

CITY OF GARDENA, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2021



www.cityofgardena.org

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021

CITY OF GARDENA, CALIFORNIA



PREPARED BY

THE ADMINISTRATIVE SERVICES DEPARTMENT

**Clint Osorio
City Manager**

And

**Raymond Beeman
Director of Administrative Services**

* * * * *

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

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City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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December 9, 2021

Members of the City Council,
and Citizens of Gardena

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR 2020-2021
LETTER OF TRANSMITTAL**

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Gardena (the City) for the fiscal year ended June 30, 2021 (FY 20-21). 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 ACFR 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 ACFR 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, 2021, 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, 2021, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the ACFR. 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.

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. We learned to physically distance without socially distancing, we're still utilizing technology to remain connected. It is clear that we faced and continue to face unprecedented times with this COVID-19 pandemic as I write this, we face the potential unknown impacts of the new Omicron variant. However, as we face this uncertainty, we have proven that we are able to respond with strength and resilience. 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. As a result of this we are in a strong financial position with a General Fund Reserve Balance of \$28,782,228 at June 30, 2021, or 47% of total general fund expenditures.

When the City first adopted the budget for fiscal year 2021-2022 back in June 2020, the City was forecasting sharp declines in all the major revenue categories, as a result of the COVID-19 pandemic, except for sales tax, and adopted a \$330k budget deficit for the first time in over two decades. During fiscal year 2020-2021, it became apparent that due to the City leadership and their foresight to tirelessly pursue the passage of Measure G, the City was able to recognize \$9.4 million in sales tax revenue from Measure G, which was \$3.4 million more than budgeted for fiscal year 2020-2021, this in addition to a majority of the other major revenue categories, aside from the card clubs, all had increases compared to the adopted budget or minimal decreases. As a result of fiscal year 2020-2021 actual results the City did a complete review of its original adopted budget for 2021-2022 and revised the budget to more accurately match the updated economic forecast. The revised revenue budget for fiscal year 2021-2021, Sales Tax was budgeted to be \$20.2 Million, or \$4.3 Million more than the originally adopted budget, based on the prior year results and general upswing in the economy particularly in the construction industry. Card club revenues were budgeted at \$7.5 Million an increase of \$607k from the original budget, with the casinos to be open year-round with limited restrictions in place. Property Tax was budgeted at \$8.7 Million, an increase of \$700k from the original budget as the housing market continues to thrive resulting in higher prices for properties and thus additional property taxes for the City. Vehicle License fees were budgeted at \$7.3 Million an increase of \$662k as the fees and demand continue to increase. The Utility Users Tax was budgeted at \$4.8 Million a decrease of \$200k compared to the original budget as the 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 revised adopted budget for fiscal year 2021-2022 a surplus of \$55,000 was forecasted, which contrasted with the originally adopted budget, a deficit of \$300,000.

In addition to the increased revenue projections, the City took a proactive approach to take advantage of the historical low interest rates and used its excellent issuer credit rating of AA- with S & P to obtain a Lease Revenue Bond in the amount of \$13.2 Million dollars with a 20-year term at 1.98% true interest cost over the life of the bond. These bonds will be used to fund various capital projects including the Gardena Community Aquatic & Senior Center, The Community Center and various Park Improvements.

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 surplus.

General Fund Reserve Balance for fiscal year 2020-2021 was \$28,782,228 (the total of the nonspendable, restricted, committed, assigned, and unassigned components of fund balance) or 47% of total general fund expenditures. This amount is significantly higher than the policy guidelines of 25% set by the Council for budgetary and planning purposes.

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" for general fund lease rating and "Aa3" issuer rating with Moody's as of June 30, 2021. Which is reflective of a stable fiscal outlook and the expectation that Gardena will continue to maintain balanced operational costs with substantial 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.

In addition to the annual capital projects, the City will be using its recently issued Lease Revenue Bond, and its surplus Measure G funds to start some substantial capital projects that will have a long-lasting effect on the community. One of the foremost projects is the Gardena Community Aquatic & Senior Center, which is proposed to be a 12,000 square foot Senior/Aquatic Center Facility, with an 8-lane competition pool with ADA accessible learning pool, and new park to include exercise stations, picnic tables and walking paths.

