

CITY OF SOUTH EL MONTE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

**Prepared by:
Finance Department**



CITY OF SOUTH EL MONTE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2019

FINANCIAL SECTION

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Governmental-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Governmental Funds - Balance Sheet	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	14
Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Fiduciary Funds - Statement of Fiduciary Net Position	17
Fiduciary Funds - Statement of Changes in Fiduciary Net Position	18
Notes to the Basic Financial Statements	19

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the City's Proportionate Share of Net Pension Liability and Contributions	47
Schedule of Changes in the Total OPEB Liability and Related Ratios	48
Budget to Actual - General Fund	49
Budget to Actual - Gas Tax Fund	51
Budget to Actual - Sewer Assessment Fund	52
Notes to Required Supplementary Information	53

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds	54
Combining Balance Sheet - Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	61
Budget to Actual - Older American Act Special Revenue Fund	66
Budget to Actual - Maintenance District Special Revenue Funds	68
Budget to Actual - Air Quality Management Special Revenue Fund	68
Budget to Actual - Community Development Block Grant Special Revenue Fund	69
Budget to Actual - Prop A Special Revenue Fund	70
Budget to Actual - Prop C Special Revenue Fund	71
Budget to Actual - State COPS Grant Special Revenue Fund	72
Budget to Actual - Used Oil Block Grant Special Revenue Fund	73
Budget to Actual - Quimbly In Lieu Fees Special Revenue Fund	74
Budget to Actual - Cable PEG Special Revenue Fund	75
Budget to Actual - Beverage Container Recycle Special Revenue Fund	76
Budget to Actual - Measure R Special Revenue Fund	77
Budget to Actual - CalHOME Special Revenue Fund	78
Budget to Actual - Measure M Special Revenue Fund	79

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South El Monte (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City'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, each major fund, and the aggregate remaining fund information of the City of South El Monte as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the governmental activities and fund financial statements were restated to properly record revenue in the period earned, measurable and available. Our opinions were not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedules of the City's proportionate share of the net pension liability and contributions to its cost-sharing pension plan, and the budgetary comparison schedule, as listed within the table of contents, 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 an opinion on the financial statements that collectively comprise the City's basic financial statements. The combining and individual other governmental fund financial statements and schedules (supplementary information), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates 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 schedules listed in the Supplementary Information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

CWDL, Certified Public Accountants

San Diego, California
December 8, 2020

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SOUTH EL MONTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As management of the City of South El Monte (City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,625,963 (net position). The City's total net position increased by \$847,261.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,976,457, an increase of \$2,100,692 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,150,408, or 22.5% of total General Fund expenditures.
- The City's total long-term debt decreased by \$164,615 during the current fiscal year. This decrease was due to scheduled principal payments on outstanding notes and capital leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes to 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).

The government-wide financial statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, public works/utilities, community development, community service programs, and interest on long-term debt.

The government-wide financial statements can be found immediately following this MD&A.

**CITY OF SOUTH EL MONTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the City are divided into two categories: governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Gas Tax Fund, Sewer Assessment Fund, and Housing Successor Fund, all of which are considered to be major funds. Data from the other 25 governmental funds are combined into a single aggregated presentation.

An operating budget for expenditures is prepared and adopted by the City each fiscal year for the General, Special Revenue, Debt Service, and Capital Projects Funds. Budgetary control is ultimately exercised at the fund level. Budgetary control is maintained through the use of periodic reports that compare actual expenditures against budgeted amounts.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

The basic governmental fund financial statements can be found on pages 11 – 16 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The fiduciary fund consists of an agency fund which is custodial in nature and does not present results of operations or a measurement of focus.

The basic fiduciary fund financial statements can be found on pages 17 – 18 of this report.

**CITY OF SOUTH EL MONTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Notes to Basic Financial Statements

The notes to basic financial statements 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 basic financial statements can be found on pages 19 – 46 of this report.

Required Supplementary Information Other than MD&A

The City reports a multi-year schedule of the City's proportionate share of net pension liability and contributions to its cost-sharing pension plan on page 47.

Governments have the option of reporting the General Fund and major special revenue budgetary statements as part of the basic financial statements or as required supplementary information (RSI) other than the MD&A. The City has elected to present the budgetary comparison schedule as RSI other than the MD&A which can be found starting on page 49 of this report. Notes to the RSI are presented after the General Fund budgetary comparison schedule on page 53.

Supplementary Information

The supplementary section includes the combining statements for the non-major governmental funds as well as applicable budget to actual comparison schedules. These schedules can be found on pages 54 –79.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as useful indicators of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,625,963 at the close of the most recent fiscal year.

A summary of the City's statement of net position is presented below:

	Governmental Activities		
	(Restated)		
	2019	2018	Net Change
ASSETS AND DEFERRED OUTFLOWS			
Current and other assets	\$ 19,215,832	\$ 17,743,629	\$ 1,472,203
Capital assets	18,483,937	19,216,708	(732,771)
Deferred outflows	2,252,959	2,266,065	(13,106)
Total Assets and Deferred Outflows	39,952,728	39,226,402	726,326
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities	1,239,375	1,526,035	(286,660)
Long-term liabilities	11,591,718	11,896,500	(304,782)
Deferred inflows	495,672	448,889	46,783
Total Liabilities and Deferred Inflows	13,326,765	13,871,424	(544,659)
NET POSITION			
Net investment in capital assets	16,279,206	16,836,392	(557,186)
Restricted	12,767,932	11,639,911	1,128,021
Unrestricted	(2,421,175)	(3,319,192)	898,017
Total Net Position	\$ 26,625,963	\$ 25,157,111	\$ 1,468,852

**CITY OF SOUTH EL MONTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, vehicles, furniture, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City 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. An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City was able to report positive balances in the net investment in capital assets and restricted net position. The City reported a negative balance in unrestricted net position due to the City's reporting of its proportionate share of the net pension liability for its cost-sharing pension plan required under Governmental Accounting Standards Board (GASB) Statement No. 68.

Additional information on the City's net pension liability can be found in Note 9. of this report.

Overall, net position increased \$1,270,985 or 5.0%. Key elements of this increase are indicated in the following table:

	Governmental Activities		
	(Restated)		
	2019	2018	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 2,760,764	\$ 1,937,143	\$ 823,621
Operating grants and contributions	1,790,794	2,284,775	(493,981)
Capital grants and contributions	2,073,780	2,139,306	(65,526)
General revenues			
Property taxes, levied for general purposes	1,035,976	896,332	139,644
Transient occupancy taxes	288,383	204,671	83,712
Franchise taxes	890,867	832,748	58,119
Sales taxes	7,545,803	6,858,448	687,355
Motor vehicle in lieu tax	2,481,572	2,343,267	138,305
Investment earnings	91,983	76,073	15,910
Other	139,308	200,367	(61,059)
Total Revenues	19,099,230	17,773,130	1,371,249
EXPENSES			
General government	\$ 3,702,128	\$ 3,773,053	\$ (70,925)
Public safety	5,453,070	5,585,982	(132,912)
Community development	1,789,151	4,013,280	(2,224,129)
Public works	3,463,458	3,368,705	94,753
Community service programs	3,388,622	4,089,294	(700,672)
Interest on long-term debt	31,816	55,544	(23,728)
Total Expenses	17,828,245	20,885,858	(3,057,613)
Change in net position	1,270,985	(3,112,728)	4,383,713
Net Position - Beginning, as restated	25,354,978	28,467,706	(3,112,728)
Net Position - Ending	\$ 26,625,963	\$ 25,354,978	\$ 1,270,985

**CITY OF SOUTH EL MONTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The City reported an increase in charges for services of \$823,621 (42.5%). This increase is mainly due to increases in business license fees for new businesses coming to the City. In addition, planning fees increase for commercial projects that were ongoing during the current year. Lastly, licenses and permits and fines and forfeitures both saw increased revenue.

The operating grants and contributions decreased \$493,981 (21.6%). This decrease was primarily due to a decrease in the CalHOME project funding for the fiscal year.

Capital grants and contributions decreased \$65,526 (3.1%). This decrease was not considered significant.

The City experienced an increase in property tax revenue of \$1,107,135. This increase was mainly due to increases in property tax rates and assessed values as well as purchases and activity within City limits.

Other income decreased \$61,059. This change was not considered significant.

Changes in investment earnings was not considered significant.

The City incurred a 14.6% reduction in expenses in the current year. The decrease was mainly due to street project funding and related expenditures that were incurred in the prior year and completed. To offset that decrease, the City had a slight increase in salaries and benefits and a slight increase in employees.

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,976,457, an increase of \$2,100,692 in comparison with the prior year. Approximately 17.5% of this total amount (\$3,150,408) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remaining fund balance is nonspendable or restricted to indicate that it is not available for new spending.

**CITY OF SOUTH EL MONTE
 MANGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE GOVERNMENT FUNDS (CONTINUED)

Fund balances as of June 30, 2019, and the changes in fund balances from prior year are summarized as follows:

GOVERNMENTAL FUND	Balance	Increase (Decrease) From 2017-18
General Fund	\$ 5,961,213	\$ 1,454,571
Gas Tax Fund	(234,271)	(234,165)
Sewer Assessment Fund	2,295,197	321,749
Housing Successor Fund	4,796,987	3,224
Nonmajor Governmental Funds	5,157,331	555,313

The General Fund increase was primarily due to an increase in property tax funding as well as licenses and permits with consistent spending practices.

The decrease in the Gas Tax Fund was due to increased spending on public works and roadway projects.

The increase in the Sewer Assessment Fund was due to continued spending significantly under assessments collected.

The Housing Successor Fund increase was not considered significant.

The increase in the Nonmajor Governmental Funds was largely due increases in intergovernmental funding that will be used for future projects.

**CITY OF SOUTH EL MONTE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City reported a positive expenditure budget variance of \$961,153. The most significant factors for the positive budget variance were cost savings of \$345,493 and \$252,249 within the Community Services and Public Safety departments, respectively. Those cost savings were mainly due to higher appropriations than expenditures of \$168,529 in parks and recreation and \$77,119 in new temple park maintenance within Community Services, and higher appropriations than expenditures of \$210,878 in law enforcement within Public Safety. In addition, the City reported \$1,307,937 more of revenue than was budget. This positive variance over budget was mainly due to higher actual revenues over estimated revenues of \$654,388 for taxes, \$349,133 for licenses and permits, \$190,493 for charges for services, and 211,276 for intergovernmental revenues.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$18,483,937 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles, equipment, furniture, machinery, and infrastructure. The net decrease in the City's investment in capital assets for the current fiscal year was 3.8%.

Major capital asset events during the current fiscal year included the following projects:

- Street improvement projects
- Street lighting
- New bus shelter
- Civic center improvements

Additional information on the City's capital assets can be found in Note 7 of this report.

