

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2020



2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

CITY OF GARDENA, CALIFORNIA



PREPARED BY

THE ADMINISTRATIVE SERVICES DEPARTMENT

**Clint Osorio
City Manager**

And

**Raymond Beeman
Chief Fiscal Officer**

* * * * *

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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December 10, 2020

Members of the City Council,
and Citizens of Gardena

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR 2019-2020
LETTER OF TRANSMITTAL**

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Gardena (the City) for the fiscal year ended June 30, 2020 (FY 2019-20). The report is intended to update readers on the status of the City's financial position and results of operations for the past fiscal year.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. This CAFR has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America as promulgated by the Government Accounting Standards Board (GASB).

The report contains a citywide view of all governmental and business-type activities, as well as a focus on the financial position and operating results of the City's major funds.

The City's financial statements have been audited by The Pun Group LLP, an independent public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The financial statements included in this CAFR represent all City funds.

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2020, are free of material misstatement. The auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2020, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the CAFR. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

TASHA CERDA, Mayor / MARK E. HENDERSON, Mayor Pro Tem

PAULETTE C. FRANCIS, Councilmember / ART KASKANIAN, Councilmember / RODNEY G. TANAKA, Councilmember
MINA SEMENZA, City Clerk / J. INGRID TSUKIYAMA, City Treasurer / CLINT OSORIO, City Manager / CARMEN VASQUEZ, City Attorney

PROFILE OF THE GOVERNMENT

The City of Gardena is located just miles from the beautiful California coast, near the interchange of the Harbor, San Diego, and Gardena freeways, and just 13 miles south of the City of Los Angeles, in the South Bay Area. Gardena is a part of the Los Angeles-Long Beach-Glendale Metropolitan Statistical Area.

Gardena has the singular distinction of having within its borders both the first legal card club licensed in the State of California, granted in 1936, and the newest club in the state, which opened in 2000. At one time only five-card draw and lowball poker could be played. During the 1960s, Gardena was the only city in Los Angeles County to have legal gambling. In the mid-1980s, a tremendous Asian influence arrived with the introduction of a number of California games. A complete listing is contained in the City of Gardena Resolution No. 6140.

The City of Gardena, incorporated on September 11, 1930 as a general law city, operates under the Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of four members of the City Council and a Mayor elected on a non-partisan basis at-large for four-year terms, with an election every two years. The Council is responsible for, among other things, establishing policy, passing ordinances, adopting an annual budget, appointing members to various City Commissions and Boards and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

Gardena offers a full range of municipal services, including police and code enforcement; recreation and human services; public works; streets and parks; planning and building services; engineering; transportation services (enterprise fund); and general administration. Fire services are contracted with Los Angeles County.

The Council is required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the City of Gardena's financial planning and control. The budget is prepared by fund, function (e.g. public safety), and department (e.g., police). Department heads may transfer resources within a department as they see fit.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

When I became the City Manager in 2019, I could not have imagined the challenges that lay ahead. As I write this message our community's daily lives have been drastically altered by the 2nd Los Angeles County Safer at Home order. We are learning to physically distance without socially distancing, utilizing technology to remain socially connected. It is clear that we are facing unprecedented times with our civic life interrupted, our wellbeing threatened, and our economy devastated. However, although much has been demanded of our community, our businesses, and our City organization, we have responded with strength and resilience to begin rebuilding the

power of our community. I am thankful for the support of our public officials in working toward protecting the community from the most devastating effects of the COVID-19 crisis, and in working diligently to address the devastating adverse effects to the economy.

The City's adopted budget for fiscal years 2020-2021 and 2021-2022, (adopted in June 2020) was forecasting sharp declines in all of the major revenue categories as a result of the COVID 19 pandemic, with the exception of sales tax due to the passage of Measure G. Had the city leadership not had the foresight to tirelessly pursue the passage of Measure G, the City would be addressing an additional \$5 million deficit. Card club revenues were forecasted to decrease 42% in fiscal year 2020-2021 due to the reduced capacity requirements and continued closure of the Lucky Lady Casino, which opened in October 2020 at a reduced capacity, as well as Hustler Casino resuming business but at a significantly reduced capacity due to social distancing protocols. Significant decreases were also expected in Utility Users Tax, Business License and Transfers (Gas Tax, SB1). The Utility Users Tax decline is a direct result of innovation in telecommunications, cellular technology, conservation efforts, and alternative fuels. As companies collaborate with each other and provide consumers with "bundled" products for substantial savings, our overall Utility Users Tax decline. Solar technology has also provided consumers with options to mitigate rising electric costs thereby also impacting our Utility Users Tax.

For the proposed budget for fiscal year 2020-2021 a deficit of \$1.8 million was forecasted, in spite of staff reductions and furloughs, the disruption to the City's revenue streams has been catastrophic. Fortunately, a much brighter forecast is expected for fiscal year 2021-2022 with a projected deficit of approximately \$300,000.

The City took a proactive approach to address the adopted budget deficits and with the help and support of the City Council issued a Pension Obligation Bond (POB) in November 2020 in the amount of \$101.49 million. The City issued this POB to take advantage of the historical low interest rates compared to the 7% discount rate charged by Calpers and used its excellent credit rating of AA- with S & P to obtain a 3.29% true interest cost, saving the City over \$51 million dollars. In addition the City made the fiscally conservative choice to shorten the borrowing period for the POB's from a maximum of 30 years to an 18 year amortization period to align with the new fresh start for its safety and miscellaneous plan unfunded accrued liabilities (UAL). The City adopted a UAL policy to ensure that all pension funding decisions are structured to protect both current and future taxpayers, ratepayers and residents of the City. This UAL policy outlines the responsibilities of the City to ensure any future UAL liabilities are adequately accounted funded.

With the issuance of the POB and the better than expected out look for the City's revenue streams primarily its sales tax revenue and the addition of Measure G, along with the previous cuts to budgeted positions, furloughs and layoffs, at the mid-year point of fiscal year 20-21 the City is forecasting to go from an adopted budget deficit of \$1.8 and an ending general fund reserve balance of \$6.8 million or 11.6 % to an estimated sizeable surplus an related increase in general fund reserve balance.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

In 2020, the City had to deal with the unprecedented and devastating effects of the COVID 19 pandemic. As the City has long history of fiscally conservative values and strong relationships with its collective bargaining groups, it was able to work as a united group with elected

leadership, employees and employee labor groups to cut expenditures and proactively pursue additional opportunities to expand revenues and lower expenditures, which ultimately resulted in the City going from a significant deficit to a sizeable surplus.

Unrestricted Fund Balance for fiscal year 2019-2020 (the total of the committed, assigned, and unassigned components of fund balance) in the general fund was 17% of total general fund expenditures. This amount was slightly below the policy guidelines set by the Council for budgetary and planning purposes (25%) as a result of the COVID 19 pandemic, however the general fund reserve balances are projected to be 23% in 2020-2021 and 26% or within the 25% guidelines by fiscal year 2021-2022.

The City maintains an issuer rating of "AA-" and a general fund supported lease debt rating of "A+" from Standard & Poor's, as well as an "A1" general fund lease rating with Moody's as of June 30, 2020. Which is reflective of a stable fiscal outlook and the expectation that Gardena will continue to maintain balanced operational costs with adequate fiscal reserves.

The City will maintain a safe community environment by implementing Building Development Safety and Security Standards, as well as continue street and sidewalk improvements citywide.

The City's long-term financial planning focuses on the Capital Improvement Plan, which is produced as part of the annual budget. The plan primarily addresses maintenance, repair and upgrading of facilities and infrastructure, particularly streets, parks, and sewers.

RELEVANT FINANCIAL POLICIES

The City has adopted a set of financial policies. During the current year, the City updated GASB Statement No. 54, titled "Fund Balance Policy for the General Fund." This policy provides the users of the financial statements greater information about the availability of reported fund balance and the City's commitment of financial resources. Note 13, of the Notes to Basic Financial Statements, presents more detailed information about the five categories of fund balance – non-spendable, restricted, committed, assigned and unassigned fund balance.

AWARDS and ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gardena for its CAFR for the fiscal year ended June 30, 2019. This was the thirty-fourth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the collaborative assistance of the Department Heads and staff in all City departments. First and foremost, we want to recognize the dedicated employees of the Administrative Services Department. Their professional expertise and unassuming commitment to excellence is constantly manifested in the quality of the City's financial records and reporting. Appreciation is also expressed to the audit staff of The Pun Group, LLP, for their advice and assistance in the preparation of this report. Finally, we would like to thank the members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Clint D. Osorio
City Manager

Respectfully submitted,



Ray Beeman
CFO



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Gardena
California**

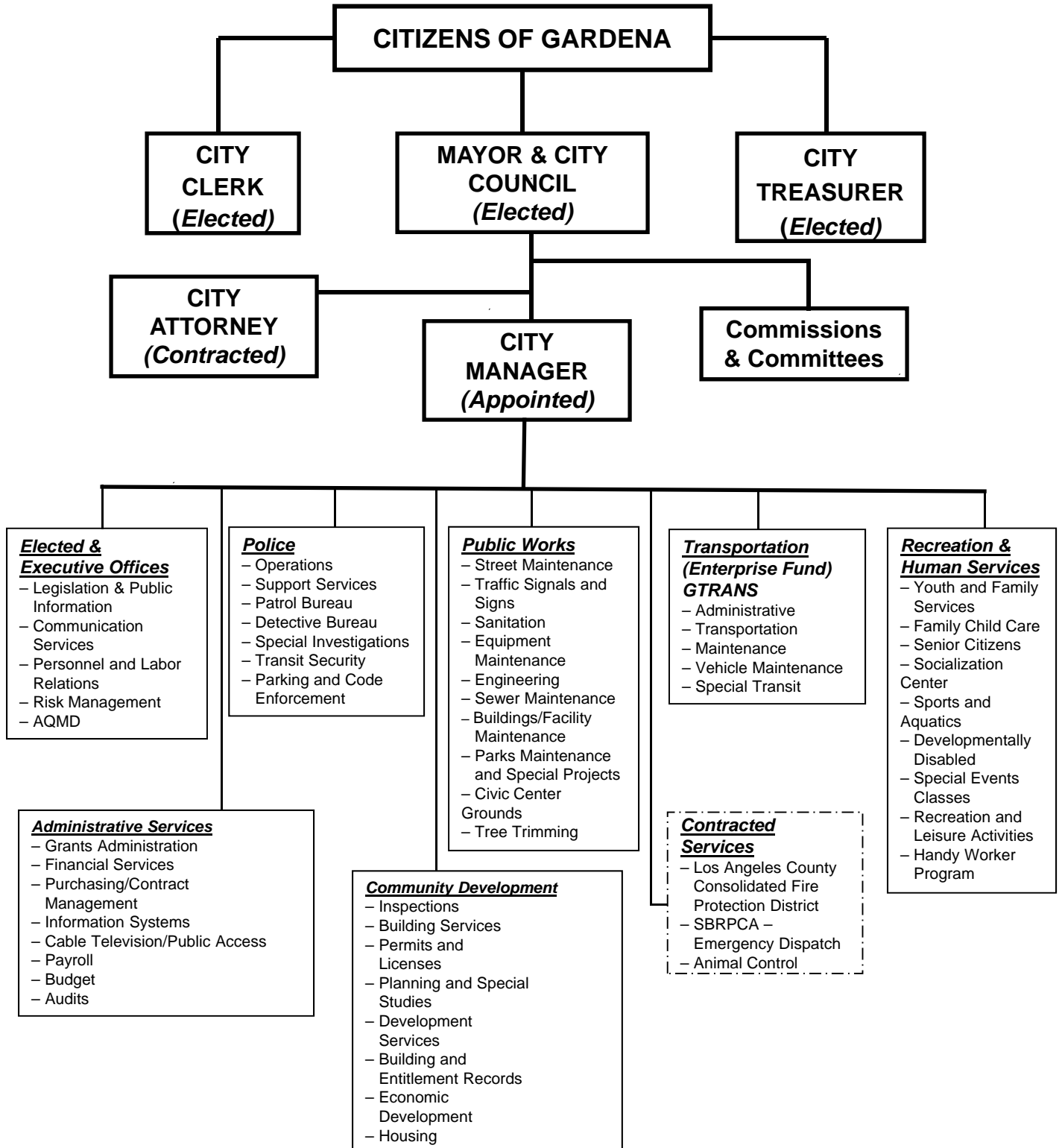
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

CITY OF GARDENA ORGANIZATION CHART



OFFICIALS OF THE CITY OF GARDENA, CALIFORNIA

FISCAL YEAR 2019 – 2020

CITY OF GARDENA

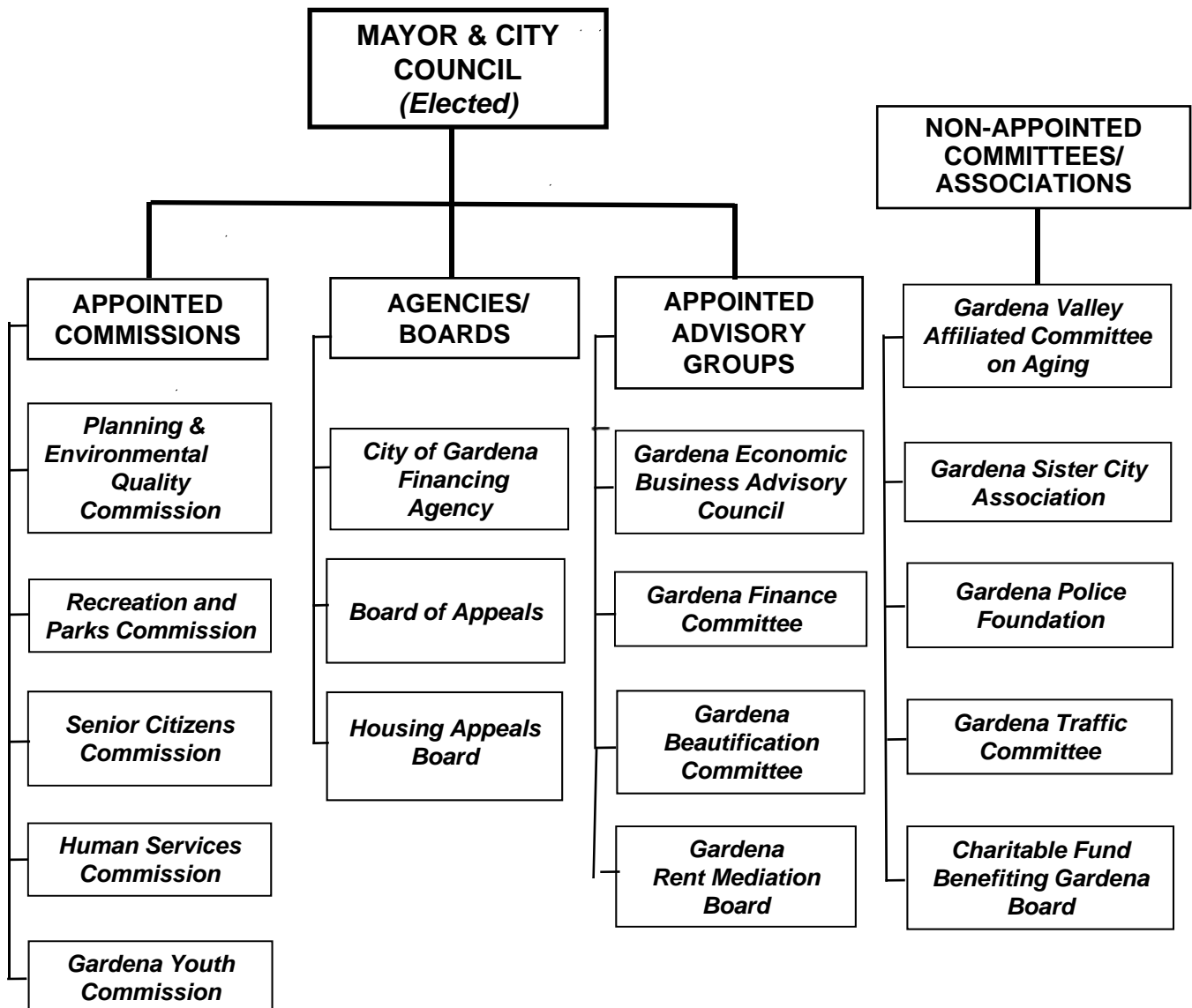
CITY COUNCIL

Tasha Cerda, Mayor
Mark E. Henderson Ed. D, *Mayor Pro Tem*
Rodney G. Tanaka, *Councilmember*
Art Kaskanian, *Councilmember*
Paulette C. Francis, *Councilmember*

Administration Officials and Department Heads

City Manager.....	Clint Osorio
Chief Fiscal Officer.....	Ray Beeman
City Treasurer	J. Ingrid Tsukiyama
City Clerk	Mina Semenza
City Attorney.....	Carmen Vasquez
Chief of Police	Michael Saffell
Public Works Director	Vacant
Director of Recreation and Human Services	Stephany Santin
Interim Community Development Director.....	Raymond Barragan
Transportation Director.....	Ernie Crespo
Assistant Fire Chief – LA County Fire District.....	Scott Hale

CITY OF GARDENA
COMMISSIONS, BOARDS, COMMITTEES, ETC.



City of Gardena

Comprehensive Annual Financial Report For the Year Ended June 30, 2020



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and the Members of the City Council
of the City of Gardena
Gardena, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of City's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedules of Contributions – Pensions, the Schedules of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedules of Contributions – Other Postemployment Benefits on pages 5 through 15 and 95 through 111 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 10, 2020

City of Gardena

Comprehensive Annual Financial Report For the Year Ended June 30, 2020



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City of Gardena

Management's Discussion and Analysis

As management of the City of Gardena (City), California, we offer 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, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, as well as with the City's financial statements, which follow this discussion.

Financial Highlights

- ◆ The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the 2019-2020 fiscal year by \$(62,358,629), which resulted in the City having a negative net position.
- ◆ The City's total net position decreased \$17,788,586 in 2019-2020. Net position of governmental activities decreased \$12,504,362 while net position of business type activities decreased by \$5,284,224 due primarily to GASB Statements No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 75 *Accounting and Financial Reporting for Postemployment benefits other than pensions*. The Net Pension Liabilities and Other post-employment benefits (OPEB) were included within the government-wide financial statements for both governmental and business-type financial reporting. At close of 2019-2020 fiscal year, the City's Net Pension Liabilities were \$80,273,349 and \$21,849,446 for governmental and business-type activities for a total of \$102,122,795. The City's Other post-employment benefit liabilities were \$63,714,643 and \$6,310,647 for governmental and business-type activities for a total of \$70,052,290.
- ◆ At the close of the 2019-2020 fiscal year, the City's governmental funds reported combined fund balances of \$26,586,270, a decrease of \$6,326,821 in comparison to the prior year. General Fund decreased by \$5,880,309. The decrease is due to the Los Angeles County Safer at Home order being issued in March 2020 because of the COVID 19 virus and the related revenue impact on the cities sales tax, casino revenue and all the city revenue sources that were effected as a result of these unprecedented closures . The City because of these closures had a decrease across all revenue categories with an overall decrease of \$5 million compared to the prior year. Economic development grants special revenue fund decreased by \$1.1 million, as a result of the City's additional spending on capital related projects.
- ◆ At the end of the 2019-2020 fiscal year, the unrestricted fund balance (the total of the nonspendable, committed, assigned, and unassigned components of fund balance) for the General Fund was \$10,634,575 or approximately 17% of total General Fund expenditures.
- ◆ The City's total outstanding long-term debt decreased by \$867,589 during the 2019-2020 fiscal year. The decrease is primarily attributable to the net effect of the annual debt payments made on the 2006 Refunding Certificate of Participation Series A bond and the Refunding Revenue Bonds.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

City of Gardena Management's Discussion and Analysis (Continued)

Overview of the Financial Statements (Continued)

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 financial information about all of 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 in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development, and recreation and human services. The business-type activities of the City include GTrans and the City's Sewer Maintenance Program.

The government-wide financial statements can be found on pages 20-23 of this report.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported 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 on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing 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*.

City of Gardena Management's Discussion and Analysis (Continued)

Overview of the Financial Statements (Continued)

The City maintains twelve (12) 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, the Economic Development Grants Special Revenue Fund, and the City Debt Service Fund, which are considered to be major funds. Data from the other nine (9) governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 28-34 of this report.

Proprietary Funds. The City maintains two (2) different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its transit operation and for its sewer maintenance. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its retained risks which includes liability insurance, workers' compensation, and health insurance. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the transit operation and for the sewer maintenance, both of which are considered to be major funds of the City. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The proprietary fund financial statements can be found on pages 36-41 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-92 of this report.

City of Gardena

Management's Discussion and Analysis (Continued)

Overview of the Financial Statements (Continued)

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's funding its obligation to provide pension and OPEB benefits to its employees and includes Budgetary Comparison schedules for the General Fund and the Economic Development Grants Special Revenue Fund. Required supplementary information can be found on pages 95-111 of this report

The combining statements, referred to earlier in connection with nonmajor governmental funds and internal service funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 116-141 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$62,358,629 at the close of the 2019-2020 fiscal year.

CITY OF GARDENA NET POSITION						
	Governmental Activities		Business-type Activities		TOTAL	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 50,028,023	\$ 54,233,698	\$ 8,372,460	\$ 4,604,825	\$ 58,400,483	\$ 58,838,523
Capital assets	47,695,714	49,009,550	50,474,813	53,325,002	98,170,527	102,334,552
Total Assets:	97,723,737	103,243,248	58,847,273	57,929,827	156,571,010	161,173,075
Deferred outflow of resources related to pensions	21,218,115	25,337,706	3,912,248	3,679,139	25,130,363	29,016,845
Deferred outflow of resources related to OPEB	6,809,961	4,484,273	540,702	800,069	7,350,663	5,284,342
Total deferred outflows of resources:	28,028,076	29,821,979	4,452,950	4,479,208	32,481,026	34,301,187
Current liabilities	18,536,139	17,039,077	14,908,681	12,645,578	33,444,820	29,684,655
Non-current liabilities						
Long-term liabilities-Due in more than one year	29,862,663	32,904,193	1,286,037	1,160,192	31,148,700	34,064,385
Total net other postemployment benefits liabilities	63,714,643	58,518,198	6,310,647	5,850,184	70,025,290	64,368,382
Aggregate net pension liabilities	80,273,349	81,187,711	21,849,446	18,606,352	102,122,795	99,794,063
Subtotal Non-current liabilities	173,850,655	172,610,102	29,446,130	25,616,728	203,296,785	198,226,830
Total Liabilities:	192,386,794	189,649,179	44,354,811	38,262,306	236,741,605	227,911,485
Deferred inflows of resources related to pensions	6,616,896	2,256,568	508,297	373,211	7,125,193	2,629,779
Deferred inflows of resources related to OPEB	7,230,894	9,137,889	312,973	365,152	7,543,867	9,503,041
Total deferred outflows of resources:	13,847,790	11,394,457	821,270	738,363	14,669,060	12,132,820
Net Investment in Capital						
Assets	30,055,713	47,404,733	50,474,813	53,054,448	80,530,526	100,459,181
Restricted	16,101,615	16,403,948	-	-	16,101,615	16,403,948
Unrestricted (deficit)	(126,640,099)	(131,787,090)	(32,350,671)	(29,646,082)	(158,990,770)	(161,433,172)
Total Net Position:	\$(80,482,771)	\$(67,978,409)	\$ 18,124,142	\$ 23,408,366	\$(62,358,629)	\$(44,570,043)

City of Gardena

Management's Discussion and Analysis (Continued)

Government-wide Overall Financial Analysis (Continued)

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's largest liabilities are their Non-current liabilities with OPEB totaling \$70,025,290 and net pension liabilities totaling \$102,122,795 for fiscal year 2019-2020 a total of \$172,148,085 or 85% of the \$203,296,785 in Total Noncurrent Liabilities.

An additional portion of the City's net position (Restricted) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(158,990,770) is unrestricted and if positive, may be used to meet the government's ongoing obligations to its citizens and creditors which include the net OPEB and Pension liabilities.

At the end of the 2019-2020 fiscal year, the City is able to report positive balances in all reported categories of net position with the exception of unrestricted, both for the government as a whole, as well as for its separate governmental and business-type activities. The negative in unrestricted net position is a result of 1) GASB 68, which is for pension liabilities and 2) GASB 75, which is for other post-employment benefit liabilities. These two items made up approximately 73% of the overall \$236,741,605 in Total Liabilities in 2019-2020 fiscal year.

The City's overall net position decreased \$17,788,586 from the prior fiscal year. The reasons for this overall decrease are discussed in the below sections for governmental activities and business-type activities.

Governmental Activities. During 2019-2020, net position for governmental activities decreased \$12,504,362 from the prior fiscal year for an ending balance of \$(80,482,771). The decrease in the overall net position was primarily related to: 1) Total Revenues decreased by \$5. Million or 8% compared to the prior year as the City's primary Sales and Other tax including its card clubs were mostly closed as a result of the March 2020 stay at home order from the COVID 19 pandemic ; 2) an increase in expenses for the governmental activities by \$2.3 million or 3% compared to the prior year; primarily as a result of the increase in salaries for all Safety employees receiving around an average of 6.6% cost of living adjustment (COLA).

City of Gardena

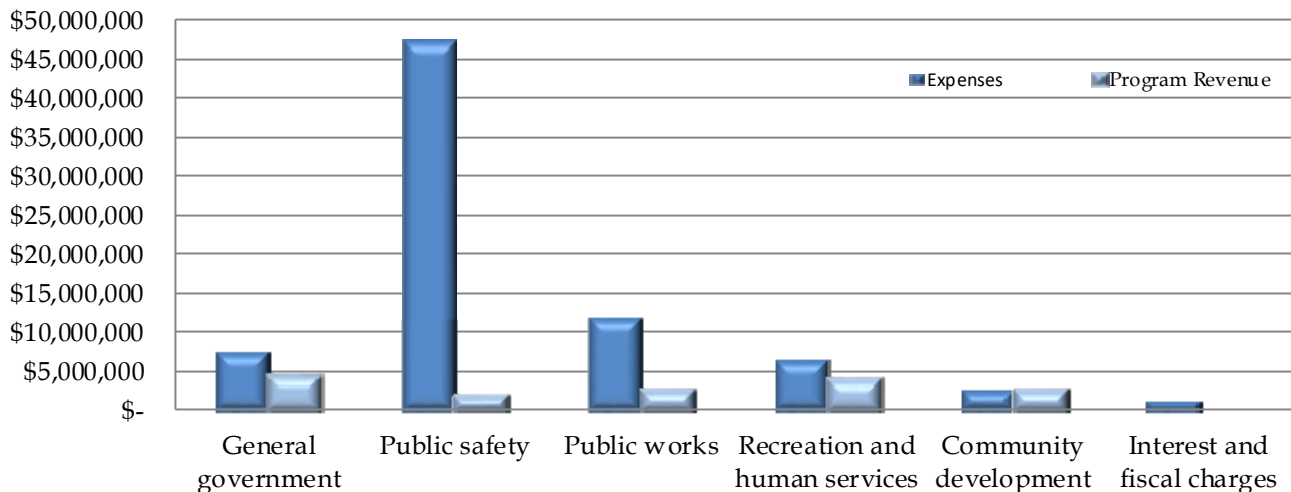
Management's Discussion and Analysis (Continued)

Government-wide Overall Financial Analysis (Continued)

CITY OF GARDENA'S CHANGES IN NET POSITION

	Governmental Activities		Business -type Activities		TOTAL	
	2020	2019	2020	2019	2020	2019
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 11,809,716	\$ 10,971,507	\$ 4,090,705	\$ 4,399,104	\$ 15,900,421	\$ 15,370,611
Operating grants and contributions	3,351,864	3,142,207	21,277,188	20,612,788	24,629,052	23,754,995
Capital grants and contributions	1,621,611	2,037,030	1,962,998	1,086,741	3,584,609	3,123,771
<i>General Revenues:</i>						
Property taxes	8,205,539	7,735,545	-	-	8,205,539	7,735,545
Sales and other taxes	38,769,290	42,877,399	-	-	38,769,290	42,877,399
Investment income and miscellaneous	1,036,057	2,446,004	162,760	155,566	1,198,817	2,601,570
Gain (loss) on sale of assets	(863,795)	10,622	16,411	-	(847,384)	10,622
Total Revenues:	63,930,282	69,220,314	27,510,062	26,254,199	91,440,344	95,474,513
Expenses:						
General government	7,383,173	8,609,254	-	-	7,383,173	8,609,254
Public safety	47,760,821	43,617,238	-	-	47,760,821	43,617,238
Public works	10,958,845	11,717,321	-	-	10,958,845	11,717,321
Recreation and human services	6,600,989	6,395,004	-	-	6,600,989	6,395,004
Community development	2,692,644	2,662,554	-	-	2,692,644	2,662,554
Interest and fiscal charges	1,156,041	1,191,118	-	-	1,156,041	1,191,118
Enterprise operations	-	-	32,676,417	30,158,928	32,676,417	30,158,928
Total Expenses:	76,552,513	74,192,489	32,676,417	30,158,928	109,228,930	104,351,417
Increase (decrease) in Net Position before other revenues and transfers	(12,622,231)	(4,972,175)	(5,166,355)	(3,904,729)	(17,788,586)	(8,876,904)
Transfers	117,869	978,428	(117,869)	(978,428)	-	-
Change in Net Position	(12,504,362)	(3,993,747)	(5,284,224)	(4,883,157)	(17,788,586)	(8,876,904)
Net position- beginning of year	(67,978,409)	(63,984,662)	23,408,366	28,291,523	(44,570,043)	(35,693,139)
Net position - end of year	\$ (80,482,771)	\$ (67,978,409)	\$ 18,124,142	\$ 23,408,366	\$ (62,358,629)	\$ (44,570,043)

Expenses and Program Revenues - Governmental Activities



City of Gardena Management's Discussion and Analysis (Continued)

Government-wide Overall Financial Analysis (Continued)

Business-type Activities. In the 2019-2020 fiscal year, the City's *business-type activities* decreased the net position by \$5,284,224 or 23% for the fiscal year ended June 30, 2020. Business-type activities revenue increased by \$1,255,863 or 5% compared to the prior year for a total \$27,510,062 in revenues at year-end. In comparison to the prior fiscal year, the charges for services decreased by \$308,399 or 7%, due to the COVID 19 pandemic and GTRANS being forced to cancel or adjust many of their bus schedules. Operating grants and contributions increased by \$664,400 or 3% compared to the prior fiscal year, primarily due to increase in STA claims and FTA preventative maintenance grant revenues. Therefore, GTrans used more operating subsidies to cover the shortfall. Capital grants and contributions increased by \$876,257 or 81% primarily due to several capital projects advancing in 2020; farebox upgrade, three paratransit vehicles purchased, CAD/AVL and the bus signal priority projects. Investment income and miscellaneous increased \$7,194 or 5% compared to the prior year due to an increase in interest rates as the City hired a professional investment firm, Chandler Asset Management, to invest city funds. Expenses for operations increased by \$2,517,489 or 8% compared to prior year, which was largely due to additional positions being added and increases in pers and other post-employment benefits.

Financial Analysis of Governmental 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 about near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, an unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

On June 30, 2020, the City's governmental funds reported combined fund balances of \$26,586,270 a decrease of \$6,326,821, or 19 % in comparison with the prior year. Approximately 0.35% of this amount is \$91,904 and constitutes an *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or assigned to indicate that it is: 1) not in spendable form \$652,793; 2) restricted for purposes \$15,682,481; 3) committed for purposes \$7,310,676; or 4) assigned for purposes \$2,848,416.

The General Fund is the chief operating fund of the City. At the end of the 2019-2020 fiscal year, the unassigned fund balance of the general fund was \$173,122, while the total fund balance decreased to \$10,634,575. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 0.03% of total general fund expenditures, while total fund balance represents approximately 17.9% of that same amount.

City of Gardena

Management's Discussion and Analysis (Continued)

Financial Analysis of Governmental Funds (Continued)

The fund balance of the City's General Fund decreased by \$5,880,309 during the 2019-2020 fiscal year. The Top 5 Revenue generators, which make up 69% of the General Fund Original Adopted Budget for Fiscal Year 2019-2020, was down \$4.6 Million, as a result of the COVID-19 related shut downs that were implemented in March 2020, which had a dramatic impact on City Revenues as the City was closed in a majority of its revenue generating functions or extremely limited ; 1) Sales Tax revenue was down \$488K compared to budget as a majority of the sales tax generators were closed or were only able to offer minimal levels of service ; 2) Card Club revenue was down \$3.7 Million compared to the budget as the Luck Lady Casino's roof collapsed in July 2019, so they were closed for most of the fiscal year as well as the card clubs being closed primarily from March 2020 to the end of the fiscal year as a result of the COVID-19 pandemic and guidelines the city had to follow; 3) Property Taxes were up \$225K compared to budget with the continued thriving development in the City and higher housing prices in the region; 4) Utility Users Tax decreased by \$760K as price competition in the industries drives pricing down as well as a drive for more conservation of energy sources; and 5) Motor Vehicle In-Lieu increased by \$110K from the budget primarily based on volume and updated fee rates.

The Economic Development Grants Special Revenue Fund, a major fund, had a decrease of \$1.1 Million in fund balance during the fiscal year primarily due to an additional \$700k in capital related projects; specifically related to the Rowley Park project, Nakaoka Center Improvements project and an acquisition of land for the aquatic center project.

The debt service fund, a major fund, had an increase of \$38,670 in fund balance during the fiscal year, due to an increase in interest earned on the City's required reserve balance during the year to bring the year-end fund balance to \$1,997,050.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of GTrans at the end of the fiscal year was \$(23,462,471) and for the sewer fund was \$85,126. The total decrease in net position for GTrans was \$6,282,885 and the Sewer Fund net position increased by \$541,398, respectively. GTrans decrease in net position was due to the increases in pension and OPEB expenses as well as additional positions being added. The Sewer fund increase is based on the increase in sewer rates combined with not being able to start the sewer capital project for the year as a result of the COVID 19 pandemic led to less expenses and higher cash balances.

General Fund Budgetary Highlights

The final amended budget for revenue was the same as the original budget. Actual revenue was down by \$5.1 million or 9% compared to the final budget primarily because of the COVID-19 pandemic, which resulted in citywide closures or limited services for a majority of the city's major revenue generators as described previously. Card Clun revenue was down \$3.7 million compared to the budgeted amount as a result of Lucy Lady's rough collapsing in July 2020, so they were closed for most of the full fiscal year as well as the Hustler Casino being forced to close as a result of the COVID-19 pandemic. In addition, Utility User Taxes were down by about \$760k compared to budgeted as competition in the industry and a move towards renewable energy lowered the actual revenue results. A detailed budgetary comparison schedule for the year ended June 30, 2020, is presented as required supplementary information following the notes to the financial statements.

City of Gardena

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights (Continued)

The final amended budget for combined General fund expenditures was the same as the original budget. Actual expenditures were more than the final amended budget by around \$180K or less than 1%, which was primarily due to the increase in expenditures related to LA County Fire. A detailed budgetary comparison schedule for the year ended June 30, 2020, is presented as required supplementary information following the notes to the financial statements.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$98,170,527 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, and highways. The total decrease in capital assets compared to prior year was \$4,164,015 or 4.1 %, primarily due to less capital projects being completed in 2019-2020, as a result of the COVID -19 shut down as well as current year depreciation expenses reducing the net book value.

CITY OF GARDENA'S CAPITAL ASSETS (Net of depreciation)

	Governmental Activities		Business -type Activities		TOTAL	
	2020	2019	2020	2019	2020	2019
Non-depreciable assets:						
Land	\$ 7,539,683	\$ 7,355,349	\$ 12,956,405	\$ 12,956,405	\$ 20,496,088	\$ 20,311,754
Monuments	51,624	46,151	-	-	51,624	46,151
Construction in progress	2,517,225	2,710,844	1,576,534	706,957	4,093,759	3,417,801
Total Non-depreciable assets	10,108,532	10,112,344	14,532,939	13,663,362	24,641,471	23,775,706
Capital assets, being depreciated:						
Building/structures and improvements	5,346,189	6,061,365	28,129,982	29,152,890	33,476,171	35,214,255
Buses	-	-	4,657,576	6,968,528	4,657,576	6,968,528
Machinery and equipment	3,882,372	4,401,691	2,448,269	2,746,578	6,330,641	7,148,269
Furniture and fixtures	-	-	82,799	136,697	82,799	136,697
Infrastructure	-	-	623,248	656,937	623,248	656,937
Street lights network	344,637	387,717	-	-	344,637	387,717
Traffic lights network	1,126,676	1,558,036	-	-	1,126,676	1,558,036
Roadway network	26,887,308	26,488,397	-	-	26,887,308	26,488,397
Total depreciable assets (net)	37,587,182	38,897,206	35,941,874	39,661,630	73,529,056	78,558,836
Total capital assets	47,695,714	49,009,550	50,474,813	53,324,992	98,170,527	102,334,542

Major capital asset events during the 2019-2020 fiscal year included the following:

- ◆ Completion of the Normandie Avenue Street Improvement
- ◆ Completion of the Crenshaw Boulevard Street Improvement
- ◆ Completion of the Pedestrian Safety Improvement 2019
- ◆ Completion of the Sunshades and Park Building Rehabilitation at Rowley Park

Additional information on the City's capital assets can be found in Note 7 on pages 65-66 of this report.

City of Gardena Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration (Continued)

Long-term Debt. At the end of the 2019-2020 fiscal year, the City had total bonded debt outstanding of \$19,080,059. The City's long-term debt decreased by \$941,116 or 5% compared to prior year based on annual debt service payments being made during the year.

CITY OF GARDENA'S OUTSTANDING DEBT

	Governmental Activities		TOTAL	
	2020	2019	2020	2019
Refunding Revenue Bonds	\$ 10,480,000	\$ 10,645,000	\$ 10,480,000	\$ 10,645,000
Certificates of Participation	7,700,000	8,220,000	7,700,000	8,220,000
Direct Purchase Lease	1,120,000	1,390,000	1,120,000	1,390,000
- Bond discount	(219,941)	(233,825)	(219,941)	(233,825)
SCE On-Bill Financing Loan	68,045	80,741	68,045	80,741
Loan Payable	3,459,655	3,373,432	3,459,655	3,373,432
	<u>22,607,759</u>	<u>23,475,348</u>	<u>22,607,759</u>	<u>23,475,348</u>

The City maintains an "A+" rating from Standard & Poor's and an "A1" rating with Moody's for its general fund lease supported debt as of June 30, 2020.

Additional information about the City's long-term debt can be found in Note 8 on pages 67-71 of this report.

