<u>72,000</u>	<u>69</u>	<u>71,931</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>301,345</u>	<u>229,345</u>	<u>172,970</u>	<u>(56,375)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(37,631)	(26,104)	11,527
Total other financing sources (uses)	<u>-</u>	<u>(37,631)</u>	<u>(26,104)</u>	<u>11,527</u>
CHANGE IN FUND BALANCE	<u>\$ 301,345</u>	<u>\$ 191,714</u>	146,866	<u>\$ (44,848)</u>
FUND BALANCE:				
Beginning of year			792,536	
End of year			<u>\$ 939,402</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ 17,000	\$ 17,000	\$ 12,680	\$ (4,320)
Use of money and property	750	750	172	(578)
Total revenues	<u>17,750</u>	<u>17,750</u>	<u>12,852</u>	<u>(4,898)</u>
CHANGE IN FUND BALANCE	<u>\$ 17,750</u>	<u>\$ 17,750</u>	12,852	<u>\$ (4,898)</u>
FUND BALANCE:				
Beginning of year			<u>50,183</u>	
End of year			<u>\$ 63,035</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 980,221	\$ (19,779)
Use of money and property	-	-	2,786	2,786
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>983,007</u>	<u>(16,993)</u>
EXPENDITURES:				
Current:				
Public works	444,684	381,318	327,580	53,738
Total expenditures	<u>444,684</u>	<u>381,318</u>	<u>327,580</u>	<u>53,738</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>555,316</u>	<u>618,682</u>	<u>655,427</u>	<u>36,745</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(493,137)	(17,600)	475,537
Total other financing sources (uses)	<u>-</u>	<u>(493,137)</u>	<u>(17,600)</u>	<u>475,537</u>
CHANGE IN FUND BALANCE	<u>\$ 555,316</u>	<u>\$ 125,545</u>	<u>637,827</u>	<u>\$ 512,282</u>
Beginning of year			<u>-</u>	
End of year			<u>\$ 637,827</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 24,025	\$ 26,359	\$ 2,334
Use of money and property	-	-	10	10
Total revenues	-	24,025	26,369	2,344
EXPENDITURES:				
Current:				
Public works	-	24,025	5,566	18,459
Total expenditures	-	24,025	5,566	18,459
REVENUES OVER (UNDER) EXPENDITURES	-	-	20,803	20,803
CHANGE IN FUND BALANCE	\$ -	\$ -	20,803	\$ 20,803
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ 20,803</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 50,000	\$ 97,383	\$ 47,383
Use of money and property	-	-	56	56
Total revenues	<u>-</u>	<u>50,000</u>	<u>97,439</u>	<u>47,439</u>
EXPENDITURES:				
Current:				
Public works	-	50,000	29,242	20,758
Total expenditures	<u>-</u>	<u>50,000</u>	<u>29,242</u>	<u>20,758</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>68,197</u>	<u>68,197</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>68,197</u>	<u>\$ 68,197</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 68,197</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 2,104,660	\$ 2,104,660
Use of money and property	-	-	1,876	1,876
Total revenues	<u>-</u>	<u>-</u>	<u>2,106,536</u>	<u>2,106,536</u>
EXPENDITURES:				
Current:				
Public works	-	-	14	(14)
Total expenditures	<u>-</u>	<u>-</u>	<u>14</u>	<u>(14)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>2,106,522</u>	<u>2,106,522</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>2,106,522</u>	<u>\$ 2,106,522</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 2,106,522</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Current:				
Community development	\$ -	\$ -	\$ 40,589	\$ (40,589)
Total expenditures	<u>-</u>	<u>-</u>	<u>40,589</u>	<u>(40,589)</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>-</u>	<u>-</u>	<u>(40,589)</u>	<u>(40,589)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>-</u>	<u>(41,314)</u>	<u>(41,314)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(41,314)</u>	<u>(41,314)</u>
CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(81,903)</u>	<u><u>\$ (81,903)</u></u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u><u>\$ (81,903)</u></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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 13,600	\$ 13,600
Total revenues	<u>-</u>	<u>-</u>	<u>13,600</u>	<u>13,600</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>13,600</u>	<u>13,600</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>13,600</u>	<u>\$ 13,600</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 13,600</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Current:				
Intergovernmental	\$ 721,320	\$ 721,320	\$ -	\$ (721,320)
Total revenues	<u>721,320</u>	<u>721,320</u>	<u>-</u>	<u>(721,320)</u>
EXPENDITURES:				
Current:				
Community development	721,320	721,320	-	721,320
Total expenditures	<u>721,320</u>	<u>721,320</u>	<u>-</u>	<u>721,320</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ -</u>	

City of South Gate
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SB 2 Grant Special Revenue Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Current:				
Community development	-	-	16,184	(16,184)
Total expenditures	-	-	16,184	(16,184)
REVENUES OVER (UNDER) EXPENDITURES				
	-	-	(16,184)	(16,184)
CHANGE IN FUND BALANCE				
	\$ -	\$ -	(16,184)	\$ (16,184)
FUND BALANCE:				
Beginning of year			-	
End of year			\$ (16,184)	

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Current:				
Community development	\$ -	\$ -	\$ 4,538	\$ (4,538)
Total expenditures	<u>-</u>	<u>-</u>	<u>4,538</u>	<u>(4,538)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(4,538)</u>	<u>(4,538)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(4,538)</u>	<u>\$ (4,538)</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ (4,538)</u>	

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 17,278,237	\$ 17,278,237
Use of money and property	-	-	15,403	15,403
Total revenues	<u>-</u>	<u>-</u>	<u>17,293,640</u>	<u>17,293,640</u>
EXPENDITURES:				
Debt service:				
Interest and fiscal charges	-	-	113	(113)
Total expenditures	<u>-</u>	<u>-</u>	<u>113</u>	<u>(113)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>17,293,527</u>	<u>17,293,527</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>17,293,527</u>	<u>\$ 17,293,527</u>
FUND BALANCE:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 17,293,527</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, 2021

	Insurance	Information Systems	Fleet Management	Capital Asset & Equipment Replacement
ASSETS				
Current assets:				
Cash and investments	\$ 8,108,347	\$ 176,365	\$ 187,312	\$ 4,161,191
Accrued interest	7,398	471	-	4,547
Due from other agencies	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	87,458	24,038	5,902	-
Total current assets	8,203,203	200,874	193,214	4,165,738
Noncurrent assets:				
Capital assets:				
Non-depreciable assets	-	-	-	-
Depreciable assets, net of accumulated depreciation	-	525,237	9,792	1,278,398
Total capital assets, net	-	525,237	9,792	1,278,398
Total assets	8,203,203	726,111	203,006	5,444,136
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	28,017	85,472	150,859	-
Deferred outflows of resources related to OPEB	12,326	33,617	71,157	-
Total deferred outflows of resources	40,343	119,089	222,016	-
LIABILITIES				
Current liabilities:				
Accounts payable	89,221	183,672	151,920	-
Accrued liabilities	3,810	8,763	8,717	-
Compensated absences, due within one year	318	3,758	2,769	-
Claims and judgments, due within one year	2,015,049	-	-	-
Total current liabilities	2,108,398	196,193	163,406	-
Noncurrent liabilities:				
Compensated absences, due in more than one year	3,454	40,816	30,080	-
Claims and judgments, due in more than one year	8,756,279	-	-	-
Net pension liability	190,502	581,156	1,025,736	-
Net OPEB liability	96,599	263,453	557,641	-
Total noncurrent liabilities	9,046,834	885,425	1,613,457	-
Total liabilities	11,155,232	1,081,618	1,776,863	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	1,443	4,402	7,770	-
Deferred inflows of resources related to OPEB	22,617	61,682	130,561	-
Total deferred inflows of resources	24,060	66,084	138,331	-
NET POSITION				
Investment in capital assets	-	525,237	9,792	1,278,398
Unrestricted (deficit)	(2,935,746)	(827,739)	(1,499,964)	4,165,738
Total net position	\$ (2,935,746)	\$ (302,502)	\$ (1,490,172)	\$ 5,444,136