	Governmental Activities		
	2019	2018	Net Change
CAPITAL ASSETS			
Land	\$ 3,126,512	\$ 3,126,512	\$ -
Construction in progress	978,598	2,450,742	(1,472,144)
Buildings and improvements	6,370,753	7,103,106	(732,353)
Vehicles, equipment, and furniture	110,000	165,967	(55,967)
Machinery and equipment	140,026	207,903	(67,877)
Infrastructure	7,758,048	6,162,478	1,595,570
Total Capital Assets	\$ 18,483,937	\$ 19,216,708	\$ (732,771)

**CITY OF SOUTH EL MONTE
MANGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Long-Term Debt

At end of the current fiscal year, the City had total long-term debt outstanding of \$2,428,227.

	Governmental Activities		
	2019	2018	Net Change
LONG-TERM LIABILITIES			
Notes payable	\$ 2,104,908	\$ 2,217,968	(113,060)
Capital leases	99,823	162,348	(62,525)
Compensated absences	223,496	212,526	10,970
Total Long-term Liabilities	\$ 2,428,227	\$ 2,592,842	\$ (164,615)

The City's long-term debt decreased by \$164,615 during the current fiscal year. This decrease was mainly due to schedule note and capital lease payments.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City serve a diverse industrial, commercial, and residential customer base. At June 30, 2019, the average unemployment rate of the City was 4.5%, which was slightly higher than the region's rate of 4.2%, which was equal to the State of California's rate, and higher than the national rate of 3.7%.
- Inflationary trends in the region for fiscal 2019 was 3.3% which compared unfavorably to the national indices of 1.7%.
- The occupancy rate of the City for fiscal 2019 was estimated to be 97%.

The above factors were considered in preparing the City's budget for the 2019-20 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, 1415 Santa Anita Avenue, South El Monte, CA 91733.

BASIC FINANCIAL STATEMENTS

CITY OF SOUTH EL MONTE
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,894,290
Restricted cash	2,236,255
Receivables:	
Taxes receivable	1,603,443
Due from other governments	218,843
Accounts receivable	123,198
Loans receivable (net)	6,552,858
Prepays	574,550
Due from other funds	12,395
Capital assets:	
Non-depreciable assets	4,105,110
Depreciable assets, net of accumulated depreciation	14,378,827
Total Assets	<u>37,699,769</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,072,506
Deferred outflows related to OPEB	180,453
Total Deferred Outflows of Resources	<u>2,252,959</u>
LIABILITIES	
Accounts payable	963,664
Accrued wages and benefits	240,711
Unearned revenue	35,000
Long-term liabilities:	
Due within one year	347,477
Due in more than one year	2,080,750
Net pension liability	7,351,135
Net OPEB liability	1,812,356
Total Liabilities	<u>12,831,093</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	489,771
Deferred inflows related to OPEB	5,901
Total Deferred Inflows of Resources	<u>495,672</u>
NET POSITION	
Net investment in capital assets	16,279,206
Restricted:	
Transportation	2,240,778
Public education	82,841
Community development	190,766
Sewer projects	2,295,197
Housing programs	7,083,311
Capital projects	875,039
Unrestricted	(2,421,175)
Total Net Position	<u>\$ 26,625,963</u>

See accompanying Notes to the Basic Financial Statements

**CITY OF SOUTH EL MONTE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Function/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 3,702,128	\$ 634,558	\$ -	\$ -	\$ (3,067,570)
Public safety	5,453,070	904,479	260,843	-	(4,287,748)
Community development	1,789,151	305,859	485,127	-	(998,165)
Public works	3,463,458	602,957	287,715	1,489,128	(1,083,658)
Community service programs	3,388,622	312,911	757,109	584,652	(1,733,950)
Interest on long-term debt	31,816	-	-	-	(31,816)
Total	\$ 17,828,245	\$ 2,760,764	\$ 1,790,794	\$ 2,073,780	(11,202,907)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					1,035,976
Transient occupancy taxes					288,383
Franchise taxes					890,867
Sales taxes					7,545,803
Motor vehicle in lieu tax					2,481,572
Investment earnings					91,983
Other					139,308
Total general revenues					12,473,892
Change in net position					1,270,985
Net position - beginning, as restated					25,354,978
Net position - ending					\$ 26,625,963

See accompanying Notes to the Basic Financial Statements

**CITY OF SOUTH EL MONTE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Gas Tax Fund	Sewer Assessment Fund	Housing Successor Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,482,275	\$ 375,716	\$ 2,355,671	\$ 86,954	\$ 3,593,674	\$ 7,894,290
Restricted cash	2,236,255	-	-	-	-	2,236,255
Receivables						
Taxes	1,603,443	-	-	-	-	1,603,443
Intergovernmental	35,896	-	-	-	182,947	218,843
Loans	-	-	-	4,571,270	1,981,588	6,552,858
Accounts	-	-	6,713	113,031	3,454	123,198
Advances from other funds	2,140,587	83,758	25,142	25,732	1,398,670	3,673,889
Due from other funds	582,923	-	-	-	-	582,923
Prepays	574,550	-	-	-	-	574,550
Total Assets	\$ 8,655,929	\$ 459,474	\$ 2,387,526	\$ 4,796,987	\$ 7,160,333	\$ 23,460,249
LIABILITIES						
Accounts payable	\$ 819,836	\$ -	\$ 1,144	\$ -	\$ 142,684	\$ 963,664
Accrued wages and benefits	198,266	3,774	2,671	-	36,000	240,711
Advances to other funds	1,676,614	689,971	88,514	-	1,206,395	3,661,494
Due to other funds	-	-	-	-	582,923	582,923
Unearned revenue	-	-	-	-	35,000	35,000
Total Liabilities	2,694,716	693,745	92,329	-	2,003,002	5,483,792
FUND BALANCES						
Nonspendable	2,810,805	-	-	-	-	2,810,805
Restricted	-	-	2,295,197	4,796,987	5,596,505	12,688,689
Unassigned	3,150,408	(234,271)	-	-	(439,174)	2,476,963
Total Fund Balances	5,961,213	(234,271)	2,295,197	4,796,987	5,157,331	17,976,457
Total Liabilities and Fund Balances	\$ 8,655,929	\$ 459,474	\$ 2,387,526	\$ 4,796,987	\$ 7,160,333	\$ 23,460,249

**CITY OF SOUTH EL MONTE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balance - Governmental Funds \$ 17,976,457

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 40,072,834	
Accumulated depreciation	<u>(21,588,897)</u>	18,483,937

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported.

Long-term liabilities relating to governmental activities consist of:

Net pension liability	\$ (7,351,135)	
Net OPEB liability	(1,812,356)	
Notes payable	(2,104,908)	
Capital leases	(99,823)	
Compensated absences	<u>(223,496)</u>	(11,591,718)

Deferred outflows and inflows of resources relating to pensions/OPEB:

In governmental funds, deferred outflows and inflows of resources relating to pensions/OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions/OPEB are reported:

Deferred outflows of resources relating to pensions:	\$ 2,072,506	
Deferred inflows of resources relating to pensions:	(489,771)	
Deferred outflows of resources relating to OPEB:	180,453	
Deferred inflows of resources relating to OPEB:	<u>(5,901)</u>	1,757,287

Total Net Position - Governmental Activities \$ 26,625,963

**CITY OF SOUTH EL MONTE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	General Fund	Gas Tax Fund	Sewer Assessment Fund	Housing Successor Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 12,241,564	\$ -	\$ -	\$ -	\$ 1,037	\$ 12,242,601
Intergovernmental	637,276	430,093	-	-	3,043,327	4,110,696
Charges for services	446,893	-	-	-	15,455	462,348
Licenses and permits	1,625,233	-	-	-	-	1,625,233
Fines and forfeitures	284,632	-	-	-	-	284,632
Special assessment	-	-	388,551	-	-	388,551
Interest earnings	30,280	665	25,141	1,657	34,240	91,983
Other revenues	166,735	17,523	-	1,567	49,190	235,015
Total Revenues	15,432,613	448,281	413,692	3,224	3,143,249	19,441,059
EXPENDITURES						
Current:						
General government	3,691,546	-	-	-	-	3,691,546
Public Safety	5,261,806	-	-	-	179,425	5,441,231
Community development	1,779,332	-	-	-	4,028	1,783,360
Public works/utilities	1,247,301	652,745	91,943	-	347,532	2,339,521
Community service programs	1,820,357	-	-	-	813,582	2,633,939
Debt service:						
Principal	175,585	-	-	-	-	175,585
Interest and fiscal charges	31,816	-	-	-	-	31,816
Capital outlay	-	-	-	-	1,243,369	1,243,369
Total Expenditures	14,007,743	652,745	91,943	-	2,587,936	17,340,367
Excess (Deficiency) of Revenues Over Expenditures	1,424,870	(204,464)	321,749	3,224	555,313	2,100,692
Other Financing Sources (Uses)						
Transfers in	29,701	-	-	-	-	29,701
Transfers out	-	(29,701)	-	-	-	(29,701)
Net Financing Sources (Uses)	29,701	(29,701)	-	-	-	-
NET CHANGE IN FUND BALANCE	1,454,571	(234,165)	321,749	3,224	555,313	2,100,692
Fund Balance - Beginning, as restated	4,506,642	(106)	1,973,448	4,793,763	4,602,018	15,875,765
Fund Balance - Ending	\$ 5,961,213	\$ (234,271)	\$ 2,295,197	\$ 4,796,987	\$ 5,157,331	\$ 17,976,457

**CITY OF SOUTH EL MONTE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Governmental Funds \$ 2,100,692

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capital outlay:	\$ 1,290,350	
Depreciation expense:	<u>(2,023,121)</u>	(732,771)

Some revenues reported in the governmental funds that did not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.

Intergovernmental revenues	(341,829)
----------------------------	-----------

Governmental funds report pension/OPEB contributions as expenditures when made. However, in the statement of activities, pension/OPEB expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions/OPEB.

Pension contributions	750,843
Pension expense	(562,574)
OPEB contributions	56,366
OPEB expense	(164,357)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position.

Principal payment on notes payable	113,060
Principal payment on capital lease	62,525

Some 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.