Economic Factors and Next Year's Budget and Rates

The daily lives of our community have been drastically altered by the Los Angeles County Safer at Home order. We are learning to physically distance without socially distancing, utilizing technology to remain socially connected. It is clear that we are facing unprecedented times with our civic life interrupted, our wellbeing threatened, and our economy devastated. However, although much has been demanded of our community, our businesses, and our City organization, we have responded with strength and resilience to begin rebuilding the power of our community.

As a result of this our Top 5 revenue sources which make up 70% of the City's General Fund have been changed to include: 1) Sales and Use Tax, 2) Property Taxes, 3) Vehicle License Fees, 4) Utility Users Tax and 5) Card Club Gross Revenue Fees.

The City's adopted budget for fiscal years 2020-2021 and 2021-2022, (adopted in June 2020) was forecasting sharp declines in all of the major revenue categories as a result of the COVID 19 pandemic, with the exception of sales tax due to the passage of Measure G. Had the city leadership not had the foresight to tirelessly pursue the passage of Measure G, the City would be addressing an additional \$5 million deficit. Card club revenues were forecasted to decrease 42% in fiscal year 2020-2021 due to the reduced capacity requirements and continued closure of the Lucky Lady Casino, which opened in October 2020 at a reduced capacity, as well as Hustler Casino resuming business but at a significantly reduced capacity due to social distancing protocols. Significant decreases were also expected in Utility Users Tax, Business License and Transfers (Gas Tax, SB1). The Utility Users Tax decline is a direct result of innovation in telecommunications, cellular technology, conservation efforts, and alternative fuels. As companies collaborate with each other and provide consumers with "bundled" products for substantial savings, our overall Utility Users Tax decline. Solar technology has also provided consumers with options to mitigate rising electric costs thereby also impacting our Utility Users Tax.

City of Gardena

Management's Discussion and Analysis (Continued)

For the proposed budget for fiscal year 2020-2021 a deficit of \$1.8 million was forecasted, in spite of staff reductions and furloughs, the disruption to the City's revenue streams has been catastrophic. Fortunately, a much brighter forecast is expected for fiscal year 2021-2022 with a projected deficit of approximately \$300,000.

The City took a proactive approach to address the adopted budget deficits and with the help and support of the City Council issued a Pension Obligation Bond (POB) in November 2020 in the amount of \$101.49 million. The City issued this POB to take advantage of the historical low interest rates compared to the 7% discount rate charged by Calpers and used its excellent credit rating of AA- with S & P to obtain a 3.29% true interest cost, saving the City over \$51 million dollars. In addition the City made the fiscally conservative choice to shorten the borrowing period for the POB's from a maximum of 30 years to an 18 year amortization period to align with the new fresh start for its safety and miscellaneous plan unfunded accrued liabilities (UAL). The City adopted a UAL policy to ensure that all pension funding decisions are structured to protect both current and future taxpayers, ratepayers and residents of the City. This UAL policy outlines the responsibilities of the City to ensure any future UAL liabilities are adequately accounted funded.

With the issuance of the POB and the better than expected out look for the City's revenue streams primarily its sales tax revenue and the addition of Measure G, along with the previous cuts to budgeted positions, furloughs and layoffs, at the mid-year point of fiscal year 20-21 the City is forecasting to go from an adopted budget deficit of \$1.8 and an ending general fund reserve balance of \$6.8 million or 11.6 % to an estimated substantial surplus and increase to the general fund reserve balance.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's and to show the city's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administrative Services Division, 1700 W. 162nd Street, Gardena, CA 90247.

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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BASIC FINANCIAL STATEMENTS

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Gardena
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 26,818,304	\$ 14,330,248	\$ 41,148,552
Receivables, net	5,949,035	769,910	6,718,945
Due from other governments	538,095	4,534,641	5,072,736
Internal balances	11,841,800	(11,841,800)	-
Prepaid items	610,106	43,842	653,948
Inventories	44,833	535,619	580,452
Total current assets	45,802,173	8,372,460	54,174,633
Noncurrent assets:			
Restricted cash and investments:			
Cash with fiscal agent	1,994,754	-	1,994,754
Loans receivable	2,189,549	-	2,189,549
Long-term receivables	41,547	-	41,547
Capital assets:			
Nondepreciable	10,108,532	14,532,939	24,641,471
Depreciable, net	37,587,182	35,941,874	73,529,056
Total capital assets	47,695,714	50,474,813	98,170,527
Total noncurrent assets	51,921,564	50,474,813	102,396,377
Total assets	97,723,737	58,847,273	156,571,010
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	21,218,115	3,912,248	25,130,363
Deferred outflows of resources related to other postemployment benefits	6,809,961	540,702	7,350,663
Total deferred outflows of resources	28,028,076	4,452,950	32,481,026

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	2,304,794	492,676	2,797,470
Accrued liabilities	1,432,795	138,010	1,570,805
Salaries and benefits payable	1,371,929	477,857	1,849,786
Retention payable	31,897	-	31,897
Deposits payable	2,976,039	-	2,976,039
Unearned revenue	-	13,478,629	13,478,629
Accrued interest payable	378,765	-	378,765
Long-term liabilities - due within one year	10,039,920	321,509	10,361,429
Total current liabilities	18,536,139	14,908,681	33,444,820
Noncurrent liabilities:			
Long-term liabilities - due in more than one year	29,862,663	1,286,037	31,148,700
Aggregate net pension liabilities	80,273,349	21,849,446	102,122,795
Aggregate net other postemployment benefits liabilities	63,714,643	6,310,647	70,025,290
Total noncurrent liabilities	173,850,655	29,446,130	203,296,785
Total liabilities	192,386,794	44,354,811	236,741,605
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	6,616,896	508,297	7,125,193
Deferred inflows of resources related to other postemployment benefits	7,230,894	312,973	7,543,867
Total deferred inflows of resources	13,847,790	821,270	14,669,060
NET POSITION			
Net investment in capital assets	30,055,713	50,474,813	80,530,526
Restricted for:			
Law enforcement	1,080,052	-	1,080,052
Local street improvements	7,956,523	-	7,956,523
Economic development	4,393,701	-	4,393,701
Other purposes	689,290	-	689,290
Capital projects	273,887	-	273,887
Debt service	1,708,162	-	1,708,162
Total restricted	16,101,615	-	16,101,615
Unrestricted (deficit)	(126,640,099)	(32,350,671)	(158,990,770)
Total net position (deficit)	\$ (80,482,771)	\$ 18,124,142	\$ (62,358,629)

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

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Governmental activities:					
General government	\$ 7,383,173	\$ 4,072,004	\$ 573,551	\$ -	\$ 4,645,555
Public safety	47,760,821	1,338,121	623,093	139,895	2,101,109
Public works	10,958,845	351,732	1,067,103	1,481,716	2,900,551
Recreation and human services	6,600,989	3,801,562	483,722	-	4,285,284
Community development	2,692,644	2,246,297	604,395	-	2,850,692
Interest and fiscal charges	1,156,041	-	-	-	-
Total governmental activities	76,552,513	11,809,716	3,351,864	1,621,611	16,783,191
Business-type Activities:					
GTrans	31,024,629	1,766,952	21,277,188	1,962,998	25,007,138
Sewer	1,651,788	2,323,753	-	-	2,323,753
Total business-type activities	32,676,417	4,090,705	21,277,188	1,962,998	27,330,891
Total primary government	\$ 109,228,930	\$ 15,900,421	\$ 24,629,052	\$ 3,584,609	\$ 44,114,082

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (2,737,618)	\$ -	\$ (2,737,618)
Public safety	(45,659,712)	-	(45,659,712)
Public works	(8,058,294)	-	(8,058,294)
Recreation and human services	(2,315,705)	-	(2,315,705)
Community development	158,048	-	158,048
Interest and fiscal charges	(1,156,041)	-	(1,156,041)
Total governmental activities	(59,769,322)	-	(59,769,322)
Business-type Activities:			
GTrans	-	(6,017,491)	(6,017,491)
Sewer	-	671,965	671,965
Total business-type activities	-	(5,345,526)	(5,345,526)
Total primary government	(59,769,322)	(5,345,526)	(65,114,848)
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes	8,205,539	-	8,205,539
Sales taxes	12,440,147	-	12,440,147
Business license	2,438,304	-	2,438,304
Utility users taxes	4,801,229	-	4,801,229
Franchise taxes	2,816,277	-	2,816,277
Card club	4,874,457	-	4,874,457
Other taxes	3,920,393	-	3,920,393
Total taxes	39,496,346	-	39,496,346
Vehicle license - unrestricted	6,788,130	-	6,788,130
Investment income	1,036,057	162,760	1,198,817
Miscellaneous	690,353	-	690,353
Gain (loss) on sale of property	(863,795)	16,411	(847,384)
Total general revenues	47,147,091	179,171	47,326,262
Transfers	117,869	(117,869)	-
Changes in net position	(12,504,362)	(5,284,224)	(17,788,586)
Net position (deficit) - beginning of year	(67,978,409)	23,408,366	(44,570,043)
Net position (deficit) - end of year	\$ (80,482,771)	\$ 18,124,142	\$ (62,358,629)

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

City of Gardena

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For the Year Ended June 30, 2020*



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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund - To account for and report all financial resources not accounted for and reported in another fund.

Economic Development Grants Special Revenue Fund - To account for the seven funds used for housing and environmental issues. Four of the funds receive pass-through funding from the California Department of Housing and Urban Development ("HUD") or program income to assist cities, counties and non profit community housing development organizations to create and retain affordable housing. Eligible activities include housing rehabilitation loans to benefit lower income owners and loans for development of the low income senior rental property. One fund is used to provide off-street parking in described areas and to provide park or recreational facilities using fees received from the developers as required by the City's ordinance. Two funds receive funding from the U.S. Environmental Protection Agency ("EPA"). These grants are used to empower communities and other stakeholders in economic redevelopment to work together in a timely manner to prevent, assess, safely clean up, and sustainably use brownfields (previously unusable land).

City Debt Service Fund - To account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Nonmajor Governmental Funds - To account for the aggregate of all the nonmajor governmental funds.

City of Gardena
Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds		
		Economic Development Grants Special Revenue	City Debt Service
	General Fund		
ASSETS			
Cash and investments	\$ 7,327,214	\$ 2,014,528	\$ -
Cash and investments with fiscal agents	-	-	1,994,754
Receivables:			
Accounts	2,454,639	80,346	-
Taxes	2,927,432	-	-
Interest	44,542	-	-
Employees	37,822	-	-
Loans	-	2,189,549	-
Inventories	44,833	-	-
Prepaid items and deposits	257,528	-	288,888
Due from other governments	238,920	-	-
Due from other funds	3,607,083	-	-
Long-term receivables	41,547	-	-
Total assets	\$ 16,981,560	\$ 4,284,423	\$ 2,283,642
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,137,633	\$ 16,991	\$ -
Accrued liabilities	192,307	-	-
Salaries and benefits payable	1,311,658	-	-
Due to other funds	-	63,355	286,592
Retention payable	-	-	-
Deposits payable	2,960,344	-	-
Total liabilities	5,601,942	80,346	286,592
Deferred inflows of resources:			
Unavailable revenue	745,043	80,346	-
Total deferred inflows of resources	745,043	80,346	-
Fund balances:			
Nonspendable	302,361	-	288,888
Restricted	-	4,123,731	1,708,162
Committed	7,310,676	-	-
Assigned	2,848,416	-	-
Unassigned	173,122	-	-
Total fund balances	10,634,575	4,123,731	1,997,050
Total liabilities, deferred inflows of resources, and fund balances	\$ 16,981,560	\$ 4,284,423	\$ 2,283,642

(Continued)

City of Gardena
Balance Sheet (Continued)
Governmental Funds
June 30, 2020

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 10,802,929	\$ 20,144,671
Cash and investments with fiscal agents	-	1,994,754
Receivables:		
Accounts	340,965	2,875,950
Taxes	12,346	2,939,778
Interest	-	44,542
Employees	-	37,822
Loans	-	2,189,549
Inventories	-	44,833
Prepaid items and deposits	61,544	607,960
Due from other governments	299,175	538,095
Due from other funds	-	3,607,083
Long-term receivables	-	41,547
Total assets	\$ 11,516,959	\$ 35,066,584
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 863,107	\$ 2,017,731
Accrued liabilities	3,320	195,627
Salaries and benefits payable	60,271	1,371,929
Due to other funds	388,662	738,609
Retention payable	31,897	31,897
Deposits payable	-	2,960,344
Total liabilities	1,347,257	7,316,137
Deferred inflows of resources:		
Unavailable revenue	338,788	1,164,177
Total deferred inflows of resources	338,788	1,164,177
Fund balances:		
Nonspendable	61,544	652,793
Restricted	9,850,588	15,682,481
Committed	-	7,310,676
Assigned	-	2,848,416
Unassigned	(81,218)	91,904
Total fund balances	9,830,914	26,586,270
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,516,959	\$ 35,066,584

(Concluded)

City of Gardena

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

Total Fund Balances - Total Governmental Funds \$ 26,586,270

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

Amount reported in government-wide statement of position:

Capital assets, not being depreciated	\$ 10,108,532	
Capital assets, depreciable	106,314,669	
Less accumulated depreciation	(68,727,487)	47,695,714

Interest is recognized when due, and therefore, interest payable is not reported in the governmental funds. (378,765)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds' Balance Sheet.

Long-term liabilities - due within one year (net of \$7,454,180 reported in Internal Service Funds)	(2,585,740)
Long-term liabilities - due in more than one year (net of \$1,958,423 reported in Internal Service Funds)	(27,904,240)

Net pension liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources	21,218,115
Aggregate net pension liabilities	(80,273,349)
Pension related deferred inflows of resources	(6,616,896)

Net other postemployment benefits liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

OPEB related deferred outflows of resources	6,809,961
Aggregate net OPEB liabilities	(63,714,643)
OPEB related deferred inflows of resources	(7,230,894)

Internal service funds are used by management to charge the costs of general liability, workers' compensation and health benefit claims to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Government-Wide Statement of Net Position (net of \$8,973,326 allocated to business-type activities). 4,747,519

Revenues earned but not available to pay for current expenditures for governmental funds are unavailable.	1,164,177
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Net position of governmental activities	\$ (80,482,771)
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City of Gardena
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds		
	General	Economic Development Grants Special Revenue	City Debt Service
	Fund		
REVENUES:			
Taxes	\$ 42,745,369	\$ -	\$ -
Licenses and permits	1,646,059	-	-
Intergovernmental	542,272	-	-
Charges for services	6,142,402	-	-
Fines, forfeitures, and penalties	1,070,462	-	-
Use of money and property	853,247	30,091	27,851
Miscellaneous	652,275	2,021	-
Total revenues	53,652,086	32,112	27,851
EXPENDITURES:			
Current:			
General government	6,566,075	-	-
Public safety	40,996,394	-	-
Public works	7,019,470	-	-
Recreation and human services	2,774,192	-	-
Community development	1,802,936	121,281	-
Capital outlay	277,739	275,977	-
Debt service:			
Principal retirement	-	-	955,000
Interest and fiscal charges	-	86,223	1,069,591
Total expenditures	59,436,806	483,481	2,024,591
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,784,720)	(451,369)	(1,996,740)
OTHER FINANCING SOURCES (USES):			
Transfers in	2,238,108	3,440	2,035,410
Transfers out	(2,350,063)	(687,361)	-
Proceed from sale of assets	16,366	-	-
Issuance of loans	-	86,223	-
Total other financing sources (uses)	(95,589)	(597,698)	2,035,410
NET CHANGES IN FUND BALANCES	(5,880,309)	(1,049,067)	38,670
FUND BALANCES:			
Beginning of year	16,514,884	5,172,798	1,958,380
End of year	\$ 10,634,575	\$ 4,123,731	\$ 1,997,050

(Continued)

City of Gardena
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2020

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ 3,383,341	\$ 46,128,710
Licenses and permits	-	1,646,059
Intergovernmental	6,614,936	7,157,208
Charges for services	-	6,142,402
Fines, forfeitures, and penalties	42,428	1,112,890
Use of money and property	124,870	1,036,059
Miscellaneous	177,477	831,773
Total revenues	<u>10,343,052</u>	<u>64,055,101</u>
EXPENDITURES:		
Current:		
General government	10,346	6,576,421
Public safety	298,672	41,295,066
Public works	1,353,032	8,372,502
Recreation and human services	3,381,690	6,155,882
Community development	550,711	2,474,928
Capital outlay	3,083,066	3,636,782
Debt service:		
Principal retirement	12,696	967,696
Interest and fiscal charges	-	1,155,814
Total expenditures	<u>8,690,213</u>	<u>70,635,091</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,652,839</u>	<u>(6,579,990)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	3,199,748	7,476,706
Transfers out	(4,318,577)	(7,356,001)
Proceed from sale of assets	29,875	46,241
Issuance of loans	-	86,223
Total other financing sources (uses)	<u>(1,088,954)</u>	<u>253,169</u>
NET CHANGES IN FUND BALANCES	563,885	(6,326,821)
FUND BALANCES:		
Beginning of year	9,267,029	32,913,091
End of year	<u>\$ 9,830,914</u>	<u>\$ 26,586,270</u>

(Concluded)

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

Net change in fund balances - total governmental funds: \$ (6,326,821)

Amounts reported for governmental activities in the Statement of Activities are different because:

Acquisition of capital assets was reported as expenditures in the governmental funds. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over the estimated useful lives as depreciation expense. The following was the amount of capital assets recorded in the current period:

Capital outlay (\$528,165 of capital outlay expenditures were for current public works expenditures for repairs and maintenance and therefore, were not capitalized)	3,108,617
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The net effect of disposal of capital assets.	(910,036)
---	-----------

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds.	(3,512,417)
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The fund financial statements record interest expenditures on the current financial resources measurement focus whereas the Government-Wide financial statements recognize interest expense on the accrual basis. The reconciling amount was the change in accrued interest from the prior year.	13,657
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Long-term compensated absences expense was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the decrease in long-term compensated absences was not reported as an expenditure in the governmental funds.	(272,503)
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Other postemployment benefits and pension expenses were reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the increase in other postemployment benefits liability and net pension liabilities were not reported as an expenditure in the governmental funds.

OPEB expense net of contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as OPEB expenditures in the governmental fund in the amount of \$2,503,931.	(963,762)
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Pension expense net of contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as pension expenditures in the governmental fund in the amount of \$8,404,922.	(7,565,557)	(8,529,319)
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Proceeds from long-term debt provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Principal repayments of long-term debt	967,696	
Interest accrual on loans payables	(86,223)	
Amortization of bond discount	(13,884)	867,589

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue of the internal service funds was reported with governmental activities (net of \$457,263 allocated to business-type activities).	2,317,895
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Unavailable revenue is not recognized as revenue in the governmental funds since the revenue is not available to fund expenditures of the current year.	738,976
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Change in net position of governmental activities	\$ (12,504,362)
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PROPRIETARY FUND FINANCIAL STATEMENTS

GTrans Enterprise Fund - To account for user charges, fees, federal, state and county grants and all operating costs associated with the operation of the City's bus line.

Sewer Enterprise Fund (Nonmajor) - To account for user charges, fees and all operating costs associated with the operation, maintenance, upgrade and periodic reconstructions of the City's sanitary sewer system.

Internal Service Funds - To account for financing of goods and services provided by one department (general liability, workers' compensation, and health benefits) to other departments of the City on a cost-reimbursement basis.

City of Gardena
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 12,973,738	\$ 1,356,510	\$ 14,330,248	\$ 6,673,633
Accounts receivable, net	552,921	216,989	769,910	50,943
Due from other governments	4,534,641	-	4,534,641	-
Inventories	535,619	-	535,619	-
Prepaid items and deposits	28,124	15,718	43,842	2,146
Total current assets	18,625,043	1,589,217	20,214,260	6,726,722
Noncurrent assets:				
Capital assets, net	49,865,326	609,487	50,474,813	-
Total noncurrent assets	49,865,326	609,487	50,474,813	-
Total assets	68,490,369	2,198,704	70,689,073	6,726,722
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	3,697,860	214,388	3,912,248	-
Deferred outflows of resources related to other postemployment benefits	525,060	15,642	540,702	-
Total deferred outflows of resources	4,222,920	230,030	4,452,950	-

(Continued)

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

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	468,867	23,809	492,676	287,063
Accrued liabilities	138,010	-	138,010	1,237,168
Salaries and benefits payable	450,223	27,634	477,857	-
Due to other funds	2,868,474	-	2,868,474	-
Deposits payable	-	-	-	15,695
Unearned revenue	13,478,629	-	13,478,629	-
Compensated absences, due within one year	304,882	16,627	321,509	-
Claims payable, due within one year	-	-	-	7,454,180
Total current liabilities	17,709,085	68,070	17,777,155	8,994,106
Noncurrent liabilities:				
Compensated absences, due in more than one year	1,219,529	66,508	1,286,037	-
Claims payable, due in more than one year	-	-	-	1,958,423
Aggregate net pension liabilities	20,652,115	1,197,331	21,849,446	-
Aggregate net other postemployment benefits liabilities	5,979,956	330,691	6,310,647	-
Total noncurrent liabilities	27,851,600	1,594,530	29,446,130	1,958,423
Total liabilities	45,560,685	1,662,600	47,223,285	10,952,529
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	480,443	27,854	508,297	-
Deferred inflows of resources related to other postemployment benefits	269,306	43,667	312,973	-
Total deferred inflows of resources	749,749	71,521	821,270	-
NET POSITION				
Net investment in capital assets	49,865,326	609,487	50,474,813	-
Unrestricted (deficit)	(23,462,471)	85,126	(23,377,345)	(4,225,807)
Total net position	\$ 26,402,855	\$ 694,613	\$ 27,097,468	\$ (4,225,807)
<i>Net position reconciliation:</i>				
Net position of proprietary funds	\$ 26,402,855	\$ 694,613	\$ 27,097,468	\$ (4,225,807)
Adjustment to reflect the consolidation of internal service fund activities related to the GTrans and Sewer	(9,029,711)	56,385	(8,973,326)	8,973,326
Net position of business-type activities	<u>\$ 17,373,144</u>	<u>\$ 750,998</u>	<u>\$ 18,124,142</u>	
Net position related to governmental activities				<u>\$ 4,747,519</u>

(Concluded)

City of Gardena

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

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 1,610,795	\$ 2,323,677	\$ 3,934,472	\$ 10,548,256
Other	156,157	76	156,233	222,333
Insurance recovery	-	-	-	2,973,981
Total operating revenues	1,766,952	2,323,753	4,090,705	13,744,570
OPERATING EXPENSES:				
Salaries and benefits	19,809,008	1,035,908	20,844,916	-
Insurance claims	-	-	-	5,424,256
General and administrative	4,668,525	426,119	5,094,644	5,454,190
Depreciation	4,673,015	136,356	4,809,371	-
Other operating expenses	2,305,675	79,074	2,384,749	173,176
Total operating expenses	31,456,223	1,677,457	33,133,680	11,051,622
OPERATING INCOME (LOSS)	(29,689,271)	646,296	(29,042,975)	2,692,948
NONOPERATING REVENUES:				
Local transportation fund	5,845,949	-	5,845,949	-
Other local assistance	10,895,305	-	10,895,305	-
Federal transit assistance	2,382,451	-	2,382,451	-
State transit assistance fund	2,153,483	-	2,153,483	-
Interest income	149,789	12,971	162,760	85,046
Gain on sale of capital assets	16,411	-	16,411	-
Total nonoperating revenues	21,443,388	12,971	21,456,359	85,046
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(8,245,883)	659,267	(7,586,616)	2,777,994
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	1,962,998	-	1,962,998	-
Transfers in	-	-	-	845,108
Transfers out	-	(117,869)	(117,869)	(847,944)
Total contributions and transfers	1,962,998	(117,869)	1,845,129	(2,836)
CHANGES IN NET POSITION	(6,282,885)	541,398	(5,741,487)	2,775,158
NET POSITION (DEFICIT):				
Beginning of year	32,685,740	153,215	32,838,955	(7,000,965)
End of year	<u>\$ 26,402,855</u>	<u>\$ 694,613</u>	<u>\$ 27,097,468</u>	<u>\$ (4,225,807)</u>
<i>Change in net position reconciliation:</i>				
Change in net position of proprietary funds	\$ (6,282,885)	\$ 541,398	\$ (5,741,487)	\$ 2,775,158
Adjustment to reflect the consolidation of internal service fund activities related to the GTrans and Sewer	431,594	25,669	457,263	(457,263)
Change in net position of business-type activities	<u>\$ (5,851,291)</u>	<u>\$ 567,067</u>	<u>\$ (5,284,224)</u>	
Change in net position related to governmental activities				<u>\$ 2,317,895</u>

See accompanying Notes to the Basic Financial Statements.

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

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 2,266,714	\$ 2,283,780	\$ 4,550,494	\$ 10,538,200
Receipts from claims and recoveries	-	-	-	222,333
Payments for insurance claims	-	-	-	(5,275,720)
Payments to suppliers	(6,816,456)	(549,646)	(7,366,102)	(4,753,911)
Payments to employees	(16,071,552)	(796,674)	(16,868,226)	-
Other receipts	156,157	76	156,233	-
Net cash provided by (used in) operating activities	(20,465,137)	937,536	(19,527,601)	730,902
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	2,868,474	-	2,868,474	845,108
Transfers to other funds	-	(117,869)	(117,869)	(847,944)
Transit assistance funds received	22,422,341	-	22,422,341	-
Net cash provided by (used in) noncapital financing activities	25,290,815	(117,869)	25,172,946	(2,836)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(2,229,736)	-	(2,229,736)	-
Proceeds from sale of capital assets	16,411	-	16,411	-
Receipt from capital grants	1,962,998	-	1,962,998	-
Net cash used in capital and related financing activities	(250,327)	-	(250,327)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	149,789	12,971	162,760	85,046
Net cash provided by investing activities	149,789	12,971	162,760	85,046
Net change in cash and cash equivalents	4,725,140	832,638	5,557,778	813,112
CASH AND CASH EQUIVALENTS:				
Beginning of year	8,248,598	523,872	8,772,470	5,860,521
End of year	<u>\$ 12,973,738</u>	<u>\$ 1,356,510</u>	<u>\$ 14,330,248</u>	<u>\$ 6,673,633</u>

(Continued)

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

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ (29,689,271)	\$ 646,296	\$ (29,042,975)	\$ 2,692,948
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	4,673,015	136,356	4,809,371	-
(Increase) decrease in:				
Accounts receivable	655,919	(39,897)	616,022	(10,056)
Inventory	(96,473)	-	(96,473)	-
Prepaid items and deposits	21,043	(14,807)	6,236	3,121
Deferred outflows of resources - pensions	(210,503)	(22,606)	(233,109)	-
Deferred outflows of resources - OPEB	275,009	(15,642)	259,367	-
Increase (decrease) in:				
Accounts payable	196,784	18,544	215,328	(160,385)
Accrued liabilities	36,390	(48,190)	(11,800)	1,029,622
Accrued payroll	3,378	3,284	6,662	-
Compensated absences	159,453	(2,147)	157,306	-
Net pension liability	3,015,654	227,440	3,243,094	-
Net other postemployment benefits liability	411,927	48,536	460,463	-
Deferred inflows of resources - OPEB	(44,148)	(8,031)	(52,179)	-
Deferred inflows of resources - pensions	126,686	8,400	135,086	-
Deposits payable	-	-	-	1,097
Claims payable	-	-	-	(2,825,445)
Total adjustment	9,224,134	291,240	9,515,374	(1,962,046)
Net cash provided by (used in) operating activities	\$ (20,465,137)	\$ 937,536	\$ (19,527,601)	\$ 730,902

(Concluded)

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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City of Gardena
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For the Year Ended June 30, 2020

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City of Gardena
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For the Year Ended June 30, 2020

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

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Gardena, California, (the “City”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

A. *Financial Reporting Entity*

The City was incorporated September 11, 1930, under the General Laws of the State of California. The City is governed by an elected five-member council.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Unit

Management determined that the following component unit should be blended based on the criteria above:

Although the following is legally separate from the City, it has been “blended” as though it is part of the City because the component unit’s governing body is substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component unit provides services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

City of Gardena Financing Agency - The City of Gardena Financing Agency (“the Agency”) was created primarily to finance the acquisition of a public parking structure. The members of the City Council serve as the governing board of the Agency and there is a financial benefit or burden relationship between the City and the Agency. The Agency does not issue separate financial statements.

The City had no discretely presented component units.

B. *Basis of Accounting and Measurement Focus*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities are not included in these statements.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due from and to other funds
- Transfers in and out

Governmental Fund Financial Statements

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 and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized as soon as they are both “*measurable*” and “*available*”. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For these purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, other local taxes, franchise fees, forfeitures and penalties, motor license fees, rents and concessions, interest revenue, and state and federal grants and subventions. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Reconciliations of the fund financial statements to the Government-Wide Financial Statements are provided to explain the differences.

Certain indirect costs are included as part of the program expenses reported for individual functions and activities.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

The City reports the following major governmental funds:

- General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.
- Economic Development Grants Special Revenue Fund - The Economic Development Grants Special Revenue Fund is used to account for and report housing and environmental activities, including funding received from the U.S. Department of Housing and Urban Development and the U.S. Environmental Protection Agency, and to account for fees received from developers to fund parking, and park and recreation facilities.
- City Debt Service Fund - The City Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

Proprietary Fund Financial Statements

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities and business-type activities in the Government-Wide Financial Statements. The City’s internal service funds include three individual funds which provide services directly to other City funds. These areas of service include general liability, workers’ compensation, and health benefits.

The City reports the following proprietary funds:

- GTrans Enterprise Fund - The GTrans Fund accounts for user charges, fees, federal, state and county grants and all operating costs associated with the operation of the City’s bus line.
- Sewer Enterprise Fund (Nonmajor) - The Sewer Fund accounts for user charges, fees and all operating costs associated with the operation, maintenance, upgrade and periodic reconstructions of the City’s sanitary sewer system.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

- Internal Service Funds – The Internal Service Funds account for financing of goods and services provided by one department (general liability, workers’ compensation, and health benefits) to other departments of the City on a cost-reimbursement basis.

The City considers GTrans Enterprise Fund as a major fund for the year ended June 30, 2020.

C. Cash, Cash Equivalents and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. All cash and investments of proprietary funds are held in the City’s investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for Statement of Cash Flows purposes.

Investments are stated at fair value.

D. Cash and Investments with Fiscal Agents

Cash and investments with fiscal agents are restricted for the redemption of bonded debt and for acquisition and construction of capital projects.

E. Fair Value Measurement

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

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

F. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as “internal balances”.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Inventories and Prepaid Items

Inventories within the various fund types consist of materials and supplies which are valued at cost on a first-in, first-out basis. Reported expenditures reflect the consumption method of recognizing inventory-related expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements by using purchase method.

A nonspendable fund balance has been reported in the governmental funds to show that inventories and prepaid items do not constitute “available spendable resources,” even though they are a component of current assets.

H. Capital Assets

In the Government-Wide Financial Statements, capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Donated capital assets are valued at their acquisition value. City policy has set the capitalization threshold for reporting capital assets at \$5,000.

The City defines infrastructure assets as the basic physical assets that allow the City to function. The assets include streets, bridges, sidewalks, drainage systems, and lighting systems, etc. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets acquired under capital lease are capitalized at the net present value of the total lease payments.

For all infrastructure systems, the City elected to use the “Basic Approach”.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method. The lives used for depreciation purposes are as follows:

Buildings/structures and improvements	40 years
Machinery and equipment	3-15 years
Buses	12 years
Furniture and fixtures	3-10 years
Infrastructure	30-60 years

I. Deferred Outflows and Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources, when applicable.

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

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability incurred for governmental activities and business-type activities.

In the Fund Financial Statements, only proprietary fund types recognize the interest payable when the liability is incurred.

K. Unearned Revenue

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues are prepaid charges for services and grants received but not yet earned.

L. Compensated Absences

It is the City's policy to accrue annual leave when incurred in the Government-Wide Financial Statements and the proprietary funds. In governmental funds, the costs for annual leave that are expected to be liquidated with expendable available financial resources are reported as an expenditure and reported as a liability of the governmental fund only if they have matured.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination benefits, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

M. Pensions

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

The following timeframes are used for pension reporting:

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

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Other Postemployment Benefits (“OPEB”)

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

The following timeframes are reported OPEB reporting:

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

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

O. Claims Payable

Claims payable in the Internal Service Fund represents estimates of claims against the City. The estimated claims payable represents the City’s best estimate of the amount to be paid on workers’ compensation and general liability claims. Losses for claims incurred but not reported are also recorded if the probable amount of loss can be reasonably estimated. The City is self-insured for general liability in the amount of \$750,000 per claim for both City and GTrans and workers’ compensation for \$750,000 per claim for both the City and GTrans. Losses in excess of \$750,000, up to \$25,000,000 for general liability, and in excess of \$750,000 for both the City and GTrans, up to the statutory limit for workers’ compensation, are covered by outside insurance.

P. Long-Term Debt

In the Government-Wide Financial Statements and Proprietary Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premium and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

The governmental fund financial statements do not present long-term liabilities. Consequently, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Property Taxes

Under California law, property taxes are assessed and collected by the counties for up to 1% of assessed property value, plus other increases approved by the voters. Property taxes collected are pooled and then allocated to the cities based on complex formulas. The following are key dates pertaining to property taxes:

January 1	Lien Date
June 30	Levy Date
November 1 and February 1	Due Dates
December 10 and April 10	Collection Dates

Distribution Dates:

November 20, 2019	Unsecured, redemptions, and SB813 taxes
December 20, 2019	Homeowners' exemption, secured, and SB813 taxes
January 17, 2020	Homeowners' exemption, secured, and SB813 taxes
February 20, 2020	Redemptions, secured, and SB813 taxes
March 20, 2020	Secured and SB813 taxes
April 20, 2020	Secured and SB813 taxes
May 20, 2020	Redemptions, homeowners' exemption, secured, and SB813 taxes
June 19, 2020	Homeowners' exemption, SB813 taxes
July 20, 2020	Secured and SB813 taxes
August 20, 2020	Secured, redemptions, unsecured, and SB813 taxes

R. Net Position and Fund Balances

In the Government-Wide Financial Statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of retention payable and debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred outflows and inflows of resources related to those assets.

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

In the Governmental Fund Financial Statements, fund balances are classified as follows:

Nonspendable – Nonspendable fund balances are items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, or items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

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

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Net Position and Fund Balances (Continued)

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized by resolution the City Manager or the City Fiscal Officer for that purpose.

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Unassigned
- Committed
- Assigned

S. Use of Estimates

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

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

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Implementation of New GASB Pronouncement

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

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

Note 2 – Stewardship, Compliance and Accountability

A. Deficit Net Position

In the Government-Wide Financial Statements, the City had a deficit unrestricted net position at June 30, 2020 for its governmental activities of \$(126,640,099) and business-type activities of \$(32,350,671). The deficit was mainly due to the reporting of the aggregate net pension liabilities and the aggregate net OPEB liabilities. The aggregate net pension liabilities reported were \$80,273,349 and \$21,849,446 for governmental activities and business-type activities, respectively. The aggregate net OPEB liabilities were \$64,714,643 and \$6,310,647 for governmental activities and business-type activities, respectively.

The following funds had a deficit fund balance/net position at June 30, 2020:

Nonmajor Governmental Fund:	
Community Development Block Grant (CDBG) Special Revenue Fund	\$ (81,218)
Internal Service Funds:	
Liability Insurance Fund	(2,397,165)
Workers' Compensation Fund	(5,948,135)

In addition, the GTrans Enterprise had deficit unrestricted net position of \$(23,462,471) at June 30, 2020.

The net position balance includes both short and long-term liabilities. The deficit balances are expected to be recovered through future interfund transfers and other revenues as applicable for this purpose.

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

Note 2 – Stewardship, Compliance and Accountability (Continued)

B. Expenditures in Excess of Appropriations

The following funds had expenditures in excess of appropriations:

Fund	Appropriations	Expenditures	Excess of Expenditures over Appropriations
Major Governmental Funds:			
General Fund			
General government:			
City clerk	\$ 480,235	\$ 515,798	\$ (35,563)
City treasurer	261,728	268,061	(6,333)
Executive office	2,273,385	2,509,245	(235,860)
Public Safety:			
Police	29,329,503	29,509,994	(180,491)
L.A. County Fire District	10,926,047	11,486,400	(560,353)
Recreation and human services	2,649,560	2,774,192	(124,632)
Capital outlay	103,600	277,739	(174,139)
Economic Development Grants Special Revenue Fund			
Community development	-	121,281	(121,281)
Capital outlay	-	275,977	(275,977)
Debt service:			
Interest and fiscal charges	-	86,223	(86,223)
Nonmajor Governmental Funds:			
Consolidated Lighting District Special Revenue Fund			
Public works	622,196	646,756	(24,560)
Prop C Local Return Special Revenue Fund			
Public works	13,637	28,805	(15,168)
Gas Tax Special Revenue Fund			
General government	8,098	10,346	(2,248)
Public works	249,149	558,961	(309,812)
Asset Forfeiture Special Revenue Fund			
Public safety	-	21,017	(21,017)
Public Safety Grants Special Revenue Fund			
Public safety	258,600	277,655	(19,055)
Public Works Grants Special Revenue Fund			
Public works	71,624	118,510	(46,886)
Human Services Grants Special Revenue Fund			
Recreation and human services	2,718,208	3,381,690	(663,482)
2007 Refunding Revenue Bonds SBRPCA Debt Service Fund			
Debt service:			
Interest and fiscal charges	84,275	85,077	(802)
2014 Taxable Lease Revenue Refunding Bonds Debt Service Fund			
Debt service:			
Interest and fiscal charges	447,174	448,319	(1,145)

The excess expenditures were covered by carryover funds from the prior year, revenues, and/or transfers from other available funds.

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

Note 3 – Cash and Investments

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. Certain restricted funds which are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investments with fiscal agents.