City of South Gate
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2021

	Building & Infrastructure Maintenance	Total
ASSETS		
Current assets:		
Cash and investments	\$ 361,232	\$ 12,994,447
Accrued interest	530	12,946
Due from other government	-	-
Prepaid items	-	-
Due from other funds	-	117,398
Total current assets	361,762	13,124,791
Noncurrent assets:		
Capital assets:		
Non-depreciable assets	308,973	308,973
Depreciable assets, net of accumulated depreciation	283,192	2,096,619
Total capital assets, net	592,165	2,405,592
Total assets	953,927	15,530,383
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension plan	-	264,348
Deferred outflows of resources related to OPEB	-	117,100
Total deferred outflows of resources	-	381,448
LIABILITIES		
Current liabilities:		
Accounts payable	28,273	453,086
Accrued liabilities	-	21,290
Compensated absences, due within one year	-	6,845
Claims and judgments, due within one year	-	2,015,049
Total current liabilities	28,273	2,496,270
Noncurrent liabilities:		
Compensated absences, due in more than one year	-	74,350
Claims and judgments, due in more than one year	-	8,756,279
Net pension liability	-	1,797,394
Net OPEB liability	-	917,693
Total noncurrent liabilities	-	11,545,716
Total liabilities	28,273	14,041,986
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	-	13,615
Deferred inflows of resources related to OPEB	-	214,860
Total deferred inflows of resources	-	228,475
NET POSITION		
Investment in capital assets	592,165	2,405,592
Unrestricted (deficit)	333,489	(764,222)
Total net position	\$ 925,654	\$ 1,641,370

City of South Gate
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

	Insurance	Information Systems	Fleet Management	Capital Asset & Equipment Replacement
OPERATING REVENUES:				
Interdepartmental charges	4,204,734	\$ 1,079,760	\$ 1,694,992	\$ 564,390
Total operating revenues	4,204,734	1,079,760	1,694,992	564,390
OPERATING EXPENSES:				
Personnel services	(131,492)	413,474	613,737	-
Utilities	-	9,633	3,114	-
Contractual services	129,590	207,429	85,263	327
Administrative services	83,333	529,481	248,269	-
Repair and maintenance	-	333,667	5,486	13,698
Supplies	1,767	14,857	647,091	-
Insurance	3,811,554	-	-	-
Claim expense	3,047,630	-	-	-
Depreciation expense	-	138,289	4,896	256,339
Total operating expenses	6,942,382	1,646,830	1,607,856	270,364
Operating income (loss)	(2,737,648)	(567,070)	87,136	294,026
NONOPERATING REVENUES:				
Interest income (expense)	(8,875)	(913)	-	1,013
Total nonoperating revenues	(8,875)	(913)	-	1,013
TRANSFERS:				
Transfers out	-	-	-	-
Total transfers	-	-	-	-
Changes in net position	(2,746,523)	(567,983)	87,136	295,039
NET POSITION:				
Beginning of year	(189,223)	265,481	(1,577,308)	5,149,097
End of year	<u>\$ (2,935,746)</u>	<u>\$ (302,502)</u>	<u>\$ (1,490,172)</u>	<u>\$ 5,444,136</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, 2021

	Building & Infrastructure Maintenance	Total
OPERATING REVENUES:		
Interdepartmental charges	\$ -	\$ 7,543,876
Total operating revenues	-	7,543,876
OPERATING EXPENSES:		
Personnel services	-	895,719
Utilities	-	12,747
Contractual services	5,082	427,691
Administrative services	-	861,083
Repair and maintenance	3,127	355,978
Supplies	-	663,715
Insurance	-	3,811,554
Claim expense	-	3,047,630
Depreciation expense	3,177	402,701
Total operating expenses	11,386	10,478,818
Operating income (loss)	(11,386)	(2,934,942)
NONOPERATING REVENUES:		
Interest income	(7,477)	(16,252)
Total nonoperating revenues	(7,477)	(16,252)
	(36,708)	(36,708)
	(36,708)	(36,708)
Changes in net position	(55,571)	(2,987,902)
NET POSITION:		
Beginning of year, as restated (Note 19)	981,225	4,629,272
End of year	\$ 925,654	\$ 1,641,370

City of South Gate
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Insurance	Information Systems	Fleet Management	Capital Asset & Equipment Replacement
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund service provided	\$ 4,161,005	\$ 1,067,741	\$ 1,692,041	\$ 564,390
Cash paid to suppliers for goods and services	(118,448)	(1,033,238)	(968,202)	(63,408)
Cash paid to employees for services	(152,017)	(397,082)	(635,423)	-
Cash paid for insurance premium and claims	(4,877,349)	-	-	-
Net cash provided by (used in) operating activities	(986,809)	(362,579)	88,416	500,982
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	(256,095)	-	(793,986)
Net cash (used in) capital and related financing activities	-	(256,095)	-	(793,986)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	12,983	604	-	12,115
Net cash provided by investing activities	12,983	604	-	12,115
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer out	-	-	-	-
Net cash (used in) noncapital financing activities	-	-	-	-
Net change in cash and cash equivalents	(973,826)	(618,070)	88,416	(280,889)
CASH AND CASH EQUIVALENTS:				
Beginning of year	9,082,173	794,435	98,896	4,442,080
End of year	<u>\$ 8,108,347</u>	<u>\$ 176,365</u>	<u>\$ 187,312</u>	<u>\$ 4,161,191</u>

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Building & Infrastructure Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from interfund service provided	\$ 20,064	\$ 7,505,241
Cash paid to suppliers for goods and services	-	(2,183,296)
Cash paid to employees for services	-	(1,184,522)
Cash paid for insurance premium and claims	-	(4,877,349)
Net cash provided by (used in) operating activities	20,064	(739,926)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(254,597)	(1,304,678)
Net cash (used in) capital and related financing activities	(254,597)	(1,304,678)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	(3,444)	22,258
Net cash provided by investing activities	(3,444)	22,258
	(36,708)	(36,708)
	(36,708)	(36,708)
Net change in cash and cash equivalents	(274,685)	(2,059,054)
CASH AND CASH EQUIVALENTS:		
Beginning of year	635,917	15,053,501
End of year	\$ 361,232	\$ 12,994,447

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Insurance	Information Systems	Fleet Management	Capital Asset & Equipment Replacement
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (2,737,648)	\$ (567,070)	\$ 87,136	\$ 294,026
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	138,289	4,895	256,339
(Increase) decrease in prepaid items	7,061	-	-	-
(Increase) decrease in due from other agencies	180	-	-	-
(Increase) decrease in due from other funds	(43,729)	(12,019)	(2,951)	-
(Increase) decrease in deferred outflows of resources related to pensions	29,171	(23,989)	(31,328)	-
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	(8,705)	(23,741)	(51,404)	-
Increase (decrease) in accounts payable	89,181	61,829	21,022	(49,383)
Increase (decrease) in accrued liabilities	1,575	(242)	(1,131)	-
Increase (decrease) in compensated absences	(837)	4,277	11,531	-
Increase (decrease) in claims and judgments	1,981,655	-	-	-
Increase (decrease) in net pension liability	(291,906)	62,507	17,421	-
Increase (decrease) in net OPEB liability	9,188	25,058	80,852	-
Increase (decrease) in deferred inflows of resources related to pensions	(17,952)	(16,450)	(32,767)	-
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	(4,043)	(11,028)	(14,860)	-
Total adjustments	<u>1,750,839</u>	<u>204,491</u>	<u>1,280</u>	<u>206,956</u>
Net cash provided by (used in) operating activities	<u><u>\$ (986,809)</u></u>	<u><u>\$ (362,579)</u></u>	<u><u>\$ 88,416</u></u>	<u><u>\$ 500,982</u></u>

(Continued)

City of South Gate
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Building & Infrastructure Maintenance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ (11,386)	\$ (2,934,942)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	3,177	402,700
(Increase) decrease in prepaid items	-	7,061
(Increase) decrease in accounts receivable	-	180
(Increase) decrease in due from other funds	-	(58,699)
(Increase) decrease in deferred outflows of resources related to pensions	-	(26,146)
(Increase) decrease in deferred outflows of resources related to other postemployment benefits	-	(83,850)
Increase (decrease) in accounts payable	28,273	150,922
Increase (decrease) in accrued liabilities	-	202
Increase (decrease) in compensated absences	-	14,971
Increase (decrease) in claims and judgments	-	1,981,655
Increase (decrease) in net pension liability	-	(211,978)
Increase (decrease) in net OPEB liability	-	115,098
Increase (decrease) in deferred inflows of resources related to pensions	-	(67,169)
Increase (decrease) in deferred inflows of resources related to other postemployment benefits	-	(29,931)
Total adjustments	31,450	2,195,016
Net cash provided by (used in) operating activities	\$ 20,064	\$ (739,926)

(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 - 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 Assets and Liabilities
Custodial Funds
June 30, 2021

	Tweedy P & BIA	Special Deposits	Total
ASSETS			
Cash and investments	\$ 29,680	\$ 946,049	\$ 975,729
Accounts receivable	10	-	10
Total assets	\$ 29,690	\$ 946,049	\$ 975,739
LIABILITIES			
Accounts payable	\$ -	\$ 4,616	\$ 4,616
Total liabilities	-	4,616	4,616
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	\$ 29,690	\$ 941,433	\$ 971,123