Net decrease(increase) in compensated absences	(10,970)
--	----------

Change in Net Position of Governmental Activities	<u>\$ 1,270,985</u>
--	---------------------

**CITY OF SOUTH EL MONTE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019**

	Successor Agency Private-purpose Trust Fund
ASSETS	
Cash and investments	\$ 1,934,316
Cash with fiscal agent	2,368,029
Total Assets	4,302,345
LIABILITIES	
Accounts payable	6,650
Accrued wages and benefits	7,004
Interest payable	479,909
Advances to other funds	12,395
Long-term liabilities:	
Due within one year	1,135,000
Due in more than one year	25,758,126
Total Liabilities	27,399,084
NET POSITION	
Net positing held in trust for successor agency	(23,096,739)

**CITY OF SOUTH EL MONTE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Property tax revenue	\$ 2,505,785
Interest earnings	15,854
Total Additions	<u>2,521,639</u>
DEDUCTIONS	
Administrative expenses	205,664
Interest and fiscal charges	1,124,969
Total Deductions	<u>1,330,633</u>
CHANGE IN NET POSITION	1,191,006
NET POSITION - BEGINNING OF YEAR	<u>(24,287,745)</u>
NET POSITION - END OF YEAR	<u>\$ (23,096,739)</u>

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of South El Monte conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

Reporting Entity

The reporting entity "City of South El Monte" includes all the accounts of the City. The City was incorporated on July 30, 1958 as a general law city and operates under a Council/Manager form of government. Currently, there are no components required to be reported.

Basis of Presentation

The accounts of the City are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liability, deferred inflows of resources, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled. The following are types of funds used:

Governmental Fund Types:

- General Fund - Used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds - Used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specified purposes.
- Capital Projects Funds - Used to account for financial resources used for the construction of specific capital projects.

Fiduciary Fund Types:

- Private-purpose Trust Funds - Used to account for the wind-down of the former South El Monte Business Improvement City.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities including changes in net position. These statements present summaries of Governmental Activities for the City and include all non-fiduciary activities of the City. The City has no business-type activities.

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Accrual basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. 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, regardless of the timing of the related cash flows.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the City are reported in three categories:

- 1) Charges for services
- 2) Operating grants and contributions
- 3) Capital grants and contributions.

Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants and contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital grants and contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants and developer fees. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenses. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Certain eliminations have been made to interfund transfers, payables, and receivables. All internal balances in the government-wide statements have been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-Wide Financial Statements. The City has presented all major funds that met qualifications of GASB Statement No. 34.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on the balance sheets. The reported fund balance is considered to be a measure of "available spendable resources." The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental Fund Financial Statements (Continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available. Measurable means that the amount of the transaction can be determined and available means that the amounts were collected during the current period or soon enough thereafter to finance expenditures of the current period. Accrued revenues include property taxes received within 60 days after year-end, taxpayer assessed taxes, and earnings on investments. The City considers sales tax revenues to be "available" when received within 90 days after year-end. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as unearned revenues. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Fiduciary Funds

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary private-purpose trust fund is accounted for using the economic resources measurement focus and accrual basis of accounting. The private-purpose trust fund accounts for the assets held by the City for the Successor Agency to the South El Monte Business Improvement City. These funds are not available for use by the City. As such, fiduciary funds are not included in the governmental-wide statements.

Fund Classifications

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The **Gas Tax Special Revenue Fund** accounts for funds collected from the State of California, which are used for street construction, street maintenance and engineering, and administration costs.

The **Sewer Assessment Special Revenue Fund** is used to account for tax assessments received for improvement of the sewer infrastructure of the City.

The **Housing Successor Special Revenue Fund** is used to account for the housing activities of the former Community Development Commission of the South El Monte Business Improvement City. Funding sources consist primarily of loan repayments and corresponding interest that are used to increase, improve, and preserve the community's supply of low- and moderate-income housing.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1 percent of assessed value, plus other increases approved by the voters. The property taxes go into a pool and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes, which are received from the county within 60 days after year-end.

Lien Date:	January 1
Due Date:	November 1 and February 1
Delinquent Date:	December 10 and April 10

Cash and Investments

Investments are reported in the accompanying basic financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in external pools are valued based on the stated fair value represented by the external pool. 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 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.

Capital Assets

Capital assets, which include land, machinery, and equipment (vehicles, computers, etc.), buildings and improvements, and infrastructure assets (street systems, storm drains, etc.), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets received prior to the implementation of GASB Statement No. 72 were recorded at fair value on the date of donation. Donated capital assets are recorded at acquisition value as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded in the government-wide financial statements on a straight-line basis over the useful lives of the assets as follows:

Asset Class	Years
Buildings and Improvement	15-50 years
Vehicles, computers and equipment	3-10 years
Infrastructure:	
Roadway networks	10-100 years
Storm drain network	30-100 years
Parks and recreation network	25 years

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

City employees accumulate vacation hours, which may be paid upon termination, death, or retirement. Employees may accrue up to 320 hours of vacation leave to be carried from year to year. Employees can accumulate unlimited hours of sick leave. Upon termination, death or retirement, all employees with at least one full year of employment are compensated a designated percentage of unused sick leave based on their length of service with the City. The amount of compensated absences not expected to be paid from current available resources is accounted for as long-term liabilities within the statement of net position.

Claims and Judgments

The City's self-insurance program is administered through the California Joint Powers Insurance Authority (CJPIA), which is described in Note 11. The CJPIA is a public entity risk pool. Claim losses recorded in the CJPIA include both current claims and incurred but not reported claims (IBNR). Deposits to the CJPIA are recorded by the City as insurance expenditures in the General Fund when paid. Favorable claims experience results in a refund of deposits from the CJPIA and such refunds, if any, are recorded as a reduction of insurance expenditures in the year received. Adverse claims experience result in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when paid.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to future period and so will not be recognized as an outflow of resources (expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions and OPEB plan equal to employer contributions made after the measurement date of the net pension liability and total OPEB liability, respectively.
- Deferred outflows related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred outflows related to pension plans for the changes in the employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred outflows related to pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred outflows related to pensions resulting from the difference between projected and actual earnings on plan investments of the pension plans fiduciary net position. These amounts are amortized over five years.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: grants and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred inflows related to pension plans for the changes in the employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plan.

Net Position

In the government-wide financial statements and fiduciary fund statements utilize a net position presentation. Net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the City that is not externally restricted for any project or other purpose.

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

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City 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. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in non-spendable form or are legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by a City Council ordinance or resolution to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Councils' action utilizing the same type of action that was originally used. The City did not report any committed fund balances during the current year.

Assigned Fund Balance - Amounts that are constrained by the Council's intent to use specified financial resources for specific purposes but are neither restricted nor committed. The City did not report any assigned fund balances during the current year.

Unassigned Fund Balance - Amounts that are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

The City reported fund balances as noted below:

	General Fund	Gas Tax Fund	Sewer Assessment Fund	Housing Successor Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable						
Prepays	\$ 574,550	\$ -	\$ -	\$ -	\$ -	\$ 574,550
Restricted						
Transportation	-	-	-	-	2,240,778	2,240,778
Community development	-	-	-	-	190,766	190,766
PEG	-	-	-	-	82,841	82,841
Sewer projects	-	-	2,295,197	-	-	2,295,197
Housing programs	-	-	-	4,796,987	2,286,324	7,083,311
Capital projects	-	-	-	-	875,039	875,039
Total restricted	-	-	2,295,197	4,796,987	5,675,748	12,767,932
Unassigned	5,386,663	(234,271)	-	-	(518,417)	4,633,975
Total	\$ 5,961,213	\$ (234,271)	\$ 2,295,197	\$ 4,796,987	\$ 5,157,331	\$ 17,976,457

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – EXPENDITURES IN EXCESS OF BUDGET CAPACITY

The following City funds exceeded the respective budgeted amounts in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
General government	\$ 3,657,390	\$ 3,691,546	\$ 34,156
Community development	1,666,677	1,779,332	112,655

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2019 are reported as follows:

Deposits:	
Cash on hand	\$ 2,250
Cash in bank	6,874,952
Cash with fiscal agent	2,368,029
Investments:	
Deposit in LAIF	5,187,659
Total deposits and investments	<u>14,432,890</u>
Less: fiduciary funds	<u>(4,302,345)</u>
Total cash and cash equivalents	<u>\$ 10,130,545</u>

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where 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 or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Security</u>	<u>Maximum % of Portfolio</u>	<u>Maximum investment in one issuer*</u>
State and Local Agency Bonds	5 years	25%	5%
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Securities	5 years	None	None
Banker's Acceptance	180 days	15%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	2 years	30%	30%
Nonnegotiable Certificates of Deposit	2 years	30%	None
Repurchase Agreements	7 days	20%	None
Medium-Term Notes	3 years	30%	None
Mutual Funds	None	20%	10%
Money Market Mutual Funds	None	20%	None
Mortgage Pass-Through Securities	5 years	20%	None
County Pool Investment Funds	5 years	None	None
Joint Powers Authority Pool	None	None	None
Local Agency Investment Fund (LAIF)	None	None	\$65 million
Passbook Savings Account	5 years	None	FDIC insured amount

*Based on state law requirements or the City's investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. These provisions do not specify limitation on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment.

Disclosures Relating to 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. All the City's investments are in investments with maturities 12 months or less.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, 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. The investments in LAIF funds are not required to be rated. Investments held as cash with fiscal agents are in money market funds with a rating of at least AAA.

Concentration of Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2019, there were no investments in any one issuer that represent five percent or more of the City's total investments.

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 (e.g., broker-dealer) 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. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. At June 30, 2019, none of the City's deposits with financial institutions in excess of the federal depository insurance limits were held in uncollateralized accounts.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities using mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City is a voluntary participant in the LAIF that is regulated by the California Government Code 16429 under the oversight of the Treasurer of the State of California. 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 the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operation and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The City is a voluntary participant in the investment pool.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices of similar assets in active markets; Level 3 inputs are significant unobservable inputs. The City's investment in LAIF and investments held by fiscal agents in money market funds is not subject to the fair value measurement hierarchy.

NOTE 4 - INTERFUND TRANSACTIONS

Advance To/From Balances

On October 27, 2020, the City Council approved, through resolution 20-117, to retroactively approve advances to and from various funds that totaled \$3,633,205. These balances have been recorded to accurately reflect cash and activity within restricted funds and bank balances. These advances are expected to be repaid by June 30, 2021.

Due To/From Balances

Interfund balances as of June 30, 2019 are as follows:

<u>Due to</u>	<u>Due from Nonmajor Governmental Funds</u>
General Fund	\$ 582,923

The interfund balances totaling \$552,377 from the Other Governmental Funds to the General Fund is to cover operating cash deficits in the current year. These deficits are expected to be repaid during the subsequent period.

Transfers

Interfund transfers for the year ended June 30, 2019 are as follows:

<u>Transfer Out</u>	<u>Transfer In General Fund</u>
Gas Tax Fund	\$ 29,701

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization or grant matching requirements.