The City had the following cash and investments at June 30, 2020:

	Government-Wide Financial Statement		
	Governmental	Business-Type	Total
	Activities	Activities	
Cash and investments	\$ 26,818,304	\$ 14,330,248	\$ 41,148,552
Cash and investments held by fiscal agents	1,994,754	-	1,994,754
Total cash and investments	\$ 28,813,058	\$ 14,330,248	\$ 43,143,306

The City's cash and investments at June 30, 2020, in more detail:

Cash:	
Petty cash	\$ 6,080
Demand deposits	3,402,276
Total cash and cash equivalents	3,408,356
Investments:	
Money market mutual fund	8,308,539
U.S. Treasury	1,775,921
Negotiable certificates of deposit	4,618,855
Corporate notes	3,820,153
Local Agency Investment Fund	14,639,751
U.S. Government sponsored enterprise securities	3,942,207
Foreign negotiable certificates of deposit	634,770
Total investments	37,740,196
Total cash and investments	41,148,552
Cash and investments with fiscal agents	1,994,754
Total	\$ 43,143,306

A. Deposits

The carrying amounts of the City's demand deposits were \$3,402,276 at June 30, 2020. Bank balances at that date were \$4,169,100, the total amount of which was collateralized or insured with accounts held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

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

Note 3 – Cash and Investments (Continued)

A. Deposits (Continued)

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City did not waive the collateral requirement for deposits insured by FDIC.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
Municipal securities	5 years	30%	5%
United states treasury obligations	5 years	No Limit	No Limit
U.S. Government sponsored enterprise securities	5 years	No Limit	25%
Bankers' acceptances	180 days	40%	5%
Commercial paper	270 days	25%	5%
Negotiable certificates of deposit	5 years	30%	5%
Federally insured time deposits	5 years	20%	Federally Insured
Collateralized time deposits	5 years	20%	Federally Insured
Certificate of deposit placemnet service ("CDARS")	5 years	30%	Federally Insured
Local Agency Investment Fund ("LAIF")	N/A	No Limit	No Limit
Medium-term notes	5 years	30%	5%
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	5 years	20%	5%
Mutual funds	5 years	20%	10%
Money market mutual funds	5 years	20%	20%
Supranationals	5 years	30%	10%
Investment Trust of California ("CalTrust")	N/A	No Limit	No Limit
N/A - Not Applicable			

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

Note 3 – Cash and Investments (Continued)

B. Investments (Continued)

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2020, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

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

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

As of June 30, 2020, the City had \$14,639,751 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Backed Securities. The fair value of the City's portion in the pool is the same as the value of the pool shares and reported at amortized cost.

C. Fair Value Measurement

At June 30, 2020, investments are reported at fair value. The following table presents the fair value measurements of investments on a recurring basis and the levels with GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2020:

Investment Type	Measurement Input			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized ⁽³⁾	
Money market mutual fund	\$ -	\$ -	\$ 8,308,539	\$ 8,308,539
U.S. Treasury	1,775,921	-	-	1,775,921
Negotiable certificates of deposit ⁽¹⁾	-	4,618,855	-	4,618,855
Corporate notes ⁽¹⁾	-	3,820,153	-	3,820,153
Local Agency Investment Fund	-	-	14,639,751	14,639,751
U.S. Government sponsored enterprise securities ⁽¹⁾	-	3,942,207	-	3,942,207
Foreign negotiable certificates of deposit ⁽²⁾	-	634,770	-	634,770
Cash and investments with fiscal agents:				
Money market mutual fund	-	-	1,994,754	1,994,754
Total	\$ 1,775,921	\$ 13,015,985	\$ 24,943,044	\$ 39,734,950

⁽¹⁾ Pricing based on Institutional Bond Quotes - evaluations based on various market and industry inputs.

⁽²⁾ Pricing based on Intercontinental Exchange Emtel Financial Ltd - evaluations based on various market factors.

⁽³⁾ Cash and cash equivalent.

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

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investments to a maximum maturity of five years. At June 30, 2020, the City had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less Than 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years
Money market mutual fund	\$ 8,308,539	\$ 8,308,539	\$ -	\$ -	\$ -	\$ -
U.S. Treasury	1,775,921	30,295	-	574,456	852,618	318,552
Negotiable certificates of deposit	4,618,855	2,824,756	804,388	179,515	686,857	123,338
Corporate notes	3,820,153	611,028	1,280,157	1,234,250	694,719	-
Local Agency Investment Fund	14,639,751	14,639,751	-	-	-	-
U.S. Government sponsored enterprise securities	3,942,207	361,669	1,286,978	1,357,901	935,659	-
Foreign negotiable certificates of deposit	634,770	202,346	-	214,634	217,790	-
Cash and investments with fiscal agents:						
Money market mutual fund	1,994,754	1,994,754	-	-	-	-
Total	\$ 39,734,950	\$ 28,973,138	\$ 3,371,523	\$ 3,560,756	\$ 3,387,643	\$ 441,890

Custodial Credit Risk - For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City 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. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by Standard & Poor's and Moody's Investors Service. At June 30, 2020, the City's credit risks, expressed on a percentage basis, were as follows:

Credit Quality Distribution for Securities with Credit Exposure as a Percentage of Total Investments			
Investment Type	Moody's Credit Rating	S&P's Credit Rating	% of Investments with Interest Rate Risk
Local Agency Investment Fund	Not Rated	Not Rated	38.78%
U.S. Treasury	AAA	Not Rated	4.71%
U.S. Government sponsored enterprise securities	AAA	AA+	10.45%
Negotiable certificates of deposit	Not Rated	Not Rated	12.24%
Foreign negotiable certificates of deposit	A2	Aa	1.68%
Corporate notes	A	A	10.12%
Money market mutual fund	P-1	Aa	22.02%
Total			100.00%

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

Note 4 – Other Receivables

A. YMCA Receivables

In February 1994, the City entered into a long-term lease contract to lease land to the YMCA for construction of a new YMCA facility that would benefit the community. The facility opened on February 6, 1995 with a 30-year lease term, ending in 2024. Under the terms of the agreement, the maximum amount that the City could receive was \$1,400,000. This amount is payable in monthly payments, with annual rent adjustments over a 30-year lease term. In January 2020, the monthly payment was increased from \$666 to \$764 per month. At the adjustment date, annual rent was equal to total rent of \$1,400,000 less all previous payments, multiplied by the six-month average LAIF interest rate. The lease includes two 25-year options to renew and an option to purchase the land at the end of the lease for the amount of \$1,400,000 reduced by the amount already paid as of the time of purchase. As of June 30, 2020, future lease payments from the YMCA, including interest, were \$380,317. Since the City has not earned the revenue for the future lease payments, there was no revenue recognized or receivables reported at June 30, 2020 for these future lease payments.

B. State Mandated Claims Reimbursement

The City recorded an outstanding receivable of \$748,880 for the State Mandated Claims Reimbursement (SB90 Claims) from the State of California (the “State”). The payments of the mandated claims reimbursement are subject to State approval and management cannot estimate the timing and amount of the payments that will be made and reported an allowance for doubtful accounts in the amount of \$748,880. As a result, both the General Fund in the governmental fund financial statements and governmental activities in the government-wide financial statements reported zero balances for accounts receivable associated with the State Mandated Claims Reimbursement as of June 30, 2020.

Note 5 – Loans Receivable

Loans receivable consists of Home-Owner Occupied Deferred Loans and Spring Park Senior Villa Developer Loan as following:

	Balance July 1, 2019	Additions	Deletions	Allowance	Balance June 30, 2020
Home-Owner Occupied Deferred Loans					
CalHOME	\$ 416,444	\$ -	\$ (16,835)	\$ -	\$ 399,609
State HOME Loans	2,031,391	-	(241,451)	-	1,789,940
Subtotal	2,447,835	-	(258,286)	-	2,189,549
Spring Park Senior Villa Developer Loan	3,373,432	86,223	-	(3,459,655)	-
Total	\$ 5,821,267	\$ 86,223	\$ (258,286)	\$ (3,459,655)	\$ 2,189,549

A. Home-Owner Occupied Deferred Loans

The City issues deferred payment loans to home owners funded by the Federal Home Investment Partnerships Program (“HOME Program”) and CalHOME to improve the living conditions of the lower income families. These loans are to be repaid to the City, and the repayments of the loans are used to fund future home-owner occupied deferred loans. As of June 30, 2020, the outstanding loan balance is \$2,189,549.

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

Note 5 – Loans Receivable (Continued)

B. Spring Park Senior Villa Developer Loan

The City entered into a development agreement on August 1, 2013, with Spring Park Senior Villa, Inc., a nonprofit organization for the development of the Spring Park Senior Villa in the City. The agreement provided funding for the development of 36 rental units and one manager unit (“the Project”) up to \$2,874,115 for construction. The loan bears 3% simple interest over a term of 55 years. The repayment of the loan is based on the residual receipts of the rental units. The affordability covenant also expires in 55 years after completion of the project. As of June 30, 2020, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$585,540 which was required by the State of California. This results the City in reporting loans receivable in the amount of \$3,459,655. However, management estimated that the loans will not be repaid due to negative residual receipts and reported an allowance for doubtful accounts in the amount of \$3,459,655. As a result, both the Economic Development Grants Special Revenue Fund in the governmental fund financial statements and governmental activities in the government-wide financial statements reported zero balances for loans receivable associated with the Spring Park Senior Villa as of June 30, 2020.

Note 6 – Interfund Transactions

A. Government-Wide Financial Statements

Internal Balances - At June 30, 2020, the City had the following internal receivable and payable, which represents internal service charges between the governmental activities and business-type activities:

		Internal Payable
		Business-Type Activities
Internal Receivable		
Governmental Activities	\$	11,841,800

Transfers – For the year ended June 30, 2020, the City had the following transfers:

		Transfers Out
		Business-Type Activities
Transfers In		
Governmental Activities	\$	117,869

The purposes of the transfers were for subsidizing the governmental activities for public works engineering job costs and administrative costs.

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

Note 6 – Interfund Transactions (Continued)

B. Fund Financial Statements

Due From/To Other Funds - At June 30, 2020, the City had the following due from/to other funds:

		Due From Other Funds	
Due To Other Funds		General Fund	
Governmental Funds:			
Economic Development Grants			
Special Revenue Fund		\$	63,355
City Debt Service Fund			286,592
Nonmajor Governmental Funds			388,662
Proprietary Fund:			
GTans Enterprise Fund			2,868,474
Total		\$	3,607,083

The above amounts resulted from temporary reclassifications made at June 30, 2020 to cover cash shortfalls.

Transfers In/Out – During the year ended June 30, 2020, the City had the following transfers in/out, which arise in the normal course of operations:

Transfers In						
	Governmental Funds				Enterprise Funds	Total
	General Fund	Economic Development Grants Special Revenue	City Debt Service	Nonmajor Governmental	Internal Service Funds	
Transfers Out						
Governmental Funds:						
General Fund	\$ -	\$ 3,440	\$ 2,035,410	\$ 311,213	\$ -	\$ 2,350,063
Economic Development Grants						
Special Revenue Fund	-	-	-	687,361	-	687,361
Nonmajor Governmental Funds	2,124,160	-	-	2,194,417	-	4,318,577
Enterprise Funds:						
Sewer	111,112	-	-	6,757	-	117,869
Internal Service Funds	2,836	-	-	-	845,108	847,944
Total	\$ 2,238,108	\$ 3,440	\$ 2,035,410	\$ 3,199,748	\$ 845,108	\$ 8,321,814

Administratively, resources may be transferred from one City fund to another. The purpose of the majority of transfers was to provide funding for other funds with the City Council's approvals, such as debt service, capital projects and internal service funds.

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

Note 7 – Capital Assets

A. Governmental Activities

A summary of changes in the capital assets for the governmental activities for the year ended June 30, 2020 is as follows:

	Governmental Activities				Balance June 30, 2020
	Balance July 1, 2019	Additions	Deletions	Transfers	
Capital assets, not being depreciated:					
Land	\$ 7,355,349	\$ 184,334	\$ -	\$ -	\$ 7,539,683
Monuments	46,151	5,473	-	-	51,624
Construction in progress	2,710,844	1,415,896	(860,547)	(748,968)	2,517,225
Total capital assets, not being depreciated	10,112,344	1,605,703	(860,547)	(748,968)	10,108,532
Capital assets, being depreciated:					
Buildings/structures and improvements	23,224,269	91,643	-	-	23,315,912
Machinery and equipment	11,527,690	655,788	(218,280)	-	11,965,198
Infrastructure:					
Street lights network	1,292,393	-	-	-	1,292,393
Traffic lights network	12,940,788	-	-	-	12,940,788
Roadway network	55,295,927	755,483	-	748,968	56,800,378
Total capital assets, being depreciated	104,281,067	1,502,914	(218,280)	748,968	106,314,669
Less accumulated depreciation:					
Buildings/structures and improvements	(17,162,904)	(806,819)	-	-	(17,969,723)
Machinery and equipment	(7,125,999)	(1,125,618)	168,791	-	(8,082,826)
Infrastructure:					
Street light network	(904,676)	(43,080)	-	-	(947,756)
Traffic lights network	(11,382,752)	(431,360)	-	-	(11,814,112)
Roadway network	(28,807,530)	(1,105,540)	-	-	(29,913,070)
Total accumulated depreciation	(65,383,861)	(3,512,417)	168,791	-	(68,727,487)
Total capital assets, being depreciated, net	38,897,206	(2,009,503)	(49,489)	748,968	37,587,182
Governmental activities capital assets, net	\$ 49,009,550	\$ (403,800)	\$ (910,036)	\$ -	\$ 47,695,714

Depreciation expense was charged to functions/programs of the governmental activities for the fiscal year ended June 30, 2020 as follows:

General government	\$ 959,493
Public safety	777,655
Public works	1,723,180
Recreation and human services	52,089
Total depreciation expense	\$ 3,512,417

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

Note 7 – Capital Assets (Continued)

B. Business-Type Activities

A summary of changes in the capital assets for the business-type activities for the year ended June 30, 2020 is as follows:

	Business-Type Activities			
	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 12,956,405	\$ -	\$ -	\$ 12,956,405
Construction in progress	706,957	1,959,182	-	1,576,534
Total capital assets, not being depreciated	13,663,362	1,959,182	-	14,532,939
Capital assets, being depreciated:				
Buildings/structures and improvements	39,893,428	-	-	39,893,428
Buses	36,427,379	-	(1,507,100)	35,125,515
Machinery and equipment	8,782,637	-	(107,503)	9,559,419
Furniture and fixtures	1,514,961	-	(12,482)	1,502,563
Infrastructure	11,184,496	-	-	11,184,496
Total capital assets, being depreciated	97,802,901	-	(1,627,085)	97,265,421
Less accumulated depreciation:				
Buildings/structures and improvements	(10,740,538)	(1,022,908)	-	(11,763,446)
Buses	(29,458,851)	(2,516,188)	1,507,100	(30,467,939)
Machinery and equipment	(6,036,049)	(1,182,604)	107,503	(7,111,150)
Furniture and fixtures	(1,378,264)	(53,982)	12,482	(1,419,764)
Infrastructure	(10,527,559)	(33,689)	-	(10,561,248)
Total accumulated depreciation	(58,141,261)	(4,809,371)	1,627,085	(61,323,547)
Total capital assets, being depreciated, net	39,661,640	(4,809,371)	-	35,941,874
Business-type activities capital assets, net	\$ 53,325,002	\$ (2,850,189)	\$ -	\$ 50,474,813

Depreciation expense for business-type activities for the year ended June 30, 2020 was charged as follows:

Gtrans	\$ 4,673,015
Sewer	136,356
Total depreciation expense	\$ 4,809,371

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

Note 8 – Long-Term Liabilities

A. Governmental Activities

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in more One Year
2006 Refunding Certificates of Participation Series A - publicly offered	\$ 8,220,000	\$ -	\$ (520,000)	\$ 7,700,000	\$ 550,000	\$ 7,150,000
2007 Refunding Revenue Bonds, Series A - publicly offered	1,645,000	-	(105,000)	1,540,000	110,000	1,430,000
2014 Taxable Lease Revenue Refunding Bonds - publicly offered	9,000,000	-	(60,000)	8,940,000	60,000	8,880,000
Bond discount - 2014 Taxable Lease Revenue Refunding Bonds	(233,825)	-	13,884	(219,941)	-	(219,941)
2017 Direct Purchase Lease - Private placement	1,390,000	-	(270,000)	1,120,000	275,000	845,000
2016 SCE On-Bill Financing Loan - Direct borrowing	80,741	-	(12,696)	68,045	14,296	53,749
Loan payable	3,373,432	86,223	-	3,459,655	-	3,459,655
Claims payable	12,238,048	368,419	(3,193,864)	9,412,603	7,454,180	1,958,423
Compensated absences	7,609,718	3,940,290	(3,667,787)	7,882,221	1,576,444	6,305,777
Subtotal	\$ 43,323,114	\$ 4,394,932	\$ (7,815,463)	\$ 39,902,583	\$ 10,039,920	\$ 29,862,663

Typically, the General Fund has been used to liquidate the liability for compensated absences, claims payable, and net other postemployment benefits.

2006 Certificates of Participation, Series A – Original Issuance \$12,495,000

In June 2006, the Agency issued the 2006 Refinancing Project, Series A Taxable Certificates of Participation in the amount of \$12,495,000. The purpose of the issue was to refinance the City's 1999 Certificates of Participation in connection with a Memorandum of Understanding ("MOU") entered into with certain financial institutions.

Pursuant to the MOU, the Agency paid the financial institutions \$19 million (the "Initial Amount") as prepayment of the 1999 Certificates, of which \$18 million were funded by the 2006 Series A and B Certificates and the balance of \$1 million from other available City funds. Upon payment of the Initial Amount, the 1999 Leases as well as the pledges and security interests granted in connection with the 1999 Leases will be terminated and the City's obligations under the Reimbursement Agreement for the 1999 Certificates will be terminated. The Initial Payment represents approximately 75% of the principal owed.

Interest rates for the 2006A Certificates range from 5.98% to 6.38% with principal maturing through July 1, 2030.

Mandatory prepayment of the 2006 Series A Certificates occurred in July 2008 and will occur again in July 2030. The certificates of participation debt service payments will be made from the debt service funds.

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

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2006 Certificates of Participation, Series A – Original Issuance \$12,495,000 (Continued)

The amount outstanding at June 30, 2020 totaled \$7,700,000. The annual debt service requirements on these certificates are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 550,000	\$ 473,715	\$ 1,023,715
2022	585,000	437,509	1,022,509
2023	625,000	398,910	1,023,910
2024	665,000	357,759	1,022,759
2025	705,000	314,056	1,019,056
2026-2030	4,270,000	810,898	5,080,898
2031	300,000	9,570	309,570
Total	\$ 7,700,000	\$ 2,802,417	\$ 10,502,417

2007 Refunding Revenue Bonds, Series A – Original Issuance \$2,800,000

In January 2007, the City issued the South Bay Regional Public Communications Authority Refunding Revenue Bonds, 2007 Series A in the amount of \$2,800,000. The purpose of the bonds was to advance refund the South Bay Regional Public Communications Authority Revenue Bonds, 2001 Series A, to provide a reserve fund for the Bonds, and to pay certain costs of issuance of the Bonds. The 2001 Series A Bonds were fully redeemed as of January 1, 2012.

The bonds accrue interest at rates between 5% and 5.125%. Interest on the bonds is payable semiannually on each January 1 and July 1, commencing July 1, 2007. Principal payments are due in annual installments ranging from \$70,000 to \$175,000, commencing July 1, 2007 through January 1, 2031. The bonds are subject to optional and mandatory redemption prior to maturity. The refunding revenue bonds debt service payments will be made from the debt service funds.

The amount outstanding at June 30, 2020 totaled \$1,540,000. The annual debt service requirements on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 110,000	\$ 77,825	\$ 187,825
2022	115,000	72,325	187,325
2023	120,000	66,575	186,575
2024	125,000	60,575	185,575
2025	130,000	54,325	184,325
2026-2030	765,000	166,288	931,288
2031	175,000	8,669	183,669
Total	\$ 1,540,000	\$ 506,582	\$ 2,046,582

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

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2014 Taxable Lease Revenue Refunding Bonds – Original Issuance \$9,110,000

In December 2014, the City issued the Taxable Lease Revenue Refunding Bonds, Series 2014 in the amount of \$9,110,000 to current refund 2006 Certificate of Participation, Series B. The current refunding resulted in an economic gain in the amount of \$1,637,398 and saving in debt service payments in the amount of \$2,360,051. The current refunding resulted in no deferred gains or losses as the bond proceeds net of the issuance discount was sufficient to cover repayment of 2006 Certificates of Participation, Series B, the interests due, and the issuance cost on the 2014 Taxable Lease Revenue Refunding Bonds.

The bonds bear interest at rates between 3.95% and 5%. Interest on the bonds is payable annually on each May 1 and November 1. Principal payments are due in annual installments ranging from \$55,000 to \$1,430,000, commencing May 1, 2018 through May 1, 2036. The bonds are subject to optional and mandatory redemption prior to maturity. The refunding revenue bonds debt service payments will be made from the debt service funds.

The amount outstanding at June 30, 2020 totaled \$8,940,000. The annual debt service requirements on these bonds as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 60,000	\$ 443,304	\$ 503,304
2022	65,000	440,934	505,934
2023	65,000	438,366	503,366
2024	70,000	435,799	505,799
2025	70,000	433,034	503,034
2026-2030	1,130,000	2,111,978	3,241,978
2031-2035	6,490,000	1,252,500	7,742,500
2036	990,000	49,500	1,039,500
Total	<u>\$ 8,940,000</u>	<u>\$ 5,605,415</u>	<u>\$ 14,545,415</u>

2017 Direct Purchase Lease

In June 2017, the City issued the Direct Purchase Lease in the amount of \$1,635,000 to currently refund 2006 Certificate of Participation, Series C. The economic gain on the current refunding was \$112,585 and the saving in debt service payments is \$89,363.

The bonds bear interest at 2.07%. Interest on the bonds is payable annually on each July 1. Principal payments are due in annual installments ranging from \$245,000 to \$285,000, commencing July 1, 2018 through July 1, 2023. The refunding revenue bonds debt service payments will be made from the debt service funds.

In the event of default, the lender may exercise any one or more of the following remedies (a) enforcement of payments without termination, (b) termination of lease, (c) proceeding at law or in equity, or (d) remedies under the lease and facilities lease.

The amount outstanding at June 30, 2020 totaled \$1,120,000. The annual debt service requirements on these bonds as follows:

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

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2017 Direct Purchase Lease (Continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 275,000	\$ 20,338	\$ 295,338
2022	280,000	14,594	294,594
2023	280,000	8,798	288,798
2024	285,000	2,950	287,950
Total	<u>\$ 1,120,000</u>	<u>\$ 46,680</u>	<u>\$ 1,166,680</u>

2016 SCE On-Bill Financing Loan

On April 4, 2016, the City entered into a loan agreement with Southern California Edison (“SCE”) for the Energy Management Solutions Incentives Application. The agreement provides zero- percent interest financing for the installation of certain energy efficient equipment for up to \$126,580, of which is to be repaid over ten years through the Customer’s electric utility bills.

SCE may determine the loan to be breached and the City to be in default if the City (1) sells, assigns or otherwise transfers ownership, possession or title of the site or the equipment, (2) fails to pay the money payment when due, (3) closes, discontinues or otherwise causes the termination of the service account(s), or (4) otherwise breaches this agreement, and the breach is not cured as specified therein. Following a breach, SCE shall have the right to declare the entire unpaid balance of the loan obligation due and payable.

The amount outstanding at June 30, 2020 totaled \$68,045. The annual debt service requirements on this loan as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 14,296	\$ -	\$ 14,296
2022	14,296	-	14,296
2023	14,296	-	14,296
2024	14,296	-	14,296
2025	7,769	-	7,769
2026	3,092	-	3,092
Total	<u>\$ 68,045</u>	<u>\$ -</u>	<u>\$ 68,045</u>

Loans Payable

On August 1, 2013, the City entered into a loan agreement with the State of California Department of Housing and Community Development (“California HCD”) for the funding of the Spring Park Senior Villa. The agreement provides funding for the development of the project for up to \$2,974,115, of which, \$2,874,115 is to be used for construction costs in the form of a construction loan and \$100,000 to be used for activity delivery and administration costs in the form of grants. If the HOME-assisted rental housing does not meet the minimum affordability period of 55 years per the City’s agreement with the California HCD, the repayment of all HOME funds to the State is required of the City. As of June 30, 2020, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$585,540. This results in the loans payable in the amount of \$3,459,655 to the California HCD. Please refer to Note 5B for additional information.

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

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Legal Debt Margin

The City is subject to legal debt margin and the City's legal debt limit was in the amount of \$255,021,772 at June 30, 2020.

Compensated Absences

The long-term portion of compensated absences payable has been accrued for the Governmental Activities on the Government-Wide Financial Statements. In prior years, the General Fund has typically been used to liquidate the liability.

B. Business-Type Activities

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in more than One Year
Compensated absences	\$ 1,450,240	\$ 1,057,441	\$ (900,135)	\$ 1,607,546	\$ 321,509	\$ 1,286,037

Compensated Absences

All vested vacation and compensatory leave time is recognized as an expense and as a liability in the business-type funds at the time the liability vests. GTrans and the Sewer Enterprise funds have been used to liquidate the liability.

Note 9 – Self-Insurance Programs

A. Self-Insurance Programs of the City

The City is self-insured for the first \$750,000 of each workers' compensation claim for both the GTrans and the City, \$750,000 each general liability claim and \$250,000 of each GTrans claim against the City. In addition, the City carries insurance of individual general liability claims in excess of \$750,000 to \$45,000,000 with Public Risk Innovation Solutions Management ("PRISM"). Additionally, the City has health insurance coverage for the employees and their families with an annual maximum amount of \$1 million for all services.

The City carries stop-loss insurance of individual health benefit claims in excess of \$50,000 to \$950,000 per person per year. At June 30, 2020, \$9,412,603 has been accrued for the City's self-insurance programs, of which \$7,454,180 is considered to be current. Said accruals represent estimates of amounts to be paid for reported claims and incurred but unreported claims based upon past experience, modified for current trends and information. While the ultimate amounts of losses incurred through June 30, 2020 are dependent on future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, City management believes that the aggregate accrual is adequate to cover such losses. For the prior three (3) fiscal years, no settlements exceeded the City's insurance coverage.

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

Note 9 – Self-Insurance Programs (Continued)

A. Self-Insurance Programs of the City (Continued)

Changes in the reported liability since June 30, 2020 resulted from the following:

	Claims Payable					
	Beginning Balance	Expenses and Changes in Estimates	Claims Payments	Ending Balance	Due within One Year	Due in more than One Year
2017-2018	\$ 15,282,081	\$ 27,145	\$ (4,390,465)	\$ 10,918,761	\$ 6,020,168	\$ 4,898,593
2018-2019	10,918,761	1,610,181	(290,894)	12,238,048	7,827,681	4,410,367
2019-2020	12,238,048	368,419	(3,193,864)	9,412,603	7,454,180	1,958,423

B. Purchased Insurance

Property Insurance - Several insurance companies underwrite this insurance protection. The City is currently insured according to a schedule of covered property submitted by the City to Travelers Property Casualty Company of America. Total all-risk property insurance coverage is \$67.2 million. There is a \$10,000 per loss deductible.

Crime Insurance - The City purchases crime insurance coverage with a limit of \$200,000 per occurrence. This policy provides coverage for all City employees.

C. Adequacy of Protection

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in insured liability coverage from coverage in the prior year.

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

Note 10 – Retirement Plans

A. California Public Employees' Retirement System ("CalPERS")

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

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
Miscellaneous	\$ 2,219,114	\$ 2,108,744	\$ 4,327,858
Safety	6,185,808	-	6,185,808
Total pension contribution made after measurement date	8,404,922	2,108,744	10,513,666
Change in assumptions:			
Miscellaneous	525,775	499,626	1,025,401
Safety	2,347,822	-	2,347,822
Total change in assumptions	2,873,597	499,626	3,373,223
Differences between expected and actual experience on pension investments:			
Miscellaneous	1,372,123	1,303,878	2,676,001
Safety	3,739,891	-	3,739,891
Total differences between expected and actual experience	5,112,014	1,303,878	6,415,892
Adjustment due to differences in proportions:			
Safety	61,441	-	61,441
Difference between City's contribution and proportionate share of contributions:			
Safety	4,766,141	-	4,766,141
Total deferred outflows of resources	\$ 21,218,115	\$ 3,912,248	\$ 25,130,363
Aggregate net pension liabilities:			
Miscellaneous	\$ 22,993,029	\$ 21,849,446	\$ 44,842,475
Safety	57,280,320	-	57,280,320
Total aggregate net pension liabilities	\$ 80,273,349	\$ 21,849,446	\$ 102,122,795
Deferred inflows of resources:			
Change in assumptions:			
Miscellaneous	\$ 171,053	\$ 162,545	\$ 333,598
Safety	458,175	-	458,175
Total change in assumptions	\$ 629,228	\$ 162,545	\$ 791,773
Differences between expected and actual experience:			
Miscellaneous	33,361	31,701	65,062
Safety	-	-	-
Total differences between expected and actual experience	33,361	31,701	65,062
Difference in projected and actual earnings on pension investments:			
Miscellaneous	330,488	314,051	644,539
Safety	787,986	-	787,986
Total difference in projected and actual earnings on pension investments	1,118,474	314,051	1,432,525
Adjustment due to differences in proportions:			
Safety	4,835,833	-	4,835,833
Total deferred inflows of resources	\$ 6,616,896	\$ 508,297	\$ 7,125,193
Pension Expense:			
Miscellaneous	\$ 4,552,184	\$ 5,253,815	\$ 9,805,999
Safety	11,418,295	-	11,418,295
Total pension expense	\$ 15,970,479	\$ 5,253,815	\$ 21,224,294

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

Note 10 – Retirement Plans (Continued)

A. California Public Employees' Retirement System ("CalPERS") (Continued)

General Information about the Pension Plan

Plan Description

The City contribution to the California Public Employees Retirement System ("CalPERS"), an agent multiple-employer defined benefit pension plan for miscellaneous employees and a cost-sharing multiple-employer defined benefit plan for safety employees. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2018 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member or PEPRA Safety member becomes eligible for service retirement upon attainment of age 50 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation.

The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% of average final 12 months compensation. Retirement benefit for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation. Retirement benefits for classic safety employees are calculated as 3% of the average final 12 months compensation. Retirement benefits for PEPRA safety employees are calculated as 2.7% of average final 36 months.

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

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

An employee's beneficiary may receive the basic death benefit if the employee becomes deceased while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

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

Note 10 – Retirement Plans (Continued)

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

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

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

Employees Covered by Benefit Terms

At June 30, 2018, the valuation date, the following employees were covered by the benefit terms:

	Miscellaneous	Plans	
		Safety	
		Classic	PEPRA
Active employees	336	78	14
Transferred and terminated employees	358	52	6
Retired Employees and Beneficiaries	383	230	0
Total	1077	360	20

Contributions

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

Measurement Period June 30, 2019				
	Plans			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Employer Contribution Rate	8.428%	8.428%	22.346%	12.965%
Employee Contribution Rate	7.000%	6.750%	9.000%	12.250%
Current Fiscal Year Ended June 30, 2020				
	Plans			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Employer Contribution Rate	8.860%	8.860%	23.654%	13.786%
Employee Contribution Rate	7.000%	6.750%	9.000%	12.750%

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

Note 10 – Retirement Plans (Continued)

A. California Public Employees' Retirement System ("CalPERS") (Continued)

Net Pension Liability

Actuarial Methods and Assumption Used to Determine Total Pension Liability

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

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% includes inflation
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Change of Assumptions

In 2019, there were no changes of assumptions.

Long-term Expected Rate of Return

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

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

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

Note 10 – Retirement Plans (Continued)

A. California Public Employees' Retirement System ("CalPERS") (Continued)

Net Pension Liability

Long-term Expected Rate of Return (Continued)

The expected real rates of return by asset class are as followed:

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

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

² An expected inflation of 2.00% used for this period.

³ An expected inflation of 2.92% used for this period.

Discount Rate

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

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

Note 10 – Retirement Plans (Continued)

A. California Public Employees' Retirement System ("CalPERS") (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability for the City's Miscellaneous Plan recognized over the measurement period.

Miscellaneous Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 164,483,090	\$ 125,108,921	\$ 39,374,169
Changes recognized for the measurement period:			
Service Cost	3,162,100	-	3,162,100
Interest on the total pension liability	11,820,982	-	11,820,982
Changes of benefit terms	-	-	-
Difference between expected and actual experience	3,672,690	-	3,672,690
Changes of assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contributions from the employer	-	3,688,807	(3,688,807)
Contributions from employees	-	1,457,546	(1,457,546)
Net investment income	-	8,130,102	(8,130,102)
Benefit payments, including refunds of employee contributions	(8,816,825)	(8,816,825)	-
Administrative expense	-	(89,280)	89,280
Other miscellaneous income/(expense)	-	291	(291)
Net changes during July 1, 2018 to June 30, 2019	9,838,947	4,370,641	5,468,306
Balance at June 30, 2019 (Measurement Date)	\$ 174,322,037	\$ 129,479,562	\$ 44,842,475

Proportionate Share of Net Pension Liability and Pension Expense

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

Safety Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018 (Valuation Date)	\$ 198,110,612	\$ 137,690,718	\$ 60,419,894
Balance at June 30, 2019 (Measurement Date)	208,875,272	151,594,952	57,280,320
Net Changes during 2018-2019	10,764,660	13,904,234	(3,139,574)

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

Note 10 – Retirement Plans (Continued)

A. California Public Employees' Retirement System ("CalPERS") (Continued)

Changes in the Net Pension Liability

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

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

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

Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the City's share of net pension liability at the end of measurement date.

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

	<u>Safety Plan</u>
June 30, 2018	0.6270%
June 30, 2019	0.5590%
Change - Increase (Decrease)	<u>-0.0680%</u>

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

Note 10 – Retirement Plans (Continued)

A. California Public Employees' Retirement System ("CalPERS") (Continued)

Changes in the Net Pension Liability (Continued)

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

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

	Plan's Net Pension Liability		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan	\$ 67,339,977	\$ 44,842,475	\$ 26,231,506
Safety Plan	\$ 86,758,582	\$ 57,280,320	\$ 33,112,763

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2020, the City recognized pension expense in the amounts of \$9,805,999 and \$11,418,295 for the miscellaneous plan and safety plan, respectively.

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

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution made after measurement date	\$ 4,327,858	\$ -
Changes of assumptions	1,025,401	(333,598)
Difference between expected and actual experience	2,676,001	(65,062)
Net difference between projected and actual earning on pension plan investments	-	(644,539)
Total	\$ 8,029,260	\$ (1,043,199)

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

Note 10 – Retirement Plans (Continued)

A. California Public Employees' Retirement System ("CalPERS") (Continued)

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

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution made after measurement date	\$ 6,185,808	\$ -
Changes of assumptions	2,347,822	(458,175)
Difference between expected and actual experience	3,739,891	-
Difference between projected and actual earnings on pension plan investments	-	(787,986)
Adjustment due to differences in proportions	61,441	(4,835,833)
Difference between City contributions and proportionate share of contributions	4,766,141	-
Total	<u>\$ 17,101,103</u>	<u>\$ (6,081,994)</u>

The amounts above are net of outflows and inflows recognized in the 2018-2019 measurement period expense.

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and the safety risk pool for the 2018-19 measurement period is 3.5 and 3.8 years, which was obtained by dividing the total service years of 3,712 and 530,470 (the sum of remaining service lifetimes of the active employees) by 1,054 and 140,593 (the total number of participants: active, inactive, and retired), respectively.

\$4,327,858 and \$6,185,808 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and collectively net pension liability, respectively, in the year ending June 30, 2021.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

	Deferred Outflows/ (Inflows) of Resources Miscellaneous Plan	Deferred Outflows/ (Inflows) of Resources Safety Plan
Ended June 30		
2021	\$ 2,329,599	\$ 4,258,399
2022	(132,951)	(276,537)
2023	327,934	698,119
2024	133,621	153,320
2025	-	-
Thereafter	-	-
	<u>\$ 2,658,203</u>	<u>\$ 4,833,301</u>

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

Note 10 – Retirement Plans (Continued)

B. Public Agency Retirement System (“PARS”)

Defined Contribution Pension Plan

For all of its part-time employees who are not eligible for coverage under the CalPERS pension plan, the City provides pension benefits through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the Public Agency Retirement Systems (“PARS”). The PARS Trust Agreement may be amended by a two-thirds majority or greater of the Member Agencies. The plan conforms to the requirements under Internal Revenue Code 401(a) and has received a favorable Letter of Determination from the Internal Revenue Service.

All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5 percent to a retirement plan, and City Council resolved to match the employees’ contributions up to 3.75 percent. The City’s contributions for each employee (and interest earned by the accounts) are fully vested immediately. For the year ended June 30, 2020 the City’s payroll covered by the plan was \$431,298. The City made employer contributions in the amount of \$16,132. Participants of the Plan as of June 30, 2020 were 52.

The assets of the defined contribution pension plan are those of the part-time employees and are not included in the accompanying financial statements.

Note 11 – Other Postemployment Benefits (“OPEB”)

At June 30, 2020, total OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follow:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
OPEB contribution made after measurement date	\$ 2,075,527	\$ 276,271	\$ 2,351,798
Change in assumptions	3,133,891	15,642	3,149,533
Differences between expected and actual experience	1,600,543	226,819	1,827,362
Differences in projected and actual earnings	-	21,970	21,970
Total deferred outflows of resources	\$ 6,809,961	\$ 540,702	\$ 7,350,663
Total other postemployment benefit liabilities	\$ 63,714,643	\$ 6,310,647	\$ 70,025,290
Deferred inflows of resources:			
Change in assumptions	\$ 7,229,704	\$ 312,396	\$ 7,542,100
Differences between expected and actual experience	-	577	577
Differences in projected and actual earnings	1,190	-	1,190
Total deferred inflows of resources	\$ 7,230,894	\$ 312,973	\$ 7,543,867
OPEB expense	\$ 3,039,289	\$ 943,922	\$ 3,983,211

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

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

General Information about the OPEB Plan

Plan Description

The City provides retiree healthcare benefits for employees who retire simultaneously from CalPERS and the City and who meet the qualifying criteria negotiated by the various City labor groups. The OPEB plan is a single employer plan with a trust, but without special funding situation, or nonemployer contribution entities. The City offers insurance coverage from Kaiser Permanente and a self-insured PPO.

Miscellaneous employees hired prior to July 1, 2002 must be 55 years of age and have at least 13 years of full-time service with the City. Effective July 1, 2002, miscellaneous (non-management) employees must have at least 20 years of full-time service to qualify. Safety employees must be 50 years of age and have 25 years of full-time service in the police or fire department of the City. In October 2000, City fire services transferred to contracted services with the Los Angeles County Fire District. Postemployment benefits continue only for fire personnel retiring from service prior to that date.

The City’s health plan year runs February through January with open-enrollment every January prior to the start of the new plan year. The monthly benefits to be paid by the City are both \$1,167 per month for the calendar years of 2019 and 2020.