City of South Gate
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2021

	Tweedy P & BIA	Special Deposits	Total
ADDITIONS:			
Use of money and property	\$ 22	\$ -	\$ 22
Membership assessment	8,873	162,016	170,889
Total additions	<u>8,895</u>	<u>162,016</u>	<u>170,911</u>
DEDUCTIONS:			
Operational expenses		169,233	169,233
Contractual services			-
Administrative services			-
Depreciation expense			-
Interest expense and fiscal charges			-
Total deductions	<u>-</u>	<u>169,233</u>	<u>169,233</u>
Changes in Net Position	8,895	(7,217)	1,678
NET POSITION:			
Beginning of year, as restated (Note 19)	20,795	948,650	969,445
End of year	<u>\$ 29,690</u>	<u>\$ 941,433</u>	<u>\$ 971,123</u>

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STATISTICAL SECTION (UNAUDITED)

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City of South Gate

Statistical Section Overview

(Unaudited)

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

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These schedules contain trend information to help the reader understand how the government's financial performance and well being have changed over time.	
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These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities					
Net Investment in capital assets	\$ 223,175	\$ 223,462	\$ 227,259	\$ 225,811	\$ 228,683
Restricted	16,603	19,734	21,358	22,135	29,778
Unrestricted	9,355	10,889	13,875	(39,779)	(40,323)
Total governmental activities net position	<u>\$ 249,133</u>	<u>\$ 254,085</u>	<u>\$ 262,492</u>	<u>\$ 208,167</u>	<u>\$ 218,138</u>
Business-type activities					
Net Investment in capital assets	\$ 39,090	\$ 44,813	\$ 44,824	\$ 43,963	\$ 352
Restricted	4,194	13,944	14,492	6,517	2,002
Unrestricted	(39,723)	(53,012)	(48,245)	(36,142)	20,588
Total business-type activities net position	<u>\$ 3,561</u>	<u>\$ 5,745</u>	<u>\$ 11,071</u>	<u>\$ 14,338</u>	<u>\$ 22,942</u>
Primary government					
Net Investment in capital assets	\$ 262,265	\$ 268,275	\$ 272,083	\$ 269,774	\$ 229,035
Restricted	20,797	33,678	35,850	28,652	31,780
Unrestricted	(30,368)	(42,123)	(34,370)	(75,921)	(19,735)
Total primary government net position	<u>\$ 252,694</u>	<u>\$ 259,830</u>	<u>\$ 273,563</u>	<u>\$ 222,505</u>	<u>\$ 241,080</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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities					
Net Investment in capital assets	\$ 214,310	\$ 233,267	\$ 237,924	\$ 235,345	\$ 239,644
Restricted	32,432	34,187	34,130	38,447	61,928
Unrestricted	(22,504)	(72,433)	(70,880)	(56,382)	(64,212)
Total governmental activities net position	<u>\$ 224,238</u>	<u>\$ 195,021</u>	<u>\$ 201,174</u>	<u>\$ 217,410</u>	<u>\$ 237,360</u>
Business-type activities					
Net Investment in capital assets	\$ 17,879	\$ 19,086	\$ 19,213	\$ 18,944	\$ 20,712
Restricted	2,169	1,888	1,974	831	846
Unrestricted	11,024	16,523	22,031	10,984	14,717
Total business-type activities net position	<u>\$ 31,072</u>	<u>\$ 37,497</u>	<u>\$ 43,218</u>	<u>\$ 30,759</u>	<u>\$ 36,275</u>
Primary government					
Net Investment in capital assets	\$ 232,189	\$ 252,353	\$ 257,137	\$ 254,289	\$ 260,356
Restricted	34,601	36,075	36,104	39,278	62,774
Unrestricted	(11,480)	(55,910)	(48,849)	(45,398)	(49,495)
Total primary government net position	<u>\$ 255,310</u>	<u>\$ 232,518</u>	<u>\$ 244,392</u>	<u>\$ 248,169</u>	<u>\$ 273,635</u>

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses					
Governmental activities:					
General government	\$ 5,917	\$ 5,591	\$ 4,648	\$ 6,830	\$ 6,312
Public works	15,255	15,504	15,988	15,753	16,794
Parks and recreation	4,963	5,174	5,454	6,155	6,951
Police	20,663	20,065	20,251	21,435	22,507
Community development	13,806	10,690	11,651	10,542	10,939
Interest expense	3,556	2,260	2,148	1,712	1,122
Total governmental activities expenses	<u>64,160</u>	<u>59,284</u>	<u>60,140</u>	<u>62,427</u>	<u>64,625</u>
Business-type activities:					
Sewer	1,508	1,496	1,591	1,543	1,672
Water	11,526	13,206	12,411	12,394	12,956
Refuse	3,860	3,499	3,498	3,433	3,493
Total business-type activities expenses	<u>16,894</u>	<u>18,201</u>	<u>17,500</u>	<u>17,370</u>	<u>18,121</u>
Total primary government expenses	<u>\$ 81,054</u>	<u>\$ 77,485</u>	<u>\$ 77,640</u>	<u>\$ 79,797</u>	<u>\$ 82,746</u>

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses					
Governmental activities:					
General government	\$ 6,847	\$ 8,663	\$ 7,568	\$ 7,239	\$ 7,647
Public works	18,513	21,475	18,882	18,790	22,509
Parks and recreation	7,544	10,115	8,495	8,762	8,526
Police	27,043	31,154	27,451	32,658	34,519
Community development	10,987	12,533	11,033	11,681	13,738
Interest expense	1,310	911	797	533	703
Total governmental activities expenses	<u>72,244</u>	<u>84,851</u>	<u>74,226</u>	<u>79,663</u>	<u>87,642</u>
Business-type activities:					
Sewer	1,767	1,740	1,481	1,330	1,224
Water	12,516	14,033	13,733	15,171	14,001
Refuse	3,715	3,810	3,941	4,043	4,163
Total business-type activities expenses	<u>17,998</u>	<u>19,583</u>	<u>19,155</u>	<u>20,544</u>	<u>19,388</u>
Total primary government expenses	<u>\$ 90,242</u>	<u>\$ 104,434</u>	<u>\$ 93,381</u>	<u>\$ 100,207</u>	<u>\$ 107,030</u>

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Program Revenues					
Governmental activities:					
Charges for service:					
General government	\$ 3,157	\$ 3,032	\$ 3,102	\$ 3,105	\$ 3,037
Public works	1,185	1,163	1,101	1,231	1,146
Parks and recreation	558	685	894	986	966
Police	3,231	2,656	3,445	3,262	3,844
Community development	3,777	3,229	4,171	2,888	2,684
Operating grants and contributions	13,640	14,777	16,363	13,527	14,756
Capital grants and contributions	5,201	3,993	4,696	3,811	7,148
Total governmental activities program revenues	<u>30,749</u>	<u>29,535</u>	<u>33,772</u>	<u>28,810</u>	<u>33,581</u>
Business-type activities:					
Charges for service:					
Sewer	1,497	1,485	1,513	1,388	1,346
Water	12,787	15,061	17,255	18,279	20,524
Refuse	3,359	3,550	3,673	3,714	3,717
Operating grants and contributions	548	54	64	57	71
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>18,191</u>	<u>20,150</u>	<u>22,505</u>	<u>23,438</u>	<u>25,658</u>
Total primary government program revenues	<u>\$ 48,940</u>	<u>\$ 49,685</u>	<u>\$ 56,277</u>	<u>\$ 52,248</u>	<u>\$ 59,239</u>
Net (expense)/revenue					
Governmental activities	\$ (33,411)	\$ (29,749)	\$ (26,368)	\$ (33,617)	\$ (31,044)
Business-type activities	<u>1,297</u>	<u>1,949</u>	<u>5,005</u>	<u>6,068</u>	<u>7,537</u>
Total primary government net expense	<u>\$ (32,114)</u>	<u>\$ (27,800)</u>	<u>\$ (21,363)</u>	<u>\$ (27,549)</u>	<u>\$ (23,507)</u>