The General Fund and Other Governmental Funds transferred of \$29,701 was made to properly record revenues from prior periods that were previously recorded to the Gas Tax Fund.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - DOWN PAYMENT ASSISTANCE AND HOME REHABILITATION GRANTS

The former South El Monte Business Improvement City (City) operated First-Time Homebuyer and Home Rehabilitation Programs that provided silent second down payment or home rehabilitation assistance grants to residents who meet certain qualifications for the purpose of providing assistance to low-moderate income households. The grants are secured by a deed of trust and no monthly payments are required. At the end of the term, which ranges from 10 to 20 years, the grants are forgiven unless the following occurs during the grant term; 1) property is sold or transferred, 2) property is no longer owner-occupied, or 3) property is refinanced at which time full repayment would be required. The purpose of the grants is to provide low-moderate income households with homeownership or home rehabilitation assistance with no intent of recovering the grant. The receivables related to these grants are in the Housing Successor special revenue fund. The balance of the loan's receivable at June 30, 2019 was \$211,270, which includes gross receivables of \$1,408,468 and an allowance for uncollectible accounts of \$1,197,198.

In addition, the City operates the BEGIN Grant and CalHOME Grant special revenue funds which also provide for down payment assistance and home rehabilitation loans for low to moderate income residents. The amount of the loans outstanding in these funds at year-end is \$252,000 and \$1,729,588, respectively.

NOTE 6 - OWNER PARTICIPATION AGREEMENTS

In December 2017, the City sold land to a developer with a cost of \$6,515,875 in exchange for a note in the amount of \$4,360,000 resulting in a loss on sale of property in the amount of \$2,155,875 reported in the Housing Successor Special Revenue Fund. The land sold was originally purchased by the former South El Monte Business City and was transferred to the Housing Successor when the City when took over the housing functions of the former City under AB x1 26. The note is subject to a regulatory agreement and a disposition and development agreement dated April 8, 2014 and amended October 24, 2017. The payment on the note is accelerated and due to the City if the developer is in default of the regulatory agreement, however one twelfth of the principal amount is forgiven upon the sale of each of the twelve assisted units provided that no default, as defined in the regulatory agreement, by the developer occurs. The receivable related to this loan is in the Housing Successor special revenue fund and the balance at June 30, 2019 was \$4,360,000.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2019 is as follows:

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019
Capital assets not being depreciated				
Land	\$ 3,126,512	\$ -	\$ -	\$ 3,126,512
Construction in progress	2,450,742	1,290,347	(2,762,491)	978,598
Total Capital Assets not Being Depreciated	5,577,254	1,290,347	(2,762,491)	4,105,110
Capital assets being depreciated				
Buildings and improvements	17,133,641	45,497	-	17,179,138
Vehicles, equipment, and furniture	1,785,943	-	-	1,785,943
Machinery and equipment	833,684	-	-	833,684
Infrastructure	13,451,962	2,716,997	-	16,168,959
Total Capital Assets Being Depreciated	33,205,230	2,762,494	-	35,967,724
Less Accumulated Depreciation				
Buildings and improvements	(10,030,535)	(777,850)	-	(10,808,385)
Vehicles	(1,619,976)	(55,967)	-	(1,675,943)
Machinery and equipment	(625,781)	(67,877)	-	(693,658)
Infrastructure	(7,289,484)	(1,121,427)	-	(8,410,911)
Total Accumulated Depreciation	(19,565,776)	(2,023,121)	-	(21,588,897)
Total Capital assets, being depreciated, net	13,639,454	739,373	-	14,378,827
Governmental Activities Capital Assets, Net	\$ 19,216,708	\$ 2,029,720	\$ (2,762,491)	\$ 18,483,937

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

Governmental Activities:	
General government	\$ 126,870
Public safety	11,839
Public works	1,123,938
Community development	5,791
Community services	646,034
Recreation	108,649
Total depreciation expense	\$ 2,023,121

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2019 is as follows:

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Governmental activities:					
Loans payable	\$ 2,217,968	\$ -	\$ (113,060)	\$ 2,104,908	\$ 114,138
Capital leases	162,348	-	(62,525)	99,823	65,717
Compensated absences	212,526	10,970	-	223,496	167,622
Total	<u>\$ 2,592,842</u>	<u>\$ 10,970</u>	<u>\$ (175,585)</u>	<u>\$ 2,428,227</u>	<u>\$ 347,477</u>

Compensated Absences

Compensated absences will be paid in future years from future resources primarily from the General Fund. As of June 30, 2019, the outstanding balance was \$223,496.

Capital Lease - Energy Retrofit

As part of the Los Angeles County's Energy Conservation Measures, the City started its facility modernization project in 2005 by contracting for a turnkey energy retrofit of its City Hall, Pool Facility, Community Center, Senior Center, Mini Center, and Maintenance Building. Total amount financed of \$752,786 includes \$12,939 of capitalized interest. Cost of \$739,848 is accounted for in buildings and improvements and accumulated depreciation as of June 30, 2019 is \$690,390. The lease payments are amortized over 15 years. The annual payment requirements are as follows:

Year ending June 30:	Governmental Activities
2020	\$ 69,209
2021	<u>34,604</u>
Total minimum lease payments	<u>103,813</u>
Less: amount representing interest	<u>(3,990)</u>
Present value of net minimum capital lease payments	<u>\$ 99,823</u>

ERCDC Loan Payable

The City entered into a loan agreement with the Energy Resources Conservation and Development Commission (ERCDC) to install solar photovoltaic systems on City owned facilities for up to \$2,307,104. The amount of the loan will be based on eligible project costs and issued on a reimbursement basis. The loan matures over 20 years with an interest rate of 1.00%. As of June 30, 2019, the City has received all the loan proceeds and will repay the loan from the General Fund. The project is estimated to save the City approximately \$135,000 in annual electricity costs.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 - LONG-TERM DEBT (CONTINUED)

ERCDC Loan Payable (Continued)

The annual payment requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 114,138	\$ 20,821	\$ 134,959
2021	115,338	19,621	134,959
2022	116,494	18,464	134,958
2023	117,662	17,297	134,959
2024	118,798	16,161	134,959
2025-2029	612,288	62,508	674,796
2030-2034	643,616	31,181	674,797
2035-2036	266,574	3,344	269,918
Totals	<u>\$ 2,104,908</u>	<u>\$ 189,397</u>	<u>\$ 2,294,305</u>

NOTE 9 – EMPLOYEE RETIREMENT PLANS

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pool. Accordingly, rate plans within the miscellaneous pool are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous pool. The City sponsors three rate plans. Benefit provisions under the Plan are established by state statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – EMPLOYEE RETIREMENT PLANS

Benefits Provided

The Plans' provisions and benefits as of measurement date June 30, 2018, are summarized as follows

	Miscellaneous		
	Tier I Prior to January 1, 2013	Tier II On or After January 1, 2013	Tier III - PEPPRA On or After January 1, 2013
Hire date			
Benefit formula	2.5%@55	2.0%@60	2.0%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Month benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.25%
Required employer contribution rates:			
Normal cost rate	10.069%	7.612%	6.555%
Payment of unfunded liability	\$284,027	\$0	\$31

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

The pension liability for governmental activities is primarily liquidated from the general fund.

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of all Plans of \$7,351,135. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was .1956% and .1951% respectively. This accounted for a decrease of .0005% from the previous year.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2019, the City recognized pension expense of \$562,574. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 36,343	\$ -
Differences between expected and actual experience	282,050	95,980
Changes in assumptions	838,051	205,391
Net changes in proportionate share of net pension liability	165,219	188,400
District contributions subsequent to the measurement date	750,843	-
Total	<u>\$ 2,072,506</u>	<u>\$ 489,771</u>

\$750,843 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 710,453
2021	406,306
2022	(208,668)
2023	(76,199)
2024	-
Thereafter	-
	<u>\$ 831,892</u>

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

For the measurement period ended June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability determined in the June 30, 2017 actuarial accounting valuation. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>
Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.

(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

For the current fiscal year, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the asset would not run out. Therefore, the current 7.15% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB 68 Crossover Testing Report" that can be obtained at CalPERS's website under the GASB 68 section.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 PERF fund. The expected rate of return was set by calculating the 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective July 1, 2014.

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10*	Real Return Years 11+**
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
	100%		

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

**An expected inflation of 2.00% used for this period

***An expected inflation of 2.92% used for this period

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

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 11,807,965	\$ 7,351,135	\$ 3,672,098

**CITY OF SOUTH EL MONTE
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 9 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2019, the City reported no payables due to the pension plan, for outstanding contributions required for the year ended June 30, 2019

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

Plan Description and Benefits Provided

The City’s single employer defined benefit postemployment healthcare plan (DPHP) provides medical benefits to eligible retired City employees and spouses through PERS Health. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees’ Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with PERS Health and adopts those benefits through City resolution. Retirees are eligible for medical benefits if they retire at age 50 or later, have 5 or more years of CalPERS service, and were enrolled in a CalPERS plan at retirement. The City pays the California Public Employees Medical and Hospital Care Act (PEMHCA) minimum benefit. The DPHP does not issue a publicly available financial report.

Employees Covered

As of the June 30, 2018 measurement date, the following current and former employees were covered by the benefit terms of the DPHP:

	Number of Participants
Inactive Employees Receiving Benefits	15
Inactive Employees Entitled to but not yet Receiving Benefits	9
Active Employees	35
	<u>59</u>

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. Currently, contributions are not required from plan members. Currently the City funds retiree healthcare benefits on a pay-as-you-go basis, paying for retiree benefits as they are due with no pre-funding for future years. For fiscal year ended June 30, 2019, the City’s made payments of \$16,807 for retiree health insurance premiums and the estimated implied subsidy was \$36,629, resulting in total contributions of \$53,436. The liability for governmental activities is primarily liquidated from the general fund.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions

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

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost methods	Entry-age actuarial cost method
Inflation rate	2.50%
Discount rate	3.62%
Salary increase	2.75%
Healthcare cost trend rates	76.50% in the first year, trending down to 3.84% over 58 years.
Mortality	Derived from the CalPERS tables

The actuarial assumptions used in the June 30, 2017 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62%. The discount rate was based on a high quality 20-year tax-exempt general obligation municipal bonds index rate.

The discount rate utilized in the June 30, 2016 valuation, which was based on the requirements of GASB 45, was 3.56% as compared to the June 30, 2018 valuation, which was based on the requirements of GASB 75, discount rate of 3.62%. The discount rate was changed to reflect the change in the municipal bond index.

The changes in the total OPEB liability are as follows:

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance July 1, 2018	\$ 1,576,627	\$ -	\$ 1,576,627
Changes for the year:			
Service cost	78,142	-	78,142
Interest	58,076	-	58,076
Employer contributions	-	15,424	(15,424)
Difference between expected and actual experience	(7,307)	-	(7,307)
Assumption changes	153,632	-	153,632
Expected benefit payments	(15,424)	(15,424)	-
Implicit subsidy credit	(31,390)	-	(31,390)
Net change	235,729	-	235,729
Balance June 30, 2019	\$ 1,812,356	\$ -	\$ 1,812,356

**CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Change of Assumptions - There were no changes of assumptions.

Change of Benefit Terms - There were no changes of benefit terms.

Subsequent Events - There were no subsequent events that would materially affect the results presented in this disclosure.