Eligibility

All of the Plan’s employees became participants in accordance with a negotiated Memorandum of Understanding (“MOU”) as negotiated by each group or bargaining unit. In order to receive benefits, eligible employees must meet the minimum requirements defined in their MOU. At June 30, 2019 measurement date, the following numbers of participants were covered by the benefit terms:

	Plans		
	Governmental Activities	GTrans	Sewer
Inactives currently receiving benefits	172	38	0
Inactives entitled to benefit payments	0	0	0
Active employees	241	112	5
Total	413	150	5

Contributions

	Measurement Period Ended June 30, 2019		Fiscal Year Ended June 30, 2020	
	Governmental Activities	GTrans	Governmental Activities	GTrans
Benefit payments	\$ 2,407,088	\$ 532,056	\$ 2,075,527	\$ 276,271
Trust contributions	150,000	-	-	-
Total	\$ 2,557,088	\$ 532,056	\$ 2,075,527	\$ 276,271

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

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

Net OPEB Liability

The OPEB liability was measured as of June 30, 2019, and total liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Significant Actuarial Assumptions Used for Total OPEB Liability

The total OPEB liability, measured as of June 30, 2019, was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2018
Contribution Policy	Governmental activities and Sewer: City began making contributions to CERBT#1 in 2018/19 on an ad-hoc basis GTrans: Agency contributes full ADC
Discount Rate and Long-Term Expected Rate of Return on Assets	Governmental activities and Sewer: 3.50% at June 30, 2019 GTrans: 6.75% at June 30, 2019 Expected Agency contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2018
Salary Increases	Aggregate - 3.00% annually Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.
Medical Plan at Retirement	Current actives pre-Medicare: 40% Kaiser, 60% City plan Current actives post-Medicare: 60% Kaiser, 75% City plan Current retirees: current election
Medical participation at Retirement	Currently covered: retiree - 100%, spouse - 50-100% based on the City Contribution. Currently waived: 10%

Total OPEB Liability

Change in Assumptions

Discount rate changed from 3.87% at June 30, 2018 to 3.50% at June 30, 2019 for governmental activities and Sewer Enterprise’s plans. There was no change in discount rate for GTrans. Medical plan assumption, trend rate assumption, demographic assumption and mortality improvement scale were updated.

Discount Rate

The discount rate used to measure the total OPEB liability for the governmental activities and Sewer Enterprise was 3.50%. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

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

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

Total OPEB Liability (Continued)

Discount Rate (Continued)

The discount rate used to measure the total OPEB liability for GTrans was 6.75% percent. The fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using the strategy to achieve the expected return. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Expected Long-Term Rates of Return

Asset Class Component	Target Allocation ¹ CERBT Strategy	Expected Real Rate of Return
Global Equity	59.00%	4.82%
Fixed Income	25.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
	<u>100.00%</u>	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.75%

¹ Policy target effective October 1, 2018.

The long-term expected rates of return are presented as geometric means.

Change in Net OPEB Liability

The following presents the changes in the net OPEB liability for the governmental activities’ Retiree Health Plan:

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2018	\$ 58,518,198	\$ -	\$ 58,518,198
Changes recognized for the measurement period:			
Service Cost	1,649,332	-	1,649,332
Interest on the total pension liability	2,284,925	-	2,284,925
Differences between expected and actual experience	-	-	-
Changes in assumptions	3,665,059	-	3,665,059
Contributions - employer	-	2,401,080	(2,401,080)
Net investment income	-	1,792	(1,792)
Benefits payments	(2,251,080)	(2,251,080)	-
Administrative expenses	-	(1)	1
Net changes during July 1, 2018 to June 30, 2019	5,348,236	151,791	5,196,445
Balance at June 30, 2019 (Measurement Date)	\$ 63,866,434	\$ 151,791	\$ 63,714,643

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

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

Change in Net OPEB Liability (Continued)

The following presents the changes in the net OPEB liability for the GTrans Enterprise’s retiree OPEB Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2018	\$ 9,649,186	\$ 4,081,157	\$ 5,568,029
Changes recognized for the measurement period:			
Service cost	291,129	-	291,129
Interest on the total OPEB liability	661,199	-	661,199
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	289,528	(289,528)
Net investment income	-	251,747	(251,747)
Benefit payments	(289,528)	(289,528)	-
Administrative expenses	-	(874)	874
Net changes during July 1, 2018 to June 30, 2019	662,800	250,873	411,927
Balance at June 30, 2019 (Measurement Date)	\$ 10,311,986	\$ 4,332,030	\$ 5,979,956

The following presents the changes in the net OPEB liability for the Sewer Enterprise Fund (nonmajor):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2018	\$ 282,155	\$ -	\$ 282,155
Changes recognized for the measurement period:			
Service Cost	19,620	-	19,620
Interest on the total OPEB liability	11,678	-	11,678
Differences between expected and actual experience	-	-	-
Changes in assumptions	17,238	-	17,238
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Net changes during July 1, 2018 to June 30, 2019	48,536	-	48,536
Balance at June 30, 2019 (Measurement Date)	\$ 330,691	\$ -	\$ 330,691

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

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

Change in Net OPEB Liability (Continued)

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

The following presents the net OPEB liability of the governmental activities and the Sewer’s Retiree Health Plans, as well as what the governmental activities and the Sewer Enterprise’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	Plan's Net OPEB Liability		
	Discount Rate - 1% (2.50%)	Current Discount Rate (3.50%)	Discount Rate + 1% (4.50%)
Governmental Activities	\$ 75,478,633	\$ 63,714,643	\$ 54,505,235
Sewer	\$ 385,126	\$ 330,691	\$ 287,121

The following presents the net OPEB liability of the GTrans Enterprise Retiree Health Plan, as well as what the GTrans Enterprise Retiree Health Plan’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current discount rate:

Plan's Net OPEB Liability		
Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
\$ 7,432,008	\$ 5,979,956	\$ 4,782,996

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

The following presents the total OPEB liability of the City, GTrans, and Sewer, as well as what the City’s, GTrans’, and Sewer’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:

	Plan's Net OPEB Liability		
	1% Decrease	Current Trend	1% Increase
Governmental Activities	\$ 53,292,918	\$ 63,714,643	\$ 77,330,217
GTrans	\$ 4,552,937	\$ 5,979,956	\$ 7,554,475
Sewer	\$ 278,642	\$ 330,691	\$ 396,913

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

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the measurement period ended June 30, 2019, the governmental activities recognized expense of \$3,039,289. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to governmental activities OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 1,600,543	\$ -
Changes in assumptions	3,133,891	(7,229,704)
Net difference between projected and actual earnings on plan investments	-	(1,190)
Employer contributions made subsequent to the measurement date	2,075,527	-
Total	<u>\$ 6,809,961</u>	<u>\$ (7,230,894)</u>

For the measurement period ended June 30, 2019, GTrans recognized expense of \$919,059. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to GTrans OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 226,819	\$ -
Changes in assumptions	-	(269,306)
Net difference between projected and actual earnings on plan investments	21,970	-
Employer contributions made subsequent to the measurement date	276,271	-
Total	<u>\$ 525,060</u>	<u>\$ (269,306)</u>

For the measurement period ended June 30, 2019, Sewer recognized expense of \$24,863. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to Sewer OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ -	\$ (577)
Changes in assumptions	15,642	(43,090)
Net difference between projected and actual earnings on plan investments	-	-
Employer contributions made subsequent to the measurement date	-	-
Total	<u>\$ 15,642</u>	<u>\$ (43,667)</u>

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

Note 11 – Other Postemployment Benefits (“OPEB”) (Continued)

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

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 6.9 years, 8.1 years, and 10.8 years for the governmental activities, the GTrans, and the Sewer, respectively, which was determined as of July 1, 2018, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms.

\$2,075,527 and \$276,271 reported as deferred outflows of resources related to OPEB under the governmental activities and GTrans, respectively resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amount reported as deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follow:

Ended June 30	Deferred Outflows/ (Inflows) of Resources Governmental Activities	Deferred Outflows/ (Inflows) of Resources GTrans	Deferred Outflows/ (Inflows) of Resources Sewer
2021	\$ (1,050,673)	\$ (1,222)	\$ (6,435)
2022	(1,050,673)	(1,222)	(6,435)
2023	(1,050,673)	(1,223)	(6,435)
2024	(51,671)	(2,223)	(3,435)
2025	229,179	(6,965)	(1,435)
Thereafter	478,051	(7,662)	(3,850)
	<u>\$ (2,496,460)</u>	<u>\$ (20,517)</u>	<u>\$ (28,025)</u>

Note 12 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan assets are under the participants control and are principally invested in demand deposits and mutual funds and are held in trust for the exclusive benefit of the participants and their beneficiaries. The plan assets are not included in the accompanying financial statements. At June 30, 2020, the amount held by the Trustee for the City employees is \$25,174,705.

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

Note 13 – Classification of Fund Balances

At June 30, 2020, fund balances are classified in the governmental funds as follows:

	General Fund	Economic Development Grants Special Revenue Fund	City Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 44,833	\$ -	\$ -	\$ -	\$ 44,833
Prepaid items and deposits	257,528	-	288,888	34,107	580,523
Total nonspendable	<u>302,361</u>	<u>-</u>	<u>288,888</u>	<u>34,107</u>	<u>625,356</u>
Restricted:					
Economic development	-	4,123,731	-	-	4,123,731
Debt service	-	-	1,708,162	-	1,708,162
Law enforcement	-	-	-	996,227	996,227
Local street improvements	-	-	-	7,896,596	7,896,596
Capital projects	-	-	-	295,912	295,912
Other purposes	-	-	-	689,290	689,290
Total restricted	<u>-</u>	<u>4,123,731</u>	<u>1,708,162</u>	<u>9,878,025</u>	<u>15,709,918</u>
Committed:					
Emergency contingency	2,310,676	-	-	-	2,310,676
Civic center improvements	4,000,000	-	-	-	4,000,000
Pension stabilization fund ¹	1,000,000	-	-	-	1,000,000
Total committed	<u>7,310,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,310,676</u>
Assigned:					
Vehicle replacement	353,665	-	-	-	353,665
Equipment replacement	500,000	-	-	-	500,000
Future debt service payments	1,994,751	-	-	-	1,994,751
Total assigned	<u>2,848,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,848,416</u>
Unassigned:	<u>173,122</u>	<u>-</u>	<u>-</u>	<u>(81,218)</u>	<u>91,904</u>
Total fund balance	<u>\$ 10,634,575</u>	<u>\$ 4,123,731</u>	<u>\$ 1,997,050</u>	<u>\$ 9,830,914</u>	<u>\$ 26,586,270</u>

¹ On May 28, 2019, the City Council approve the transfer of \$1,000,000 from the General Fund to the Pension Stabilization Fund to be used for future UAL additional discretionary payments.

Note 14 – Jointly Governed Organization

South Bay Regional Public Communications Authority

The City is a member of the South Bay Regional Public Communications Authority (“SBRPCA”), which provides financing and equipment for a police communications system for the City and the other member municipalities of SBRPCA - Hawthorne and Manhattan Beach. SBRPCA financial statements can be obtained from the SBRPCA at 4440 West Broadway, Hawthorne, California 90250.

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

Note 14 – Jointly Governed Organization (Continued)

South Bay Regional Public Communications Authority (Continued)

Revenues, expenses and indebtedness incurred by the SBRPCA relating to services associated with central dispatch are divided by member agencies in accordance with set percentages; however, expenses incurred relating to specific equipment and services requested by an individual member agency for use by its own public safety services are paid entirely by that member agency. As of June 30, 2020, the City's percentage interest is 32.08%.

As of and for the year ended June 30, 2020, the latest available information, SBRPCA's unaudited financial information is as follows:

Total assets	\$ 15,100,031
Total deferred outflows of resources	2,403,064
Total liabilities	11,555,961
Total deferred inflows of resources	1,376,748
Net position	<u>\$ 4,670,386</u>
Total revenues	\$ 13,464,261
Total expenses	(13,697,344)
Change in net position	<u>\$ (233,083)</u>

Note 15 – Commitments and Contingencies

The City participates in a number of federal and state assisted grant programs, which are subject to program compliance audits by the grantors or their representatives. Final closeout audits of these programs have not yet been completed. Accordingly, the City's ultimate compliance with applicable grant requirements will be established at some future date. Expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is currently a party to various claims and legal proceedings. In management's opinion, the ultimate liabilities, if any, resulting from such claims and proceedings, will not materially affect the City's financial position.

The City had outstanding construction commitments in the amount of \$11,277,483 as of June 30, 2020.

Note 16 – Subsequent Events

City of Gardena (Los Angeles County, California) Taxable Pension Obligation Bonds, Series 2020

Due to the negative impacts of COVID 19 to the City's budget; the fiscal year 2020-21 adopted budget forecasts a structural deficit of \$1.8 million. Even with future expenditure reductions, economic recovery remains highly uncertain, budget challenges are further exacerbated with rising pension costs, as the unfunded accrued liability ("UAL") has increased through various circumstances primarily outside of the City's control. Staff has identified the issuance of Pension Obligation Bonds ("POBs") to help provide budgetary relief and control as debt service on the bonds will be level each year. The City issued its Taxable Pension Obligation Bonds, Series 2020 on November 24, 2020 in the amount of \$101,490,000 at a true interest cost of 3.29% which created a total budgetary savings of \$51 million over the lifetime of the bond financing. The principal matures in amounts ranging from \$210,000 to \$7,525,000 from April 1, 2021 through April 1, 2039.

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

Note 16 – Subsequent Events (Continued)

Revolving Credit Agreement

In the issuance of conservatism and with the state of the COVID 19 pandemic in early July 2020 the City in order to ensure it had adequate cash flow to meet reoccurring obligations in case of another catastrophic event obtained a one-year \$9.5 million line of credit from US Bank National Association. The City has not drawn upon the line of credit at of December 10, 2020.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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City of Gardena
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 48,019,591	\$ 48,019,591	\$ 42,745,369	\$ (5,274,222)
Licenses and permits	1,799,150	1,799,150	1,646,059	(153,091)
Intergovernmental	530,910	530,910	542,272	11,362
Charges for services	5,275,998	5,275,998	6,142,402	866,404
Fines, forfeitures and penalties	1,216,125	1,216,125	1,070,462	(145,663)
Use of money and property	730,625	730,625	853,247	122,622
Miscellaneous	1,100,942	1,100,942	652,275	(448,667)
Total revenues	<u>58,673,341</u>	<u>58,673,341</u>	<u>53,652,086</u>	<u>(5,021,255)</u>
EXPENDITURES:				
Current:				
General government:				
City clerk	480,235	480,235	515,798	(35,563)
City treasurer	261,728	261,728	268,061	(6,333)
Executive office	2,273,385	2,273,385	2,509,245	(235,860)
Administrative services	2,329,671	2,329,671	1,989,077	340,594
Non-departmental	1,681,536	1,657,836	1,283,894	373,942
Public safety:				
Police	29,329,503	29,329,503	29,509,994	(180,491)
L.A. County Fire District	10,926,047	10,926,047	11,486,400	(560,353)
Public works	7,433,856	7,433,856	7,019,470	414,386
Recreation and human services	2,625,860	2,649,560	2,774,192	(124,632)
Community development	1,810,695	1,810,695	1,802,936	7,759
Capital outlay	103,600	103,600	277,739	(174,139)
Total expenditures	<u>59,256,116</u>	<u>59,256,116</u>	<u>59,436,806</u>	<u>(180,690)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(582,775)</u>	<u>(582,775)</u>	<u>(5,784,720)</u>	<u>(5,201,945)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,746,750	2,746,750	2,238,108	(508,642)
Transfers out	(2,023,775)	(2,023,775)	(2,350,063)	(326,288)
Proceed from sale of assets	40,000	40,000	16,366	(23,634)
Total other financing sources (uses)	<u>762,975</u>	<u>762,975</u>	<u>(95,589)</u>	<u>(858,564)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 180,200</u>	<u>\$ 180,200</u>	(5,880,309)	<u>\$ (6,060,509)</u>
FUND BALANCE:				
Beginning of Year			<u>16,514,884</u>	
End of Year			<u>\$ 10,634,575</u>	

City of Gardena
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2020

Economic Development Grants Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines, forfeitures and penalties	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Use of money and property	50,000	50,000	30,091	(19,909)
Miscellaneous	-	-	2,021	2,021
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>32,112</u>	<u>(37,888)</u>
EXPENDITURES:				
Current:				
Community development	-	-	121,281	(121,281)
Capital outlay	-	-	275,977	(275,977)
Debt service:				
Interest and fiscal charges	-	-	86,223	(86,223)
Total expenditures	<u>-</u>	<u>-</u>	<u>483,481</u>	<u>(483,481)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>70,000</u>	<u>70,000</u>	<u>(451,369)</u>	<u>(521,369)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	3,440	3,440
Transfers out	(600,000)	(600,000)	(687,361)	(87,361)
Issuance of loans	-	-	86,223	86,223
Total other financing sources (uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>(597,698)</u>	<u>2,302</u>
NET CHANGE IN FUND BALANCE	<u>\$ (530,000)</u>	<u>\$ (530,000)</u>	<u>(1,049,067)</u>	<u>\$ (519,067)</u>
FUND BALANCE:				
Beginning of Year, as restated (Note 16)			<u>5,172,798</u>	
End of Year			<u>\$ 4,123,731</u>	

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

Note 1 - Budgetary Control and Accounting Policy

The City adopts annual budgets for the General Fund, special revenue funds, and debt service funds as well as adopts project length budgets for projects within the City Capital Projects Fund.

The City's budget is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) and amounts available for appropriation and (3) the estimated charges to appropriations (outflows). The budget represents a process through which policy decisions are made, implemented, and controlled. The City's policy prohibits expending funds for which there is no legal appropriation.

The City's procedures for preparing the budgetary data reflected in the financial statements are:

- The budget is prepared under the City Manager's direction and adopted by the City Council, generally prior to June 30 of each year. It is revised periodically during the year by the City Council. The budget presented in the financial statements includes the original and final amounts.
- The budget serves as a policy document for the deliverance of public services; however, expenditures are individually approved by the City Council. The City Manager is authorized to transfer amounts within individual fund budgets without the approval of City Council. Additional appropriations during the year may be submitted to the City Council for review and approval.
- Budget information is presented for the governmental fund types. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year, which were contingent upon new, or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year.
- Total expenditures of each governmental fund may not legally exceed fund appropriations, and total expenditures for each department (for example: police department, public works department, community development department, etc.) may not legally exceed departmental appropriations. The City does not employ encumbrance accounting. The budgets conform, in all material respects, to generally accepted accounting principles.
- Appropriations lapse at year-end to the extent they have not been expended, except for capital projects appropriations which lapse when individual projects are completed.

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

Last Ten Fiscal Years

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

Measurement period	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Total pension liability					
Service cost	\$ 2,713,029	\$ 2,672,238	\$ 2,740,901	\$ 3,129,118	\$ 3,173,762
Interest	9,625,167	10,024,136	10,454,955	10,781,297	11,153,035
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-	(2,344,195)	-	8,715,907	(778,396)
Differences between expected and actual experience	-	(500,092)	(36,375)	(553,030)	122,851
Benefit payments, including refunds of employee contributions	(6,617,452)	(6,931,772)	(7,193,626)	(7,669,492)	(8,486,647)
Net change in total pension liability	5,720,744	2,920,315	5,965,855	14,403,800	5,184,605
Total pension liability - beginning	130,287,771	136,008,515	138,928,830	144,894,685	159,298,485
Total pension liability - ending (a)	\$ 136,008,515	\$ 138,928,830	\$ 144,894,685	\$ 159,298,485	\$ 164,483,090
Pension fiduciary net position					
Contributions - employer	\$ 1,628,415	\$ 2,016,919	\$ 2,317,060	\$ 2,645,234	\$ 3,015,630
Contributions - employee	1,181,161	1,242,246	1,321,368	1,327,795	1,405,045
Net investment income	17,430,461	2,536,012	604,797	12,260,577	10,029,125
Benefit payments, including refunds of employee contributions	(6,617,452)	(6,931,772)	(7,193,626)	(7,669,492)	(8,486,647)
Net plan to plan resource movement	-	-	(1,234)	11,249	(291)
Administrative expense	-	(128,654)	(69,658)	(164,291)	(186,505)
Other miscellaneous income/ (expense) ²	-	-	-	-	(354,176)
Net change in plan fiduciary net position	13,622,585	(1,265,249)	(3,021,293)	8,411,072	5,422,181
Plan fiduciary net position - beginning³	101,939,625	115,562,210	114,296,961	111,275,668	119,686,740
Plan fiduciary net position - ending (b)	\$ 115,562,210	\$ 114,296,961	\$ 111,275,668	\$ 119,686,740	\$ 125,108,921
Plan net pension liability - ending (a) - (b)	\$ 20,446,305	\$ 24,631,869	\$ 33,619,017	\$ 39,611,745	\$ 39,374,169
Plan fiduciary net position as a percentage of the total pension liability	84.97%	82.27%	76.80%	75.13%	76.06%
Covered payroll⁴	\$ 17,651,457	\$ 18,094,788	\$ 19,012,911	\$ 19,306,012	\$ 19,929,430
Plan net pension liability as a percentage of covered payroll	115.83%	136.13%	176.82%	205.18%	197.57%

¹ Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

² During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

³ Includes any beginning of year adjustment.

⁴ Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

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

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

Last Ten Fiscal Years

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

Measurement period	2018-19
Total pension liability	
Service cost	\$ 3,162,100
Interest	11,820,982
Changes of benefit terms	-
Changes of assumptions	-
Differences between expected and actual experience	3,672,690
Benefit payments, including refunds of employee contributions	(8,816,825)
Net change in total pension liability	9,838,947
Total pension liability - beginning	164,483,090
Total pension liability - ending (a)	<u>\$ 174,322,037</u>
Pension fiduciary net position	
Contributions - employer	\$ 3,688,807
Contributions - employee	1,457,546
Net investment income	8,130,102
Benefit payments, including refunds of employee contributions	(8,816,825)
Net plan to plan resource movement	-
Administrative expense	(89,280)
Other miscellaneous income/ (expense) ²	291
Net change in plan fiduciary net position	4,370,641
Plan fiduciary net position - beginning³	125,108,921
Plan fiduciary net position - ending (b)	<u>\$ 129,479,562</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 44,842,475</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74.28%</u>
Covered payroll⁴	<u>\$ 20,102,352</u>
Plan net pension liability as a percentage of covered payroll	<u>223.07%</u>

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

Last Ten Fiscal Years

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

Measurement period	June 30, 2014 ¹	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
City Proportion of the Net Pension Liability	0.65549%	0.65832%	0.62924%	0.61206%	0.62701%
City's Proportionate Share of the net Pension Liability	<u>\$ 40,787,661</u>	<u>\$ 45,186,413</u>	<u>\$ 54,448,433</u>	<u>\$ 60,699,742</u>	<u>\$ 60,419,894</u>
City's Covered Payroll	<u>\$ 9,078,779</u>	<u>\$ 9,351,143</u>	<u>\$ 10,491,839</u>	<u>\$ 10,435,515</u>	<u>\$ 11,232,919</u>
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	<u>449.26%</u>	<u>483.22%</u>	<u>518.96%</u>	<u>581.67%</u>	<u>537.88%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>75.54%</u>	<u>77.40%</u>	<u>68.79%</u>	<u>68.27%</u>	<u>69.50%</u>

¹ Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

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

Last Ten Fiscal Years

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

Measurement period	<u>June 30, 2019</u>
City Proportion of the Net Pension Liability	0.55899%
City's Proportionate Share of the net Pension Liability	<u>\$ 57,280,320</u>
City's Covered Payroll	<u>\$ 12,156,428</u>
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	<u>471.19%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>72.58%</u>

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

Last Ten Fiscal Years

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

	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 1,628,415	\$ 2,016,919	\$ 2,317,060	\$ 2,645,234	\$ 3,015,630
Contributions in relation to the actuarially determined contribution ²	(1,628,415)	(2,016,919)	(2,317,060)	(2,645,234)	(3,015,630)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ³	\$ 17,651,457	\$ 18,094,788	\$ 19,012,911	\$ 19,306,012	\$ 19,929,430
Contributions as a percentage of covered payroll ³	9.23%	11.15%	12.19%	13.70%	15.13%

¹ Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

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

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2017 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll Growth	3.00%
Investment rate of return	7.375% net of pension plan investment and administrative expenses; includes Inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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

Last Ten Fiscal Years

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

	<u>2018-19</u>	<u>2019-20</u>
Actuarially determined contribution	\$ 3,688,807	\$ 4,327,858
Contributions in relation to the actuarially determined contribution ²	<u>(3,688,807)</u>	<u>(4,327,858)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ³	<u>\$ 20,102,352</u>	<u>\$ 20,477,489</u>
Contributions as a percentage of covered payroll ³	18.35%	21.13%

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

Last Ten Fiscal Years

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

	2013-14 ¹	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 3,930,218	\$ 4,265,350	\$ 4,917,350	\$ 5,401,275	\$ 6,093,811
Contributions in relation to the actuarially determined contribution	(3,930,218)	(4,265,350)	(4,917,350)	(5,401,275)	(6,093,811)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll ²	<u>\$ 9,078,779</u>	<u>\$ 9,351,143</u>	<u>\$ 10,491,839</u>	<u>\$ 10,435,515</u>	<u>\$ 11,232,919</u>
Contributions as a percentage of covered payroll	43.29%	45.61%	46.87%	51.76%	54.25%

¹ Historical information is presented only for measurement periods for which GASB No. 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

² Payroll from 2018-19 was assumed to increase by the 2.75 percent payroll growth assumption.

Notes to Schedule:

Change in Benefit Terms: There was no change in benefit terms.

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

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

Last Ten Fiscal Years

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

	<u>2018-19</u>	<u>2019-20</u>
Actuarially determined contribution	\$ 6,617,559	\$ 6,185,808
Contributions in relation to the actuarially determined contribution ³	<u>(12,677,559)</u>	<u>(6,185,808)</u>
Contribution deficiency (excess)	<u>\$ (6,060,000)</u>	<u>\$ -</u>
Covered payroll	<u>\$ 12,156,428</u>	<u>\$ 12,490,730</u>
Contributions as a percentage of covered payroll	104.29%	49.52%

³ During FY2018-19, the City contributed \$6,060,000 to CalPERS to proceed with the 20 year fresh start of the unfunded liability to the safety plan.

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

Last Ten Fiscal Years

Governmental Activities Retiree Healthcare Plan

Measurement period	2016-17 ¹	2017-18	2018-19
Total OPEB liability			
Service cost	\$ 2,001,000	\$ 1,619,506	\$ 1,649,332
Transfers to Sewer	-	(288,000)	-
Interest	1,888,000	2,141,404	2,284,925
Changes of benefit terms	-	-	-
Changes of assumptions	(7,755,000)	(4,569,074)	3,665,059
Differences between expected and actual experience	-	2,253,827	-
Benefit payments, including refunds	(2,162,000)	(2,247,465)	(2,251,080)
Other - funding rates used by benefits paid	580,000	-	-
Net change in total OPEB liability	(5,448,000)	(1,089,802)	5,348,236
Total OPEB liability - beginning of the year	65,056,000	59,608,000	58,518,198
Total OPEB liability - end of the year (a)	\$ 59,608,000	\$ 58,518,198	\$ 63,866,434
OPEB fiduciary net position			
Contributions - employer	\$ -	\$ 2,247,465	\$ 2,401,080
Contributions - employee	-	-	-
Net investment income	-	-	1,792
Benefit payments, including refunds	-	(2,247,465)	(2,251,080)
Administrative expense	-	-	(1)
Other changes	-	-	-
Net change in plan fiduciary net position	-	-	151,791
Plan fiduciary net position - beginning of year	-	-	-
Plan fiduciary net position - end of year (b)	\$ -	\$ -	\$ 151,791
Plan net OPEB liability - end of year (a) - (b)	\$ 59,608,000	\$ 58,518,198	\$ 63,714,643
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.24%
Covered payroll²	\$ 25,500,000	\$ 23,523,270	\$ 24,650,894
Plan net OPEB liability as a percentage of covered payroll	233.76%	248.77%	258.47%

¹ Historical information is presented for measurement periods for which GASB 75 is applicable. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Changes of assumptions: In 2019, the accounting discount rate increased from 3.87 percent to 3.50 percent. In 2018, the accounting discount rate increased from 3.58 percent to 3.87 percent. In 2017, the accounting discount rate increased from 2.85 percent to 3.58 percent.

Changes of benefit terms: There were no changes of benefit terms in 2019.

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

Last Ten Fiscal Years

GTrans Retiree Healthcare Plan

Measurement period	2016-17 ¹	2017-18	2018-19
Total OPEB liability			
Service cost	\$ 232,000	\$ 238,960	\$ 291,129
Interest	598,000	629,344	661,199
Changes of benefit terms	-	-	-
Changes of assumptions	-	(357,602)	-
Differences between expected and actual experience	-	301,185	-
Benefit payments, including refunds	(462,000)	(494,701)	(289,528)
Other - funding rates used by benefits paid	190,000	-	-
Net change in total OPEB liability	558,000	317,186	662,800
Total OPEB liability - beginning of year	8,774,000	9,332,000	9,649,186
Total OPEB liability - end of year (a)	\$ 9,332,000	\$ 9,649,186	\$ 10,311,986
OPEB fiduciary net position			
Contributions - employer	\$ 462,000	\$ 4,516,245	\$ 289,528
Contributions - employee	-	-	-
Net investment income	-	60,118	251,747
Benefit payments, including refunds	(462,000)	(494,701)	(289,528)
Administrative expense	-	(505)	(874)
Other changes	-	-	-
Net change in plan fiduciary net position	-	4,081,157	250,873
Plan fiduciary net position - beginning of year	-	-	4,081,157
Plan fiduciary net position - end of year (b)	\$ -	\$ 4,081,157	\$ 4,332,030
Plan net OPEB liability - end of year (a) - (b)	\$ 9,332,000	\$ 5,568,029	\$ 5,979,956
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	42.30%	42.01%
Covered payroll	\$ 9,759,000	\$ 10,316,000	\$ 9,798,690
Plan net OPEB liability as a percentage of covered payroll	95.62%	53.97%	61.03%

¹ Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17.

Notes to Schedule:

Changes of assumptions: In 2019, There were no changes in assumptions. In 2018, medical plan at retirement assumption updated, trend rate updated, demographic assumptions were updated to CalPERS 1997-2015 Experience Study, and mortality improvement scale was updated to Scale MP-2018. In 2017, there were no changes.

Changes of benefit terms: There were no changes of benefit terms in 2019.

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

Last Ten Fiscal Years

Sewer Retiree Healthcare Plan

Measurement period	2016-17	2017-18	2018-19 ¹
Total OPEB liability			
Service cost	\$ -	\$ 16,001	\$ 19,620
Transfers from the Governmental Activities	-	288,000	-
Interest	-	10,883	11,678
Changes of benefit terms	-	-	-
Changes of assumptions	-	(32,020)	17,238
Differences between expected and actual experience	-	(709)	-
Benefit payments, including refunds	-	-	-
Other - funding rates used by benefits paid	-	-	-
Net change in total OPEB liability	-	282,155	48,536
Total OPEB liability - beginning of year	-	-	282,155
Total OPEB liability - end of year (a)	<u>\$ -</u>	<u>\$ 282,155</u>	<u>\$ 330,691</u>
OPEB fiduciary net position			
Contributions - employer	\$ -	\$ -	\$ -
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds	-	-	-
Administrative expense	-	-	-
Other changes	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning of year	-	-	-
Plan fiduciary net position - end of year (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan net OPEB liability - end of year (a) - (b)	<u>\$ -</u>	<u>\$ 282,155</u>	<u>\$ 330,691</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered payroll	<u>N/A</u>	<u>\$ 388,821</u>	<u>\$ 482,665</u>
Plan net OPEB liability as a percentage of covered payroll	<u>N/A</u>	<u>72.57%</u>	<u>68.51%</u>

¹ Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17.

Notes to Schedule:

Changes of assumptions: In 2019, the accounting discount rate increased from 3.87 percent to 3.50 percent. In 2018, the accounting discount rate increased from 3.58 percent to 3.87 percent. In 2017, the accounting discount rate increased from 2.85 percent to 3.58 percent.

Changes of benefit terms: There were no changes of benefit terms in 2019.

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

Last Ten Fiscal Years

Governmental Activities Retiree Healthcare Plan

	2016-17 ¹	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ 5,029,000	N/A	\$ 3,631,000	\$ 3,867,000
Contributions in relation to the actuarially determined contribution	(2,162,000)	(2,247,465)	(2,557,088)	(2,075,527)
Contribution deficiency (excess)	<u>\$ 2,867,000</u>	<u>\$ (2,247,465)</u>	<u>\$ 1,073,912</u>	<u>\$ 1,791,473</u>
Covered payroll	N/A	\$ 23,523,270	\$ 24,650,894	\$ 25,558,730
Contributions as a percentage of covered payroll	N/A	N/A	10.37%	8.12%

¹ Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2018 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Amortization period	19 years fixed period for 2019/20
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount rate	6.75%
General inflation	2.75%
Medical trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.
Mortality	CalPERS 1997-2015 experience study.
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2018.

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

Last Ten Fiscal Years

GTrans Retiree Healthcare Plan

	2016-17 ¹	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ 848,000	\$ 785,000	\$ 721,000	\$ 776,000
Contributions in relation to the actuarially determined contribution	(462,000)	(4,516,544)	(532,056)	(276,271)
Contribution deficiency (excess)	<u>\$ 386,000</u>	<u>\$ (3,731,544)</u>	<u>\$ 188,944</u>	<u>\$ 499,729</u>
Covered payroll	\$ 9,759,000	\$ 10,316,000	\$ 9,798,690	\$ 10,811,701
Contributions as a percentage of covered payroll	4.73%	43.78%	5.43%	2.56%

¹ Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2018 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Amortization period	19 years fixed period for 2019/20
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount rate	6.75%
General inflation	2.75%
Medical trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.
Mortality	CalPERS 1997-2015 experience study.
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2018.

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

Last Ten Fiscal Years

Sewer Retiree Healthcare Plan

	2016-17 ¹	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ -	\$ -	\$ 25,000	\$ 26,000
Contributions in relation to the actuarially determined contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 26,000</u>
Covered payroll	N/A	\$ 388,821	\$ 482,665	\$ 515,111
Contributions as a percentage of covered payroll	N/A	N/A	0.00%	0.00%

¹ Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2018 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Amortization period	19 years fixed period for 2019/20
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount rate	6.75%
General inflation	2.75%
Medical trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.
Mortality	CalPERS 1997-2015 experience study.
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2018.

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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SUPPLEMENTARY INFORMATION

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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NONMAJOR GOVERNMENTAL FUNDS

Consolidated Lighting District Special Revenue Fund - To account for monies received from property assessments restricted to fund district lighting activities.

Prop C Local Return Special Revenue Fund - To account for monies derived from Los Angeles County 1/2% sales tax, received from MTA and expended on streets and roads heavily used by public transit.

Gas Tax Special Revenue Fund - To account for funding from the State of California for the state and county gas tax allocation and the Senate Bill No. 1 (SB1) allocation.

Asset Forfeiture Special Revenue Fund - To account for monies that were seized from criminal activities and is to be used solely for law enforcement purposes.

Public Safety Grants Special Revenue Fund - Represents seven funds used to fund various police activities. Four of the grants receive funding from the California Office of Traffic Safety. These grants fund sobriety checkpoints, saturation patrols, seatbelt enforcement, warrant/probation sweeps and additional activities to raise public awareness and reduce alcohol involved fatalities. One grant from the U.S. Department of Justice provides funding for technological programs and equipment to improve public safety issues. Finally, the COPS grant and Traffic Safety grant are funds earmarked for any police activity that will increase public safety.

Public Works Grants Special Revenue Fund - Represents five funds used to implement various capital improvements projects. The Artesia Boulevard Landscaping Assessment is received from property assessments and restricted to funding district landscaping activities. The Transportation Community and System Preservation grant is received from Caltrans to implement programs that promote pedestrian friendly areas, job growth, and business retention along the Reserans corridor. The Proposition A Park Bond Safe neighborhood Parks Proposition of 1992 and 1996 is received from Los Angeles County Regional Park and Open Space District to be used for acquisition and improvements to park. The South Coast AQMSD fund is monies received from the motor vehicle tax to be expended on programs to reduce air pollution, which is necessary to comply with the California Clean Air Act of 1988. Measure R funds are derived from Los Angeles County 1/2 cent sales tax approved by voters in November 2008 to meet the transportation needs of Los Angeles County. The program is to be used for transportation projects that have been approved by the Los Angeles County Metropolitan Transportation Authority ("MTA").

Human Services Grants Special Revenue Fund - Represents four funds. Two of the funds provide meals to the elderly and disabled funded by Aging Program. These meals are served at the Nakaoka Center or delivered directly to the participants. One grant provides for a socialization program for elderly persons suffering from Alzheimer's Disease or dementia. The Family Child Care grant is funded by the California Department of Education and provides daycare and early education to qualified families.

Community Development Block Grant (CDBG) Special Revenue Fund - To account for funding from HUD to fund programs that benefit low income, elderly or disabled individuals. A number of programs are funded with these monies, including an at-risk youth program, code enforcement, a handy worker program for small home repairs and access ramps, projects to improve or eliminate slum blight conditions, as well as assistance for landlords in designated areas to improve living conditions for qualified tenants.

City Capital Projects Fund - Represents the financial resources that are restricted, committed or assigned to expenditures for capital outlay.