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Program Revenues					
Governmental activities:					
Charges for service:					
General government	\$ 2,949	\$ 2,900	\$ 3,104	\$ 2,945	\$ 2,676
Public works	1,456	1,283	1,269	1,584	3,597
Parks and recreation	1,106	1,274	1,394	1,029	328
Police	4,189	1,837	2,160	2,052	1,580
Community development	3,619	1,619	1,671	1,739	1,569
Operating grants and contributions	14,090	11,846	16,278	19,486	28,487
Capital grants and contributions	8,221	8,748	8,496	5,370	24,999
Total governmental activities program revenues	<u>35,630</u>	<u>29,507</u>	<u>34,372</u>	<u>34,205</u>	<u>63,236</u>
Business-type activities:					
Charges for service:					
Sewer	1,340	1,350	1,298	1,258	1,289
Water	19,720	20,772	19,899	19,859	19,398
Refuse	3,738	3,856	3,955	4,080	4,207
Operating grants and contributions	35	37	69	48	11
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>24,833</u>	<u>26,015</u>	<u>25,221</u>	<u>25,245</u>	<u>24,905</u>
Total primary government program revenues	<u>\$ 60,463</u>	<u>\$ 55,522</u>	<u>\$ 59,593</u>	<u>\$ 59,450</u>	<u>\$ 88,141</u>
Net (expense)/revenue					
Governmental activities	\$ (36,614)	\$ (55,344)	\$ (39,854)	\$ (45,458)	\$ (24,406)
Business-type activities	<u>6,835</u>	<u>6,432</u>	<u>6,066</u>	<u>4,701</u>	<u>5,517</u>
Total primary government net expense	<u>\$ (29,779)</u>	<u>\$ (48,912)</u>	<u>\$ (33,788)</u>	<u>\$ (40,757)</u>	<u>\$ (18,889)</u>

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Revenues and Other Changes in Position					
Governmental activities:					
Taxes					
Property taxes	\$ 17,371	\$ 13,346	\$ 12,834	\$ 13,301	\$ 11,712
Sales taxes	12,878	13,347	14,186	17,838	21,838
Transient occupancy taxes	230	250	278	267	350
Franchise taxes	1,980	2,031	2,228	2,287	2,420
Other taxes	1,880	1,745	1,862	2,006	2,073
Investment income	2,704	2,638	2,487	1,784	2,412
Motor vehicle in-lieu	53	44	-	42	39
Lawsuit settlements	-	-	-	-	-
Gain on sale of land	-	-	-	-	-
Miscellaneous	378	2,081	832	1,538	1,237
Transfers	450	51	95	-	(1,066)
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-
	26,432	-	-	-	-
Total governmental activities	<u>64,356</u>	<u>35,533</u>	<u>34,802</u>	<u>39,063</u>	<u>41,015</u>
Business-type activities:					
Investment income	242	142	118	127	-
Miscellaneous	212	731	298	532	-
Transfers	(450)	(51)	(95)	-	1,066
Total business-type activities	<u>4</u>	<u>822</u>	<u>321</u>	<u>659</u>	<u>1,066</u>
Total primary government	<u>\$ 64,360</u>	<u>\$ 36,355</u>	<u>\$ 35,123</u>	<u>\$ 39,722</u>	<u>\$ 42,081</u>
Change in Net Position					
Governmental activities	\$ 30,944	\$ 4,951	\$ 8,434	\$ 5,447	\$ 9,972
Business-type activities	<u>1,301</u>	<u>2,184</u>	<u>5,326</u>	<u>6,726</u>	<u>8,603</u>
Total primary government	<u>\$ 32,245</u>	<u>\$ 7,135</u>	<u>\$ 13,760</u>	<u>\$ 12,173</u>	<u>\$ 18,575</u>

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Revenues and Other Changes in Position					
Governmental activities:					
Taxes					
Property taxes	\$ 12,131	\$ 14,907	\$ 15,358	\$ 14,079	\$ 15,082
Sales taxes	20,623	21,121	22,561	21,162	25,106
Transient occupancy taxes	390	420	450	412	474
Franchise taxes	2,454	2,708	2,688	2,744	2,732
Other taxes	2,216	2,051	2,118	1,990	2,206
Investment income	1,539	1,356	2,532	1,575	226
Motor vehicle in-lieu	45	52	47	76	71
Lawsuit settlements	-	-	-	-	-
Gain on sale of land	-	-	-	-	-
Miscellaneous	576	5,800	240	1,064	571
Transfers	(1,294)	6	12	287	2
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-
Total governmental activities	<u>38,680</u>	<u>48,421</u>	<u>46,006</u>	<u>43,389</u>	<u>46,470</u>
Business-type activities:					
Investment income	-	-	-	-	62
Miscellaneous	-	-	-	-	-
Transfers	1,294	(6)	(12)	(287)	(2)
Total business-type activities	<u>1,294</u>	<u>(6)</u>	<u>(12)</u>	<u>(287)</u>	<u>60</u>
Total primary government	<u>\$ 39,974</u>	<u>\$ 48,415</u>	<u>\$ 45,994</u>	<u>\$ 43,102</u>	<u>\$ 46,530</u>
Change in Net Position					
Governmental activities	\$ 2,065	\$ (6,922)	\$ 6,153	\$ (2,070)	\$ 22,064
Business-type activities	<u>8,130</u>	<u>6,425</u>	<u>6,218</u>	<u>5,681</u>	<u>5,578</u>
Total primary government	<u>\$ 10,195</u>	<u>\$ (497)</u>	<u>\$ 12,371</u>	<u>\$ 3,611</u>	<u>\$ 27,642</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund					
Nonspendable	\$ 38,089	\$ 36,768	\$ 36,339	\$ 14,330	\$ 11,705
Restricted	-	-	280	391	280
Committed	-	-	1,000	1,000	16,000
Assigned	-	-	134	3,452	3,572
Unassigned	7,216	11,136	12,691	23,146	14,570
Total general fund	<u>\$ 45,305</u>	<u>\$ 47,904</u>	<u>\$ 50,444</u>	<u>\$ 42,319</u>	<u>\$ 46,127</u>
All other governmental funds					
Nonspendable	\$ 4,726	\$ 4,479	\$ 4,274	\$ 4,005	\$ 1
Restricted					
Restricted, reported in:					
Special Revenue funds	13,147	14,557	15,041	16,281	21,168
Capital Projects funds	916	750	655	681	128
Low and moderate housing activities	-	-	1,146	955	8,799
Committed					
Capital Project funds	-	-	-	-	558
Unassigned					
Unassigned, reported in:					
Special Revenue funds	(257)	(323)	(295)	(472)	(5,401)
Capital Projects funds	-	-	-	-	-
Debt Service funds	-	-	-	-	(26)
Total all other governmental funds	<u>\$ 18,532</u>	<u>\$ 19,463</u>	<u>\$ 20,821</u>	<u>\$ 21,450</u>	<u>\$ 25,227</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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General fund					
Nonspendable	\$ 9,522	\$ 8,069	\$ 7,055	\$ 23,997	\$ 24,009
Restricted	224	230	281	172	282
Committed	15,929	19,870	19,870	19,870	19,870
Assigned	3,724	3,503	3,482	3,482	3,482
Unassigned	18,343	11,562	14,545	10,535	12,722
Total general fund	<u>\$ 47,742</u>	<u>\$ 43,234</u>	<u>\$ 45,233</u>	<u>\$ 58,056</u>	<u>\$ 60,365</u>
All other governmental funds					
Nonspendable	\$ 400	\$ -	\$ -	\$ 32	\$ 32
Restricted					
Restricted, reported in:					
Special Revenue funds	21,227	22,831	22,828	28,058	49,465
Capital Projects funds	2	2	2	2	2
Low and moderate housing activities	10,980	11,125	11,019	10,867	10,874
Committed					
Capital Project funds	558	4,055	4,055	4,018	3,711
Unassigned					
Unassigned, reported in:					
Special Revenue funds	(3,672)	(3,437)	(3,139)	(4,346)	(3,741)
Capital Projects funds	-	-	39	-	-
Debt Service funds	(26)	-	-	-	-
Total all other governmental funds	<u>\$ 29,469</u>	<u>\$ 34,576</u>	<u>\$ 34,804</u>	<u>\$ 38,631</u>	<u>\$ 60,343</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Revenues</u>					
Taxes	\$ 33,956	\$ 30,855	\$ 31,279	\$ 35,065	\$ 39,966
Intergovernmental	21,378	20,733	23,835	18,920	20,009
Charges for service	5,213	5,672	5,708	5,968	3,365
Fines and forfeitures	2,940	2,135	2,915	2,477	1,249
Licenses and permits	1,030	1,025	1,468	1,322	1,557
Investment income	2,975	2,630	2,474	1,768	2,226
Other	1,345	2,137	841	1,802	3,943
Total revenues	<u>68,837</u>	<u>65,187</u>	<u>68,520</u>	<u>67,322</u>	<u>72,315</u>
<u>Expenditures</u>					
General government	5,436	5,154	4,889	5,568	6,369
Public works	7,708	8,250	8,602	7,764	8,405
Parks and recreation	4,355	4,616	4,890	5,593	6,027
Police	19,158	19,456	19,344	20,430	22,863
Community development	13,780	10,333	11,608	10,533	10,893
Capital Outlay	7,325	8,467	10,531	7,066	12,912
Debt service:					
Principal	4,569	2,799	2,686	16,251	1,823
Interest and fees	4,050	2,281	2,141	1,613	1,109
Bond issuance costs	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total expenditures	<u>66,381</u>	<u>61,356</u>	<u>64,691</u>	<u>74,818</u>	<u>70,401</u>
Excess of revenues over (under) expenditures	<u>2,456</u>	<u>3,831</u>	<u>3,829</u>	<u>(7,496)</u>	<u>1,914</u>