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

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

	Discount Rate 1% Lower (2.62%)	Discount Rate (3.62%)	Discount Rate 1% Higher (4.62%)
Net OPEB liability	\$ 2,069,078	\$ 1,812,356	\$ 1,559,983

Sensitivity of the Total OPEB Liability to Changes in Healthcare 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 or 1-percentage point higher than the current healthcare cost trend rates:

	Trend Rate 1% Lower (5.50% decreasing to 2.84%)	Healthcare Cost Trend Rate (6.50% decreasing to 3.84%)	Trend Rate 1% Higher (7.50% decreasing to 4.84%)
Net OPEB liability	\$ 1,546,472	\$ 1,812,356	\$ 2,146,659

For the year ended June 30, 2019, the City recognized OPEB expense of \$164,357. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources: \$180,453 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Deferred inflows of resources of \$5.901 were also reported.

NOTE 12 - INSURANCE

Description of Participation in the California Joint Powers Insurance Authority

The City of South El Monte is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - INSURANCE (CONTINUED)

Self-Insurance Programs of the Authority

Each member government pays an annual contribution at the beginning of the coverage period. A retrospective deposit computation is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history relative to other members of the risk-sharing pool.

Primary Liability Program - Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Workers Compensation Program - Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2018-19 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance

Pollution Legal Liability Insurance - The City of South El Monte participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of South El Monte. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - INSURANCE (CONTINUED)

Purchase Insurance (Continued)

Property Insurance - The City of South El Monte participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of South El Monte property is currently insured according to a schedule of covered property submitted by the City of South El Monte to the Authority. City of South El Monte property currently has all-risk property insurance protection in the amount of \$25,566,427. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance - The City of South El Monte purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of South El Monte property currently has earthquake protection in the amount of \$13,716,006. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance - The City of South El Monte purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is arranged by the Authority.

Adequacy of Protection

During the past three fiscal years, none of the above programs of protection have experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2018-19.

NOTE 12 - CONTINGENCIES AND COMMITMENTS

In the normal course of operations, the City has been named as a defendant in various claims and legal actions. In the opinion of management and legal counsel, the ultimate liability for these actions and claims will not have a material adverse effect on the City's basic financial statements.

The City participates in several federal, state and county programs. These programs are subject to examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting and funding agencies, cannot be determined at this time.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - SUCCESSOR AGENCY TO THE SOUTH EL MONTE BUSINESS IMPROVEMENT CITY DISCLOSURES

The assets and liabilities of the South El Monte Business Improvement City were transferred to the Successor Agency to the South El Monte Business Improvement City on February 1, 2012 as a result of the dissolution of the former redevelopment agency's under AB x1 26 as amended. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to these transactions are as follows:

Long-term Liabilities

Long-term liabilities activity for the year ended June 30, 2019 were as follows:

	Balance July 01, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Fiduciary Activities					
2007 Series A	\$ 6,515,000	\$ -	\$ (500,000)	\$ 6,015,000	\$ 525,000
2007 Series A Discout	(34,294)	-	3,768	(30,526)	-
2014 Series A	6,950,000	-	-	6,950,000	-
2014 Series A Discount	(127,296)	-	7,455	(119,841)	-
2015 Series A	8,945,000	-	(45,000)	8,900,000	50,000
2015 Series A Premium	242,709	-	(14,252)	228,457	-
2015 Series B	5,540,000	-	(550,000)	4,990,000	560,000
2015 Series B Discount	(45,677)	-	5,713	(39,964)	-
Total	\$ 27,985,442	\$ -	\$ (1,092,316)	\$ 26,893,126	\$ 1,135,000

2007 Tax Allocation Bonds

On February 21, 2007, the former South El Monte Business Improvement City (City) issued the 2007 Tax Allocation (Merged Project Area) Bonds (the Bonds) in the amount of \$10,270,000. The Bonds were issued to finance various redevelopment activities and projects of the City. The project fund proceeds were deposited 47 percent in the Improvement City Capital Projects Areas 1, 2, 3 Fund, 39 percent in the Low/Mod Income Housing Set Aside Fund, and 14 percent in the Debt Service Fund. The Bonds are payable from and secured by a pledge of the City's tax increment revenues from the City's three project areas (merged project areas).

The 2007 Series A Bonds bear interest at rates ranging from 5.50 to 6.00 percent. Interest is due semi-annually on August 1, and February 1 of each year, commencing August 1, 2008. Principal payments are due annually on August 1, commencing on August 1, 2008. The Bonds are subject to mandatory sinking fund redemption commencing on August 1, 2008.

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - SUCCESSOR AGENCY TO THE SOUTH EL MONTE BUSINESS IMPROVEMENT CITY DISCLOSURES (CONTINUED)

Long-term Liabilities (Continued)

2007 Tax Allocation Bonds (Continued)

Debt service payments on the Bonds will be made from the Successor Agency Private-purpose Trust Fund. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 525,000	\$ 340,057	\$ 865,057
2021	560,000	308,863	868,863
2022	590,000	275,801	865,801
2023	625,000	240,869	865,869
2024	660,000	203,100	863,100
2025-2028	3,055,000	379,650	3,434,650
	<u>\$ 6,015,000</u>	<u>\$ 1,748,340</u>	<u>\$ 7,763,340</u>

The Successor Agency has pledged a portion of future tax increment revenues to repay the \$10.2 million issued in 2007, as the source of repayment for the bonds. Tax increment revenues were projected to produce 145 percent to 267 percent of the debt service requirements over the life of the bonds.

2014A Tax Allocation Refunding Bonds

On July 2, 2014, the Successor Agency to the South El Monte Improvement City issued \$6,950,000 in Tax Allocation Refunding Bonds, 2014 Series A. The bonds were issued to refund all the outstanding Tax Allocation Bonds, Series 2008A. As a result, the 2008A Tax Allocation Bonds are considered to be defeased and the liability has been removed from the statement of fiduciary net position. The 2008 bonds were issued to finance various projects for the redevelopment of the Merged Project Area.

The 2014 bonds are payable from and secured by tax revenues as defined in the bond indenture. Interest on the 2014 bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2015. Principal payments are due on August 1 of each year, beginning with August 1, 2028.

Debt service payments on the Bonds will be made from the Successor Agency Private-purpose Trust Fund. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ -	\$ 265,488	\$ 265,488
2021	-	265,488	265,488
2022	-	265,488	265,488
2023	-	265,488	265,488
2024	-	265,488	265,488
2025-2029	600,000	1,317,688	1,917,688
2030-2034	3,335,000	934,669	4,269,669
2035-2037	3,015,000	210,500	3,225,500
	<u>\$ 6,950,000</u>	<u>\$ 3,790,297</u>	<u>\$ 10,740,297</u>

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 - SUCCESSOR AGENCY TO THE SOUTH EL MONTE BUSINESS IMPROVEMENT CITY DISCLOSURES (CONTINUED)

Long-term Liabilities (Continued)

2015 Tax Allocation Refunding Bonds, Series A and B

On May 13, 2015, the Successor Agency to the South El Monte Improvement City issued \$8,985,000 in Tax Allocation Refunding Bonds, Series A, and \$6,595,000 in Tax Allocation Refunding Bonds, Series B. The 2015 Series A bonds were issued to refund all the outstanding 2005 Tax Allocation Bonds, Series A. The 2015 Series B bonds were issued refund all the outstanding 2005 Tax Allocation Bonds, Series B. As a result, the 2005 Tax Allocation Bonds, Series A and B, are considered to be defeased and the liability has been removed from the statement of fiduciary net position. The 2005 bonds were issued to finance various projects for the redevelopment of the Merged Project Area.

The 2015 Series A and B bonds are payable from and secured by tax revenues as defined in the bond indenture. Interest on the 2015 bonds is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2016. Principal payments are due on August 1 of each year, beginning with August 1, 2017 for the Series A bonds and August 1, 2016 for the Series B bonds

Debt service on the Bonds will be made from the Successor Agency Private-purpose Trust Fund. Annual debt service requirements to maturity are as follows:

2015A			
Year Ending June 30,	Principal	Interest	Total
2020	\$ 50,000	\$ 364,025	\$ 414,025
2021	45,000	363,075	408,075
2022	45,000	362,175	407,175
2023	45,000	361,219	406,219
2024	50,000	360,088	410,088
2025-2029	1,815,000	1,729,944	3,544,944
2030-2034	4,670,000	1,086,463	5,756,463
2035-2036	2,180,000	110,250	2,290,250
	<u>\$ 8,900,000</u>	<u>\$ 4,737,239</u>	<u>\$ 13,637,239</u>

2015B			
Year Ending June 30,	Principal	Interest	Total
2020	\$ 560,000	\$ 160,319	\$ 720,319
2021	575,000	146,472	721,472
2022	595,000	130,000	725,000
2023	610,000	111,163	721,163
2024	625,000	90,313	715,313
2025-2029	650,000	67,188	717,188
2030-2034	1,375,000	55,500	1,430,500
	<u>\$ 4,990,000</u>	<u>\$ 760,955</u>	<u>\$ 5,750,955</u>

CITY OF SOUTH EL MONTE
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - RESTATEMENT OF NET POSITION AND FUND BALANCES

During the current year, the City recorded restatements to properly record fund balances in the General Fund and Nonmajor Governmental Funds. The restatements for revenue recognition were recorded to properly record revenue and fund balance in the year earned, measurable and available. The restatement for fund balance reclassification was recorded to properly record fund balance and cash in the proper fund from revenue previously recorded in error.