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

	Special Revenue Funds				
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture	Public Safety Grants
ASSETS					
Cash and investments	\$ 639,995	\$ 2,454,172	\$ 2,730,137	\$ 815,633	\$ 270,170
Receivables:					
Accounts	-	-	62,848	-	83,825
Taxes	12,318	-	-	-	-
Prepaid items and deposits	-	-	5,412	-	31,105
Due from other governmental agencies	-	-	76,122	-	49,447
Total assets	\$ 652,313	\$ 2,454,172	\$ 2,874,519	\$ 815,633	\$ 434,547
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 94,029	\$ -	\$ 98,747	\$ -	\$ 10,326
Accrued liabilities	-	-	-	-	-
Salaries and benefits payable	-	765	2,307	-	6,439
Due to other funds	-	-	-	-	122,258
Retention payable	-	-	-	-	-
Total liabilities	94,029	765	101,054	-	139,023
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	83,825
Total deferred inflows of resources	-	-	-	-	83,825
Fund Balances:					
Nonspendable	-	-	5,412	-	31,105
Restricted	558,284	2,453,407	2,768,053	815,633	180,594
Unassigned	-	-	-	-	-
Total fund balances	558,284	2,453,407	2,773,465	815,633	211,699
Total liabilities, deferred inflows of resources, and fund balances	\$ 652,313	\$ 2,454,172	\$ 2,874,519	\$ 815,633	\$ 434,547

(Continued)

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Works Grants	Human Services Grants	Community Development Block Grant (CDBG)	City Capital Projects	
ASSETS					
Cash and investments	\$ 2,726,084	\$ 428,984	\$ 66,769	\$ 670,985	\$ 10,802,929
Receivables:					
Accounts	-	3,097	191,195	-	340,965
Taxes	28	-	-	-	12,346
Prepaid items and deposits	-	3,002	-	22,025	61,544
Due from other governmental agencies	84,973	88,633	-	-	299,175
Total assets	\$ 2,811,085	\$ 523,716	\$ 257,964	\$ 693,010	\$ 11,516,959
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 19,275	\$ 273,580	\$ 1,949	\$ 365,201	863,107
Accrued liabilities	1,131	2,189	-	-	3,320
Salaries and benefits payable	1,531	33,901	15,328	-	60,271
Due to other funds	54,085	80,038	132,281	-	388,662
Retention payable	-	-	-	31,897	31,897
Total liabilities	76,022	389,708	149,558	397,098	1,347,257
Deferred inflows of resources:					
Unavailable revenue	65,339	-	189,624	-	338,788
Total deferred inflows of resources	65,339	-	189,624	-	338,788
Fund Balances:					
Nonspendable	-	3,002	-	22,025	61,544
Restricted	2,669,724	131,006	-	273,887	9,850,588
Unassigned	-	-	(81,218)	-	(81,218)
Total fund balances	2,669,724	134,008	(81,218)	295,912	9,830,914
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,811,085	\$ 523,716	\$ 257,964	\$ 693,010	\$ 11,516,959

(Concluded)

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

	Special Revenue Funds				
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture	Public Safety Grants
REVENUES:					
Taxes	\$ 739,845	\$ 982,435	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,491,219	12,260	285,374
Fines, forfeitures, and penalties	-	-	-	-	42,428
Use of money and property	6,860	33,798	34,037	10,152	3,391
Miscellaneous	-	-	81,759	5,980	-
Total revenues	<u>746,705</u>	<u>1,016,233</u>	<u>2,607,015</u>	<u>28,392</u>	<u>331,193</u>
EXPENDITURES:					
Current:					
General government	-	-	10,346	-	-
Public safety	-	-	-	21,017	277,655
Public works	646,756	28,805	558,961	-	-
Recreation and human services	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	203,088
Debt service:					
Principal retirement	12,696	-	-	-	-
Total expenditures	<u>659,452</u>	<u>28,805</u>	<u>569,307</u>	<u>21,017</u>	<u>480,743</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>87,253</u>	<u>987,428</u>	<u>2,037,708</u>	<u>7,375</u>	<u>(149,550)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	-	-	-	-	29,875
Transfers in	-	-	-	-	249,550
Transfers out	(19,606)	(1,254,345)	(1,777,642)	(375,000)	(89,165)
Total other financing sources (uses)	<u>(19,606)</u>	<u>(1,254,345)</u>	<u>(1,777,642)</u>	<u>(375,000)</u>	<u>190,260</u>
NET CHANGES IN FUND BALANCES	<u>67,647</u>	<u>(266,917)</u>	<u>260,066</u>	<u>(367,625)</u>	<u>40,710</u>
FUND BALANCES:					
Beginning of year	<u>490,637</u>	<u>2,720,324</u>	<u>2,513,399</u>	<u>1,183,258</u>	<u>170,989</u>
End of year	<u>\$ 558,284</u>	<u>\$ 2,453,407</u>	<u>\$ 2,773,465</u>	<u>\$ 815,633</u>	<u>\$ 211,699</u>

(Continued)

City of Gardena
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			
	Public Works Grants	Human Services Grants	Community Development Block Grant (CDBG)	City Capital Projects
				Total Nonmajor Governmental Funds
REVENUES:				
Taxes	\$ 1,661,061	\$ -	\$ -	\$ -
Intergovernmental	147,723	3,343,935	334,425	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	30,755	4,518	1,359	-
Miscellaneous	1,500	88,238	-	-
Total revenues	1,841,039	3,436,691	335,784	-
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	118,510	-	-	-
Recreation and human services	-	3,381,690	-	-
Community development	-	-	550,711	-
Capital outlay	39,338	-	-	2,840,640
Debt service:				
Principal retirement	-	-	-	-
Total expenditures	157,848	3,381,690	550,711	2,840,640
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,683,191	55,001	(214,927)	(2,840,640)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	-	-
Transfers in	47,895	61,663	-	2,840,640
Transfers out	(802,819)	-	-	-
Total other financing sources (uses)	(754,924)	61,663	-	2,840,640
NET CHANGES IN FUND BALANCES	928,267	116,664	(214,927)	-
FUND BALANCES:				
Beginning of year	1,741,457	17,344	133,709	295,912
End of year	\$ 2,669,724	\$ 134,008	\$ (81,218)	\$ 295,912

(Concluded)

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Consolidated Lighting District Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 695,000	\$ 695,000	\$ 739,845	\$ 44,845
Use of money and property	4,000	4,000	6,860	2,860
Total revenues	<u>699,000</u>	<u>699,000</u>	<u>746,705</u>	<u>47,705</u>
EXPENDITURES:				
Current:				
Public works	622,196	622,196	646,756	(24,560)
Debt service:				
Principal retirement	12,804	12,804	12,696	108
Total expenditures	<u>635,000</u>	<u>635,000</u>	<u>659,452</u>	<u>(24,452)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	64,000	64,000	87,253	23,253
OTHER FINANCING USES:				
Transfers out	(64,000)	(64,000)	(19,606)	44,394
Total other financing uses	<u>(64,000)</u>	<u>(64,000)</u>	<u>(19,606)</u>	<u>44,394</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	67,647	<u>\$ 67,647</u>
FUND BALANCE:				
Beginning of year			490,637	
End of year			<u>\$ 558,284</u>	

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Prop C Local Return Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 985,810	\$ 985,810	\$ 982,435	\$ (3,375)
Use of money and property	30,000	30,000	33,798	3,798
Total revenues	<u>1,015,810</u>	<u>1,015,810</u>	<u>1,016,233</u>	<u>423</u>
EXPENDITURES:				
Current:				
Public works	13,637	13,637	28,805	(15,168)
Total expenditures	<u>13,637</u>	<u>13,637</u>	<u>28,805</u>	<u>(15,168)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,002,173</u>	<u>1,002,173</u>	<u>987,428</u>	<u>(14,745)</u>
OTHER FINANCING USES:				
Transfers out	(1,300,000)	(1,300,000)	(1,254,345)	45,655
Total other financing uses	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(1,254,345)</u>	<u>45,655</u>
NET CHANGE IN FUND BALANCE	<u>\$ (297,827)</u>	<u>\$ (297,827)</u>	<u>(266,917)</u>	<u>\$ 30,910</u>
FUND BALANCE:				
Beginning of year			<u>2,720,324</u>	
End of year			<u>\$ 2,453,407</u>	

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 2,582,082	\$ 2,582,082	\$ 2,491,219	\$ (90,863)
Use of money and property	100,050	100,050	34,037	(66,013)
Miscellaneous	-	-	81,759	81,759
Total revenues	<u>2,682,132</u>	<u>2,682,132</u>	<u>2,607,015</u>	<u>(75,117)</u>
EXPENDITURES:				
Current:				
General government	8,098	8,098	10,346	(2,248)
Public works	249,149	249,149	558,961	(309,812)
Total expenditures	<u>257,247</u>	<u>257,247</u>	<u>569,307</u>	<u>(312,060)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,424,885</u>	<u>2,424,885</u>	<u>2,037,708</u>	<u>(387,177)</u>
OTHER FINANCING USES:				
Transfers out	(2,316,000)	(2,316,000)	(1,777,642)	538,358
Total other financing uses	<u>(2,316,000)</u>	<u>(2,316,000)</u>	<u>(1,777,642)</u>	<u>538,358</u>
NET CHANGE IN FUND BALANCE	<u>\$ 108,885</u>	<u>\$ 108,885</u>	260,066	<u>\$ 151,181</u>
FUND BALANCE:				
Beginning of year			2,513,399	
End of year			<u>\$ 2,773,465</u>	

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 7,000	\$ 7,000	\$ 12,260	\$ 5,260
Use of money and property	10,200	10,200	10,152	(48)
Miscellaneous	-	-	5,980	5,980
Total revenues	<u>17,200</u>	<u>17,200</u>	<u>28,392</u>	<u>11,192</u>
EXPENDITURES:				
Current:				
Public safety	-	-	21,017	(21,017)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>17,200</u>	<u>17,200</u>	<u>7,375</u>	<u>(9,825)</u>
OTHER FINANCING USES:				
Transfers out	(375,000)	(375,000)	(375,000)	-
Total other financing uses	<u>(375,000)</u>	<u>(375,000)</u>	<u>(375,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (357,800)</u>	<u>\$ (357,800)</u>	<u>(367,625)</u>	<u>\$ (9,825)</u>
FUND BALANCE:				
Beginning of year			<u>1,183,258</u>	
End of year			<u>\$ 815,633</u>	

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Safety Grants Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 256,000	\$ 256,000	\$ 285,374	\$ 29,374
Fines, forfeitures, and penalties	99,000	99,000	42,428	(56,572)
Use of money and property	3,600	3,600	3,391	(209)
Total revenues	<u>358,600</u>	<u>358,600</u>	<u>331,193</u>	<u>(27,407)</u>
EXPENDITURES:				
Current:				
Public safety	258,600	258,600	277,655	(19,055)
Capital outlay	525,000	525,000	203,088	321,912
Total expenditures	<u>783,600</u>	<u>783,600</u>	<u>480,743</u>	<u>302,857</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(425,000)</u>	<u>(425,000)</u>	<u>(149,550)</u>	<u>275,450</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	29,875	29,875
Transfers in	-	-	249,550	249,550
Transfers out	(100,000)	(100,000)	(89,165)	10,835
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>190,260</u>	<u>290,260</u>
NET CHANGE IN FUND BALANCE	<u>\$ (525,000)</u>	<u>\$ (525,000)</u>	<u>40,710</u>	<u>\$ 565,710</u>
FUND BALANCE:				
Beginning of year			<u>170,989</u>	
End of year			<u>\$ 211,699</u>	

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Works Grants Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,678,974	\$ 1,678,974	\$ 1,661,061	\$ (17,913)
Intergovernmental	500,000	500,000	147,723	(352,277)
Use of money and property	6,200	6,200	30,755	24,555
Miscellaneous	-	-	1,500	1,500
Total revenues	<u>2,185,174</u>	<u>2,185,174</u>	<u>1,841,039</u>	<u>(344,135)</u>
EXPENDITURES:				
Current:				
Public works	71,624	71,624	118,510	(46,886)
Capital outlay	78,000	78,000	39,338	38,662
Total expenditures	<u>149,624</u>	<u>149,624</u>	<u>157,848</u>	<u>(8,224)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,035,550</u>	<u>2,035,550</u>	<u>1,683,191</u>	<u>(352,359)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	47,895	47,895
Transfers out	(2,078,500)	(2,078,500)	(802,819)	1,275,681
Total other financing sources (uses)	<u>(2,078,500)</u>	<u>(2,078,500)</u>	<u>(754,924)</u>	<u>1,323,576</u>
NET CHANGE IN FUND BALANCE	<u>\$ (42,950)</u>	<u>\$ (42,950)</u>	<u>928,267</u>	<u>\$ 971,217</u>
FUND BALANCE:				
Beginning of year			<u>1,741,457</u>	
End of year			<u>\$ 2,669,724</u>	

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Human Services Grants Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 2,598,303	\$ 2,598,303	\$ 3,343,935	\$ 745,632
Use of money and property	2,000	2,000	4,518	2,518
Miscellaneous	153,591	153,591	88,238	(65,353)
Total revenues	<u>2,753,894</u>	<u>2,753,894</u>	<u>3,436,691</u>	<u>682,797</u>
EXPENDITURES:				
Current:				
Recreation and human services	2,718,208	2,718,208	3,381,690	(663,482)
Total expenditures	<u>2,718,208</u>	<u>2,718,208</u>	<u>3,381,690</u>	<u>(663,482)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>35,686</u>	<u>35,686</u>	<u>55,001</u>	<u>19,315</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	61,663	61,663
Total other financing sources	<u>-</u>	<u>-</u>	<u>61,663</u>	<u>61,663</u>
NET CHANGE IN FUND BALANCE	<u>\$ 35,686</u>	<u>\$ 35,686</u>	116,664	<u>\$ 80,978</u>
FUND BALANCE:				
Beginning of year			17,344	
End of year			<u>\$ 134,008</u>	

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant (CDBG) Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 666,187	\$ 1,111,652	\$ 334,425	\$ (777,227)
Use of money and property	-	-	1,359	1,359
Total revenues	<u>666,187</u>	<u>1,111,652</u>	<u>335,784</u>	<u>(775,868)</u>
EXPENDITURES:				
Current:				
Community development	<u>666,187</u>	<u>1,111,652</u>	<u>550,711</u>	<u>560,941</u>
Total expenditures	<u>666,187</u>	<u>1,111,652</u>	<u>550,711</u>	<u>560,941</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(214,927)	<u>\$ (214,927)</u>
FUND BALANCE:				
Beginning of year			<u>133,709</u>	
End of year			<u>\$ (81,218)</u>	

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Capital outlay	\$ 5,991,000	\$ 5,991,000	\$ 2,840,640	\$ 3,150,360
Total expenditures	<u>5,991,000</u>	<u>5,991,000</u>	<u>2,840,640</u>	<u>3,150,360</u>
OTHER FINANCING SOURCES:				
Transfers in	5,991,000	5,991,000	2,840,640	(3,150,360)
Total other financing sources	<u>5,991,000</u>	<u>5,991,000</u>	<u>2,840,640</u>	<u>(3,150,360)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>
FUND BALANCE:				
Beginning of year			<u>295,912</u>	
End of year			<u><u>\$ 295,912</u></u>	

CITY DEBT SERVICE FUNDS

DEBT SERVICE FUNDS:

To account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, including certificates of participation and refunding revenue bonds, and capital leases.

2006 Refunding COPS, Series A Fund - To account for the accumulated funds for the payment of interest and principal for the certificates issued in 2006.

2007 Refunding Revenue Bonds SBRPCA Fund - To account for the accumulated funds for the payment of interest and principal for the refunding bonds issued in 2007.

2014 Taxable Lease Revenue Refunding Bonds Fund - To account for the accumulated funds for the payment of interest and principal for the refunding bonds issued in 2014.

2017 Lease Financing Bonds Fund - To account for the accumulated funds for the payment of interest and principal for the refunding bonds issued in 2017.

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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City of Gardena
Combining Statement of Net Position
All Debt Service Funds
June 30, 2020

	2006 Refunding COPs, Series A	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	2017 Lease Financing Bonds	Total
ASSETS					
Cash and investments with fiscal agents	\$ 1,775,533	\$ 219,219	\$ 2	\$ -	\$ 1,994,754
Prepaid items and deposits	-	1,194	1,102	286,592	288,888
Total assets	<u>\$ 1,775,533</u>	<u>\$ 220,413</u>	<u>\$ 1,104</u>	<u>\$ 286,592</u>	<u>\$ 2,283,642</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 286,592	\$ 286,592
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,592</u>	<u>286,592</u>
Fund Balances:					
Nonspendable	-	1,194	1,102	286,592	288,888
Restricted	1,775,533	219,219	2	-	1,994,754
Unassigned	-	-	-	(286,592)	(286,592)
Total fund balances	<u>1,775,533</u>	<u>220,413</u>	<u>1,104</u>	<u>-</u>	<u>1,997,050</u>
Total liabilities and fund balances	<u>\$ 1,775,533</u>	<u>\$ 220,413</u>	<u>\$ 1,104</u>	<u>\$ 286,592</u>	<u>\$ 2,283,642</u>

City of Gardena
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
All Debt Service Funds
For the Year Ended June 30, 2020

	2006 Refunding COPs, Series A	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	2017 Lease Financing Bonds	Total
REVENUES:					
Use of money and property	\$ 25,498	\$ 2,330	\$ 23	\$ -	\$ 27,851
Total revenues	<u>25,498</u>	<u>2,330</u>	<u>23</u>	<u>-</u>	<u>27,851</u>
EXPENDITURES:					
Debt service:					
Principal retirement	520,000	105,000	60,000	270,000	955,000
Interest and fiscal charges	<u>510,279</u>	<u>85,077</u>	<u>448,319</u>	<u>25,916</u>	<u>1,069,591</u>
Total expenditures	<u>1,030,279</u>	<u>190,077</u>	<u>508,319</u>	<u>295,916</u>	<u>2,024,591</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,004,781)</u>	<u>(187,747)</u>	<u>(508,296)</u>	<u>(295,916)</u>	<u>(1,996,740)</u>
OTHER FINANCING SOURCES:					
Transfers in	<u>1,043,911</u>	<u>187,334</u>	<u>508,249</u>	<u>295,916</u>	<u>2,035,410</u>
Total other financing sources	<u>1,043,911</u>	<u>187,334</u>	<u>508,249</u>	<u>295,916</u>	<u>2,035,410</u>
CHANGES IN FUND BALANCES	39,130	(413)	(47)	-	38,670
NET POSITION:					
Beginning of the year	<u>1,736,403</u>	<u>220,826</u>	<u>1,151</u>	<u>-</u>	<u>1,958,380</u>
End of the year	<u>\$ 1,775,533</u>	<u>\$ 220,413</u>	<u>\$ 1,104</u>	<u>\$ -</u>	<u>\$ 1,997,050</u>

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2006 Refunding COPs, Series A Debt Service Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 25,498	\$ 25,498
Total revenues	<u>-</u>	<u>-</u>	<u>25,498</u>	<u>25,498</u>
EXPENDITURES:				
Debt Services:				
Principal retirement	520,000	520,000	520,000	-
Interest and fiscal charges	510,348	510,348	510,279	69
Total expenditures	<u>1,030,348</u>	<u>1,030,348</u>	<u>1,030,279</u>	<u>69</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,030,348)</u>	<u>(1,030,348)</u>	<u>(1,004,781)</u>	<u>25,567</u>
OTHER FINANCING SOURCES:				
Transfers in	1,030,348	1,030,348	1,043,911	13,563
Total other financing sources	<u>1,030,348</u>	<u>1,030,348</u>	<u>1,043,911</u>	<u>13,563</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	39,130	<u>\$ 39,130</u>
FUND BALANCE:				
Beginning of year			<u>1,736,403</u>	
End of year			<u>\$ 1,775,533</u>	

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2007 Refunding Revenue Bonds SBRPCA Debt Service Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2,330	\$ 2,330
Total revenues	<u>-</u>	<u>-</u>	<u>2,330</u>	<u>2,330</u>
EXPENDITURES:				
Debt Services:				
Principal retirement	105,000	105,000	105,000	-
Interest and fiscal charges	<u>84,275</u>	<u>84,275</u>	<u>85,077</u>	<u>(802)</u>
Total expenditures	<u>189,275</u>	<u>189,275</u>	<u>190,077</u>	<u>(802)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(189,275)</u>	<u>(189,275)</u>	<u>(187,747)</u>	<u>1,528</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>189,275</u>	<u>189,275</u>	<u>187,334</u>	<u>(1,941)</u>
Total other financing sources	<u>189,275</u>	<u>189,275</u>	<u>187,334</u>	<u>(1,941)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(413)	<u>\$ (413)</u>
FUND BALANCE:				
Beginning of year			<u>220,826</u>	
End of year			<u>\$ 220,413</u>	

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2014 Taxable Lease Revenue Refunding Bonds Debt Service Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 23	\$ 23
Total revenues	<u>-</u>	<u>-</u>	<u>23</u>	<u>23</u>
EXPENDITURES:				
Debt Services:				
Principal retirement	60,000	60,000	60,000	-
Interest and fiscal charges	447,174	447,174	448,319	(1,145)
Total expenditures	<u>507,174</u>	<u>507,174</u>	<u>508,319</u>	<u>(1,145)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(507,174)</u>	<u>(507,174)</u>	<u>(508,296)</u>	<u>(1,122)</u>
OTHER FINANCING SOURCES:				
Transfers in	507,174	507,174	508,249	1,075
Total other financing sources	<u>507,174</u>	<u>507,174</u>	<u>508,249</u>	<u>1,075</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(47)	<u>\$ (47)</u>
FUND BALANCE:				
Beginning of year			<u>1,151</u>	
End of year			<u>\$ 1,104</u>	

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2017 Lease Financing Bonds - Debt Service Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Debt Services:				
Principal retirement	270,000	270,000	270,000	-
Interest and fiscal charges	26,979	26,979	25,916	1,063
Total expenditures	<u>296,979</u>	<u>296,979</u>	<u>295,916</u>	<u>1,063</u>
OTHER FINANCING SOURCES:				
Transfers in	296,979	296,979	295,916	(1,063)
Total other financing sources	<u>296,979</u>	<u>296,979</u>	<u>295,916</u>	<u>(1,063)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

INTERNAL SERVICE FUNDS

The Internal Service Fund accounts for financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

Internal Service Funds include:

Liability Insurance Fund - To finance and account for the City's general liability claims program.

Workers' Compensation Fund - To finance and account for the workers' compensation claims program.

Health Benefit Fund - To finance and account for the health benefit claims program.

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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

	Liability Insurance	Workers' Compensation	Health Benefit	Total
ASSETS				
Current Assets:				
Cash and investments	\$ -	\$ 1,563,206	\$ 5,110,427	\$ 6,673,633
Accounts receivables	7,399	-	43,544	50,943
Prepaid items and deposits	-	2,146	-	2,146
Total current assets	<u>7,399</u>	<u>1,565,352</u>	<u>5,153,971</u>	<u>6,726,722</u>
Total assets	<u>7,399</u>	<u>1,565,352</u>	<u>5,153,971</u>	<u>6,726,722</u>
LIABILITIES				
Current liabilities:				
Accounts payable	173,785	1,626	111,652	287,063
Accrued liabilities	1,055,477	12,266	169,425	1,237,168
Deposits payable	-	-	15,695	15,695
Claims payable - due within one year	466,812	6,249,662	737,706	7,454,180
Total current liabilities	<u>1,696,074</u>	<u>6,263,554</u>	<u>1,034,478</u>	<u>8,994,106</u>
Noncurrent liabilities:				
Claims payable - due in more than one year	708,490	1,249,933	-	1,958,423
Total noncurrent liabilities	<u>708,490</u>	<u>1,249,933</u>	<u>-</u>	<u>1,958,423</u>
Total liabilities	<u>2,404,564</u>	<u>7,513,487</u>	<u>1,034,478</u>	<u>10,952,529</u>
NET POSITION				
Unrestricted (deficit)	(2,397,165)	(5,948,135)	4,119,493	(4,225,807)
Total net position	<u>\$ (2,397,165)</u>	<u>\$ (5,948,135)</u>	<u>\$ 4,119,493</u>	<u>\$ (4,225,807)</u>

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

	Liability Insurance	Workers' Compensation	Health Benefit	Total
OPERATING REVENUES:				
Charges for services	\$ 984,040	\$ 1,005,328	\$ 8,558,888	\$ 10,548,256
Other	20,272	6,424	195,637	222,333
Insurance recovery	2,973,981	-	-	2,973,981
Total operating revenues	3,978,293	1,011,752	8,754,525	13,744,570
OPERATING EXPENSES:				
Insurance claims	1,597,713	1,367,698	2,458,845	5,424,256
General and administrative	558,135	376,962	4,519,093	5,454,190
Other operating expenses	34,313	34,701	104,162	173,176
Total operating expenses	2,190,161	1,779,361	7,082,100	11,051,622
OPERATING INCOME (LOSS)	1,788,132	(767,609)	1,672,425	2,692,948
NONOPERATING REVENUES:				
Interest income	-	16,551	68,495	85,046
Total nonoperating revenues	-	16,551	68,495	85,046
INCOME (LOSS) BEFORE TRANSFERS	1,788,132	(751,058)	1,740,920	2,777,994
TRANSFERS:				
Transfers in	399,672	445,436	-	845,108
Transfers out	-	-	(847,944)	(847,944)
Total transfers	399,672	445,436	(847,944)	(2,836)
CHANGES IN NET POSITION	2,187,804	(305,622)	892,976	2,775,158
NET POSITION:				
Beginning of year	(4,584,969)	(5,642,513)	3,226,517	(7,000,965)
End of year	<u>\$ (2,397,165)</u>	<u>\$ (5,948,135)</u>	<u>\$ 4,119,493</u>	<u>\$ (4,225,807)</u>

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

	Liability Insurance	Workers' Compensation	Health Benefit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from users	\$ 976,641	\$ 1,005,328	\$ 8,556,231	\$ 10,538,200
Receipts from claims recoveries	20,272	6,424	195,637	222,333
Payments for insurance claims	(1,597,713)	(1,204,250)	(2,473,757)	(5,275,720)
Payments to suppliers	201,128	(408,459)	(4,546,580)	(4,753,911)
Net cash provided by (used in) operating activities	(399,672)	(600,957)	1,731,531	730,902
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	399,672	445,436	-	845,108
Transfers to other funds	-	-	(847,944)	(847,944)
Net cash provided by (used in) noncapital financing activities	399,672	445,436	(847,944)	(2,836)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	-	16,551	68,495	85,046
Net cash provided by investing activities	-	16,551	68,495	85,046
Net change in cash and cash equivalents	-	(138,970)	952,082	813,112
CASH AND CASH EQUIVALENTS:				
Beginning of year	-	1,702,176	4,158,345	5,860,521
End of year	\$ -	\$ 1,563,206	\$ 5,110,427	\$ 6,673,633
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,788,132	\$ (767,609)	\$ 1,672,425	\$ 2,692,948
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase)decrease in accounts receivable	(7,399)	-	(2,657)	(10,056)
(Increase)decrease in prepaid items and deposits	-	-	3,121	3,121
Increase (decrease) in accounts payable	(260,614)	1,626	98,603	(160,385)
Increase (decrease) in accrued liabilities	1,054,190	1,578	(26,146)	1,029,622
Increase (decrease) in deposits payable	-	-	1,097	1,097
Increase (decrease) in claims payable	(2,973,981)	163,448	(14,912)	(2,825,445)
Total adjustment	(2,187,804)	166,652	59,106	(1,962,046)
Net cash provided by (used in) operating activities	\$ (399,672)	\$ (600,957)	\$ 1,731,531	\$ 730,902

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2020*



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STATISTICAL SECTION

Fiscal Year 2019-20



STATISTICAL SECTION

Fiscal Year 2019-20



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CITY OF GARDENA STATISTICAL SECTION

Fiscal Year 2019-20



This part of the City of Gardena's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial

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City of Gardena
Net Position by Component⁽¹⁾
Last Ten Fiscal Years Ended June 30, 2020
(accrual basis of accounting)

	Fiscal Year				
	2019-20	2018-19	2017-18 ⁽²⁾	2016-17	2015-16
Governmental Activities					
Net Investment in Capital Assets	\$30,055,713	\$47,404,733	\$27,748,135	\$28,138,906	\$27,897,717
Restricted for:					
Debt Service	1,708,162	1,669,313	1,916,945	1,924,432	2,679,363
Employment and Training Services	-	-	5,287	43,611	164,116
Law Enforcement	1,080,052	1,344,114	921,976	914,062	1,251,314
Local Street Improvements	7,956,523	7,130,678	6,060,770	6,205,701	7,072,378
Economic Development	4,393,701	5,306,507	6,006,024	1,986,202	2,394,395
Capital Projects	273,887	295,912	571,089	295,912	301,546
Other Purposes	689,290	657,424	633,275	651,830	289,859
Specific Projects and Programs	-	-	-	-	-
Total Restricted:	16,101,615	16,403,948	16,115,366	12,021,750	14,152,971
Unrestricted ⁽²⁾	(126,640,099)	(131,787,090)	(107,886,487)	(99,400,392)	(60,913,888)
Total governmental activities net position	(\$80,482,771)	(\$67,978,409)	(\$64,022,986)	(\$59,239,736)	(\$18,863,200)
Business-type Activities					
Net Investment in Capital Assets	\$50,474,813	\$53,054,448	\$56,261,253	\$60,150,166	\$62,151,750
Unrestricted ⁽²⁾	(32,350,671)	(29,646,082)	(27,969,730)	(27,390,162)	(21,068,543)
Total business-type activities net position	\$18,124,142	\$23,408,366	\$28,291,523	\$32,760,004	\$41,083,207
Primary Government					
Net Investment in Capital Assets	\$80,530,526	\$100,459,181	\$84,009,388	\$88,289,072	\$90,049,467
Restricted	16,101,615	16,403,948	16,115,366	12,021,750	14,152,971
Unrestricted ⁽²⁾	(158,990,770)	(161,433,172)	(135,817,893)	(126,790,554)	(81,982,431)
Total Primary Government Net Position:	(\$62,358,629)	(\$44,570,043)	(\$35,693,139)	(\$26,479,732)	\$22,220,007

NOTE: ⁽¹⁾ Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position are considered restricted only when (1) an external party, such as the State of California or the federal government, places a restriction on how the revenues may be used, or (2) enabling legislation is enacted by the City.

⁽²⁾ 2017 balances were restated due to implementation of GASB 75

City of Gardena
Net Position by Component (Continued) ⁽¹⁾
Last Ten Fiscal Years Ended June 30, 2020
(accrual basis of accounting)

	Fiscal Year				
	2014-15	2013-14	2012-13	2011-12	2010-11
Governmental Activities					
Net Investment in Capital Assets	\$26,430,711	\$21,675,303	\$22,478,931	\$20,538,595	\$18,985,090
Restricted for:					
Debt Service	2,965,697	3,471,506	3,458,249	3,453,941	3,471,066
Employment and Training Services	300,190	397,593	537,583	-	-
Law Enforcement	1,701,810	2,186,672	2,203,648	-	-
Local Street Improvements	7,930,518	7,049,906	6,020,275	-	-
Local Street Improvements	2,292,714	-	-	-	-
Economic Development	-	-	2,679,485	-	-
Other Purposes	447,605	478,453	389,852	-	-
Specific Projects and Programs	-	-	-	11,210,794	8,478,780
Total Restricted:	15,638,534	13,584,130	15,289,092	14,664,735	11,949,846
Unrestricted	(67,531,463)	(64,355,607)	(3,568,866)	1,878,408	3,627,371
Total governmental activities net position	<u>(25,462,218)</u>	<u>(\$29,096,174)</u>	<u>\$34,199,157</u>	<u>\$37,081,738</u>	<u>\$34,562,307</u>
Business-type Activities					
Net Investment in Capital Assets	\$67,684,810	\$70,809,060	\$75,906,094	\$79,771,551	\$83,365,100
Unrestricted	(18,107,410)	(15,654,544)	(1,617,195)	(724,993)	479,952
Total business-type activities net position	<u>\$49,577,400</u>	<u>\$55,154,516</u>	<u>\$74,288,899</u>	<u>\$79,046,558</u>	<u>\$83,845,052</u>
Primary Government					
Net Investment in Capital Assets	\$94,115,521	\$92,484,363	\$98,385,025	\$100,310,146	\$102,350,190
Restricted	15,638,534	13,584,130	15,289,092	14,664,735	11,949,846
Unrestricted	(85,638,873)	(79,990,151)	(5,186,061)	1,153,415	4,107,323
Total Primary Government Net Position:	<u>\$24,115,182</u>	<u>\$26,078,342</u>	<u>\$108,488,056</u>	<u>\$116,128,296</u>	<u>\$118,407,359</u>

NOTE: ⁽¹⁾ Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position are considered restricted only when (1) an external party, such as the State of California or the federal government, places a restriction on how the revenues may be used, or (2) enabling legislation is enacted by the City.

City of Gardena
Changes in Net Position
Last Ten Fiscal Years Ended June 30, 2020
(accrual basis of accounting)

	Fiscal Year				
	2019-20	2018-19	2017-18	2016-17	2015-16
Expenses					
Governmental Activities					
General Government	7,383,173	8,609,254	6,177,468	5,848,247	5,730,664
Public Safety	47,760,821	43,617,238	41,420,762	38,700,824	36,304,203
Public Works	10,958,845	11,717,321	7,120,106	6,956,766	8,545,467
Recreation and Human Services	6,600,989	6,395,004	9,742,993	9,154,921	6,777,838
Community Development	2,692,644	2,662,554	2,938,656	2,796,216	2,538,835
Interest and fiscal charges	1,156,041	1,191,118	1,241,054	1,382,078	1,365,398
Total governmental activities expenses:	76,552,513	74,192,489	68,641,039	64,839,052	61,262,405
Business-type Activities					
GTrans	31,024,629	28,646,739	27,804,739	28,195,640	26,410,211
Sewer	1,651,788	1,512,189	1,432,695	1,760,303	1,046,864
Total business-type activities expenses:	32,676,417	30,158,928	29,237,434	29,955,943	27,457,075
Total primary government expenses:	109,228,930	104,351,417	97,878,473	94,794,995	88,719,480
Program Revenues					
Governmental Activities					
Charges for services:					
General Government	4,072,004	4,107,289	3,864,795	3,504,735	3,298,306
Public Safety	1,338,121	1,862,764	1,312,945	1,422,001	1,174,116
Public Works	351,732	351,463	418,667	615,289	513,495
Recreation and Human Services	3,801,562	2,962,339	2,685,240	2,979,625	2,315,212
Community Development	2,246,297	1,687,652	1,724,501	1,771,754	2,187,082
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	3,351,864	3,142,207	3,719,048	2,048,938	2,067,123
Capital Grants and Contributions	1,621,611	2,037,030	2,002,799	1,268,576	1,918,489
Total governmental activities program revenues:	16,783,191	16,150,744	15,727,995	13,610,918	13,473,823
Business-type Activities					
Charges for services:					
Municipal Bus Line	1,766,952	2,382,758	2,459,105	2,482,516	2,685,573
Sewer	2,323,753	2,016,346	1,790,296	954,552	673,199
Grants and Contributions	23,240,186	21,699,529	20,431,399	20,582,496	18,756,444
Total business-type activities program revenues:	27,330,891	26,098,633	24,680,800	24,019,564	22,115,216
Total primary government revenues:	44,114,082	42,249,377	40,408,795	37,630,482	35,589,039

City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2020
(accrual basis of accounting)

	Fiscal Year				
	2014-15	2013-14	2012-13	2011-12	2010-11
Expenses					
Governmental Activities					
General Government	6,239,825	11,808,280	11,534,998	9,144,682	7,664,340
Public Safety	35,912,110	32,551,301	31,266,838	29,072,734	27,489,863
Public Works	9,846,657	10,300,134	8,904,024	10,127,663	7,520,866
Recreation and Human Services	6,677,536	6,147,992	6,424,691	6,562,245	6,364,297
Community Development	2,675,341	7,470,002	2,153,815	2,396,761	2,275,785
Interest and fiscal charges	1,805,649	1,466,193	1,564,640	1,609,611	1,643,644
Total governmental activities expenses:	63,157,118	69,743,902	61,849,006	58,913,696	52,958,795
Business-type Activities					
GTrans	26,643,082	23,188,943	23,375,194	22,025,126	19,784,655
Sewer	1,021,131	849,779	862,965	802,636	787,616
Total business-type activities expenses:	27,664,213	24,038,722	24,238,159	22,827,762	20,572,271
Total primary government expenses:	90,821,331	93,782,624	86,087,165	81,741,458	73,531,066
Program Revenues					
Governmental Activities					
Charges for services:					
General Government	3,022,929	3,013,410	3,012,767	2,945,455	2,740,615
Public Safety	1,337,761	1,404,006	1,405,062	1,901,588	2,009,200
Public Works	340,541	384,600	291,644	323,113	274,531
Recreation and Human Services	2,238,445	2,092,788	1,998,540	2,015,733	2,282,245
Community Development	1,432,560	2,922,090	851,981	1,085,366	826,748
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	2,963,405	7,092,380	5,084,561	5,383,364	6,346,737
Capital Grants and Contributions	7,167,801	3,531,787	1,602,081	3,313,620	2,520,045
Total governmental activities program revenues:	18,503,442	20,441,061	14,246,636	16,968,239	17,000,121
Business-type Activities					
Charges for services:					
Municipal Bus Line	3,346,233	3,434,257	3,410,708	3,258,066	3,179,805
Sewer	727,054	922,304	732,421	698,540	710,336
Grants and Contributions	18,186,090	16,988,325	16,746,822	15,032,257	13,577,047
Total business-type activities program revenues:	22,259,377	21,344,886	20,889,951	18,988,863	17,467,188
Total primary government revenues:	40,762,819	41,785,947	35,136,587	35,957,102	34,467,309

City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2020
(accrual basis of accounting)

	Fiscal Year				
	2019-20	2018-19	2017-18	2016-17	2015-16
Net (expense)/revenue: ⁽¹⁾					
Governmental activities	(59,769,322)	(58,041,745)	(52,913,044)	(51,228,234)	(47,788,582)
Business-type activities	(5,345,526)	(4,060,295)	(4,556,634)	(5,936,379)	(5,341,859)
Total net revenues (expenses):	<u>(65,114,848)</u>	<u>(62,102,040)</u>	<u>(57,469,678)</u>	<u>(57,164,613)</u>	<u>(53,130,441)</u>
General Revenue and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	8,205,539	7,735,545	7,150,957	7,130,426	6,729,849
Sales tax	12,440,147	13,466,178	11,006,901	11,204,697	11,227,326
Business license	2,438,304	2,843,375	2,727,532	2,606,279	2,536,438
Utility user taxes	4,801,229	4,955,645	5,088,450	5,147,736	5,212,410
Franchise taxes	2,816,277	2,777,572	2,609,219	2,440,108	2,534,820
Card club taxes	4,874,457	8,101,583	8,071,001	8,975,991	9,057,202
Other taxes	3,920,393	4,354,725	3,985,315	3,855,705	3,479,372
Vehicle license - unrestricted	6,788,130	6,378,321	5,994,920	5,677,909	5,445,385
Investment income	1,036,057	1,061,732	158,902	129,187	499,279
Miscellaneous	690,353	1,384,272	1,134,729	2,261,772	2,566,919
Gain on sale of assets	(863,795)	10,622	201,560	883,201	1,877,151
Transfers	117,869	978,428	38,632	9,898	3,221,449
Total governmental activities	<u>47,264,960</u>	<u>54,047,998</u>	<u>48,168,118</u>	<u>50,322,909</u>	<u>54,387,600</u>
Business-type activities					
Investment income	162,760	155,566	124,243	77,618	55,492
Miscellaneous	-	-	2,542	18,512	13,623
Gain (loss) on sale of assets	16,411	-	-	-	-
Transfers	(117,869)	(978,428)	(38,632)	(9,898)	(3,221,449)
Total business-type activities:	<u>61,302</u>	<u>(822,862)</u>	<u>88,153</u>	<u>86,232</u>	<u>(3,152,334)</u>
Total primary government:	<u>47,326,262</u>	<u>53,225,136</u>	<u>48,256,271</u>	<u>50,409,141</u>	<u>51,235,266</u>
Change in Net Position					
Governmental activities	(12,504,362)	(3,993,747)	(4,744,926)	(905,325)	6,599,018
Business-type activities	(5,284,224)	(4,883,157)	(4,468,481)	(5,850,147)	(8,494,193)
Total primary government:	<u>(17,788,586)</u>	<u>(8,876,904)</u>	<u>(9,213,407)</u>	<u>(6,755,472)</u>	<u>(1,895,175)</u>