(Continued)

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Revenues</u>					
Taxes	\$ 39,925	\$ 41,207	\$ 43,175	\$ 42,377	\$ 47,599
Intergovernmental	27,090	21,660	25,274	22,577	49,934
Charges for service	3,227	3,451	3,699	2,785	2,132
Fines and forfeitures	1,183	1,125	1,443	1,502	1,095
Licenses and permits	1,482	1,464	1,371	2,001	3,767
Investment income	1,204	1,356	2,531	2,033	414
Other	3,635	8,672	3,325	4,256	3,474
Total revenues	<u>77,746</u>	<u>78,935</u>	<u>80,818</u>	<u>77,531</u>	<u>108,415</u>
<u>Expenditures</u>					
General government	6,545	6,686	6,882	7,007	6,807
Public works	9,276	10,089	10,104	10,753	11,424
Parks and recreation	6,429	7,148	7,510	8,006	7,212
Police	24,131	25,252	26,539	29,449	30,318
Community development	10,766	10,880	11,143	11,537	13,160
Capital Outlay	12,891	9,689	14,696	6,967	13,250
Debt service:					
Principal	1,725	1,749	1,575	1,813	1,554
Interest and fees	1,028	946	862	774	706
Bond issuance costs	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Total expenditures	<u>72,791</u>	<u>72,439</u>	<u>79,311</u>	<u>76,306</u>	<u>84,431</u>
Excess of revenues over (under) expenditures	<u>4,955</u>	<u>6,496</u>	<u>1,507</u>	<u>1,225</u>	<u>23,984</u>

(Continued)

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Other financing sources (uses)</u>					
Transfers in	\$ 5,509	\$ 8,053	\$ 10,067	\$ 6,061	\$ 14,968
Transfers out	(5,094)	(8,001)	(9,972)	(6,061)	(16,034)
Proceeds from sale of land	-	-	-	-	-
Write-offs	-	-	-	-	-
Pension contribution	-	-	-	-	-
Capital leases	-	-	-	-	-
Debt issued	-	-	-	-	882
Issuance of financing agreements	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Contributions to Successor Agency	-	(353)	-	-	-
Total other financing sources (uses)	<u>415</u>	<u>(301)</u>	<u>95</u>	<u>-</u>	<u>(184)</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 3,868</u>	<u>\$ 3,530</u>	<u>\$ 3,924</u>	<u>\$ (7,496)</u>	<u>\$ 1,730</u>
Debt service as a percentage of noncapital expenditures	14.6%	9.6%	8.9%	26.4%	5.1%

(Continued)

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Other financing sources (uses)</u>					
Transfers in	\$ 11,212	\$ 13,237	\$ 13,533	\$ 6,680	\$ 12,190
Transfers out	(12,345)	(19,134)	(13,254)	(6,393)	(12,152)
Proceeds from sale of land	-	-	-	-	-
Write-offs	-	-	-	-	-
Pension contribution	-	-	-	-	-
Capital leases	-	-	-	-	-
Debt issued	-	-	-	-	-
Issuance of financing agreements	-	-	441	-	-
Payment to bond escrow agent	-	-	-	-	-
Contributions to Successor Agency	-	-	-	-	-
Total other financing sources (uses)	<u>(1,133)</u>	<u>(5,897)</u>	<u>720</u>	<u>287</u>	<u>38</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-
Net change in fund balances	<u>\$ 3,822</u>	<u>\$ 599</u>	<u>\$ 1,945</u>	<u>\$ 1,512</u>	<u>\$ 24,022</u>
Debt service as a percentage of noncapital expenditures	4.6%	4.3%	3.8%	3.7%	3.2%

(Concluded)

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

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

<u>Type of Tax</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Property tax	\$ 17,371	\$ 13,346	\$ 12,834	\$ 13,301	\$ 11,712
Sales and use tax	12,877	13,347	14,186	17,838	21,838
Transient occupancy tax	229	250	278	267	350
Franchise tax	1,979	2,031	2,228	2,287	2,420
Business licenses tax	1,348	1,213	1,336	1,398	1,466
Motor vehicle in-lieu	53	43	-	42	39
Other taxes	<u>532</u>	<u>532</u>	<u>525</u>	<u>608</u>	<u>608</u>
Total	<u>\$ 34,389</u>	<u>\$ 30,762</u>	<u>\$ 31,387</u>	<u>\$ 35,741</u>	<u>\$ 38,433</u>

(Continued)

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

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

<u>Type of Tax</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Property tax	\$ 12,131	\$ 14,907	\$ 15,358	\$ 14,079	\$ 15,082
Sales and use tax	20,623	21,121	22,561	21,162	25,106
Transient occupancy tax	390	420	450	412	474
Franchise tax	2,454	2,708	2,688	2,744	2,732
Business licenses tax	1,584	1,461	1,560	1,397	1,496
Motor vehicle in-lieu	45	52	47	76	71
Other taxes	632	590	558	593	710
Total	<u>\$ 37,859</u>	<u>\$ 41,259</u>	<u>\$ 43,222</u>	<u>\$ 40,463</u>	<u>\$ 45,671</u>

(Concluded)

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

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

Agency	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Basic Levy *	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College District	0.01782	0.02594	0.02502	0.04809	0.04809
Compton Community College District	0.01481	0.01531	0.00963	0.00987	0.00926
Downey Unified School District	0.06725	0.07132	0.06603	0.06549	0.11466
LA Community College District	0.0353	0.04875	0.04454	0.04017	0.03576
Los Angeles Unified School District	0.16819	0.17561	0.14644	0.14688	0.12971
Lynwood Unified School District	0.05171	0.05059	0.12005	0.08489	0.09583
Metropolitan Water District	0.00370	0.00350	0.00350	0.00350	0.00350
Paramount Unified School District	0.10343	0.10930	0.10457	0.10105	0.05266
Total Direct & Overlapping ** Tax Rates	<u>1.46221</u>	<u>1.50032</u>	<u>1.51978</u>	<u>1.49995</u>	<u>1.48947</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****	1.00370				
Total Direct Rate*****	0.25454	0.26745	0.06078	0.06081	0.06084

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 2011/12 - 2020/21 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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Basic Levy *	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College District	0.04698	0.04370	0.04446	0.04449	0.04348
Compton Community College District	0.00920	0.00954	0.02335	0.02323	0.00899
Downey Unified School District	0.11473	0.10538	0.10113	0.09708	0.08771
LA Community College District	0.03596	0.04599	0.04621	0.02717	0.04016
Los Angeles Unified School District	0.13110	0.12219	0.12323	0.12552	0.13993
Lynwood Unified School District	0.10308	0.19014	0.11737	0.18874	0.08702
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Paramount Unified School District	0.10677	0.17409	0.16756	0.22092	0.15139
Total Direct & Overlapping ** Tax Rates	1.55131	1.69454	1.62681	1.73065	1.56218
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*****	0.06086	0.06073	0.06093	0.06093	0.06097

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

<u>Type of Property</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
Residential	\$ 3,075,232	\$ 3,133,928	\$ 3,223,318	\$ 3,360,338	\$ 3,526,730
Commercial	478,978	485,723	495,030	502,898	526,371
Industrial	575,910	576,920	586,502	627,907	653,662
Farm	622	635	647	650	663
Government	3,088	3,150	3,213	3,227	3,292
Institutional	18,826	12,443	12,791	18,895	12,343
Irrigated	10,676	10,355	9,031	9,497	10,674
Miscellaneous	446	404	464	-	-
Recreational	4,276	4,362	4,449	4,715	4,372
Vacant Land	86,292	88,072	81,439	90,777	110,995
SBE Nonunitary	419	419	419	419	419
Unsecured	296,719	304,312	305,457	323,351	339,707
Cross Reference	7,972	10,843	14,705	10,852	11,327
Total taxable Assessed Value	\$ 4,559,456	\$ 4,631,565	\$ 4,737,463	\$ 4,953,525	\$ 5,200,554
Total direct tax rate	0.25454%	0.26745%	0.60780%	0.60810%	0.60840%
Tax-Exempt	(59,538)	(54,662)	(48,602)	(47,025)	(47,025)