Governmental Funds

	Fund balance as previously stated	restatement for revenue recognition	reclassification of fund balance	Fund balance as restated
General Fund	\$ 4,420,268	\$ 68,494	\$ 17,880	\$ 4,506,642
Gas Tax Fund	(106)	-	-	(106)
Sewer Assessment Fund	1,973,448	-	-	1,973,448
Housing Successor Fund	4,793,763	-	-	4,793,763
Nonmajor Governmental Funds	4,490,525	129,373	(17,880)	4,602,018
Total governmental funds	<u>\$ 15,677,898</u>	<u>\$ 197,867</u>	<u>\$ -</u>	<u>\$ 15,875,765</u>

Government-wide

	Net position as previously stated	Net position restatement	Net position as restated
Governmental Activities	<u>\$ 25,157,111</u>	<u>\$ 197,867</u>	<u>\$ 25,354,978</u>

NOTE 15 - SUBSEQUENT EVENTS

Subsequent to June 30, 2019 the Successor Agency to the City of South El Monte, issued \$5,535,000 in subordinate taxable tax allocation refunding bonds series 2019. The bonds were issued on September 26, 2019 to refund all the outstanding 2007 Bonds. The 2019 refunding bonds will be paid off in August 2027 and carry an interest rate of 2.0%-2.5%.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MD&A**

CITY OF SOUTH EL MONTE
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY AND CONTRIBUTIONS
JUNE 30, 2019

CalPERS	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.195%	0.196%	0.197%	0.066%	0.059%
City's proportionate share of the net pension liability	\$ 7,351,135	\$ 7,727,031	\$ 6,845,608	\$ 5,562,668	\$ 4,322,198
City's covered payroll	\$ 2,308,132	\$ 2,473,404	\$ 2,560,239	\$ 2,360,098	\$ 2,082,997
City's proportionate Share of the net pension liability as a percentage of covered payroll	318%	312%	267%	236%	207%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	75%	77%	81%

CalPERS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 750,843	\$ 572,837	\$ 511,152	\$ 645,929	\$ 518,289
City's contributions in relation to the statutorily required contribution	750,843	572,837	511,152	645,929	518,289
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,886,967	\$ 2,308,132	\$ 2,473,404	\$ 2,560,239	\$ 2,360,098
City's contributions as a percentage of covered payroll	26.01%	24.82%	20.67%	25.23%	21.96%

**CITY OF SOUTH EL MONTE
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS
JUNE 30, 2019**

	Fiscal Year End	
	2019	2018
Total OPEB liability		
Service cost	\$ 78,142	\$ 75,958
Interest	58,076	54,928
Difference between expected and actual experience	(7,307)	-
Assumption changes	153,632	-
Experience gains/losses	-	-
Benefit payments	(15,424)	(42,473)
Implicit subsidy credit	(31,390)	-
Net change in total OPEB liability	235,729	88,413
Total OPEB liability, beginning of year	1,576,627	1,488,214
Total OPEB liability, end of year (a)	\$ 1,812,356	\$ 1,576,627
Plan fiduciary net position		
Service cost	\$ -	\$ -
Interest on TOL	-	-
Employer contributions	15,424	42,473
Employee contributions	-	-
Assumption changes	-	-
Expected investment income	-	-
Investment gains/losses	-	-
Administrative expense	-	-
Expected benefit payments	(15,424)	(42,473)
Other	-	-
Change in plan fiduciary net position	-	-
Fiduciary trust net position, beginning of year	-	-
Fiduciary trust net position, end of year (b)	\$ -	\$ -
Net OPEB liability (asset), ending (a) - (b)	\$ 1,812,356	\$ 1,576,627
Covered payroll	\$ 2,046,861	\$ 1,992,079
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	0%	0%
Net OPEB asset as a percentage of covered payroll	89%	79%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Taxes	\$ 11,587,176	12,241,564	\$ 654,388
Licenses and permits	1,276,100	1,625,233	349,133
Fines and forfeitures	257,000	284,632	27,632
Charges for services	256,400	446,893	190,493
Intergovernmental	426,000	637,276	211,276
Interest earnings	60,000	30,280	(29,720)
Other	262,000	166,735	(95,265)
Total Revenues	14,124,676	15,432,613	1,307,937
EXPENDITURES			
General Government:			
City council	323,930	315,093	8,837
City administration	396,123	628,766	(232,643)
Accounting	537,905	593,416	(55,511)
Business licence	49,566	51,727	(2,161)
Information systems	306,127	290,463	15,664
City attorney	335,000	212,022	122,978
City prosecutor	10,000	4,014	5,986
Community promotion	190,040	153,524	36,516
Human resources	592,508	585,973	6,535
Risk management	585,577	535,283	50,294
City clerk	287,914	242,236	45,678
Elections	3,200	28,279	(25,079)
Public services	39,500	50,750	(11,250)
Total General Government	3,657,390	3,691,546	(34,156)
Public Safety			
Public safety center	241,210	222,210	19,000
Law enforcement	5,185,830	4,974,952	210,878
School safety	87,015	64,644	22,371
Total Public Safety	5,514,055	5,261,806	252,249
Community Development			
City engineering	252,890	329,596	(76,706)
Planning comission	14,300	9,715	4,585
Community development	374,060	269,348	104,712
Building and safety	754,829	895,136	(140,307)
Animal control	118,127	108,713	9,414
Environmental engineering	139,645	153,691	(14,046)
Waste management	12,826	13,133	(307)
Total Community Development	1,666,677	1,779,332	(112,655)

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
Continued			
Public Works/Utilities			
City hall	209,500	147,694	61,806
Maintenance/transportation yard	79,250	55,069	24,181
City - general utilities	192,000	49,173	142,827
Facility maintenance	486,557	528,968	(42,411)
Landscape maintenance	413,340	466,397	(53,057)
Total Public works/utilities	1,380,647	1,247,301	133,346
Community Services Programs			
Community services commission	14,298	11,458	2,840
Patriotic commission	8,144	4,071	4,073
Emergency preparedness	8,010	2,447	5,563
Senior services	133,884	132,161	1,723
Extended daycare services	62,811	109,868	(47,057)
Parks and recreation	732,531	564,002	168,529
Youth sports	63,405	48,838	14,567
Boxing	98,346	105,140	(6,794)
Special events	84,432	70,282	14,150
Fourth of July	62,838	47,758	15,080
Concerts in the park	17,880	21,920	(4,040)
Christmas wish	26,711	23,094	3,617
Community center	171,200	138,647	32,553
Senior center	113,700	107,022	6,678
Mini center	97,260	62,910	34,350
Aquatics	203,955	176,339	27,616
New temple park	199,245	122,126	77,119
Shivle park	36,200	36,418	(218)
Mary Van Dyke park	31,000	35,856	(4,856)
Total Community services programs	2,165,850	1,820,357	345,493
Debt Service			
City general	-	207,401	(207,401)
Total Expenditures	28,769,238	14,007,743	961,153
Excess (Deficiency) of Revenues			
Over Expenditures	(14,644,562)	1,424,870	2,269,090
Other Financing Sources (Uses):			
Transfers in	-	29,701	(29,701)
Transfers out	(115,000)	-	(115,000)
Net Financing Sources (Uses)	(115,000)	29,701	(144,701)
NET CHANGE IN FUND BALANCE	(14,759,562)	1,454,571	16,214,133
Fund Balance - Beginning	4,506,642	4,506,642	-
Fund Balance - Ending	\$ (10,252,920)	\$ 5,961,213	\$ 16,214,133

See accompanying Notes to Required Supplementary Information

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GAS TAX FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Intergovernmental	\$ 532,199	\$ 430,093	\$ (102,106)
Interest earnings	-	665	665
Other	-	17,523	17,523
Total Revenues	532,199	448,281	(83,918)
EXPENDITURES			
Public Works/Utilities:			
Public works contracts	455,077	449,685	5,392
Street lighting	235,500	203,060	32,440
Total Expenditures	690,577	652,745	37,832
Excess (Deficiency) of Revenues Over Expenditures	(158,378)	(204,464)	(46,086)
Other Financing Sources (Uses):			
Transfers out	-	(29,701)	29,701
Net Financing Sources (Uses)	-	(29,701)	29,701
NET CHANGE IN FUND BALANCE	(158,378)	(234,165)	(75,787)
Fund Balance - Beginning	(106)	(106)	-
Fund Balance - Ending	\$ (158,484)	\$ (234,271)	\$ (75,787)

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – SEWER ASSESSMENT FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance - Final to Actual
REVENUES			
Special assessments	\$ 390,000	\$ 388,551	\$ (1,449)
Interest earnings	1,000	25,141	24,141
Total Revenues	391,000	413,692	22,692
EXPENDITURES			
Public Works/Utilities			
Sewer assessment administration	103,559	91,943	11,616
Total Expenditures	103,559	91,943	11,616
Excess (Deficiency) of Revenues Over Expenditures	287,441	321,749	34,308
Other Financing Sources (Uses):			
Fund Balance - Beginning	1,973,448	1,973,448	-
Fund Balance - Ending	\$ 2,260,889	\$ 2,295,197	\$ 34,308

CITY OF SOUTH EL MONTE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 – BUDGETARY POLICY AND CONTROL

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budget/actual comparisons in this report use the GAAP basis. The budgetary comparison schedules present both the original adopted budget and the final budget with all amendments.

The Budgetary comparison schedules are presented as Required Supplementary Information for the General Fund and major Special Revenue Funds as required by GASB Statement No. 34. However, the City did not budget for the Housing Successor Special Revenue funds.

NOTE 2 – AVAILABILITY OF PRIOR YEAR PENSION INFORMATION

Information prior to the measurement date of June 30, 2015 was not available. GASB Statement No. 68 requires the District to present 10 years of pension information as required supplementary information. However, until a full 10 years of trend data is compiled, the District will present information for only those years for which information is available.

SUPPLEMENTARY INFORMATION
(UNAUDITED)

**CITY OF SOUTH EL MONTE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

SPECIAL REVENUE FUNDS

Older American Act Fund - This fund accounts for Federal grants received through Los Angeles County, which are used to finance senior citizen nutrition programs.

SB1 RMRA - This fund accounts for revenues received from the State SB1 taxes. Expenditures are restricted to basic road maintenance, rehabilitation, and critical safety projects.

Rosemead Maintenance District - This fund accounts for the reimbursement of one-half of the cost to maintain the Rosemead Boulevard maintenance District.

Hayward Maintenance District - This fund accounts for 100 percent of the cost of maintaining the Hayward Tract maintenance City.

Air Quality Management Fund - This fund account for the City's share of automobile registration fees collected by the South Coast Air Quality Management District from the State. The funds are used in improving transportation systems and reduce the reliance of private vehicles.

Cable PEG Fund - This fund is used to account for the Public Educational and Government fees collected by the City.

Quimby In Lieu Fees Fund - This fund is used to account for park development impact fees.

Miscellaneous Grants - This fund accounts for revenues received from LA County CEO's office that are restricted for the City to develop a strategic plan to address homelessness.

State COPS Grant Fund - This fund accounts for the proceeds from the COPS grant.

Used Oil Block Grant Fund - This fund accounts for grant funds received from the California Integrated Waste Management Board to encourage the recycling of used motor oil and other household chemicals.

Beverage Container Recycle Fund - This fund accounts for state grant funds to support recycling programs within the community.

Measure M - This fund accounts for revenues received from the County to be used for street improvements and transportation system maintenance.

Prop C Transportation Funds - This fund accounts for the City's share of additional sales tax collected in the County of Los Angeles because of voter approved Proposition C to be used for public transportation improvement projects.

Community Development Block Grant Fund (CDBG) - This fund accounts for Community Development Block Grants received from the United States Department of Housing and Urban Development.

Highway Safety Improvement Program (HSIP) - This fund accounts for infrastructure projects to reduce highway crash rates.

Prop A Park Grant - This fund accounts for the Safe Neighborhood Parks Proposition of 1992 (Proposition A) funding for park and open space improvement projects.

Transportation Development Act - This fund accounts for revenues received from the Transportation Development Act that are to be used exclusively for transportation projects and improvements.