- ⁽¹⁾ Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program specific grants versus its reliance upon funding from taxes and other general revenues.
- A number in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore, general revenues were needed to finance that function or program.
 - Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

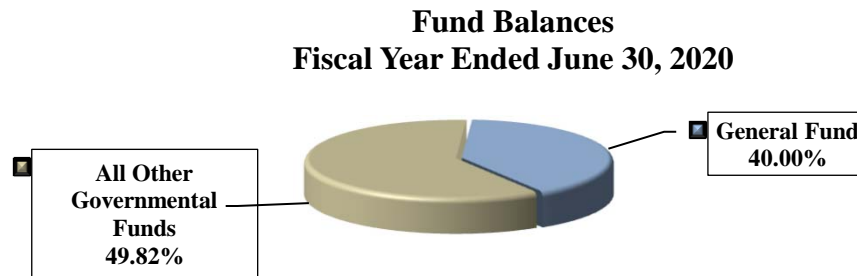
City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2020
(accrual basis of accounting)

	Fiscal Year				
	2014-15	2013-14	2012-13	2011-12	2010-11
	(44,653,676)	(49,302,841)	(47,602,370)	(41,945,457)	(35,958,674)
	(5,404,836)	(2,693,836)	(3,348,208)	(3,838,899)	(3,105,083)
	(50,058,512)	(51,996,677)	(50,950,578)	(45,784,356)	(39,063,757)
Taxes:					
Property taxes	6,402,520	6,192,249	5,924,450	5,740,677	5,798,031
Sales tax	9,965,476	9,472,341	9,093,802	8,112,695	7,233,151
Business license	2,547,148	2,218,097	2,224,694	2,120,052	2,228,790
Utility user taxes	5,335,375	5,383,285	5,224,829	5,211,568	4,534,246
Franchise taxes	2,417,342	2,351,576	2,311,421	2,277,747	2,259,808
Card club taxes	9,517,550	9,467,078	8,394,406	7,434,236	7,365,159
Other taxes	3,136,222	2,965,176	2,773,929	2,550,706	2,366,440
Vehicle license - unrestricted	5,166,984	4,958,745	4,792,063	4,754,240	4,952,630
Investment income	248,773	270,187	163,025	268,259	290,118
Miscellaneous	3,329,396	2,643,424	2,419,479	4,814,396	1,472,970
Gain on sale of assets	-	-	-	-	-
Transfers	200,846	408,925	1,397,691	1,180,312	445,135
	48,267,632	46,331,083	44,719,789	44,464,888	38,946,478
Investment income	24,196	11,333	33,606	47,367	46,882
Miscellaneous	4,370	2,733	(45,366)	173,350	95,033
	-	(2,600,806)	-	-	-
Transfers	(200,846)	(408,925)	(1,397,691)	(1,180,312)	(445,135)
	(172,280)	(2,995,665)	(1,409,451)	(959,595)	(303,220)
	48,095,352	43,335,418	43,310,338	43,505,293	38,643,258
	3,613,956	(2,971,758)	(2,882,581)	2,519,431	2,987,804
	(5,577,116)	(5,689,501)	(4,757,659)	(4,798,494)	(3,408,303)
	(1,963,160)	(8,661,259)	(7,640,240)	(2,279,063)	(420,499)

- (1) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program specific grants versus its reliance upon funding from taxes and other general revenues.
- A number in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore, general revenues were needed to finance that function or program.
 - Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

City of Gardena
Fund Balances of Governmental Funds
Last Ten Fiscal Years Ended June 30, 2020
(modified accrual basis of accounting)

		Fiscal Year				
		2019-20	2018-19	2017-18	2016-17	2015-16
General Fund						
Nonspendable	(1)	\$ 302,361	\$ 333,803	\$ 385,931	\$ 294,133	\$ 189,819
Restricted	(1)	-	-	5,287	43,611	164,116
Committed	(1)	7,310,676	13,287,448	19,315,675	19,413,135	17,542,367
Assigned	(1)	2,848,416	2,622,256	3,609,547	3,936,266	2,773,686
Unassigned	(1)	173,122	271,377	200,000	200,000	200,000
Total General Fund:		<u>\$10,634,575</u>	<u>\$16,514,884</u>	<u>\$23,516,440</u>	<u>\$23,887,145</u>	<u>\$20,869,988</u>
All Other Governmental Funds						
Nonspendable	(1)	\$ 350,432	\$ 308,741	\$ -	\$ -	\$ -
Restricted	(1)	15,682,481	16,089,466	16,769,655	10,073,376	11,726,127
Committed	(1)	-	-	-	3,765,323	3,776,154
Assigned	(1)	-	-	-	-	(20,809)
Unassigned	(1)	(81,218)	-	-	-	-
Total all other governmental funds:		<u>\$15,951,695</u>	<u>\$16,398,207</u>	<u>\$16,769,655</u>	<u>\$13,838,699</u>	<u>\$15,481,472</u>



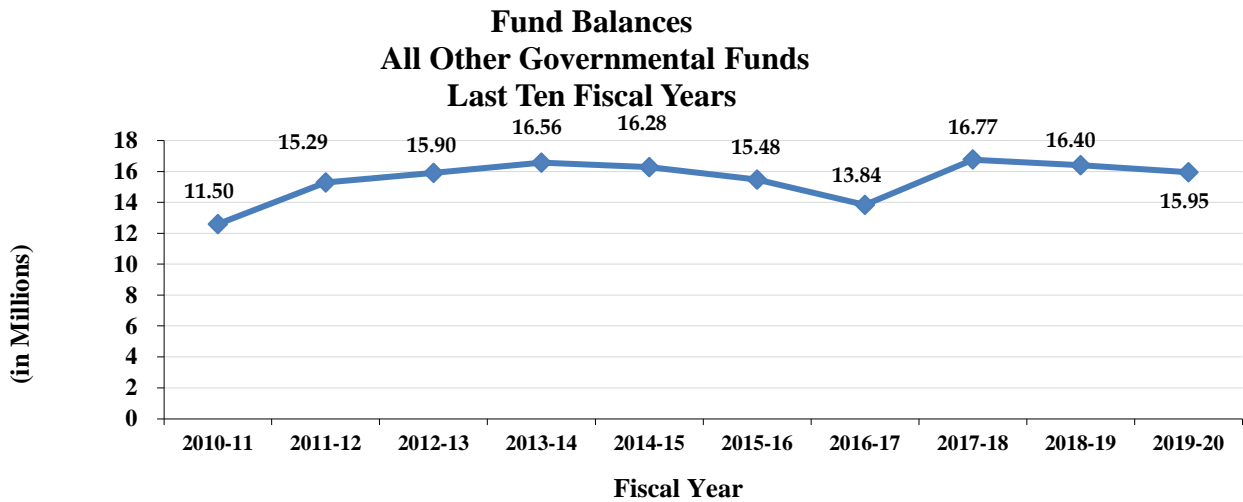
NOTES:

(1) New reporting requirements per GASB 54.

Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years Ended June 30, 2020
(modified accrual basis of accounting)

		Fiscal Year				
		2014-15	2013-14	2012-13	2011-12	2010-11
General Fund						
Nondisposable	(1)	\$ 179,244	\$ 181,457	\$ 198,145	\$ 201,163	\$ 758,634
Restricted	(1)	327,752	57,980	56,014	40,951	48,922
Committed	(1)	7,274,423	7,274,423	6,825,301	6,592,339	5,105,052
Assigned	(1)	7,579,856	4,357,472	2,906,950	2,908,689	3,097,213
Unassigned	(1)	400,362	238,582	274,236	217,873	257,210
Total General Fund:		<u>\$15,761,637</u>	<u>\$12,109,914</u>	<u>\$10,260,646</u>	<u>\$9,961,015</u>	<u>\$9,267,031</u>
All Other Governmental Funds						
Nondisposable	(1)	\$ 4,734	\$ -	\$ 8,990	\$ 5,770	\$ 5,550
Restricted	(1)	13,048,054	13,526,150	15,233,078	14,623,784	11,900,924
Committed	(1)	3,051,323	2,658,379	-	-	-
Assigned	(1)	179,079	377,900	654,243	660,402	698,075
Assigned	(1)	-	-	-	-	-
Total all other governmental funds:		<u>\$16,283,190</u>	<u>\$16,562,429</u>	<u>\$15,896,311</u>	<u>\$15,289,956</u>	<u>\$12,604,549</u>



NOTES:

(1) New reporting requirements per GASB 54.

Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena
Changes In Fund Balances - Governmental Funds
Last Ten Fiscal Years Ended June 30, 2020
(modified accrual basis of accounting)

	Fiscal Year				
	2019-20	2018-19	2017-18	2016-17	2015-16
Revenues:					
Taxes	\$46,128,710	\$50,827,680	\$47,527,518	\$46,847,209	\$46,222,802
Licenses and permits	1,646,059	1,735,711	1,694,670	1,800,752	1,521,379
Use of money and property	1,036,059	1,061,734	158,902	129,186	499,278
Intergovernmental	7,157,208	7,409,245	6,201,645	5,549,872	5,705,627
Fines, forfeitures, and penalties	1,112,890	2,261,549	1,124,079	1,102,235	1,794,049
Charges for services	6,142,402	5,270,787	5,070,020	5,155,573	4,545,874
Miscellaneous	831,773	892,283	1,197,011	2,944,050	1,807,155
Total Revenues:	64,055,101	69,458,989	62,973,845	63,528,877	62,096,164
Expenditures:					
Current:					
General government	6,576,421	6,004,196	5,025,047	4,914,416	4,886,467
Public safety	41,295,066	45,783,773	37,851,314	36,977,198	34,674,068
Public works	8,372,502	8,058,427	4,012,134	4,064,485	5,584,816
Recreation and Human resources	6,155,882	6,138,238	9,194,054	8,631,034	6,498,830
Community development	2,474,928	2,382,263	2,734,299	2,757,861	2,533,734
Capital outlay	3,636,782	6,127,264	3,794,206	3,349,481	8,332,649
Debt service:					
Principal	967,696	902,804	627,898	2,703,105	754,158
Interest and fiscal charges	1,155,814	1,198,262	1,227,659	1,431,641	1,369,936
Total Expenditures:	70,635,091	76,595,227	64,466,611	64,829,221	64,634,658
Excess of Revenues over (under) Expenditures	(6,579,990)	(7,136,238)	(1,492,766)	(1,300,344)	(2,538,494)
Other Financing Sources (Uses):					
Proceeds of long-term debt	-	-	-	-	-
Proceeds from sale of assets	46,241	16,413	423,735	1,024,538	4,990,156
Issuance of capital leases	-	-	-	-	-
Costs of Bond issuance	-	-	-	-	-
Escrow payment	-	-	-	-	-
Issuance of new debt	-	-	-	1,635,000	-
Issuance discount	-	-	-	-	-
Issuance of loans	86,223	86,223	86,223	86,223	311,026
Transfers in	7,476,706	9,013,583	6,747,282	6,487,933	11,143,623
Transfers out	(7,356,001)	(8,350,155)	(6,708,650)	(6,558,966)	(9,599,678)
Total Other Financing Sources (Uses):	253,169	766,064	548,590	2,674,728	6,845,127
Net change in fund balances	(\$6,326,821)	(\$6,370,174)	(\$944,176)	\$1,374,384	\$4,306,633
Debt service as a percentage of noncapital expenditures: ⁽¹⁾	3.16%	2.87%	3.03%	6.64%	3.51%

NOTE:

⁽¹⁾ In fiscal year 2011-12 correction was made to percentages that were calculated in error.

Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena
Changes In Fund Balances - Governmental Funds (Continued)
Last Ten Fiscal Years Ended June 30, 2020
(modified accrual basis of accounting)

	Fiscal Year				
	2014-15	2013-14	2012-13	2011-12	2010-11
Revenues:					
Taxes	\$44,488,617	\$43,008,547	\$40,739,594	\$38,201,922	\$36,738,257
Licenses and permits	1,109,169	1,023,180	915,614	948,646	722,541
Use of money and property	248,773	270,187	163,025	788,477	787,099
Intergovernmental	11,575,383	11,983,118	7,917,316	10,079,951	10,427,073
Fines, forfeitures, and penalties	1,433,758	1,226,243	1,629,217	4,320,435	1,635,058
Charges for services	4,208,616	4,146,210	4,087,263	4,191,605	4,021,370
Miscellaneous	3,141,148	2,754,989	2,116,705	1,721,779	1,170,066
Total Revenues:	66,205,464	64,412,474	57,568,734	60,252,815	55,501,464
Expenditures:					
Current:					
General government	5,108,064	4,938,101	6,256,927	5,637,263	4,436,711
Public safety	32,542,544	32,069,172	30,007,184	28,901,414	27,610,469
Public works	5,352,388	5,395,817	5,145,179	5,267,198	4,954,220
Recreation and Human resources	6,135,402	6,086,777	6,161,518	6,554,306	6,432,471
Community development	2,594,007	7,499,226	2,119,111	2,383,002	2,286,955
Capital outlay	8,064,783	6,075,302	5,806,502	6,368,035	4,363,450
Debt service:					
Principal	9,228,535	844,172	645,065	1,139,060	1,188,881
Interest and fiscal charges	2,029,383	1,482,716	1,518,953	1,553,458	1,590,577
Total Expenditures:	71,055,106	64,391,283	57,660,439	57,803,736	52,863,734
Excess of Revenues over (under) Expenditures	(4,849,642)	21,191	(91,705)	2,449,079	2,637,730
Other Financing Sources (Uses):					
Proceeds of long-term debt	-	2,521,577	-	-	-
Proceeds from sale of property	-	-	-	-	-
Issuance of capital leases	-	201,829	-	-	-
Costs of Bond issuance	-	-	-	-	-
Escrow payment	-	-	-	-	-
Issuance of new debt	9,110,000	-	-	-	-
Issuance discount	(297,460)	-	-	-	-
Issuance of loans	408,740	-	-	-	-
Transfers in	10,368,953	7,765,591	7,379,793	8,316,550	5,875,179
Transfers out	(11,368,107)	(7,994,802)	(6,382,102)	(7,386,238)	(6,790,044)
Total Other Financing Sources (Uses):	8,222,126	2,494,195	997,691	930,312	(914,865)
Net change in fund balances	\$3,372,484	\$2,515,386	\$905,986	\$3,379,391	\$1,722,865
Debt service as a percentage of noncapital expenditures: ⁽¹⁾	17.16%	3.81%	4.00%	4.92%	5.61%

NOTE:

⁽¹⁾ In fiscal year 2011-12 correction was made to percentages that were calculated in error.

Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena

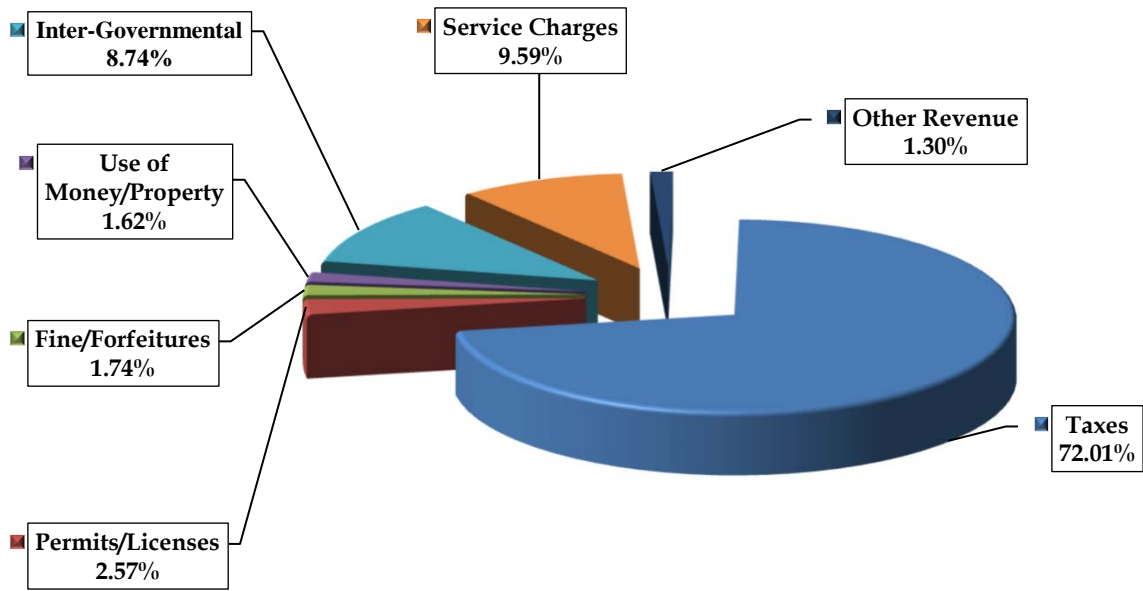
Governmental Revenues By Sources

Last Ten Fiscal Years

Fiscal Year	Taxes	Permits, Licenses and Fees	Fines and Forfeitures	Uses of Money and Property
2010-11	\$ 36,738,257	\$ 722,541	\$ 1,635,058	\$ 787,099
2011-12	38,201,922	948,646	4,320,435	788,477
2012-13	40,739,594	915,614	1,629,217	163,025
2013-14	43,008,547	1,023,180	1,226,243	270,187
2014-15	44,488,617	1,109,169	1,433,758	248,773
2015-16	46,222,802	1,521,379	1,794,049	499,278
2016-17	46,847,209	1,800,752	1,102,235	129,186
2017-18	47,527,518	1,694,670	1,124,079	158,902
2018-19	50,827,680	1,735,711	2,261,549	1,061,734
2019-20	46,128,710	1,646,059	1,112,890	1,036,059

General Revenues by Sources

Fiscal Year Ended June 30, 2020

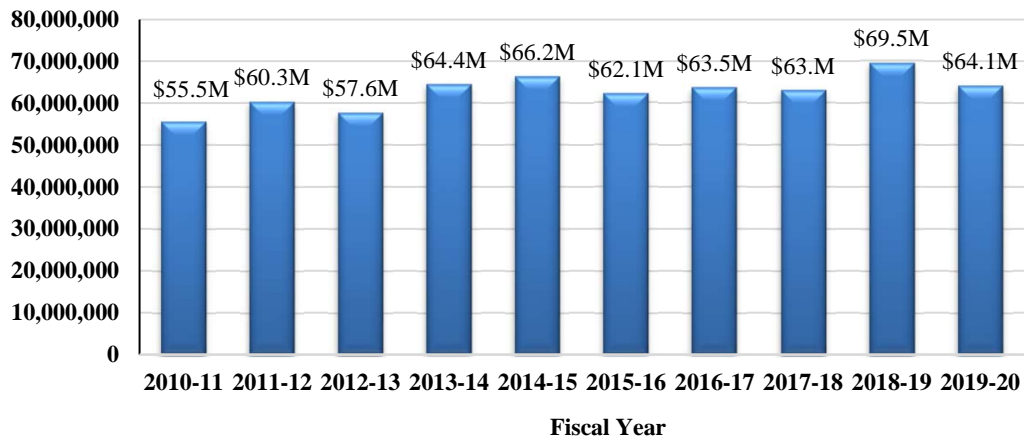


Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena
Governmental Revenues By Sources (Continued)
Last Ten Fiscal Years

Fiscal Year	Inter-Governmental	Charges for Services	Other Revenues	Total
2010-11	\$ 10,427,073	\$ 4,021,370	\$ 1,170,066	\$ 55,501,464
2011-12	10,079,951	4,191,605	1,721,779	60,252,815
2012-13	7,917,316	4,087,263	2,116,705	57,568,734
2013-14	11,983,118	4,146,210	2,754,989	64,412,474
2014-15	11,575,383	4,208,616	3,141,148	66,205,464
2015-16	5,705,627	4,545,874	1,807,155	62,096,164
2016-17	5,549,872	5,155,573	2,944,050	63,528,877
2017-18	6,201,645	5,070,020	1,197,011	62,973,845
2018-19	7,409,245	5,270,787	892,283	69,458,989
2019-20	7,157,208	6,142,402	831,773	64,055,101

General Revenues by Sources
Last Ten Fiscal Years



Source: City of Gardena, Administrative Services Department - Finance Division

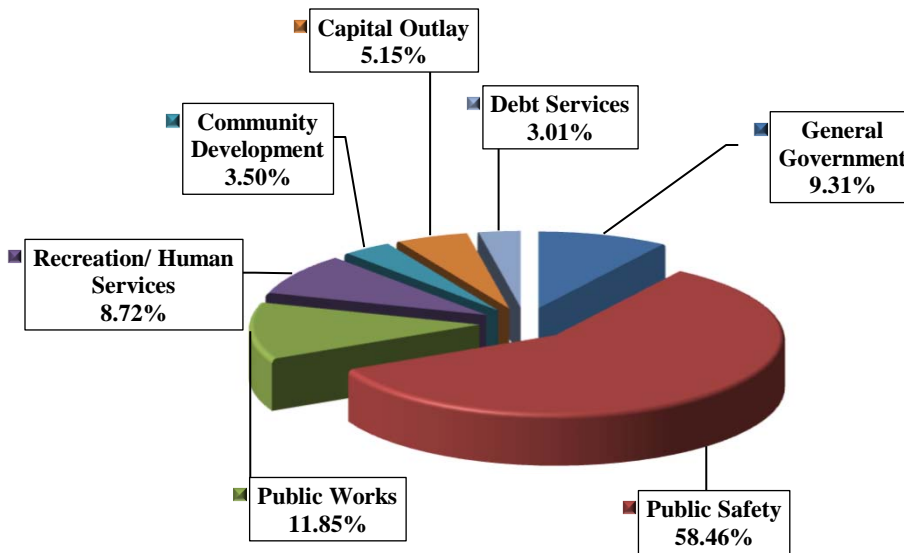
City of Gardena

General Governmental Expenditures By Function

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Recreation and Human Services
2010-11	\$ 4,436,711	\$ 27,610,469	\$ 4,954,220	\$ 6,432,471
2011-12	5,637,263	28,901,414	5,267,198	6,554,306
2012-13	6,256,927	30,007,184	5,145,179	6,161,518
2013-14	4,938,101	32,069,172	5,395,817	6,086,777
2014-15	5,108,064	32,542,544	5,352,388	6,135,402
2015-16	4,886,467	34,674,068	5,584,816	6,498,830
2016-17	4,914,416	36,977,198	4,064,485	8,631,034
2017-18	5,025,047	37,851,314	4,012,134	9,194,054
2018-19	6,004,196	45,783,773	8,058,427	6,138,238
2019-20	6,576,421	41,295,066	8,372,502	6,155,882

General Governmental Expenditures by Function Fiscal Year ended June 30, 2020



Note: These figures include all governmental fund types and exclude other financing sources (uses).
(General, Special Revenue, Capital Projects and Debt Service Funds)

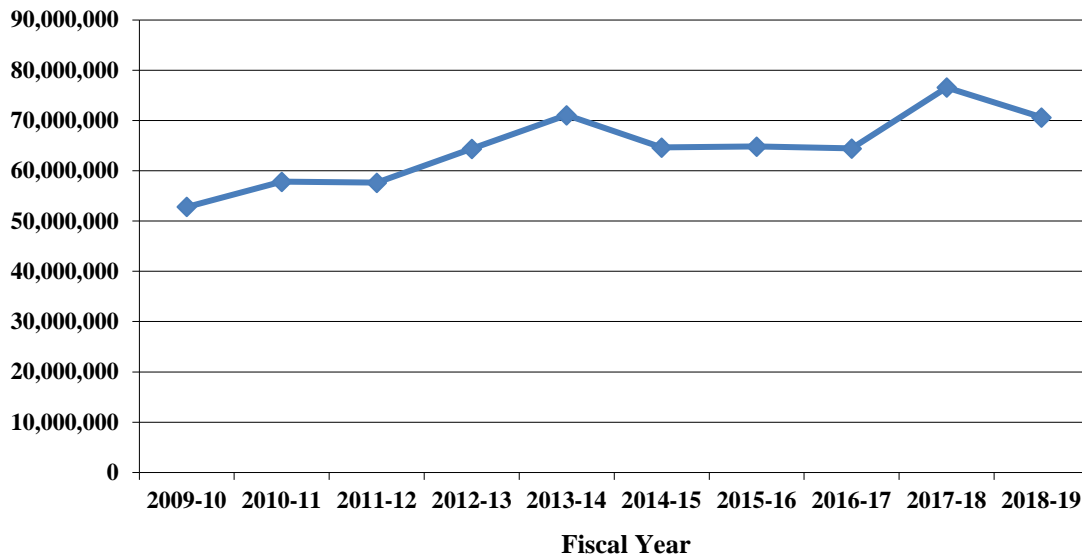
(1) These figures include Lease/Bonds, Payments for Debt Services and excluding Cost of bonds issuance and escrow payments.

Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena
General Governmental Expenditures By Function (Continued)
Last Ten Fiscal Years

Fiscal Year	Community Development	Capital Outlay	Debt Service ⁽¹⁾	Total
2010-11	\$ 2,286,955	\$ 4,363,450	\$ 2,779,458	\$ 52,863,734
2011-12	2,383,002	6,368,035	2,692,518	57,803,736
2012-13	2,119,111	5,806,502	2,164,018	57,660,439
2013-14	7,499,226	6,075,302	2,326,888	64,391,283
2014-15	2,594,007	8,064,783	11,257,918	71,055,106
2015-16	2,533,734	8,332,649	2,124,094	64,634,658
2016-17	2,757,861	3,349,481	4,134,746	64,829,221
2017-18	2,734,299	3,794,206	1,855,557	64,466,611
2018-19	2,382,263	6,127,264	2,101,066	76,595,227
2019-20	2,474,928	3,636,782	2,123,510	70,635,091

Total General Governmental Expenditures
Last Ten Fiscal Years



Note: These figures include all governmental fund types and exclude other financing sources (uses).
 (General, Special Revenue, Capital Projects and Debt Service Funds)

⁽¹⁾ These figures include Lease/Bonds, Payments for Debt Services and excluding Cost of bonds issuance and escrow payments.

Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena
Assessed Valuation ⁽¹⁾ and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	STATE ASSESSED				LOCALLY ASSESSED				
	SECURED -UTILITY				SECURED				
	Land	Improve- ments	Personal Property	Total	Land	Improve- ments	Personal Property	Other Exemptions	Total
2010-11	3,785,148	500	0	3,785,648	2,485,326,071	1,944,955,301	18,265,803	(85,222,871)	4,363,324,304
2011-12	3,447,381	500	0	3,447,881	2,495,176,359	1,970,054,531	19,208,150	(92,371,852)	4,392,067,188
2012-13	3,447,381	500	0	3,447,881	2,523,336,461	2,007,313,501	19,615,465	(100,457,741)	4,449,807,686
2013-14	3,447,381	500	0	3,447,881	2,610,426,775	2,096,160,323	20,014,837	(93,299,293)	4,633,302,642
2014-15	3,447,381	500	0	3,447,881	2,733,522,040	2,198,829,256	21,125,783	(101,657,690)	4,851,819,389
2015-16	256,548	500	0	257,048	2,901,287,675	2,302,898,593	21,733,418	(100,791,312)	5,125,128,374
2016-17	256,548	500	0	257,048	3,059,313,278	2,408,565,245	21,982,639	(101,483,543)	5,388,377,619
2017-18	256,548	500	0	257,048	3,259,570,366	2,534,031,367	22,671,336	(97,785,800)	5,718,487,269
2018-19	256,548	500	0	257,048	3,514,987,541	2,674,639,058	22,263,329	(106,481,118)	6,105,408,810
2019-20	256,548	500	0	257,048	3,745,803,302	2,836,862,048	22,530,962	(99,222,153)	6,505,974,159

Assessed Valuation by Categories
(Total Secured and Unsecured)
Fiscal Year Ended June 30, 2020



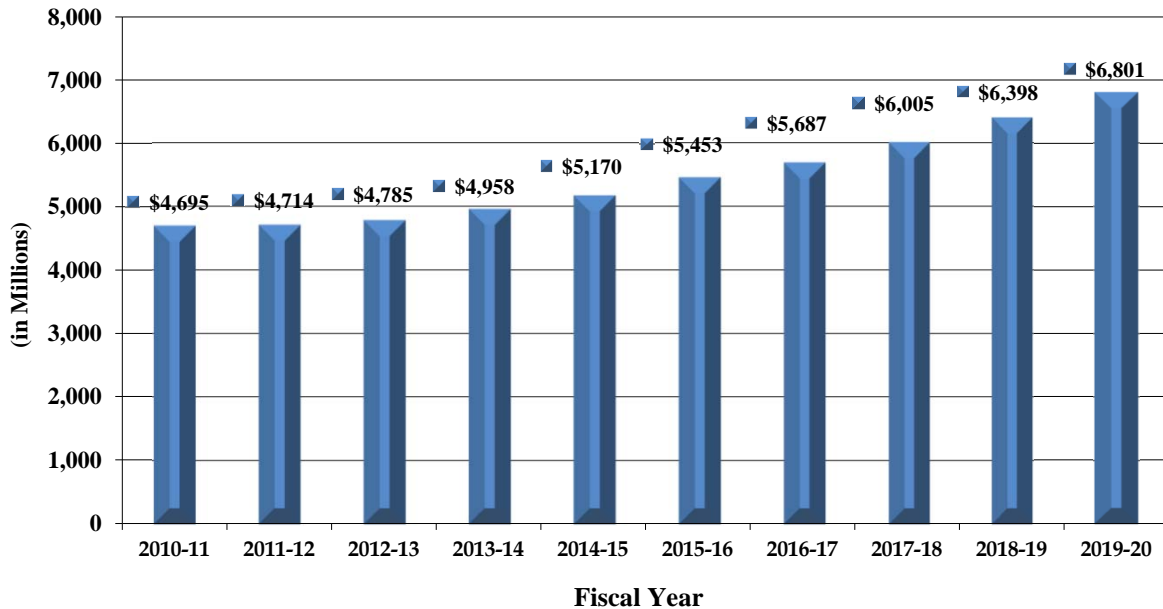
In 1978, California voters passed Proposition 13 which set the property tax at a 1.00% fixed amount. This 1.00% is shared by all the taxing agencies for which the subject property resides within. In addition to 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds. Assessed valuation is based on 100% of full value in accordance with Section 135 of the California Revenue and Taxation Code.

Source: ⁽¹⁾ County of Los Angeles, Auditor-Controller Office/Tax Division.
⁽²⁾ Hdl Coren & Cone.

City of Gardena
Assessed Valuation ⁽¹⁾ and Actual Value of Taxable Property (Continued)
Last Ten Fiscal Years

Fiscal Year	LOCALLY ASSESSED				TOTALS				
	UNSECURED				Before Other Exemptions	Taxable Assessed Value	% INCR. (DECR.)	Total Direct Rate ⁽²⁾	Home- Owner Property Tax Relief
	Improve- ments	Personal Property	Other Exemptions	Total					
2010-11	152,536,542	175,904,412	(98,000)	328,342,954	4,780,773,777	4,695,452,906	-1.48%	0.11882%	52,044,078
2011-12	148,213,077	170,398,528	(93,000)	318,518,605	4,806,498,526	4,714,033,674	0.40%	0.11884%	51,729,593
2012-13	151,830,307	179,827,045	(100,604)	331,556,748	4,885,370,660	4,784,812,315	1.50%	0.11875%	50,719,063
2013-14	145,965,185	175,158,651	(108,000)	321,015,836	5,051,173,652	4,957,766,359	3.61%	0.11856%	50,015,653
2014-15	140,748,595	174,403,010	(89,000)	315,062,605	5,272,076,565	5,170,329,875	4.29%	0.11837%	49,327,059
2015-16	149,004,701	178,788,974	(82,000)	327,711,675	5,553,970,409	5,453,097,097	5.47%	0.11809%	48,873,792
2016-17	130,722,770	167,676,863	(82,000)	298,317,633	5,788,517,843	5,686,952,300	4.29%	0.11790%	48,088,576
2017-18	125,455,566	161,242,825	(47,000)	286,651,391	6,103,228,508	6,005,395,708	5.60%	0.11766%	47,602,798
2018-19	125,099,278	166,925,685	(77,300)	291,947,663	6,504,171,939	6,397,613,521	6.53%	0.11737%	46,936,370
2019-20	123,980,060	170,442,727	(73,400)	294,349,387	6,899,876,147	6,800,580,594	6.30%	0.11737%	46,368,399

**Total Assessed Valuation
(Taxable Values)
Last Ten Fiscal Years**



In 1978, California voters passed Proposition 13 which set the property tax at a 1.00% fixed amount. This 1.00% is shared by all the taxing agencies for which the subject property resides within. In addition to 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds. Assessed valuation is based on 100% of full value in accordance with Section 135 of the California Revenue and Taxation Code.

Source: ⁽¹⁾ County of Los Angeles, Auditor-Controller Office/Tax Division.
⁽²⁾ Hdl Coren & Cone.

City of Gardena
Assessed Value of Property by User Code
Last Ten Fiscal Years

CATEGORY	Fiscal Year				
	2019-20	2018-19	2017-18	2016-17	2015-16
Residential	\$4,397,530,388	\$4,139,852,554	\$3,879,882,318	\$3,623,545,163	\$3,441,407,499
Commercial	936,892,089	888,959,749	831,348,140	791,527,339	750,255,119
Industrial	964,891,072	889,298,836	834,753,358	796,231,706	763,622,835
Govt. Owned	-	-	-	5,250,000	-
Recreational	40,263,960	39,491,086	38,342,794	38,760,141	39,348,412
Institutional	76,976,001	74,813,850	78,834,725	69,798,622	65,412,639
Miscellaneous	-	-	- 451,519	- 442,667	-
Vacant land	75,744,666	62,990,225	46,086,466	54,308,182	57,298,803
SBE Nonunitary	257,048	257,048	257,048	257,048	257,048
Possessory Int.	13,675,983	10,002,510	8,787,949	8,513,799	7,783,045
Unsecured	294,349,387	291,947,663	286,651,391	298,317,633	327,711,675
Unknown	-	-	-	-	22
	6,800,580,594	6,397,613,521	6,005,395,708	5,686,952,300	5,453,097,097
Homeowner Exemption ⁽¹⁾	-	-	-	-	-
TOTALS:	\$6,800,580,594	\$6,397,613,521	\$6,005,395,708	\$5,686,952,300	\$5,453,097,097

Notes: In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exemptions, property is only reassessed as a result of new construction or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitation just mentioned.

-Exempt values are not included in Total.

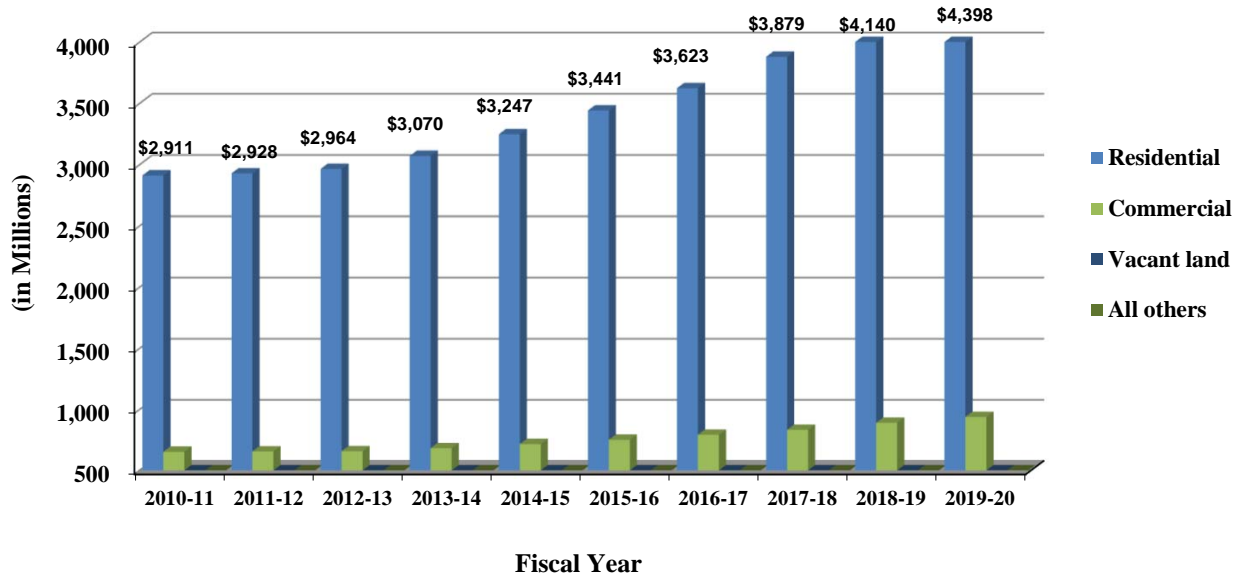
⁽¹⁾ In 2006-07 certain report formatting changes have been made to comply with GASB 44 standard reporting requirements; therefore, the net of Homeowner Exemption is separated from previous years.

Source: L.A. County Assessor 2010/11-2019/20 Combined Tax Rolls, HdL, Coren & Cone

City of Gardena
Assessed Value of Property by User Code (Continued)
Last Ten Fiscal Years

CATEGORY	Fiscal Year				
	2014-15	2013-14	2012-13	2011-12	2010-11
Residential	\$3,247,456,567	\$3,069,926,331	\$2,964,299,525	\$2,928,170,695	\$2,911,633,835
Commercial	715,396,379	680,433,002	656,284,650	654,739,043	651,966,960
Industrial	735,316,073	726,907,557	710,111,242	685,590,136	680,070,403
Govt. Owned	-	-	-	-	-
Recreational	38,689,706	38,596,521	38,681,903	39,093,769	37,970,527
Institutional	62,243,721	68,337,737	29,057,255	33,433,960	40,203,021
Miscellaneous	-	-	-	-	-
Vacant land	46,471,775	43,043,588	45,420,007	45,486,424	36,066,401
SBE Nonunitary	3,447,881	3,447,881	3,447,881	3,447,881	3,785,648
Possessory Int.	6,245,168	6,057,906	5,953,104	5,553,161	5,413,157
Unsecured	315,062,605	321,015,836	331,556,748	318,518,605	328,342,954
Unknown	-	-	-	-	-
	5,170,329,875	4,957,766,359	4,784,812,315	4,714,033,674	4,695,452,906
Homeowner Exemption ⁽¹⁾	-	-	-	-	-
TOTALS:	\$5,170,329,875	\$4,957,766,359	\$4,784,812,315	\$4,714,033,674	\$4,695,452,906

Assessed Value - Taxable Property
Last Ten Fiscal Years



Notes: In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exemptions, property is only reassessed as a result of new construction or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitation just mentioned.