Source: Los Angeles County Assessor

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

<u>Type of Property</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
Residential	\$ 3,682,817	\$ 3,836,767	\$ 4,041,859	\$ 4,244,936	\$ 4,413,386
Commercial	553,697	597,645	636,252	681,218	898,548
Industrial	668,701	662,336	683,926	744,779	781,891
Farm	673	-	-	-	-
Government	3,595	479	489	3,070	3,131
Institutional	15,256	18,358	16,386	23,895	30,181
Irrigated	11,572	9,998	9,557	9,808	9,846
Miscellaneous	-	398	406	414	422
Recreational	6,675	7,165	8,287	5,553	5,664
Vacant Land	99,828	99,578	97,262	89,581	38,881
SBE Nonunitary	530	861	661	661	883
Unsecured	350,070	375,664	389,984	414,742	405,425
Cross Reference	11,674	13,478	13,658	13,303	15,952
Total taxable A.V.	\$ 5,405,089	\$ 5,622,727	\$ 5,898,727	\$ 6,231,960	\$ 6,604,211
Total direct tax rate	0.60860%	0.60730%	0.60930%	6.09500%	6.09700%
Tax-Exempt	(46,977)	(46,977)	(44,588)	(44,456)	(44,456)

Source: Los Angeles County Assessor

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

<u>Taxpayer</u>	<u>2020/21</u>			<u>2011/12</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total City Taxable Assessed Value</u>
Azalea Joint Venture LLC	\$ 123,393	1	1.87%	\$ -	1	1.94%
Schultz Steel Company	119,802	2	1.81%	88,531	2	1.15%
El Paseo Southern Gate LLC	61,507	3	0.93%	52,504		
Tesoro Logistics Operations LLC	39,338	4	0.60%			
South Gate Owner LP	38,968	5	0.59%			
Walmart Stores Inc/Sam's	37,585	6	0.57%			
South Gate Business & Industrial Park	35,764	7	0.54%	29,829	4	0.65%
Crossroad Capital LP ET AL	30,090	8	0.46%			
City of South Gate	29,715	9	0.45%	29,191	5	0.64%
Hudd Distribution Services Inc.	28,752	10	0.44%	24,445	6	0.54%
BP West Coast Products LLC				49,204	3	1.08%
Armstrong Cork Company				23,371	7	0.51%
World Oil Company				23,319	8	0.51%
Rockview Dairies Inc.				22,299	9	0.49%
Saputo Cheese USA Inc				19,860	10	0.44%
	<u>\$ 544,912</u>		<u>8.26%</u>	<u>\$ 362,553</u>		<u>7.95%</u>
City Total Assessed Valuation	6,604,211			4,559,584		

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

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy for Fiscal Year (2)</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date (1)</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2021	\$ 2,960	\$ 3,125	105.57%	N/A	N/A	N/A
2020	2,785	2,920	104.85%	N/A	N/A	N/A
2019	2,689	2,868	106.66%	N/A	N/A	N/A
2018	2,585	2,720	105.22%	N/A	N/A	N/A
2017	2,504	2,636	105.27%	N/A	N/A	N/A
2016	2,431	2,532	104.15%	N/A	N/A	N/A
2015	2,329	2,443	104.89%	N/A	N/A	N/A
2014	2,297	2,511	109.32%	N/A	N/A	N/A
2013	2,242	2,540	113.29%	N/A	N/A	N/A
2012	2,228	2,290	102.78%	N/A	N/A	N/A

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

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

(2) Tax Levy includes VLF in Lieu fees

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

Fiscal Year Ended June 30	General Bonded Debt			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)	Other Governmental Activities Debt			
	Revenue Bonds	Pension Obligation Bonds				Certificates of Participation	Assessment Bonds	Capital Leases	Notes/Loans
2021	\$ -	\$ 11,480		71.97%	118.90	\$ -	\$ -	\$ 500	\$ -
2020	-	12,800		0.19%	132.26	-	-	739	\$ -
2019	-	14,055		0.24%	145.23	-	-	987	310
2018	-	15,245		0.27%	155.35	-	-	641	600
2017	-	16,375		0.30%	166.02	-	-	730	1,130
2016	-	17,445		0.34%	175.19	-	-	825	1,690
2015	-	18,460		0.37%	192.09	-	-	221	2,220
2014	-	19,425		0.41%	202.22	14,395	30	582	2,720
2013	-	20,345		0.44%	213.90	15,315	60	927	3,190
2012	-	21,220		0.47%	224.98	16,185	85	1,516	3,630

Fiscal Year Ended June 30	Business Type Activities		Percentage of Personal Income (2)	Per Capita (2)
	Water Revenue Bonds	Total Primary Government (3)		
2021	\$ 29,725	\$ 41,705	2.44%	\$ 431.94
2020	\$ 32,398	\$ 45,937	2.81%	474.67
2019	36,750	51,792	3.43%	538.37
2018	38,299	54,785	3.76%	558.27
2017	39,777	58,012	4.19%	588.16
2016	41,187	61,147	4.49%	614.06
2015	42,540	63,441	4.68%	660.15
2014	43,839	80,991	5.96%	843.15
2013	44,941	84,778	6.38%	891.32
2012	34,749	77,385	5.87%	820.45

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, 2021**

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Direct Debt			
264.01 2005 PENSION OBLIGATION BONDS	11,480,000	100.000	11,480,000
264.01 CAPITAL LEASE OBLIGATIONS	500,241	100.000	500,241
Total Direct Debt			11,980,241
Overlapping Debt			
*315.05 METROPOLITAN WATER DISTRICT	13,101,783	0.415	54,327
790.54 CERRITOS CCD DS 2004 SERIES 2012D	31,855,943	1.136	361,814
790.55 CERRITOS CCD DS 2012 SERIES 2014A	73,900,000	1.136	839,343
790.56 CERRITOS CCD DS 2014 REF BONDS SERIES A	74,670,000	1.136	848,088
790.57 CERRITOS CCD DS 2014 REF BONDS SERIES B	7,620,000	1.136	86,547
790.58 CERRITOS CCD DS 2012 SERIES 2018B	53,415,000	1.136	606,678
790.59 CERRITOS CCD DS 2012 SERIES 2019C	99,125,000	1.136	1,125,844
790.60 CERRITOS CCD DS 2020 REF BONDS	51,830,000	1.136	588,676
793.52 COMPTON CCD DS 2002 SERIES 2012C	6,702,750	2.242	150,265
793.53 COMPTON CCD DS 2012 REF BONDS	6,300,000	2.242	141,236
793.54 COMPTON CCD DS 2002 SERIES 2013D	207,748	2.242	4,657
793.55 COMPTON CCD DS 2014 REF	16,115,000	2.242	361,274
793.56 COMPTON CCD DS 2015 REF BONDS	11,835,000	2.242	265,323
793.57 COMPTON CCD DS 2014 SERIES A	29,345,000	2.242	657,870
793.58 COMPTON CCD DS 2002 SERIES 2018E	11,970,677	2.242	268,364
793.59 COMPTON CCD DS 2020 REF BONDS SERIES A	41,055,000	2.242	920,391
805.55 LA CCD DS 2003 TAXABLE SERIES 2004B	2,115,000	0.568	12,003
805.56 LA CCD DS 2001 TAXABLE SERIES 2004A	31,555,000	0.568	179,085
805.65 LA CCD DS 2008, 2009 TAXABLE SER B	75,000,000	0.568	425,650
805.66 LA CCD DS 2008, 2010 TAX SERIES D	125,000,000	0.568	709,416
805.67 LA CCD DS 2008, 2010 TAX SER E (BABS)	900,000,000	0.568	5,107,796
805.69 LA CCD DS 2008 SERIES F	19,000,000	0.568	107,831
805.70 LA CCD DS 2013 REF BONDS	12,270,000	0.568	69,636
805.71 LA CCD DS 2008 SERIES G	33,670,000	0.568	191,088
805.73 LA CCD DS 2015 REF SERIES A	203,235,000	0.568	1,153,425
805.74 LA CCD DS 2015 REF SERIES B	205,540,000	0.568	1,166,507
805.75 LA CCD DS 2015 REF SERIES C	190,920,000	0.568	1,083,534
805.76 LA CCD DS 2008 SERIES I	173,700,000	0.568	985,805
805.78 LA CCD DS 2016 REF BONDS	239,880,000	0.568	1,361,398
805.79 LA CCD DS 2016 SERIES B	2,193,365,000	0.568	12,448,067
853.53 DOWNEY USD DS REFUNDING 1999 SERIES A	2,335,256	4.223	98,625
853.60 DOWNEY USD DS 2007 REF BDS	11,325,000	4.223	478,289
853.61 DOWNEY USD DS 2011 REFUNDING BONDS	1,275,000	4.223	53,847
853.62 DOWNEY USD DS 2012 REF BONDS	950,000	4.223	40,121
853.63 DOWNEY USD DS 2014 SERIES A	34,935,000	4.223	1,475,410
853.64 DOWNEY USD DS 2015 REF BONDS	2,945,000	4.223	124,376
853.65 DOWNEY USD DS 2016 REF BONDS	5,095,000	4.223	215,177
853.66 DOWNEY USD DS 2014 SERIES B	200,372,984	4.223	8,462,356
887.86 LOS ANGELES UNIF DS 2002 SERIES E	200,000,000	0.694	1,388,556
887.89 LOS ANGELES UNIF DS 2005 SERIES H-QSCBS	249,040,000	0.694	1,729,030
887.92 LOS ANGELES UNIF MEASURE R SERIES KRY	363,005,000	0.694	2,520,265
887.93 LOS ANGELES UNIF MEASURE Y 2009 SERIES	806,795,000	0.694	5,601,402
887.98 LOS ANGELES UNIF MEASURE R 2010 SERIES RY	477,630,000	0.694	3,316,081
887.99 LOS ANGELES UNIF MEASURE Y 2010 SERIES RY	772,955,000	0.694	5,366,458
888.55 LOS ANGELES UNIF DS 2005 2010 SERIES J-1 QSCBS	134,415,000	0.694	933,214
888.56 LOS ANGELES UNIF DS 2005 2010 SERIES J-2	70,670,000	0.694	490,646