**CITY OF SOUTH EL MONTE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

SPECIAL REVENUE FUNDS (CONTINUED)

Prop A Transportation Funds - This fund accounts for the City's share of additional sales tax collected in the County of Los Angeles because of Proposition A. The funds are used to finance public transportation projects.

Measure R - This fund accounts for revenues received from Los Angeles County under Measure R that are to be used exclusively for transportation projects and improvements.

State Deferred Loan Program Fund - This fund accounts for grants to be used for loans to City residents for registration improvements.

CalHOME Grant Fund - This fund is used to account for grant money restricted for the HOME Investment Partnership grant.

BEGIN Grant - This fund accounts for financial resources allocated to make deferred-payment second mortgage loans for qualified homebuyers.

Miscellaneous State Grants - This fund accounts for revenues received and spent on various state grant programs.

Miscellaneous Federal Grants - This fund accounts for revenues received and spent on various federal grant programs.

CAPITAL PROJECTS FUND

Capital Improvement Fund - This fund is used to account for the financial resources allocated for capital improvement projects.

**CITY OF SOUTH EL MONTE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds					
	Older Americans Act Fund	RMRA Fund	Rosemead Maintenance District	Hayward Maintenance District	Air Quality District	Cable Peg Fund
ASSETS						
Cash and investments	\$ 5,029	\$ 362,615	\$ 7,024	\$ 22,813	\$ 50,764	\$ 78,648
Receivables						
Intergovernmental	12,576	35,900	-	-	7,022	-
Loans	-	-	-	-	-	-
Accounts	-	-	71	7	-	3,376
Advances from other funds	-	991	77	291	7,243	817
Total Assets	\$ 17,605	\$ 399,506	\$ 7,172	\$ 23,111	\$ 65,029	\$ 82,841
LIABILITIES						
Accounts payable	\$ 19,973	\$ -	\$ -	\$ -	\$ 255	\$ -
Accrued wages and benefits	1,112	-	-	-	-	-
Advances to other funds	71,832	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	92,917	-	-	-	255	-
FUND BALANCES						
Restricted	-	399,506	7,172	23,111	64,774	82,841
Unassigned	(75,312)	-	-	-	-	-
Total Fund Balances	(75,312)	399,506	7,172	23,111	64,774	82,841
Total Liabilities and Fund Balances	\$ 17,605	\$ 399,506	\$ 7,172	\$ 23,111	\$ 65,029	\$ 82,841

**CITY OF SOUTH EL MONTE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds					
	Quimby in Lieu Fees	Miscellaneous Grant Funds	State Cops Grant Fund	Used Oil Recycling Grant Fund	Beverage Container Recycling Fund	Measure M Local
ASSETS						
Cash and investments	\$ 133,301	\$ -	\$ -	\$ 4,795	\$ 38,572	\$ 325,911
Receivables						
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Advances from other funds	1,595	-	182	113	411	2,694
Total Assets	\$ 134,896	\$ -	\$ 182	\$ 4,908	\$ 38,983	\$ 328,605
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 14,952	\$ 4,408	\$ 3,091	\$ 10,270
Accrued wages and benefits	-	-	-	-	-	-
Advances to other funds	-	116	-	-	-	42,734
Due to other funds	-	25,500	64,473	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	-	25,616	79,425	4,408	3,091	53,004
FUND BALANCES						
Restricted	134,896	-	(79,243)	500	35,892	275,601
Unassigned	-	(25,616)	-	-	-	-
Total Fund Balances	134,896	(25,616)	(79,243)	500	35,892	275,601
Total Liabilities and Fund Balances	\$ 134,896	\$ -	\$ 182	\$ 4,908	\$ 38,983	\$ 328,605

**CITY OF SOUTH EL MONTE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds					
	Prop C	CDBG Fund	HSIP Fund	Prop A Park Grant	Trans. Development Act Fund	Prop A Fund
ASSETS						
Cash and investments	\$ 595,056	\$ -	\$ -	\$ 23,232	\$ -	\$ 956,541
Receivables						
Intergovernmental	-	14,377	-	-	-	-
Loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Advances from other funds	28,410	-	-	29	-	7,455
Total Assets	\$ 623,466	\$ 14,377	\$ -	\$ 23,261	\$ -	\$ 963,996
LIABILITIES						
Accounts payable	\$ 5,830	\$ -	\$ 12,513	\$ 461	\$ -	\$ 7,835
Accrued wages and benefits	1,664	-	-	178	-	10,793
Advances to other funds	49,590	537	-	5,304	-	370,364
Due to other funds	-	13,840	308,746	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	57,084	14,377	321,259	5,943	-	388,992
FUND BALANCES						
Restricted	566,382	-	-	17,318	-	575,004
Unassigned	-	-	(321,259)	-	-	-
Total Fund Balances	566,382	-	(321,259)	17,318	-	575,004
Total Liabilities and Fund Balances	\$ 623,466	\$ 14,377	\$ -	\$ 23,261	\$ -	\$ 963,996

**CITY OF SOUTH EL MONTE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

Special Revenue Funds

	Measure R Local	State Deferred Grant	CalHOME Grant	Begin Program Fund	Miscellaneous State Grants	Miscellaneous Federal Grants
ASSETS						
Cash and investments	\$ 607,775	\$ 13,489	\$ 344,962	\$ -	\$ -	\$ -
Receivables						
Intergovernmental	-	-	-	-	113,072	-
Loans	-	-	1,729,588	252,000	-	-
Accounts	-	-	-	-	-	-
Advances from other funds	4,460	171	3,210	-	-	-
Total Assets	\$ 612,235	\$ 13,660	\$ 2,077,760	\$ 252,000	\$ 113,072	\$ -
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 29,893	\$ 8,614
Accrued wages and benefits	10,073	11,500	680	-	-	-
Advances to other funds	272,934	-	7,756	-	5,620	-
Due to other funds	-	-	-	-	77,630	8,302
Unearned revenue	-	-	35,000	-	-	-
Total Liabilities	283,007	11,500	43,436	-	113,143	16,916
FUND BALANCES						
Restricted	329,228	2,160	2,034,324	252,000	-	-
Unassigned	-	-	-	-	(71)	(16,916)
Total Fund Balances	329,228	2,160	2,034,324	252,000	(71)	(16,916)
Total Liabilities and Fund Balances	\$ 612,235	\$ 13,660	\$ 2,077,760	\$ 252,000	\$ 113,072	\$ -

**CITY OF SOUTH EL MONTE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019**

Capital Projects Fund

	Capital Improvement Fund	Non-Major Governmental Funds
ASSETS		
Cash and investments	\$ 23,147	\$ 3,593,674
Receivables		
Intergovernmental	-	182,947
Loans	-	1,981,588
Accounts	-	3,454
Advances from other funds	1,340,521	1,398,670
Total Assets	\$ 1,363,668	\$ 7,160,333
LIABILITIES		
Accounts payable	\$ 24,589	\$ 142,684
Accrued wages and benefits	-	36,000
Advances to other funds	379,608	1,206,395
Due to other funds	84,432	582,923
Unearned revenue	-	35,000
Total Liabilities	488,629	2,003,002
FUND BALANCES		
Restricted	875,039	5,596,505
Unassigned	-	(439,174)
Total Fund Balances	875,039	5,157,331
Total Liabilities and Fund Balances	\$ 1,363,668	\$ 7,160,333

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds					
	Older Americans Act Fund	RMRA Fund	Rosemead Maintenance District	Hayward Maintenance District	Air Quality District	Cable Peg Fund
	REVENUES					
Property taxes	\$ -	\$ -	\$ 978	\$ 59	\$ -	\$ -
Intergovernmental	246,517	376,571	-	-	27,086	-
Charges for services	-	-	-	-	-	-
Interest earnings	-	991	76	291	471	817
Other revenues	-	-	-	-	-	13,189
Total Revenues	246,517	377,562	1,054	350	27,557	14,006
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public works/utilities	-	-	-	132	6,153	-
Community service programs	321,829	-	-	-	-	-
Capital outlay	-	74,222	-	-	-	-
Total Expenditures	321,829	74,222	-	132	6,153	-
Excess (Deficiency) of Revenues Over Expenditures	(75,312)	303,340	1,054	218	21,404	14,006
Fund Balance - Beginning, as restated	-	96,166	6,118	22,893	43,370	68,835
Fund Balance - Ending	\$ (75,312)	\$ 399,506	\$ 7,172	\$ 23,111	\$ 64,774	\$ 82,841

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds					
	Quimby in Lieu Fees	Miscellaneous Grant Funds	State Cops Grant Fund	Used Oil Recycling Grant Fund	Beverage Container Recycling Fund	Measure M Local
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	100,000	-	8,694	293,447
Charges for services	9,169	-	-	-	-	-
Interest earnings	1,595	-	182	112	412	2,694
Other revenues	-	-	-	-	-	-
Total Revenues	10,764	-	100,182	112	9,106	296,141
EXPENDITURES						
Current:						
Public Safety	-	-	179,425	-	-	-
Community development	-	-	-	-	4,028	-
Public works/utilities	-	-	-	4,568	-	55,169
Community service programs	-	-	-	-	-	-
Capital outlay	1,372	-	-	-	-	177,405
Total Expenditures	1,372	-	179,425	4,568	4,028	232,574
Excess (Deficiency) of Revenues Over Expenditures	9,392	-	(79,243)	(4,456)	5,078	63,567
Fund Balance - Beginning, as restated	125,504	(25,616)	-	4,956	30,814	212,034
Fund Balance - Ending	\$ 134,896	\$ (25,616)	\$ (79,243)	\$ 500	\$ 35,892	\$ 275,601

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds					
	Prop C	CDBG Fund	HSIP Fund	Prop A Park Grant	Trans. Development Act Fund	Prop A Fund
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	347,406	255,496	-	20,970	-	418,828
Charges for services	-	-	-	-	-	6,286
Interest earnings	3,140	-	-	30	-	7,461
Other revenues	-	-	-	-	-	-
Total Revenues	350,546	255,496	-	21,000	-	432,575
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public works/utilities	4,737	-	-	-	-	-
Community service programs	-	46,837	-	5,777	-	431,338
Capital outlay	23,688	193,929	321,259	-	-	-
Total Expenditures	28,425	240,766	321,259	5,777	-	431,338
Excess (Deficiency) of Revenues Over Expenditures	322,121	14,730	(321,259)	15,223	-	1,237
Fund Balance - Beginning, as restated	244,261	(14,730)	-	2,095	-	573,767
Fund Balance - Ending	\$ 566,382	\$ -	\$ (321,259)	\$ 17,318	\$ -	\$ 575,004