-Exempt values are not included in Total.

⁽¹⁾ In 2006-07 certain report formatting changes have been made to comply with GASB 44 standard reporting requirements; therefore, the net of Homeowner Exemption is separated from previous years.

Source: L.A. County Assessor 2010/11-2019/20 Combined Tax Rolls, HdL, Coren & Cone

City of Gardena
Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

Fiscal								
Year	Residential	Commercial	Industrial	Agriculture	Recreational	Institutional	Govt. Owned	Vacant land
2010-11	2,911,634	651,967	680,070	-	37,970	40,203	-	36,066
2011-12	2,928,171	654,739	685,590	-	39,094	33,434	-	45,486
2012-13	2,964,300	656,285	710,111	-	38,682	29,057	-	45,420
2013-14	3,069,926	680,433	726,908	-	38,597	68,338	-	43,043
2014-15	3,247,457	715,396	735,316	-	38,690	62,244	-	46,472
2015-16	3,441,407	750,255	763,623	-	39,348	65,413	-	57,299
2016-17	3,623,545	791,527	796,232	-	38,760	69,798	5,250	54,308
2017-18	3,879,882	831,348	834,753	-	38,342	78,834	-	46,086
2018-19	4,139,853	888,960	889,299	-	39,491	74,814	-	62,990
2019-20	4,397,530	936,892	964,891	-	40,264	76,976	-	75,745

NOTES: Report formatting changes have been made to comply with GASB 44 standard reporting requirements.
Public Utility values are not included in this report.

⁽¹⁾ Tax Rate Areas: TRA 000576

-Tax rate limit: A state constitutional amendment (Proposition 13) provided that the tax rate was limited to 1% of full cash values, levied only by the County and shared with all other jurisdictions. All other jurisdictions and the County can levy a tax rate for voter-approved debt.

⁽²⁾ Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales price and the Factor of Taxable Assessed Value is the result. This factor is changing from year to year; however, since the previous fiscal years calculating data is not available, the fiscal year 2007-08 factor is used.

Source: L.A. County Assessor 2010/11-2019/20 Combined Tax Rolls, HdL, Coren & Cone

City of Gardena
Assessed Value and Estimated Value of Taxable Property (Continued)
Last Ten Fiscal Years
(in thousands)

Fiscal						Total	Estimated	Factor of
Year	SBE	Possessory Int.	Unsecured	Misc.	TOTAL	Direct	Taxable	Taxable
	Nonunitary					Tax	Value	Assessed
						Rate ⁽¹⁾	Value ⁽²⁾	Value
2010-11	3,786	5,413	328,343	-	4,695,452	0.11882	6,262,371	1.33371
2011-12	3,448	5,553	318,519	-	4,714,034	0.11884	6,287,154	1.33371
2012-13	3,448	5,953	331,557	-	4,784,813	0.11875	6,381,553	1.33371
2013-14	3,448	6,058	321,015	-	4,957,766	0.11856	6,612,222	1.33371
2014-15	3,448	6,245	315,062	-	5,170,330	0.11837	6,895,721	1.33371
2015-16	257	7,783	327,712	-	5,453,097	0.11809	7,272,850	1.33371
2016-17	257	8,514	298,317	442	5,686,950	0.11790	7,584,742	1.33371
2017-18	257	8,787	286,651	-	6,004,940	0.11790	8,008,849	1.33371
2018-19	257	10,002	291,948	-	6,397,614	0.11737	8,532,562	1.33371
2019-20	257	13,676	294,349	-	6,800,580	0.11711	9,070,002	1.33371

NOTES: Report formatting changes have been made to comply with GASB 44 standard reporting requirements.
Public Utility values are not included in this report.

⁽¹⁾ Tax Rate Areas: TRA 000576

-Tax rate limit: A state constitutional amendment (Proposition 13) provided that the tax rate was limited to 1% of full cash values, levied only by the County and shared with all other jurisdictions. All other jurisdictions and the County can levy a tax rate for voter-approved debt.

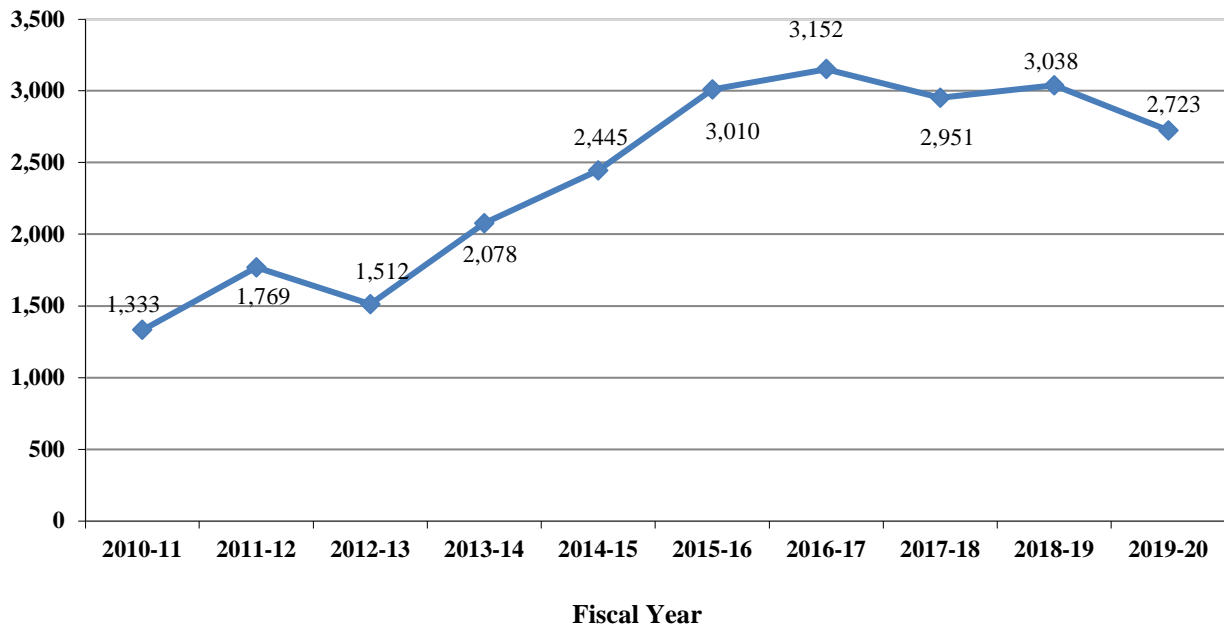
⁽²⁾ Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales price and the Factor of Taxable Assessed Value is the result. This factor is changing from year to year; however, since the previous fiscal years calculating data is not available, the fiscal year 2007-08 factor is used.

Source: L.A. County Assessor 2010/11-2019/20 Combined Tax Rolls, HdL, Coren & Cone

City of Gardena
Construction and Bank Deposits
(Miscellaneous Information)
Last Ten Fiscal Years

Fiscal Year	CONSTRUCTION ⁽¹⁾					
	Residential		Commercial		Industrial	
	No. of Permits	Valuation	No. of Permits	Valuation	No. of Permits	Valuation
2010-11	392	7,588,260	197	17,451,113	19	10,806,397
2011-12	497	19,524,232	250	20,810,123	7	351,358
2012-13	430	10,378,040	239	12,953,704	4	116,531
2013-14	650	11,943,363	232	10,733,859	2	225,600
2014-15	785	11,173,245	295	10,524,008	2	63,500
2015-16	1,126	18,042,192	253	12,303,725	2	26,500
2016-17	1,161	10,988,165	269	16,919,670	9	7,091,565
2017-18	964	18,379,450	264	25,034,187	15	1,069,280
2018-19	1,107	23,699,914	220	10,676,880	11	437,850
2019-20	927	33,001,214	164	11,378,321	10	88,468

Number of Permits
Last Ten Fiscal Years

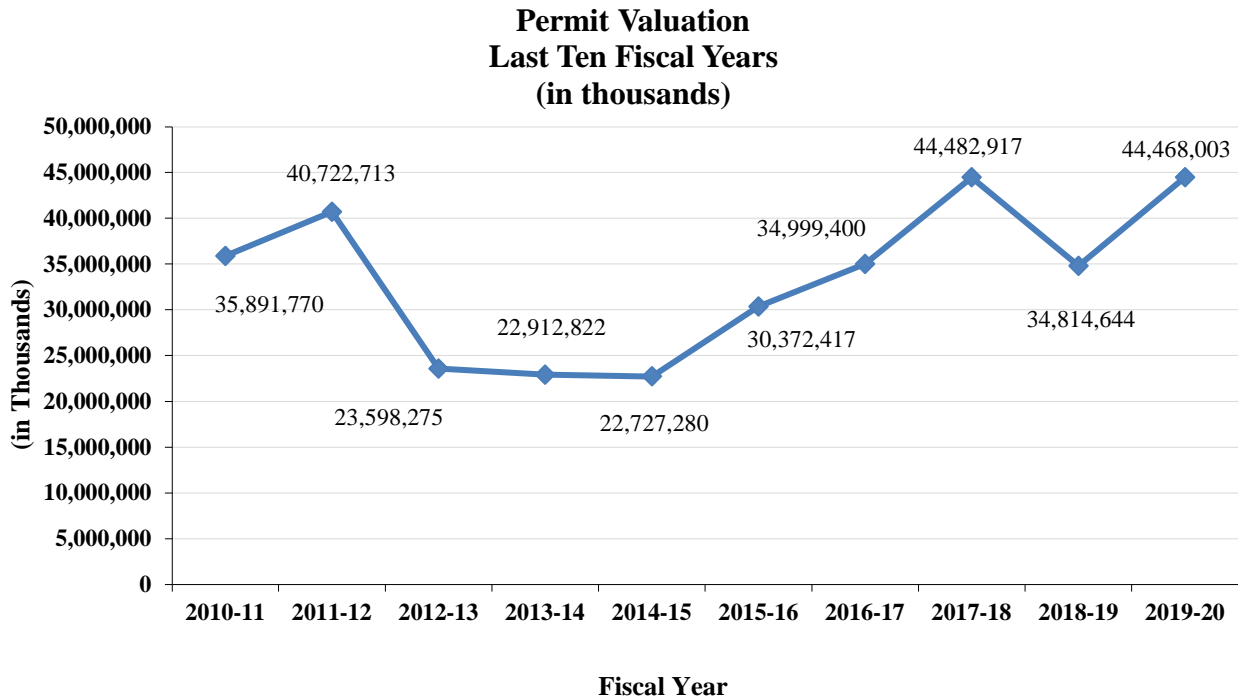


Sources: ⁽¹⁾ City of Gardena, Community Development Department.

⁽²⁾ FDIC, savings and loan associations and credit unions are not included.

City of Gardena
Construction and Bank Deposits (Continued)
(Miscellaneous Information)
Last Ten Fiscal Years

CONSTRUCTION ⁽¹⁾					
Fiscal Year	All others		Total		Bank
	No. of Permits	Valuation	No. of Permits	Valuation	Deposits ⁽²⁾
					(in Thousands)
2010-11	725	46,000	1,333	35,891,770	1,535,389
2011-12	1,015	37,000	1,769	40,722,713	1,514,391
2012-13	839	150,000	1,512	23,598,275	1,609,537
2013-14	1,194	10,000	2,078	22,912,822	1,694,573
2014-15	1,363	966,527	2,445	22,727,280	1,656,979
2015-16	1,629	-	3,010	30,372,417	2,311,146
2016-17	1,713	-	3,152	34,999,400	1,913,039
2017-18	1,708	-	2,951	44,482,917	1,913,039
2018-19	1,700	-	3,038	34,814,644	1,980,803
2019-20	1,622	-	2,723	44,468,003	2,285,338



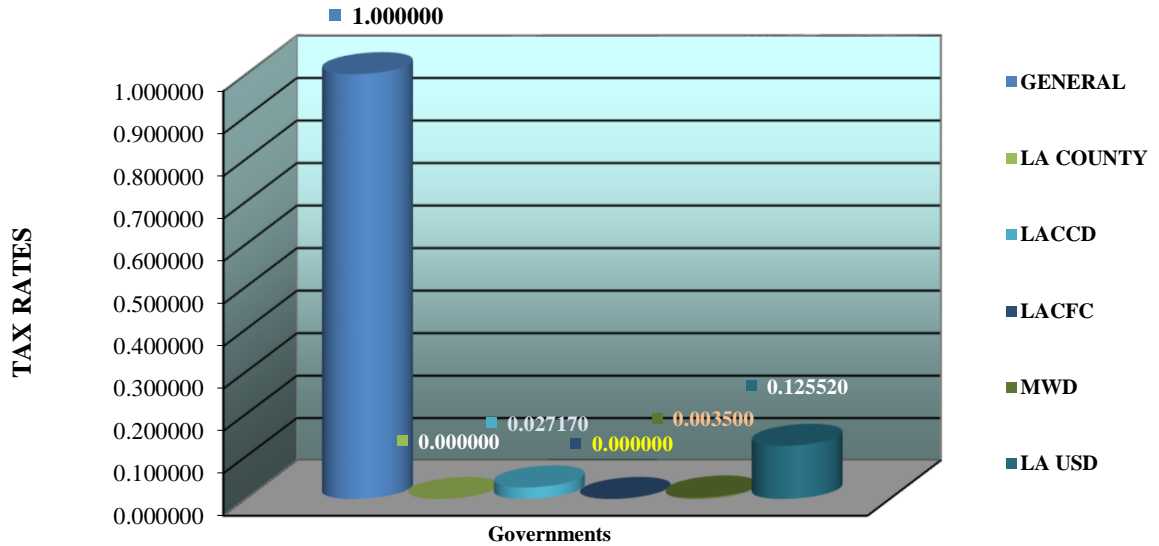
Sources: ⁽¹⁾ City of Gardena, Community Development Department.

⁽²⁾ City of Gardena-FDIC-Insured Institutions as of 06/30/2020

City of Gardena
Property Tax Rates ⁽¹⁾ - All Overlapping Governments
Last Ten Fiscal Years
(Rate per \$100 of Taxable Value)

<u>Fiscal Year</u>	<u>General</u>	<u>Los Angeles County</u>	<u>Los Angeles Unified School District</u>
2010-11	1.000000	0.000000	0.186950
2011-12	1.000000	0.000000	0.168190
2012-13	1.000000	0.000000	0.175610
2013-14	1.000000	0.000000	0.146440
2014-15	1.000000	0.000000	0.146880
2015-16	1.000000	0.000000	0.129710
2016-17	1.000000	0.000000	0.131100
2017-18	1.000000	0.000000	0.122190
2018-19	1.000000	0.000000	0.123230
2019-20	1.000000	0.000000	0.125520

Property Tax Rates -All Overlapping Governments
Fiscal Year ended June 30, 2019

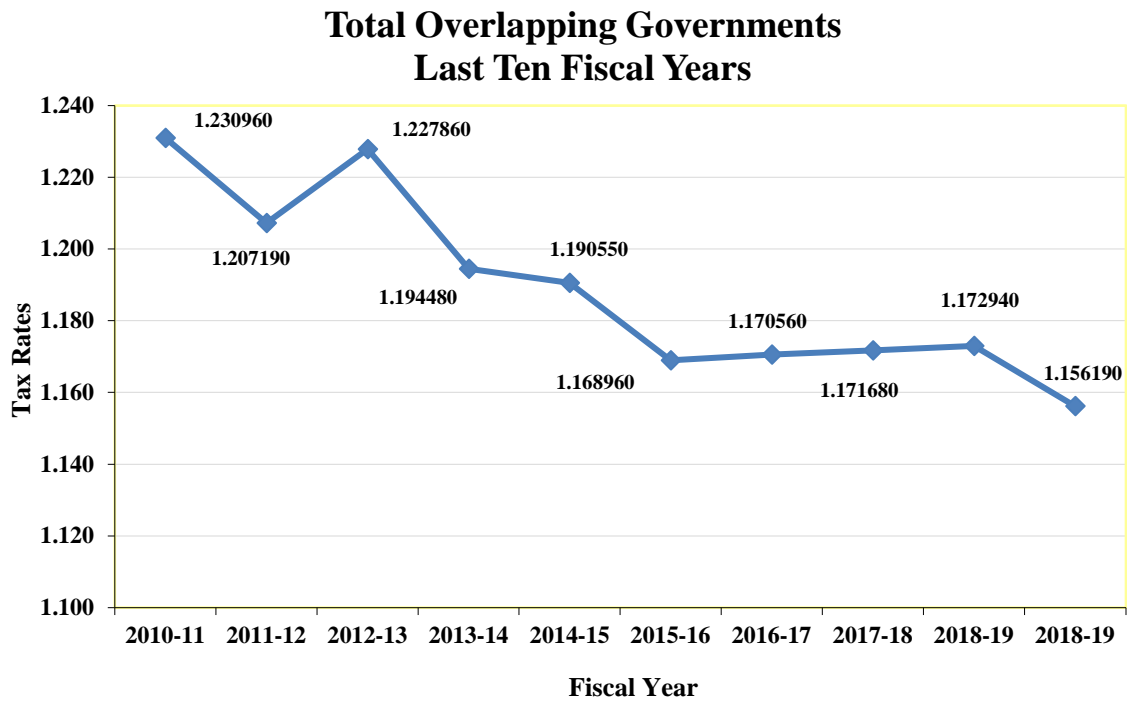


⁽¹⁾ Tax Rate Areas: TRA 000576

-Tax rate limit: A state constitutional amendment (Proposition 13) provided that the tax rate was limited to 1% of full cash values, levied only by the County and shared with all other jurisdictions. All other jurisdictions and the County can levy a tax rate for voter-approved debt.

City of Gardena
Property Tax Rates ⁽¹⁾ - All Overlapping Governments (Continued)
Last Ten Fiscal Years
(Rate per \$100 of Taxable Value)

Fiscal Year	Los Angeles Community College District	Los Angeles County Flood Control	Metropolitan Water District	Total
2010-11	0.040310	0.000000	0.003700	1.230960
2011-12	0.035300	0.000000	0.003700	1.207190
2012-13	0.048750	0.000000	0.003500	1.227860
2013-14	0.044540	0.000000	0.003500	1.194480
2014-15	0.040170	0.000000	0.003500	1.190550
2015-16	0.035750	0.000000	0.003500	1.168960
2016-17	0.035960	0.000000	0.003500	1.170560
2017-18	0.045990	0.000000	0.003500	1.171680
2018-19	0.046210	0.000000	0.003500	1.172940
2019-20	0.027170	0.000000	0.003500	1.156190



⁽¹⁾ Tax Rate Areas: TRA 000576

-Tax rate limit: A state constitutional amendment (Proposition 13) provided that the tax rate was limited to 1% of full cash values, levied only by the County and shared with all other jurisdictions. All other jurisdictions and the County can levy a tax rate for voter-approved debt.

Source: L.A. County Assessor 2010/11-2019/20 Combined Tax Rolls, HdL, Coren & Cone

City of Gardena
Direct and Overlapping Property Tax Rates
(rate per \$100 of assessed value)
Ten Fiscal Year Detail of Rates for Largest General Fund Tax Rates Area 00576
(Proposition 13 Rate)

Agency	FISCAL YEAR				
	19-20	18-19	17-18	16-17	15-16
City of Gardena Tax District 1	0.11160 %	0.11160 %	0.11160 %	0.11160 %	0.11160 %
Children's Institutional Tuition Fund	0.00285 %	0.00285 %	0.00285 %	0.00285 %	0.00285 %
County Sanitation District No. 5 Operations	0.01256 %	0.01256 %	0.01256 %	0.01256 %	0.01256 %
County School Services	0.00144 %	0.00144 %	0.00144 %	0.00144 %	0.00144 %
County School Service Fund Los Angeles	0.00001 %	0.00001 %	0.00001 %	0.00001 %	0.00001 %
Development Center for Handicapped Minors -LA Unified School District	0.00127 %	0.00127 %	0.00127 %	0.00127 %	0.00127 %
Educational Augmentation Fund Impound	0.16240 %	0.16240 %	0.16240 %	0.16240 %	0.16240 %
Educational Augmentation Fund (ERAF) Impound	0.07820 %	0.07820 %	0.07820 %	0.07820 %	0.07820 %
LA County Community College District	0.03070 %	0.03070 %	0.03070 %	0.03070 %	0.03070 %
LA County Community College Children's Center Fund	0.00032 %	0.00032 %	0.00032 %	0.00032 %	0.00032 %
LA County Accumulative Capital Outlays	0.00012 %	0.00012 %	0.00012 %	0.00012 %	0.00012 %
LA County Fire - Ffw	0.00747 %	0.00747 %	0.00747 %	0.00747 %	0.00747 %
LA County Flood Control Dr. Improvement District	0.00178 %	0.00178 %	0.00178 %	0.00178 %	0.00178 %
LA County Library	0.02380 %	0.02380 %	0.02380 %	0.02380 %	0.02380 %
LA County Flood Control Maintenance	0.01007 %	0.01007 %	0.01007 %	0.01007 %	0.01007 %
Los Angeles Children's Center Fund	0.00371 %	0.00371 %	0.00371 %	0.00371 %	0.00371 %
LA County General	0.32520 %	0.32520 %	0.32520 %	0.32520 %	0.32520 %
Los Angeles Unified School District	0.22590 %	0.22590 %	0.22590 %	0.22590 %	0.22590 %
Greater L A Co Vector Control	0.00038 %	0.00038 %	0.00038 %	0.00038 %	0.00038 %
Water Replacement District of Southern California	0.00018 %	0.00018 %	0.00018 %	0.00018 %	0.00018 %
Total Prop. 13 Rate:	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %
TOTAL DIRECT RATE (Producing Revenue for The City) ⁽¹⁾:	0.11711 %	0.11737 %	0.11766 %	0.11790 %	0.11809 %
County of Los Angeles ⁽¹⁾	0.00000 %	0.00000 %	0.00000 %	0.00000 %	0.00000 %

Notes: General fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rates area (TRA) by net taxable value.

Total Direct Rate ⁽¹⁾ is weighted average of all individual direct rates applied by the government preparing the statistical section information. The percentages presented in the columns above do not sum across rows. RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

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

Source: ⁽¹⁾ L.A. County Assessor 2010/11-2019/20 Combined Tax Rolls, HdL, Coren & Cone

City of Gardena
Direct and Overlapping Property Tax Rates (Continued)
(rate per \$100 of assessed value)
Ten Fiscal Year Detail of Rates for Largest General Fund Tax Rates Area 00576
(Proposition 13 Rate)

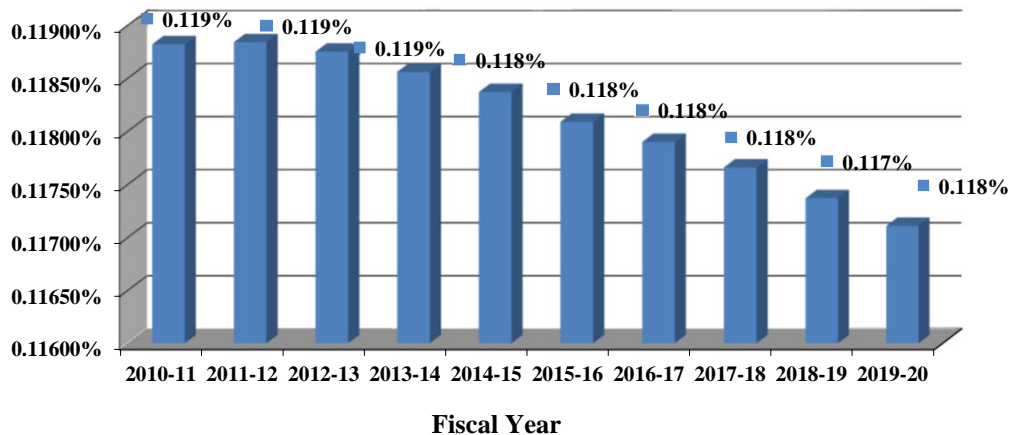
Agency	FISCAL YEAR				
	14-15	13-14	12-13	11-12	10-11
City of Gardena Tax District 1	0.11157 %	0.11157 %	0.11157 %	0.11157 %	0.11157 %
Children's Institutional Tuition Fund	0.00285 %	0.00285 %	0.00285 %	0.00285 %	0.00285 %
County Sanitation District No. 5 Operations	0.01256 %	0.01256 %	0.01256 %	0.01256 %	0.01256 %
County School Services	0.00144 %	0.00144 %	0.00144 %	0.00144 %	0.00144 %
County School Service Fund of Angeles -LAUSD	0.00001 %	0.00001 %	0.00001 %	0.00001 %	0.00001 %
Development Center for Handicapped Minors -LA Unified School District	0.00127 %	0.00127 %	0.00127 %	0.00127 %	0.00127 %
Educational Augmentation Fund Impound	0.16240 %	0.16240 %	0.16240 %	0.16240 %	0.16240 %
Educational Augmentation Fund (ERAF) Impound	0.07820 %	0.07820 %	0.07820 %	0.07827 %	0.07827 %
LA County Community College District	0.03070 %	0.03070 %	0.03070 %	0.03070 %	0.03070 %
LA County Community College Children's Center Fund	0.00032 %	0.00032 %	0.00032 %	0.00032 %	0.00032 %
LA County Accumulative Capital Outlays	0.00012 %	0.00012 %	0.00012 %	0.00012 %	0.00012 %
LA County Fire - Ffw	0.00747 %	0.00747 %	0.00747 %	0.00747 %	0.00747 %
LA County Flood Control Improvement District	0.00178 %	0.00178 %	0.00178 %	0.00178 %	0.00178 %
LA County Library	0.02380 %	0.02380 %	0.02380 %	0.02380 %	0.02380 %
LA County Flood Control Maintenance	0.01007 %	0.01007 %	0.01007 %	0.01007 %	0.01007 %
Los Angeles Children's Center Fund	0.00371 %	0.00371 %	0.00371 %	0.00371 %	0.00371 %
LA County General	0.32520 %	0.32520 %	0.32520 %	0.32520 %	0.32520 %
Los Angeles Unified School District	0.22590 %	0.22590 %	0.22590 %	0.22590 %	0.22590 %
Greater L A Co Vector Control	0.00038 %	0.00038 %	0.00038 %	0.00038 %	0.00038 %
Water Replacement District of Southern California	0.00018 %	0.00018 %	0.00018 %	0.00018 %	0.00018 %
Total Prop. 13 Rate:	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %

TOTAL DIRECT RATE (Producing Revenue for The City) ⁽¹⁾:

County of Los Angeles ⁽¹⁾

0.11837 %	0.11856 %	0.11875 %	0.11884 %	0.11882 %
0.00000 %	0.00000 %	0.00000 %	0.00000 %	0.00000 %

Total Direct Rate
Last Ten Fiscal Years



City of Gardena

Ten Largest Property Taxpayers

Current Year and Nine Years Ago

Owner/Taxpayer	Business Type	Fiscal Year 2019-20		Fiscal Year 2010-11	
		Total Assessed Value	Percent of Total City Assessed Value	Total Assessed Value	Percent of Total City Assessed Value
Nissin Foods Company Inc.	Manufacturing	\$57,871,677	0.85 %		
Gardena Hospital Property Holdings LLC	Hospital services	47,178,953	0.69		
Avcorp Composite Fabrication	Manufacturing	40,714,414	0.60		
Terreno 139th LLC	Non-residential property owners	38,301,000	0.56		
JSL Gardena I, LLC	Non-residential property owners	31,227,251	0.46		
Hitco Carbon Composites Inc.	Manufacturing	30,892,160	0.45		
1425 Normadie LLC (Pending Appeals on Parcels)	Property management	30,600,000	0.45		
Gardena Professional Medical Plaza LP	Property management	26,353,639	0.39		
Majestic Properties Inc.	Property management	24,586,005	0.36		
Ray Pellegrino Trust	Property management	24,028,799	0.35		
Hitco Carbon Composites Inc	Manufacturing			78,506,903	1.67 %
Gardena Rose No 2 LLC	Manufacturing			41,634,607	0.89
Southwest Offset Printing	Manufacturing parts			29,221,715	0.62
JSL Gardena I, LLC	Non-residential property owners			26,986,290	0.57
Majestic Properties Inc.	Property management			26,932,116	0.57
Brek Manufacturing Company	Manufacturing parts			23,806,415	0.51
Time Warner Cable	Retail sales			19,838,031	0.42
Target Corporation	Retail sales			19,740,642	0.42
Gramercy Properties LLC	Non-residential property owners			19,135,147	0.41
Russmar Investment Group	Property management			17,085,015	0.36
Top Ten Totals (secured and unsecured):		351,753,898	5.17 %	302,886,881	6.45 %
All Others (secured)		6,448,826,696	94.83	4,392,566,025	93.55
Total All Assessed Valuation (secured):		<u>\$6,800,580,594</u>	<u>100.00 %</u>	<u>\$4,695,452,906</u>	<u>100.00 %</u>
Manufacturing					
Non-residential property owners					

Source: L.A. County Assessor 2010/11-2019/20 Combined Tax Rolls and the SBE Non Unitary Tax Roll, HdL Coren & Cone

City of Gardena
Top 25 Sales Tax Producers ⁽¹⁾
(Miscellaneous Information)
Current Fiscal Year and Nine Years Ago

Fiscal Year 2019-20			Fiscal Year 2010-11		
	Tax Payers	Business Type		Tax Payers	Business Type
1	76	Service Stations	76	Service Stations	
2	A&A Chevron	Service Stations	A&A Chevron	Service Stations	
3	Air Fayre	Food Service Equip./Supplies	Albertsons	Grocery Stores	
4	Albertsons	Grocery Stores	Beacon Roofing Supply	Building Materials	
5	Arco AM PM	Service Stations	California Nozzle Specialists	Auto Repair Shops	
6	Beacon Roofing Supply	Building Materials	City of Gardena	Government/Social Org.	
7	Crenshaw Lumber Co	Building Materials	Crenshaw Lumber Co	Building Materials	
8	Crenshaw Wholesale Electric Supply	Plumbing/Electrical Supplies	CVS Pharmacy	Drug Stores	
9	Enterprise Rent A Car	Transportation/Rentals	G&C Equipment	Contractors	
10	Food 4 Less	Grocery Stores	Gardena Honda	New Motor Vehicle Dealers	
11	G& C Equipment	Contractors	Gardena Nissan	New Motor Vehicle Dealers	
12	Gardena Honda	New Motor Vehicle Dealers	Hitco Technologies	Heavy Industrial	
13	Gardena Nissan	New Motor Vehicle Dealers	Marukai Market	Grocery Stores	
14	Honda Lease and Trust	Auto Lease	McDonalds	Quick-Service Restaurants	
15	Marukai Market	Grocery Stores	Naders Furniture	Home Furnishings	
16	McDonalds	Quick-Service Restaurants	New York Times Sales	Light Industrial/Printers	
17	New York Times Sales	Light Industrial/Printers	Pam's Shell	Service Stations	
18	Sakara Life	Food Service Equip./Supplies	Rumi Arco	Service Stations	
19	Sam's Club	Discount Dept Stores	Sam's Club	Discount Dept Stores	
20	Smardan Hatcher Co.	Contractors	SLG Crenshaw Shell	Service Stations	
21	Target	Discount Dept Stores	Smardan Hatcher Co	Contractors	
22	United Oil	Service Stations	Target	Discount Dept Stores	
23	Vons Fuel	Service Stations	United Oil Company	Service Stations	
24	Wood Oil Company	Petroleum Prod./Equipment	Vons Fuel	Service Stations	
25	Z Gallerie	Home Furnishings	Wood Oil Company	Petroleum Prod./Equipment	

-Account for 54%
of the total sales tax collected.

-Account for 55%
of the total sales tax collected.

*** The names are listed in alphabetical order, not sales tax volume.

Source: SBOE data - HdL Companies

⁽¹⁾ Period: from July 1 to June 30 of the following year.

City of Gardena

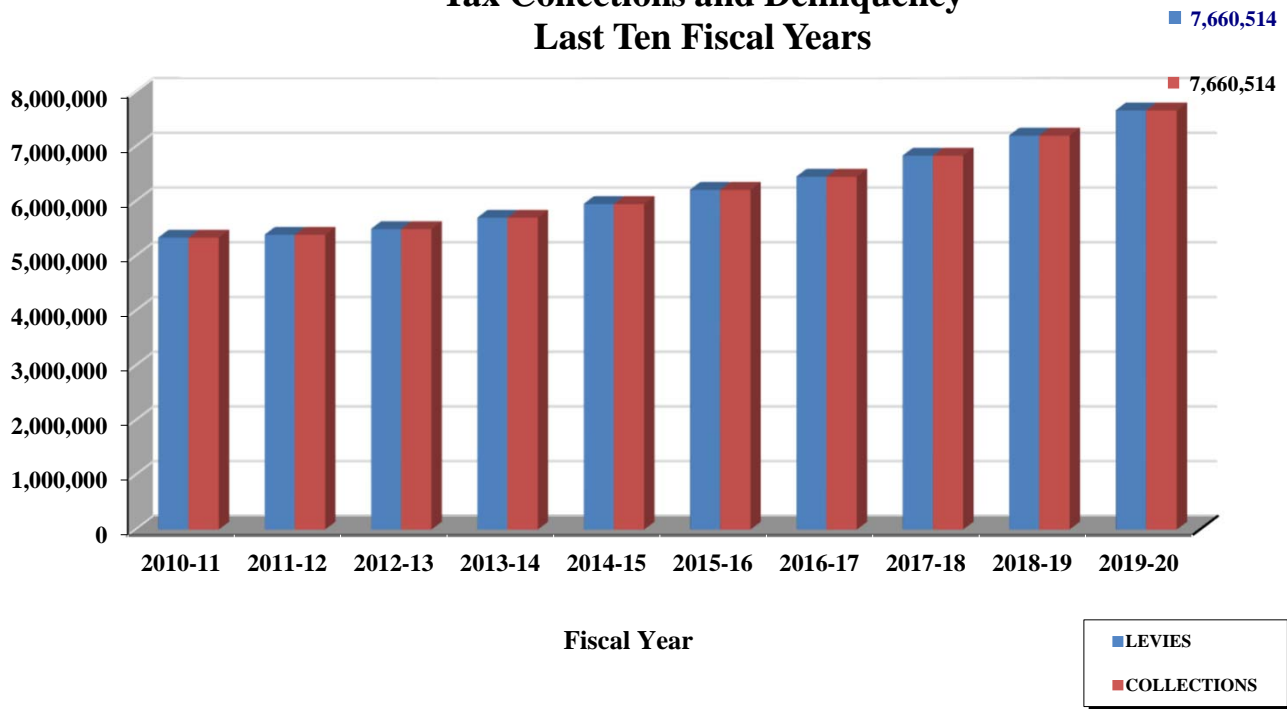
Property Tax Levies, Tax Collections, and Delinquency

Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	COLLECTED WITHIN THE FISCAL YEAR OF LEVY		Collections in Subsequent Years	TOTAL COLLECTIONS TO DATE	
		Amount	Percent of Levy		Amount	Percent of Levy
2010-11	5,334,443	5,327,186	99.86%	7,257	5,334,443	100.00%
2011-12	5,386,423	5,386,423	100.00%	0	5,386,423	100.00%
2012-13	5,491,677	5,491,096	99.99%	581	5,491,677	100.00%
2013-14	5,698,386	5,695,450	99.95%	2,936	5,698,386	100.00%
2014-15	5,948,939	5,946,829	99.96%	2,109	5,948,939	100.00%
2015-16	6,208,056	6,192,921	99.76%	15,134	6,208,056	100.00%
2016-17	6,447,952	6,433,016	99.77%	14,936	6,447,952	100.00%
2017-18	6,832,148	6,816,038	99.76%	16,110	6,832,148	100.00%
2018-19	7,198,451	7,164,319	99.53%	34,132	7,198,451	100.00%
2019-20	7,660,514	7,640,235	99.74%	20,279	7,660,514	100.00%

Tax Collections and Delinquency

Last Ten Fiscal Years



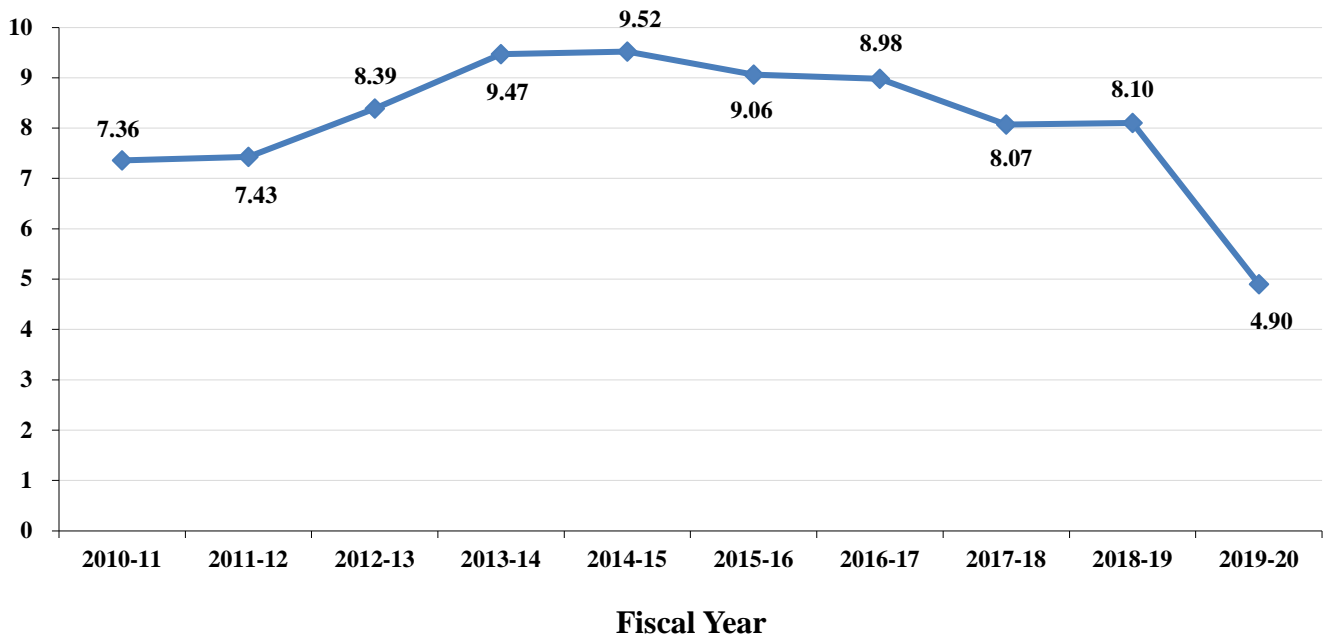
NOTE: Article XIII-A of the Constitution of the State of California adopted by the electorate in June 1978, precludes the City from a local property tax levy. All general-purpose property taxes are levied by the County and allocated to other governmental entities on a predetermined formula.