**City of South Gate
Direct & Overlapping Debt (Continued)
June 30, 2021**

	Gross Bonded Debt Balance	Percent Applicable To City	Net Bonded Debt
Overlapping Debt (Continued)			
888.57 LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES	52,305,000	0.694	363,142
888.58 LOS ANGELES UNIF DS 2011 REFUNDING BOND	131,825,000	0.694	915,232
888.59 LOS ANGELES UNIF DS 2012 REFUNDING BOND	79,965,000	0.694	555,180
888.60 LOS ANGELES UNIF DS 2014 REF BOND SERIES A	39,990,000	0.694	277,642
888.61 LOS ANGELES UNIF DS 2014 REF BOND SERIES B	126,165,000	0.694	875,936
888.62 LOS ANGELES UNIF DS 2014 REF BOND SERIES C	767,245,000	0.694	5,326,815
888.63 LOS ANGELES UNIF DS 2014 REF BOND SERIES D	115,040,000	0.694	798,698
888.64 LOS ANGELES UNIF DS 2015 REF BONDS SERIES	218,260,000	0.694	1,515,332
888.69 LOS ANGELES UNIF DS 2008 SERIES A 2016	377,985,000	0.694	2,624,267
888.70 LOS ANGELES UNIF DS 2016 REF BONDS SERIES	267,465,000	0.694	1,856,951
888.71 LOS ANGELES UNIF DS 2016 REF BONDS SERIES	498,240,000	0.694	3,459,172
888.72 LOS ANGELES UNIF DS 2017 REF BONDS SER A	113,455,000	0.694	787,693
888.73 LOS ANGELES UNIF DS 2017 REF BONDS SER A	921,240,000	0.694	6,395,968
888.74 LOS ANGELES UNIF DS 2005 SERIES M 1 2018	111,265,000	0.694	772,489
888.76 LOS ANGELES UNIF DS 2008 SERIES B 1 2018	1,034,935,000	0.694	7,185,328
888.78 LOS ANGELES UNIF DS 2019 REF 2002 SER D	142,765,000	0.694	991,186
888.79 LOS ANGELES UNIF DS 2019 REF 2004 SER I	316,820,000	0.694	2,199,612
888.80 LOS ANGELES UNIF DS 2019 REF 2005 SER F	85,710,000	0.694	595,066
888.82 LOS ANGELES UNIF MEASURE R 2020 SERIES	829,000,000	0.694	5,755,566
888.83 LOS ANGELES UNIF MEASURE Y 2020 SERIES	302,000,000	0.694	2,096,720
888.84 LOS ANGELES UNIF MEASURE Q 2020 SERIES	907,190,000	0.694	6,298,422
888.85 LOS ANGELES UNIF SERIES RYQ 2020B	196,310,000	0.694	1,362,938
891.51 LYNWOOD USD DS 2012 REF BONDS	563,904	0.872	4,916
891.52 LYNWOOD USD DS 2012 SERIES A	11,390,000	0.872	99,291
891.53 LYNWOOD USD DS 2012 SERIES B	1,250,000	0.872	10,897
891.54 LYNWOOD USD DS 2012 SERIES C	10,165,000	0.872	88,612
891.55 LYNWOOD USD DS 2016 SERIES A	9,275,000	0.872	80,853
891.57 LYNWOOD USD DS 2012 SERIES D	9,328,701	0.872	81,321
891.59 LYNWOOD USD DS 2020 REF BONDS	12,770,000	0.872	111,320
891.58 LYNWOOD USD DS 2016 SERIES B	36,585,000	0.872	318,924
907.53 PARAMOUNT USD DS 2006, SERIES 2011 BONDS	21,958,302	7.393	1,623,386
907.54 PARAMOUNT USD DS 2006 2013 SERIES C	249,036	7.393	18,411
907.55 PARAMOUNT USD DS REF BOND SERIES 2015	23,555,000	7.393	1,741,430
907.56 PARAMOUNT USD DS REF BOND SERIES 2015	6,793,048	7.393	502,213
907.57 PARAMOUNT USD DS 2016 SERIES 2017A	18,610,000	7.393	1,375,845
907.58 PARAMOUNT USD DS 2016 SERIES 2018B	141,762,101	7.393	10,480,528
Total Direct and Overlapping Debt		\$	146,103,335

2020/21 Assessed Valuation: \$4,857,282,151 After Deducting \$1,746,928,966 Incremental Value.

Debt To Assessed Valuation Ratios:

Direct Debt	0.25%
Overlapping Debt	2.76%
Total Debt	3.01%

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

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

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

Data Source: HdL Coren & Cone, Los Angeles County Assessor and Auditor Combined 2020/21 Lien Date Tax Rolls

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 697,223	\$ 708,842	\$ 728,496	\$ 759,572	\$ 799,634
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	697,223	708,842	728,496	759,572	799,634
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 2020-2021:**

Assessed value	\$ 6,604,211
Add back: exempt real property	<u>82,703</u>
Total assessed value	<u><u>\$ 6,686,914</u></u>
Debt limit (15% of total assessed value)	\$ 1,003,037
Debt applicable to limit:	<u>-</u>
Legal debt margin	<u><u>\$ 1,003,037</u></u>

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

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

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$ 824,157	\$ 863,575	\$ 895,128	\$ 1,003,037	\$ 1,003,037
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	824,157	863,575	895,128	1,003,037	1,003,037
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

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

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

2001 Utility Revenue Bonds

Fiscal Year	Utility Charges and Other (1)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2020	\$20,062,750	\$12,023,515	\$ 8,039,235	\$ 1,635,000	\$ 1,497,450	\$ 3,132,450	256.64%
2019	20,102,247	11,047,753	9,054,494	1,625,000	1,512,050	3,137,050	288.63%
2018	20,975,927	10,961,972	10,013,955	1,615,000	1,521,250	3,136,250	319.30%
2017	19,924,023	9,359,674	10,564,349	1,605,000	1,525,650	3,130,650	337.45%
2016	20,727,981	9,665,349	11,062,632	1,600,000	1,534,350	3,134,350	352.95%
2015	19,011,746	8,619,311	10,392,435	1,595,000	1,541,800	3,136,800	331.31%
2014	17,756,659	8,967,497	8,789,162	1,445,000	1,543,675	2,988,675	294.08%
2013	17,952,236	9,460,882	8,491,354	1,450,000	1,208,125	2,658,125	319.45%
2012	13,394,320	8,278,829	5,115,491	1,375,000	1,366,533	2,741,533	186.59%

2019 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	
2021	\$19,397,616	\$10,866,612	\$ 8,531,004	\$ 1,615,000	\$ 891,362	\$ 2,506,362	340.37%

2012 Water Revenue Bonds

Fiscal Year	Utility Charges and Other (1)	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2020	\$19,859,155	\$12,023,515	\$ 7,835,640	\$ 1,635,000	\$ 1,497,450	\$ 3,132,450	250.14%
2019	19,898,652	11,047,753	8,850,899	1,625,000	1,512,050	3,137,050	282.14%
2018	20,772,332	10,961,972	9,810,360	1,615,000	1,521,250	3,136,250	312.81%
2017	19,720,428	9,359,674	10,360,754	1,605,000	1,525,650	3,130,650	330.95%
2016	20,524,386	9,665,349	10,859,037	1,600,000	1,534,350	3,134,350	346.45%
2015	18,808,151	8,619,311	10,188,840	1,595,000	1,541,800	3,136,800	324.82%
2014	17,553,064	8,967,497	8,585,567	1,445,000	1,543,675	2,988,675	287.27%
2013	17,553,064	9,460,882	8,092,182	1,450,000	1,208,125	2,658,125	304.43%

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

Operating expenses do not include interest or depreciation.