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds					
	Measure R Local	State Deferred Grant	CalHOME Grant	Begin Program Fund	Miscellaneous State Grants	Miscellaneous Federal Grants
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	260,629	-	57,310	-	357,369	-
Charges for services	-	-	-	-	-	-
Interest earnings	4,458	171	3,255	-	-	-
Other revenues	-	-	-	-	-	-
Total Revenues	265,087	171	60,565	-	357,369	-
EXPENDITURES						
Current:						
Public Safety	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public works/utilities	276,773	-	-	-	-	-
Community service programs	-	-	7,801	-	-	-
Capital outlay	-	-	-	-	434,578	16,916
Total Expenditures	276,773	-	7,801	-	434,578	16,916
Excess (Deficiency) of Revenues Over Expenditures	(11,686)	171	52,764	-	(77,209)	(16,916)
Fund Balance - Beginning, as restated	340,914	1,989	1,981,560	252,000	77,138	-
Fund Balance - Ending	\$ 329,228	\$ 2,160	\$ 2,034,324	\$ 252,000	\$ (71)	\$ (16,916)

CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

Capital Projects Fund

	Capital Improvement Fund	Non-Major Governmental Funds
REVENUES		
Property taxes	\$ -	\$ 1,037
Intergovernmental	273,004	3,043,327
Charges for services	-	15,455
Interest earnings	8,084	34,240
Other revenues	36,001	49,190
Total Revenues	<u>317,089</u>	<u>3,143,249</u>
EXPENDITURES		
Current:		
Public Safety	-	179,425
Community development	-	4,028
Public works/utilities	-	347,532
Community service programs	-	813,582
Capital outlay	-	1,243,369
Total Expenditures	<u>-</u>	<u>2,587,936</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>317,089</u>	<u>555,313</u>
Fund Balance - Beginning, as restated	<u>557,950</u>	<u>4,602,018</u>
Fund Balance - Ending	<u>\$ 875,039</u>	<u>\$ 5,157,331</u>

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – OLDER AMERICAN ACT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance - Final to Actual
REVENUES			
Intergovernmental	\$ 219,730	\$ 246,517	\$ 26,787
Total Revenues	219,730	246,517	26,787
EXPENDITURES			
Community services programs:			
Senior nutrition program CI	276,355	276,301	54
Senior nutrition program CII	59,211	45,528	13,683
Total Expenditures	335,566	321,829	54
Excess (Deficiency) of Revenues Over Expenditures	(115,836)	(75,312)	26,841
Other Financing Sources (Uses):			
Transfers in	115,000	-	(115,000)
Net Financing Sources (Uses)	115,000	-	(115,000)
NET CHANGE IN FUND BALANCE	(836)	(75,312)	(74,476)
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	\$ (836)	\$ (75,312)	\$ (74,476)

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – MAINTENANCE DISTRICT SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Taxes	\$ 520	\$ 1,037	517
Intergovernmental	346,435	376,571	30,136
Interest earnings	70	1,358	1,288
Total Revenues	346,505	377,929	31,424
EXPENDITURES			
Capital outlay			
Construction	-	74,222	(74,222)
Public works/utilities			
Hayward maintenance	27,716	132	27,584
Total Expenditures	27,716	74,354	(74,222)
Excess (Deficiency) of Revenues Over Expenditures	318,789	303,575	(42,798)
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	318,789	303,575	(15,214)
Fund Balance - Beginning	125,177	125,177	-
Fund Balance - Ending	\$ 443,966	\$ 428,752	\$ (15,214)

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – AIR QUALITY MANAGEMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget		Actual		Variances - Final to Actual	
REVENUES						
Intergovernmental	\$	21,000	\$	27,086	\$	6,086
Interest earnings		100		471		371
Total Revenues		21,100		27,557		6,457
EXPENDITURES						
Transportation programs		24,500		6,153		18,347
Total Expenditures		24,500		6,153		18,347
Excess (Deficiency) of Revenues Over Expenditures		(3,400)		21,404		24,804
Other Financing Sources (Uses):						
NET CHANGE IN FUND BALANCE		(3,400)		21,404		24,804
Fund Balance - Beginning		43,370		43,370		-
Fund Balance - Ending	\$	39,970	\$	64,774	\$	24,804

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Intergovernmental	\$ 195,960	\$ 255,496	\$ 59,536
Total Revenues	195,960	255,496	59,536
EXPENDITURES			
Community services programs:			
Administration	66,235	46,837	19,398
Capital outlay			
Construction	450,362	193,929	256,433
Total Expenditures	516,597	240,766	19,398
Excess (Deficiency) of Revenues Over Expenditures	(320,637)	14,730	78,934
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	(320,637)	14,730	335,367
Fund Balance - Beginning	(14,730)	(14,730)	-
Fund Balance - Ending	\$ (335,367)	\$ -	\$ 335,367

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – PROP A SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Charges for services	\$ 6,500	\$ 6,286	\$ (214)
Intergovernmental	408,327	418,828	10,501
Interest earnings	200	7,461	7,261
Total Revenues	415,027	432,575	17,548
EXPENDITURES			
Community services programs:			
Paratransit	349,876	298,269	51,607
Special events	17,932	19,356	(1,424)
Administration	40,646	39,094	1,552
Bus shelter maintenance	75,269	74,619	650
Total Expenditures	483,723	431,338	51,735
Excess (Deficiency) of Revenues Over Expenditures	(68,696)	1,237	69,283
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	(68,696)	1,237	69,933
Fund Balance - Beginning	573,767	573,767	-
Fund Balance - Ending	\$ 505,071	\$ 575,004	\$ 69,933

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – PROP C SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Intergovernmental	\$ 338,696	\$ 347,406	\$ 8,710
Interest earnings	500	3,140	2,640
Total Revenues	339,196	350,546	11,350
EXPENDITURES			
Public works/utilities:			
Administration	59,899	4,737	55,162
Capital outlay:			
Construction	-	23,688	(23,688)
Total Expenditures	59,899	28,425	31,474
Excess (Deficiency) of Revenues Over Expenditures	279,297	322,121	42,824
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	279,297	322,121	42,824
Fund Balance - Beginning	244,261	244,261	-
Fund Balance - Ending	\$ 523,558	\$ 566,382	\$ 42,824

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – STATE COPS GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Intergovernmental	\$ 100,000	\$ 100,000	\$ -
Interest earnings	-	182	182
Total Revenues	100,000	100,182	182
EXPENDITURES			
Public safety:			
State cops	100,000	179,425	(79,425)
Total Expenditures	100,000	179,425	(79,425)
Excess (Deficiency) of Revenues Over Expenditures	-	(79,243)	(79,243)
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	-	(79,243)	(79,243)
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	\$ -	\$ (79,243)	\$ (79,243)

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – USED OIL BLOCK GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Intergovernmental	\$ 5,000	\$ -	(5,000)
Interest earnings	-	112	112
Total Revenues	5,000	112	(4,888)
EXPENDITURES			
Public works/utilities			
Used oil recycling program	6,500	4,568	1,932
Total Expenditures	6,500	4,568	1,932
Excess (Deficiency) of Revenues Over Expenditures	(1,500)	(4,456)	(2,956)
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	(1,500)	(4,456)	(2,956)
Fund Balance - Beginning	4,956	4,956	-
Fund Balance - Ending	\$ 3,456	\$ 500	\$ (2,956)

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – QUIMBY IN LIEU FEES SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Charges for services	\$ 250,000	\$ 9,169	\$ (240,831)
Interest earnings	400	1,595	1,195
Total Revenues	250,400	10,764	(239,636)
EXPENDITURES			
Capital outlay:			
Quimby in lieu	14,000	1,372	12,628
Total Expenditures	14,000	1,372	12,628
Excess (Deficiency) of Revenues Over Expenditures	236,400	9,392	(227,008)
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	236,400	9,392	(227,008)
Fund Balance - Beginning	125,504	125,504	-
Fund Balance - Ending	\$ 361,904	\$ 134,896	\$ (227,008)

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – CABLE PEG SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Other revenues	\$ 5,000	13,189	\$ 8,189
Interest earnings	-	817	817
Total Revenues	5,000	14,006	9,006
Excess (Deficiency) of Revenues Over Expenditures	5,000	14,006	9,006
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	5,000	14,006	9,006
Fund Balance - Beginning	68,835	68,835	-
Fund Balance - Ending	\$ 73,835	\$ 82,841	\$ 9,006

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – BEVERAGE CONTAINER RECYCLE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Intergovernmental	\$ 5,000	\$ 8,694	\$ 3,694
Interest earnings	-	412	412
Total Revenues	5,000	9,106	4,106
EXPENDITURES			
Community development:			
Administration	15,000	4,028	10,972
Total Expenditures	15,000	4,028	10,972
Excess (Deficiency) of Revenues Over Expenditures	(10,000)	5,078	15,078
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	(10,000)	5,078	15,078
Fund Balance - Beginning	30,814	30,814	-
Fund Balance - Ending	\$ 20,814	\$ 35,892	\$ 15,078

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – MEASURE R SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Intergovernmental	\$ 240,000	\$ 260,629	\$ 20,629
Interest earnings	500	4,458	3,958
Total Revenues	240,500	265,087	24,587
EXPENDITURES			
Public works/utilities:			
Administration	285,366	276,773	8,593
Total Expenditures	285,366	276,773	8,593
Excess (Deficiency) of Revenues Over Expenditures	(44,866)	(11,686)	33,180
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	(44,866)	(11,686)	33,180
Fund Balance - Beginning	340,914	340,914	-
Fund Balance - Ending	\$ 296,048	\$ 329,228	\$ 33,180

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – CALHOME SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Intergovernmental	\$ -	57,310	\$ 57,310
Interest earnings	100	3,255	3,155
Total Revenues	100	60,565	60,465
EXPENDITURES			
Community services programs:			
Administration - CalHome II	-	4,269	(4,269)
Administration - CalHome IV	-	3,532	(3,532)
Total Expenditures	-	7,801	(4,269)
Excess (Deficiency) of Revenues Over Expenditures	100	52,764	56,196
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	100	52,764	52,664
Fund Balance - Beginning	1,981,560	1,981,560	-
Fund Balance - Ending	\$ 1,981,660	\$ 2,034,324	\$ 52,664

**CITY OF SOUTH EL MONTE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – MEASURE M SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variances - Final to Actual
REVENUES			
Intergovernmental	\$ 160,000	293,447	\$ 133,447
Interest earnings	-	2,694	2,694
Total Revenues	160,000	296,141	136,141
EXPENDITURES			
Public works/utilities:			
Measure M	58,236	55,169	3,067
Capital outlay:			
Construction	-	177,405	(177,405)
Total Expenditures	58,236	232,574	3,067
Excess (Deficiency) of Revenues Over Expenditures	101,764	63,567	139,208
Other Financing Sources (Uses):			
NET CHANGE IN FUND BALANCE	101,764	63,567	(38,197)
Fund Balance - Beginning	212,034	212,034	-
Fund Balance - Ending	\$ 313,798	\$ 275,601	\$ (38,197)