Sources: City of Gardena, Administrative Services Department - Finance Division

**City of Gardena
Card Club Gross Revenue Fee
Last Ten Fiscal Years**

Fiscal Year	Card Club Revenue	General Fund Gross Revenue	Percent of General Fund Revenue
2010-11	7,365,159	43,111,283	17.08%
2011-12	7,434,236	45,813,600	16.23%
2012-13	8,394,406	47,637,218	17.62%
2013-14	9,467,078	51,004,568	18.56%
2014-15	9,517,550	54,413,202	17.49%
2015-16	9,057,202	54,092,710	16.74%
2016-17	8,975,991	56,237,621	15.96%
2017-18	8,071,001	55,972,281	14.42%
2018-19	8,101,583	60,267,575	13.44%
2019-20	4,874,457	55,906,560	8.72%

**Card Club Gross Revenue
Last Ten Fiscal Years**



⁽¹⁾ Two card clubs: Lucky Lady Casino & Hustler Casino
City receives 12% of the total monthly gross revenue of the card game business.

City of Gardena
Utility Users Tax Received
Fiscal Years 2016 through 2020

	Fiscal Year Ended June 30				
	2020	2019	2018	2017	2016
Utility Users Tax Electric	\$ 2,110,227	\$ 2,215,028	\$ 2,202,782	\$ 2,118,336	\$ 2,233,966
Utility Users Tax Gas	616,341	585,308	534,547	589,630	534,667
Utility Users Tax Electric Service Provider	217,700	171,490	179,887	209,749	223,976
Utility Users Tax Gas-Non Core	91,533	90,338	73,074	51,417	36,671
UUT-Mobile/Cellular Telephones	313,603	425,866	571,794	661,953	770,809
UUT-Long Distance Telephone/Non Cellular	490,588	535,347	515,858	554,410	582,531
Utility Users Tax Water	902,866	859,531	888,203	843,499	790,129
UUT-Prepaid Mobile Telephone	58,372	72,738	122,306	118,743	39,662
TOTAL	\$ 4,801,229	\$ 4,955,645	\$ 5,088,450	\$ 5,147,736	\$ 5,212,410

Source: City of Gardena

City of Gardena
Taxable Transactions by the Type of Business
For Fiscal Years 2019 through 2015

	2019	2018	2017	2016	2015
Apparel Stores	\$ 10,340,900	\$ 11,104,300	\$ 9,973,300	\$ 9,011,800	\$ 8,587,400
Auto Dealers and Supplies	147,027,500	152,885,700	152,224,500	146,046,700	126,317,300
Building Materials	139,761,600	178,756,100	145,898,300	129,641,800	111,863,600
Drug Stores	13,608,100	13,412,700	13,343,600	13,048,500	12,791,600
Eating and Drinking Places	173,868,300	170,526,400	157,355,800	148,294,400	137,180,400
Food Stores	46,056,000	43,157,800	42,446,300	43,271,800	41,260,100
Furniture and Appliances	30,188,300	33,066,900	39,015,800	33,665,500	30,739,800
General Merchandise	123,554,900	91,091,200	88,139,300	84,212,400	81,069,900
Other Retail Stores	21,873,700	23,190,500	24,512,700	23,534,700	23,025,400
Packaged Liquor	11,874,600	9,873,400	9,891,900	9,446,400	8,818,400
Service Stations	79,875,200	84,824,100	77,079,200	78,185,500	86,179,800
Retail Stores Total	798,029,100	811,889,100	759,880,700	718,359,500	667,835,715
All Other Outlets	170,715,200	248,722,900	225,882,000	247,403,200	233,623,700
TOTAL	\$ 968,744,300	\$ 1,060,612,000	\$ 985,762,700	\$ 965,762,700	\$ 901,459,415

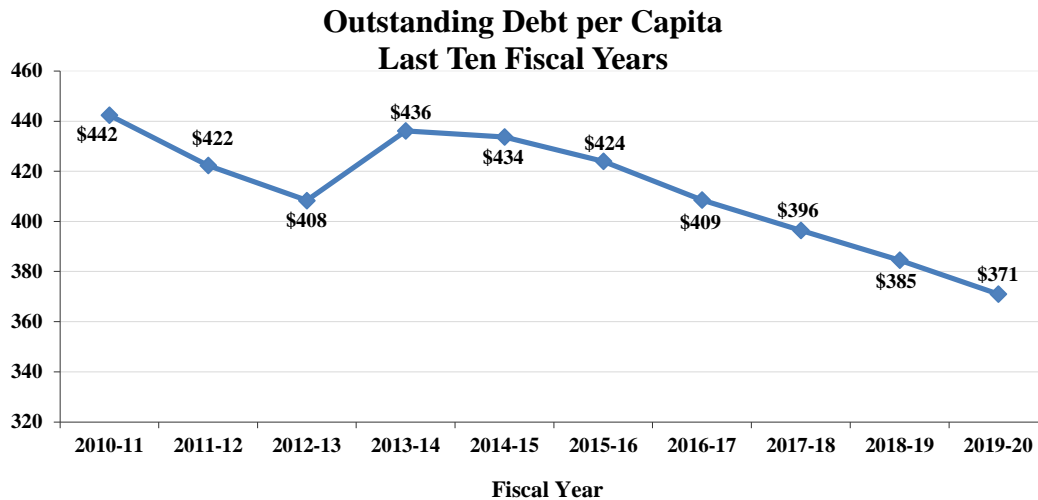
Source: HDL

City of Gardena

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

GOVERNMENTAL ACTIVITIES									Percent	Average	Percent		
Fiscal	Certificates of	Revenue	Capital	Loan	Direct	Taxable	Percent	Debt	of	per	Percent		
Year	Population ⁽¹⁾	Participation ⁽²⁾	Bonds	Leases	Payable	Purchase	Assessed	Assessed	per	Capita	of Debt by		
						Lease	Other	Total	Value ⁽³⁾	Value	Capita	Income ⁽⁴⁾	Income
2010-11	59,009	23,005,000	2,320,000	262,129	-	-	520,000	26,107,129	4,695,452,906	0.56%	442	19,773	2.24%
2011-12	59,124	22,515,000	2,250,000	203,069	-	-	-	24,968,069	4,714,033,674	0.53%	422	21,468	1.97%
2012-13	59,566	21,995,000	2,175,000	153,004	-	-	-	24,323,004	4,784,812,315	0.51%	408	22,651	1.80%
2013-14	60,082	21,455,000	2,095,000	130,661	2,521,577	-	-	26,202,238	4,957,766,359	0.53%	436	23,037	1.89%
2014-15	60,414	12,370,000	10,835,639	67,125	2,930,317	-	-	26,203,081	5,170,329,875	0.51%	434	23,032	1.88%
2015-16	60,785	11,770,000	10,764,523	-	3,114,763	-	124,548	25,773,834	5,453,097,097	0.47%	424	22,808	1.86%
2016-17	60,721	9,170,000	10,688,407	-	3,200,986	1,635,000	111,443	24,805,836	5,686,952,300	0.44%	409	23,246	1.76%
2017-18	61,246	8,710,000	10,552,291	-	3,287,209	1,635,000	93,545	24,278,045	6,005,395,708	0.40%	396	23,584	1.68%
2018-19	61,042	8,220,000	10,411,175	-	3,373,432	1,390,000	80,741	23,475,348	6,397,613,521	0.37%	385	24,282	1.58%
2019-20	60,937	7,700,000	10,260,059	-	3,459,655	1,120,000	68,045	22,607,759	6,800,580,594	0.33%	371	25,991	1.43%



NOTES:

⁽¹⁾ State of California, Finance Department

⁽²⁾ The City of Gardena had 6 Certificates of Participations at the end of fiscal year 1996-97. At the end of fiscal year 2005-06, there were only two Certificates of Participation Series 2001A and 2006AB&C. During the fiscal year 2005-06, the City refunded the Certificates of Participation Series 1994 and 1999 A & B by Series 2006 A B & C.

In fiscal year 2006-07, the City refunded Certificates of Participation Series 2001A by the Refunding Revenue COPs series 2007A.

In fiscal year 2014-15, the City refunded Certificates of Participation Series 2006 B by the Taxable Lease Revenue Refunding Bonds 2014.

In fiscal year 2016-17, the City refunded Certificates of Participation Series 2006 C by the 2017 Direct Purchase Lease.

-Refer to Notes in the Financial Statement for details of the City's outstanding debt

⁽³⁾ Assessed value has been used because the actual value of taxable property is not readily available in the State of California

⁽⁴⁾ Income data was provided by HDL Coren & Cone using City of Gardena Average per Capita Personal Income.

Sources: City of Gardena, Administrative Services Department - Finance Division
County of Los Angeles, Auditor-Controller Office/Tax Division
HDL Coren & Cone

City of Gardena
Pledged-Revenue Coverage
Last Five Fiscal Years

				Refunding Certificates of Participation ⁽¹⁾		
Fiscal Year	Revenue	Operating Expenses	Net Available Revenue	Debt Service		Percent Coverage
				Principal	Interest	
2015-16	58,533,801	54,061,516	4,472,285	90,000	101,575	23.34
2016-17	58,337,629	55,320,472	3,017,157	95,000	97,325	15.69
2017-18	55,972,281	56,342,986	(370,705)	95,000	92,825	(1.97)
2018-19	60,267,575	67,269,131	(7,001,556)	100,000	88,075	(37.23)
2019-20	55,906,560	61,786,869	(5,880,309)	105,000	83,075	(31.27)

NOTES:

- ⁽¹⁾ On January 24, 2007, the City issued the Refunding Revenue Bonds, Series 2007A to refund the Certificates of Participation Series 2001A. No principal and interest were paid during the fiscal year 2006-07.
- Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 - Shortfall in net available revenue was covered by the general fund balance

Sources: City of Gardena, Administrative Services Department - Finance Division

City of Gardena

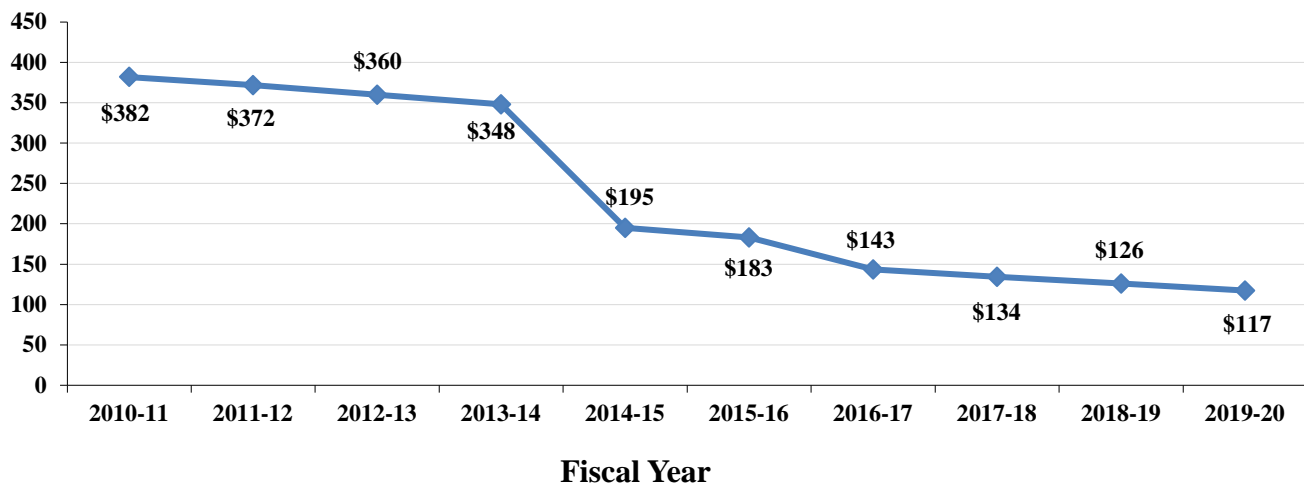
Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

OUTSTANDING GENERAL BONDED DEBT					Percent of		
Fiscal Year	Population ⁽¹⁾	Certificates of Participation	Less: Amounts Available in Debt Service Fund ⁽²⁾	Total	Taxable Assessed Value	Taxable Assessed Value	Debt per Capita
2010-11	59,009	23,005,000	490,000	22,515,000	4,695,452,906	0.48%	382
2011-12	59,124	22,515,000	520,000	21,995,000	4,714,033,674	0.47%	372
2012-13	59,566	21,995,000	540,000	21,455,000	4,784,812,315	0.45%	360
2013-14	60,082	21,455,000	570,000	20,885,000	4,957,766,359	0.42%	348
2014-15	60,414	12,370,000	600,000	11,770,000	5,170,329,875	0.23%	195
2015-16	60,785	11,770,000	640,000	11,130,000	5,453,097,097	0.20%	183
2016-17	60,721	9,170,000	460,000	8,710,000	5,686,952,300	0.15%	143
2017-18	61,246	8,710,000	490,000	8,220,000	6,005,395,708	0.14%	134
2018-19	61,042	8,220,000	520,000	7,700,000	6,397,613,521	0.12%	126
2019-20	60,937	7,700,000	550,000	7,150,000	6,800,580,594	0.11%	117

General Bonded Debt Outstanding per Capita

Last Ten Fiscal Years



Source: ⁽¹⁾ State of California, Finance Department.

⁽²⁾ This is the amount restricted for the COP debt service principal payments.

City of Gardena

Direct and Overlapping Bonded Debt

June 30, 2020

	2019-20 Assessed Valuation:	\$6,800,580,594	
	2019-20 Population:	60,937	
	Total Debt 06/30/2020	Percent Applicable To City	City's Share of Debt 06/30/2020
Direct Debt			
GARDENA GENERAL FUND OBLIGATIONS	20,255,000	100.000 %	20,255,000
Total Direct Debt	20,255,000		20,255,000
OVERLAPPING DEBT			
METROPOLITAN WATER DISTRICT	18,151,752	0.528 %	95,817
LA CCD DS 2003 TAXABLE SERIES 2004B	2,115,000	0.751 %	15,873
LA CCD DS 2001 TAXABLE SERIES 2004A	31,555,000	0.752 %	236,821
LA CCD DS 2008, 2009 TAXABLE SER B	75,000,000	0.751 %	562,876
LA CCD DS 2008, 2010 TAX SERIES D	125,000,000	0.751 %	938,127
LA CCD DS 2008, 2010 TAX SER E (BABS)	900,000,000	0.751 %	6,754,514
LA CCD DS 2008 2012 SERIES F	199,000,000	0.751 %	1,493,498
LA CCD DS 2013 REF BONDS	35,410,000	0.751 %	265,753
LA CCD DS 2008 SERIES G	205,725,000	0.751 %	1,543,969
LA CCD DS 2015 REF SERIES A	1,395,190,000	0.751 %	10,470,923
LA CCD DS 2015 REF SERIES B	24,305,000	0.751 %	182,409
LA CCD DS 2015 REF SERIES C	230,015,000	0.751 %	1,726,266
LA CCD DS 2008 SERIES I	197,360,000	0.751 %	1,481,190
LA CCD DS 2016 REF BONDS	813,785,000	0.751 %	6,107,469
LOS ANGELES UNIF DS 2002 SERIES E	200,000,000	0.920 %	1,839,493
LOS ANGELES UNIF DS 2005 SERIES H	80,625,000	0.920 %	741,546
LOS ANGELES UNIF MEASURE R SERIES KRY BABS	363,005,000	0.920 %	3,338,727
LOS ANGELES UNIF MEASURE Y 2009 SERIES KRY BABS	806,795,000	0.920 %	7,420,471
LOS ANGELES UNIF MEASURE K 2010 SERIES KRY	145,250,000	0.920 %	1,335,932
LOS ANGELES UNIF MEASURE R 2010 SERIES KRY	152,165,000	0.920 %	1,318,549
LOS ANGELES UNIF MEASURE Y 2010 SERIES KRY	95,770,000	0.920 %	880,841
LOS ANGELES UNIF MEASURE R 2010 SERIES RY BABS	477,630,000	0.920 %	4,392,986
LOS ANGELES UNIF MEASURE Y 2010 SERIES RY BABS	772,955,000	0.920 %	7,109,228
LOS ANGELES UNIF DS 2005 2010 SERIES J-1 QSCBS	286,760,000	0.920 %	2,637,466
LOS ANGELES UNIF DS 2005 2010 SERIES J-2 QSCBS	153,350,000	0.920 %	1,410,432
LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES A 1	104,935,000	0.920 %	963,849
LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES A 2	141,880,000	0.920 %	1,304,937
LOS ANGELES UNIF DS 2012 REFUNDING BOND SERIES A	95,760,000	0.920 %	880,749
LOS ANGELES UNIF DS 2014 REF BOND SERIES A	58,580,000	0.920 %	538,788
LOS ANGELES UNIF DS 2014 REF BOND SERIES B	150,940,000	0.920 %	1,388,266
LOS ANGELES UNIF DS 2014 REF BOND SERIES C	821,985,000	0.920 %	7,560,180
LOS ANGELES UNIF DS 2014 REF BOND SERIES D	130,045,000	0.920 %	1,196,085
LOS ANGELES UNIF DS 2008 SERIES A 2016	600,027,000	0.920 %	5,520,964
LOS ANGELES UNIF DS 2016 REF BONDS SERIES A	403,410,000	0.920 %	3,710,350
LOS ANGELES UNIF DS 2016 REF BONDS SERIES B	498,240,000	0.920 %	4,582,546
LOS ANGELES UNIF DS 2017 REF BONDS SER A PROP BB	113,455,000	0.920 %	4,582,546
LOS ANGELES UNIF DS 2017 REF BONDS SER A MEAS K	921,240,000	0.920 %	8,473,075
LOS ANGELES UNIF DS 2005 SERIES M 1 2018	114,165,000	0.920 %	1,050,029
LOS ANGELES UNIF DS 2019 ref 2002 SER D MEAS K	1,060,780,000	0.920 %	9,756,489
LOS ANGELES UNIF DS 2019 ref 2002 SER D MEAS R	150,050,000	0.920 %	1,380,126
LOS ANGELES UNIF DS 2019 ref 2002 SER D MEAS Y	333,005,000	0.920 %	3,062,803
LOS ANGELES UNIF DS 2019 ref ser kry 2009	90,085,000	0.920 %	828,554
	952,160,000	0.920 %	8,757,460
Total Overlapping Debt	14,527,658,752		128,777,722
Total Direct and Overlapping Debt			\$ 149,032,722 ⁽²⁾

⁽¹⁾ Percentage of overlapping agency's assessed valuation located within boundaries of the City.

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

Ratios to 2019-20 Assessed Valuation		Per Capita
-Direct Debt (\$6,800,580,594).....	0.30%	332
-Overlapping Debt.....	1.89%	2,113
-Total Debt.....	2.19%	2,446

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/2020: \$0

City of Gardena
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	19-20	18-19	17-18	16-17	15-16
Assessed valuation	\$6,800,580,594	\$6,397,613,521	\$6,005,395,708	\$5,686,952,300	\$5,453,097,097
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,700,145,149	1,599,403,380	1,501,348,927	1,421,738,075	1,363,274,274
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$255,021,772	\$239,910,507	\$225,202,339	\$213,260,711	\$204,491,141
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$255,021,772	\$239,910,507	\$225,202,339	\$213,260,711	\$204,491,141
Total debt applicable to the limit as a percentage of debt limit	- 0%	- 0%	- 0%	- 0%	- 0%

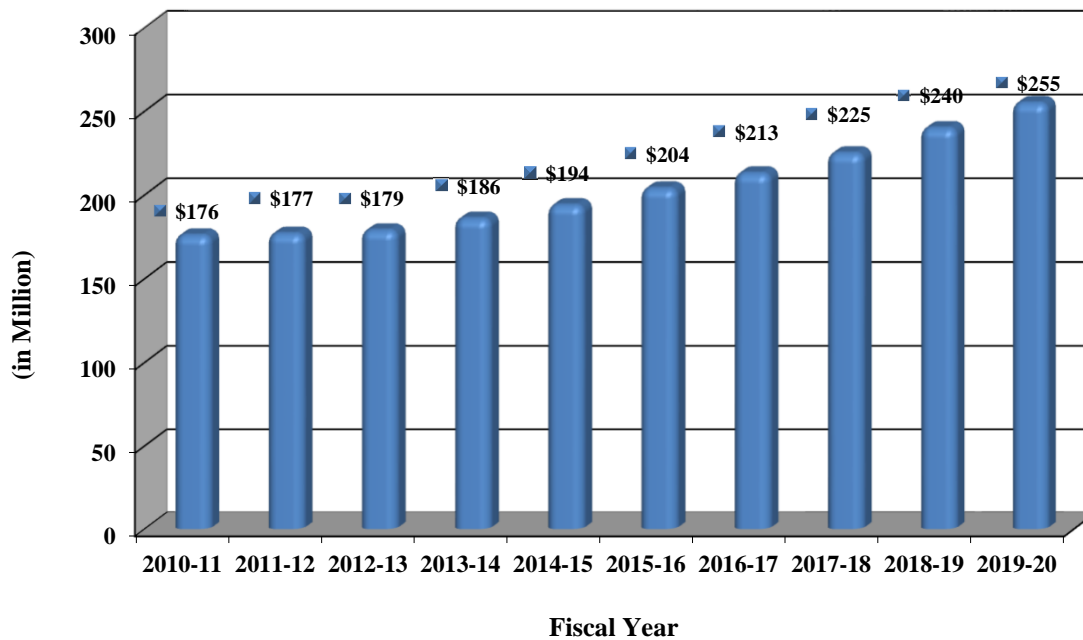
Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% OF MARKET VALUE. Effective with 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The Computations shown above reflect a conversion of assessed valuation data for each fiscal year from current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	14-15	13-14	12-13	11-12	10-11
Assessed valuation	\$5,170,329,875	\$4,957,766,359	\$4,784,812,315	\$4,714,033,674	\$4,695,452,906
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,292,582,469	1,239,441,590	1,196,203,079	1,178,508,419	1,173,863,227
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$193,887,370	\$185,916,238	\$179,430,462	\$176,776,263	\$176,079,484
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$193,887,370	\$185,916,238	\$179,430,462	\$176,776,263	\$176,079,484
Total debt applicable to the limit as a percentage of debt limit	- 0%	- 0%	- 0%	- 0%	- 0%

Legal Debt Margin
Last Ten Fiscal Years



City of Gardena

Debt Service Payment Schedule

FISCAL YEAR	2006 A REF COPS			2014 TAXABLE LEASE BONDS			2007A REV REF BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2019-2020	\$ 520,000	\$ 507,848	\$ 1,027,848	\$ 60,000	\$ 445,674	\$ 505,674	\$ 105,000	\$ 83,075	\$ 188,075
2020-2021	550,000	473,715	1,023,715	60,000	443,304	503,304	110,000	77,825	187,825
2021-2022	585,000	437,509	1,022,509	65,000	440,934	505,934	115,000	72,325	187,325
2022-2023	625,000	398,910	1,023,910	65,000	438,366	503,366	120,000	66,575	186,575
2023-2024	665,000	357,759	1,022,759	70,000	435,799	505,799	125,000	60,575	185,575
2024-2025	705,000	314,056	1,019,056	70,000	433,034	503,034	130,000	54,325	184,325
2025-2026	750,000	267,641	1,017,641	75,000	429,709	504,709	135,000	47,825	182,825
2026-2027	800,000	218,196	1,018,196	75,000	426,148	501,148	145,000	41,075	186,075
2027-2028	850,000	165,561	1,015,561	80,000	422,586	502,586	155,000	33,825	188,825
2028-2029	905,000	109,577	1,014,577	85,000	418,787	503,787	160,000	25,881	185,881
2029-2030	965,000	49,924	1,014,924	815,000	414,750	1,229,750	170,000	17,681	187,681
2030-2031	300,000	9,570	309,570	1,175,000	374,000	1,549,000	175,000	8,969	183,969
2031-2032	-	-	-	1,235,000	315,250	1,550,250	-	-	-
2032-2033	-	-	-	1,295,000	253,500	1,548,500	-	-	-
2033-2034	-	-	-	1,355,000	188,750	1,543,750	-	-	-
2034-2035	-	-	-	1,430,000	121,000	1,551,000	-	-	-
2035-2036	-	-	-	990,000	49,500	1,039,500	-	-	-
TOTAL	\$8,220,000	\$3,310,263	\$ 11,530,263	\$9,000,000	\$6,051,089	\$ 15,051,089	\$1,645,000	\$ 589,956	\$ 2,234,956

Source: City of Gardena

City of Gardena
Debt Service Payment Schedule (Continued)

FISCAL YEAR	2017 DIRECT LEASE			ANNUAL BOND OBLIGATIONS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2019-2020	\$ 270,000	\$ 25,979	\$ 295,979	\$ 955,000	\$ 1,062,575	\$ 2,017,575
2020-2021	275,000	20,338	295,338	995,000	1,015,181	2,010,181
2021-2022	280,000	14,594	294,594	1,045,000	965,361	2,010,361
2022-2023	280,000	8,798	288,798	1,090,000	912,648	2,002,648
2023-2024	285,000	2,950	287,950	1,145,000	857,082	2,002,082
2024-2025	-	-	-	905,000	801,414	1,706,414
2025-2026	-	-	-	960,000	745,175	1,705,175
2026-2027	-	-	-	1,020,000	685,419	1,705,419
2027-2028	-	-	-	1,085,000	621,972	1,706,972
2028-2029	-	-	-	1,150,000	554,244	1,704,244
2029-2030	-	-	-	1,950,000	482,355	2,432,355
2030-2031	-	-	-	1,650,000	392,539	2,042,539
2031-2032	-	-	-	1,235,000	315,250	1,550,250
2032-2033	-	-	-	1,295,000	253,500	1,548,500
2033-2034	-	-	-	1,355,000	188,750	1,543,750
2034-2035	-	-	-	1,430,000	121,000	1,551,000
2035-2036	-	-	-	990,000	49,500	1,039,500
TOTAL	\$ 1,390,000	\$ 72,657	\$ 1,462,657	\$ 20,255,000	\$ 10,023,965	\$ 30,278,965

Source: City of Gardena

City of Gardena

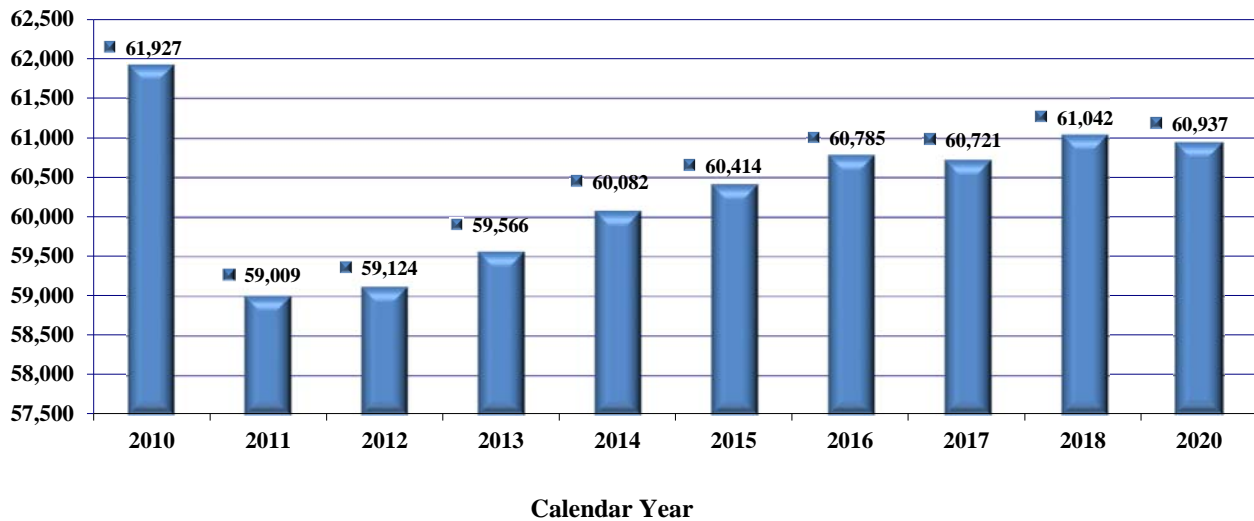
Demographic and Economic Statistics

Last Ten Calendar Years

Year	City of Gardena Housing Units	City of Gardena Population (1)	Average Annual Percentage Increase	Los Angeles County Population (2)	Average Annual Percentage Increase	Gardena Personal Income (1,000s) (2)	Per Capita Personal Income (2)	LAUSD Enrollment (3)	Gardena Employment (4)	Gardena Unemployment Rate (4)
2011	21,477	59,009	-4.71%	9,858,989	-5.58%	1,224,483	19,773	678,441	25,700	11.50%
2012	21,501	59,124	0.19%	9,884,632	0.26%	1,269,333	21,468	664,233	26,200	8.70%
2013	21,501	59,566	0.75%	9,958,091	0.74%	1,349,229	22,651	655,716	27,100	7.10%
2014	21,629	60,082	0.87%	10,041,797	0.84%	1,384,109	23,037	651,322	27,700	8.20%
2015	21,649	60,414	0.55%	10,136,559	0.94%	1,384,454	23,032	643,493	28,200	6.70%
2016	21,714	60,785	0.61%	10,400,000	3.57%	1,386,384	22,808	664,774	29,000	5.20%
2017	21,815	60,721	-0.11%	10,271,018	1.33%	1,411,571	23,246	713,871	29,500	4.30%
2018	21,815	61,246	0.86%	10,163,507	-2.27%	1,444,440	23,584	694,096	29,300	4.80%
2019	22,092	61,042	-0.33%	10,105,518	-1.61%	1,482,260	24,282	673,849	29,000	4.70%
2020	22,137	60,937	-0.17%	10,079,000	-0.83%	1,583,855	25,991	464,731	24,900	19.80%

City of Gardena Population

Last Ten Calendar Years



NOTES:

- (1) State of California, Finance Department.
- (2) Income data was provided by HDL Coren & Cone using City of Gardena Average per Capita Personal Income.
- (3) Student Enrollment is from LAUSD website. LAUSD does not have breakdown per City count.
- (4) Employment and Unemployment rates are provided by the EDD's Labor Market Information Division.
(For 2020 Unemployment data was obtained from the Los Angeles Almanac)

City of Gardena
Ten Principal Employers
Current Year and Nine Years Ago

Employer (1)	Business Type	2020		2011	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
United Parcel Service Inc.	Delivery	789	3.17%		
Gardena Memorial Hospital	Hospital services	750	3.01%		
Nissin Foods Company	Manufacturing	550	2.21%		
Hustler Casino	Casino	465	1.87%		
Air Fayre*	Airline Caterers	289	1.16%		
Avcorp*	Manufacturing parts	289	1.16%		
Larry Flynt's Lucky Lady Casino	Casino	245	0.98%		
Southwest Offset Printing	Book binding and printing	235	0.94%		
Kindred Hospital South Bay*	Hospital services	225	0.90%		
Target*	Retail	200	0.80%		
PB Fastners*	Manufacturing parts	196	0.79%		
Hustler Casino	Casino			709	2.75%
Gardena Memorial Hospital	Hospital services			700	2.71%
United Parcel Service Inc.	Delivery			690	2.67%
Hitco Carbon Composites, Inc	Manufacturing parts			503	1.95%
Normandie Club, LP	Casino			444	1.72%
Southwest Offset Printing	Book binding and printing			436	1.69%
Target	Retail			226	0.88%
Nissin Foods Company	Manufacturing			225	0.87%
Ramona's Mexican Food	Food			215	0.83%
Chromalloy Corporation	Metal plating manufacturing			188	0.73%
Total top ten employers		4,233		4,336	
Total City Employment		24,900		25,800	

*Used 2019 Employment Data as 2020 was unavailable

NOTE: Non-Governmental Employers.

Several potential businesses that may qualify for Top 10 ranking. However, current employee counts were unattainable at the time of report preparation. Previous historical data is not available.

Source: Economic Development Staff

City of Gardena

Unemployment Rates

Last Five Calendar Years

Employment

The following table shows unemployment information for the United States, the State, Los Angeles County (the "County") and the City for calendar years 2016 through 2020.

Averages for Calendar Years 2016 through 2020

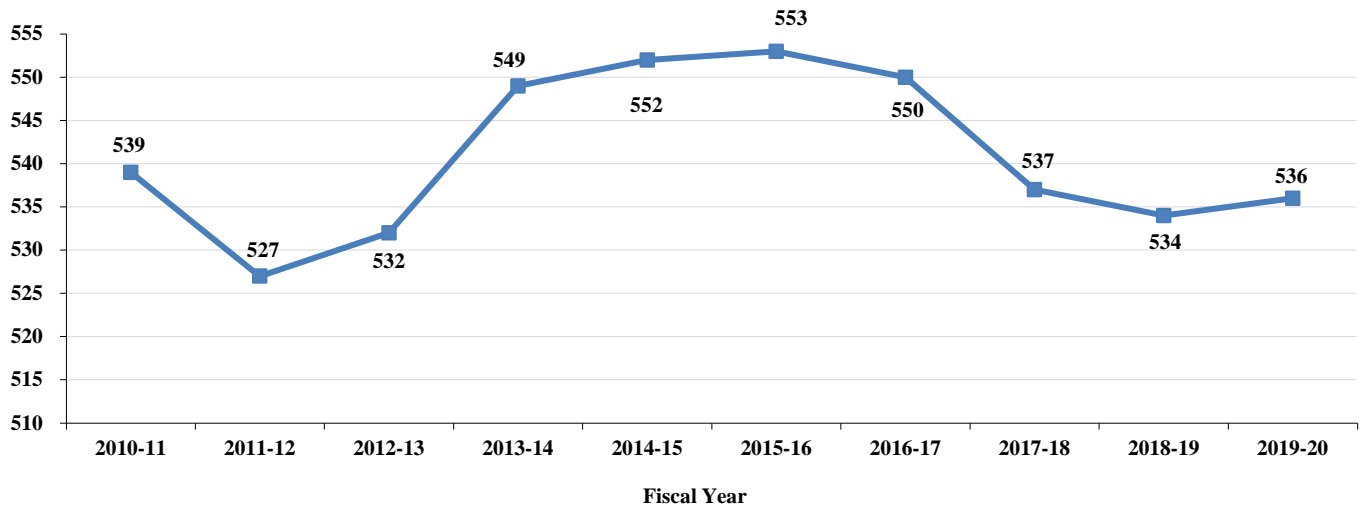
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Federal Unemployment Rate	8.4%	3.7%	4.0%	4.4%	4.7%
State Unemployment Rate	10.8	4.0	4.2	4.8	5.2
County Unemployment Rate	15.1	4.5	4.8	4.7	5.1
City Unemployment Rate	19.8	4.7	4.8	4.3	5.3

Source: State of California Employment Development Department; Los Angeles-Long Beach Metropolitan Statistical Area and United States Bureau of Labor Statistics and for 2020 we used the LA Almanac numbers

City of Gardena
Full-Time and Part-Time City Employees
by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
General government	151	181	209	186	181	181	181	168	188	206
Public safety	149	140	142	154	160	157	162	158	152	149
Public works	56	47	31	51	50	50	47	45	46	47
Community development	15	18	15	19	18	17	16	16	12	11
Transit - Bus line	165	148	140	140	144	147	143	145	129	126
Total	536	534	537	550	553	552	549	532	527	539

City of Gardena Employment
Last Ten Fiscal Years



Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena

Employee Union Representation

<u>Name of Union</u>	<u>Number of Employees Represented as of June 30, 2020</u>	<u>Number of Employees Represented as of June 30, 2019</u>	<u>Number of Employees Represented as of June 30, 2018</u>	<u>Expiration of Contract</u>
Gardena Municipal Employees Association	253	273	221	12/31/2019
Gardena Management Employees Organization	19	19	21	12/31/2019
Gardena Police Officers Association	79	76	81	7/31/2019
Gardena Police Executive Association	7	10	11	N/A
	<u>358</u>	<u>378</u>	<u>334</u>	

Source: City of Gardena

City of Gardena
Operating Indicators
by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Police:										
Arrests	1,761	2,183	2,901	2,642	2,423	4,499	3,251	3,333	3,421	3,159
Number of parking citations issued	27,568	29,868	29,254	23,145	22,665	11,203	24,622	26,615	25,218	21,337
Public works:										
Street resurfacing (miles)	5.68	19.06	0.49	4.52	2.95	7.00	3.38	5.15	8.42	4.83
Traffic lights and signals	91	91	91	91	90	89	88	88	88	88
Parks and recreation:										
Number of recreation classes	432	1,374	1,226	1,410	1,466	1,150	1,080	1,232	1,380	1,360
Number of facility rentals	53	1,977	1,112	1,222	1,221	1,164	1,072	876	713	1,135
Transit:										
Number of customers served ⁽¹⁾	1,504,381	2,943,363	3,110,354	3,094,180	3,610,718	3,687,038	3,689,142	3,761,506	3,737,640	3,487,459

NOTE:

⁽¹⁾ Fiscal Year 2017-18 data includes Fixed Route and Demand Response customers. Prior Year data includes Fixed Route only.

Source: City of Gardena, Administrative Services Department

City of Gardena
Capital Asset Statistics
by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)										
-Two lanes street	83.0	83.0	83.0	83.0	83.0	83.0	83.0	83.0	83.0	83.0
-Four lanes street	25.0	25.0	25.0	25.0	25.0	50.0	50.0	50.0	50.0	50.0
-Alley	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
-Sidewalks	113.5	113.5	113.5	113.5	113.5	113.5	113.5	113.5	113.5	113.5
Street lights										
-Edison maintenance ⁽¹⁾	3,337	3,392	3,327	3,321	3,350	3,319	3,181	3,229	3,247	3,250
-City maintenance	193	194	191	198	385	197	192	192	194	194
Traffic signals	69	69	69	69	70	69	68	68	68	68
Traffic signals (shared)	22	22	22	22	23	20	20	20	20	20
Parks and recreation:										
Number of parks	6	6	6	6	6	6	6	6	6	6
Number of parkette	1	1	1	1	1	1	1	1	1	1
Number of municipal pool	1	1	1	1	1	1	1	1	1	1
Number of gymnasiums ⁽²⁾	2	2	2	2	2	2	2	2	2	2
Community center ⁽²⁾	1	1	1	1	1	1	1	1	1	1
Transit:										
Stations	1	1	1	1	1	1	1	1	1	1
Bus stops	492	492	492	595	595	595	595	649	649	609

NOTES:

⁽¹⁾ Streetlights maintained by Southern California Edison Company.

⁽²⁾ Corrected in Fiscal Year 2010-11 gymnasium and community center was reversed.

Source: City of Gardena, Administrative Services Department - Finance Division

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Honorable Mayor and the Members of the City Council
of the City of Gardena
Gardena, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardena, California (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and the Members of the City Council
of the City of Gardena
Gardena, California
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Santa Ana, California
December 10, 2020