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

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

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

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2020	96,553	\$ 1,706,474	\$ 17,673	28,672	13.7%
2019	96,777	1,633,262	16,837	28,672	4.7%
2018	96,777	1,517,002	15,675	28,672	4.9%
2017	98,133	1,455,568	14,832	29,076	6.3%
2016	98,633	1,384,879	14,040	28,859	6.9%
2015	99,578	1,361,700	13,674	28,920	8.8%
2014	96,101	1,354,544	14,095	28,956	10.7%
2013	96,057	1,358,150	14,139	29,699	9.8%
2012	95,115	1,327,805	13,960	29,830	11.9%
2011	94,320	1,317,273	13,966	30,174	15.6%

Sources:

- (1) State of California - Department of Finance
- (2) Bureau of Economic Analysis - reflects latest data available for Los Angeles Metro region
- (3) Factfinder.census.gov. 2011 - 2020.
- (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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City Manager	5.00	5.00	5.00	5.00	7.00
City Attorney	1.00	1.00	1.00	1.00	1.00
City Treasurer (1)	-	-	-	-	-
City Clerk	3.00	3.00	4.00	4.00	4.00
Personnel	4.00	4.00	4.00	4.00	5.00
Finance	18.00	20.00	20.00	20.00	20.00
Police					
Officers	80.00	82.00	82.00	82.00	82.00
Civilians	37.00	37.00	39.00	39.00	41.00
Public Works					
Administration/Engineering	8.00	8.00	8.00	8.00	8.00
Maintenance	35.00	37.00	37.00	36.00	37.00
Water/Sewer	19.00	26.00	27.00	27.00	26.00
Parks & Recreation	30.00	35.00	38.00	38.00	42.00
Community Development	22.00	26.00	25.00	25.00	24.00
Sub-Total	<u>262.00</u>	<u>284.00</u>	<u>290.00</u>	<u>289.00</u>	<u>297.00</u>
Part-Time Hours	125,070	109,385	114,095	129,005	121,757
Full-Time Equivalents	60.13	52.59	54.85	62.02	58.54
TOTAL POSITIONS	<u>322.13</u>	<u>336.59</u>	<u>344.85</u>	<u>351.02</u>	<u>355.54</u>

(Continued)

Source: City of South Gate Finance Department

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

<u>Function</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</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	24.00	23.00	23.00	23.00	23.00
Police					
Officers	82.00	85.00	85.00	85.00	85.00
Civilians	41.00	43.00	43.00	43.00	43.00
Public Works					
Administration/Engineering	8.00	10.00	10.00	10.00	12.00
Maintenance	37.00	40.00	40.00	40.00	42.00
Water/Sewer	29.00	29.00	29.00	29.00	26.00
Parks & Recreation	43.00	45.00	45.00	46.00	46.00
Community Development	25.00	24.00	24.00	23.00	23.00
Sub-Total	<u>306.00</u>	<u>316.00</u>	<u>316.00</u>	<u>316.00</u>	<u>317.00</u>
Part-Time Hours	109,880	126,794	124,718	124,718	96,853
Full-Time Equivalents	52.83	60.96	59.96	59.96	46.56
TOTAL POSITIONS	<u>358.83</u>	<u>376.96</u>	<u>375.96</u>	<u>375.96</u>	<u>363.56</u>

(Concluded)

Source: City of South Gate Finance Department

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

<u>Function</u>		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police	Calls for service	36,250	37,129	35,528	37,658	44,565
	Arrests	2,226	2,288	2,559	2,612	3,203
	Parking citations issued	20,491	13,809	24,146	23,300	22,927
	Moving citations/traffic violations	14,111	4,289	3,676	3,139	4,604
	Share of seized asset (in thousands)	1,360	744	1,586	1,264	1,616
Water	Customer accounts	14,350	15,445	15,445	15,361	15,454
	Average daily consumption (millions of gallons)	7.4	7.5	7.5	6.7	6.8
	Water samples taken	2,111	2,240	2,240	1,940	2,173
	New connections	5	9	9	13	19
Street Maintenance						
	Potholes repaired	135	206	1,215	1,250	1,250
	Sq.ft of graffiti removal (in thousands)	700	700	1,000	980	711
	Miles of streets swept	33,543	32,760	32,760	33,040	32,760
Culture and Recreation						
	Golf course participants	7,780	6,934	6,238	5,579	8,475
	Swimming participants	85,685	95,265	88,280	88,688	83,553
	Facility rentals	1,360	1,078	1,115	1,160	1,413
	Recreation classes provided	207	311	568	498	417
Community Development						
	Permits issued	4,599	4,459	3,377	2,931	3,247
	Code enforcement inspections	6,506	5,554	6,893	5,019	4,870
	Housing vouchers issued	54	36	35	41	47

Source: Various City Departments

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

<u>Function</u>		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police	Calls for service	44,829	44,565	40,541	39,800	40,521
	Arrests	3,055	3,023	2,997	1,138	1,222
	Parking citations issued	23,425	22,927	36,668	2,567	21,567
	Moving citations/traffic violations	4,258	4,604	3,068	3,228	2,650
	Share of seized asset (in thousands)	2,149	475	1,143	917	160
Water	Customer accounts	15,520	15,689	15,737	15,691	15,691
	Average daily consumption (millions of gallons)	6.4	7.4	7.4	7.5	7.5
	Water samples taken	2,169	2,225	2,500	2,037	2,161
	New connections	15	26	23	16	20
Street Maintenance						
	Potholes repaired	2,500	140	140	193	85
	Sq.ft of graffiti removal (in thousands)	904	942	1,000	800	900
	Miles of streets swept	36,400	36,400	36,400	36,400	36,400
Culture and Recreation						
	Golf course participants	6,550	5,276	3,484	440	1,666
	Swimming participants	86,924	88,070	86,293	55,000	1,492
	Facility rentals	1,534	1,900	2,839	1,816	449
	Recreation classes provided	328	328	436	54	77
Community Development						
	Permits issued	2,980	2,842	2,839	2,333	2,225
	Code enforcement inspections	5,831	6,587	9,698	8,845	10,041
	Housing vouchers issued	61	72	80	62	62

Source: Various City Departments

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

<u>Function</u>		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police	Stations	1	1	1	1	1
	Patrol Units	37	37	37	37	37
Water	Miles of lines and mains	135	135	135	135	135
	Number of wells	12	11	11	11	11
	Number of tanks	2	2	2	2	2
	Number of reservoirs	5	5	5	5	5
Sewer	Miles of sewers	125.8	125.8	125.8	125.8	125.8
	Miles of storm drains	25.2	25.2	25.2	25.2	25.2
Streets	Miles of streets	125.8	125.8	125.8	125.8	125.8
	Traffic signals	77	86	83	83	83
	Streetlights	3,936	4,400	4,400	4,400	4,400
Culture and Recreation	Parks	8	8	8	8	8
	Park acreage	182	182	182	182	182
	Playgrounds	8	8	8	12	12
	Ballfields	16	16	16	17	17
	Swimming pools	1	1	1	1	1
	Community Centers	7	7	7	7	7

Source: Various City Departments

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

<u>Function</u>		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police	Stations	1	1	1	1	1
	Patrol Units	38	38	36	36	36
Water	Miles of lines and mains	135	135	135	135	135
	Number of wells	12	12	12	12	12
	Number of tanks	2	2	2	2	2
	Number of reservoirs	6	6	6	6	6
Sewer	Miles of sewers	125.8	125.8	125.8	125.8	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	86	86	86	86	93
	Streetlights	4,400	4,400	4,400	4,400	4,400
Culture and Recreation	Parks	8	8	8	8	8
	Park acreage	182	182	185	185	185
	Playgrounds	14	14	14	14	14
	Ballfields	17	17	16	16	15
	Swimming pools	1	1	1	1	1
	Community Centers	7	7	7	7	7

Source: Various City Departments

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