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 ACFR for the fiscal year ended June 30, 2020. This was the thirty-fifth 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 ACFR 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 ACFR 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
Director of Administrative Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Gardena
California**

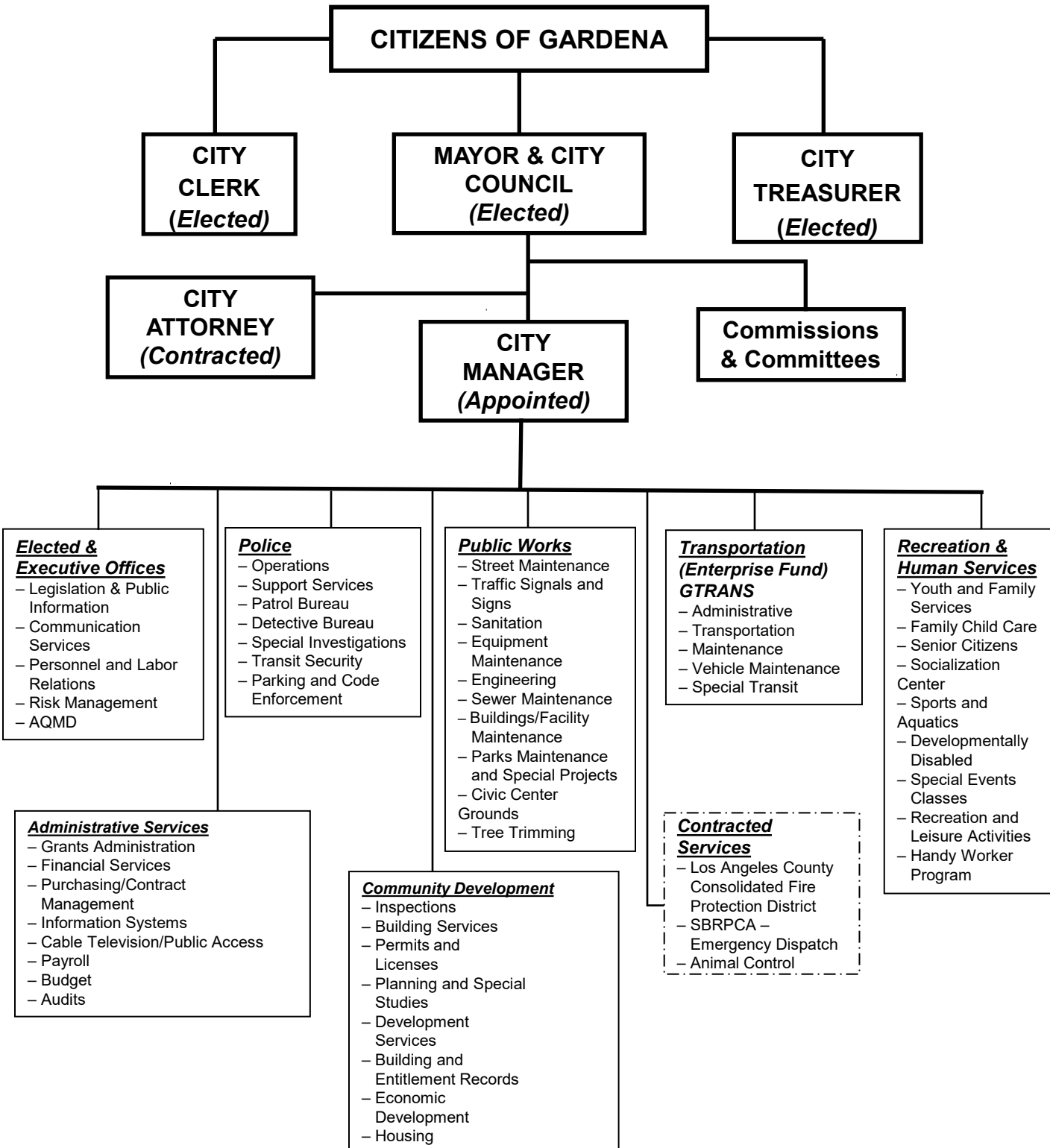
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

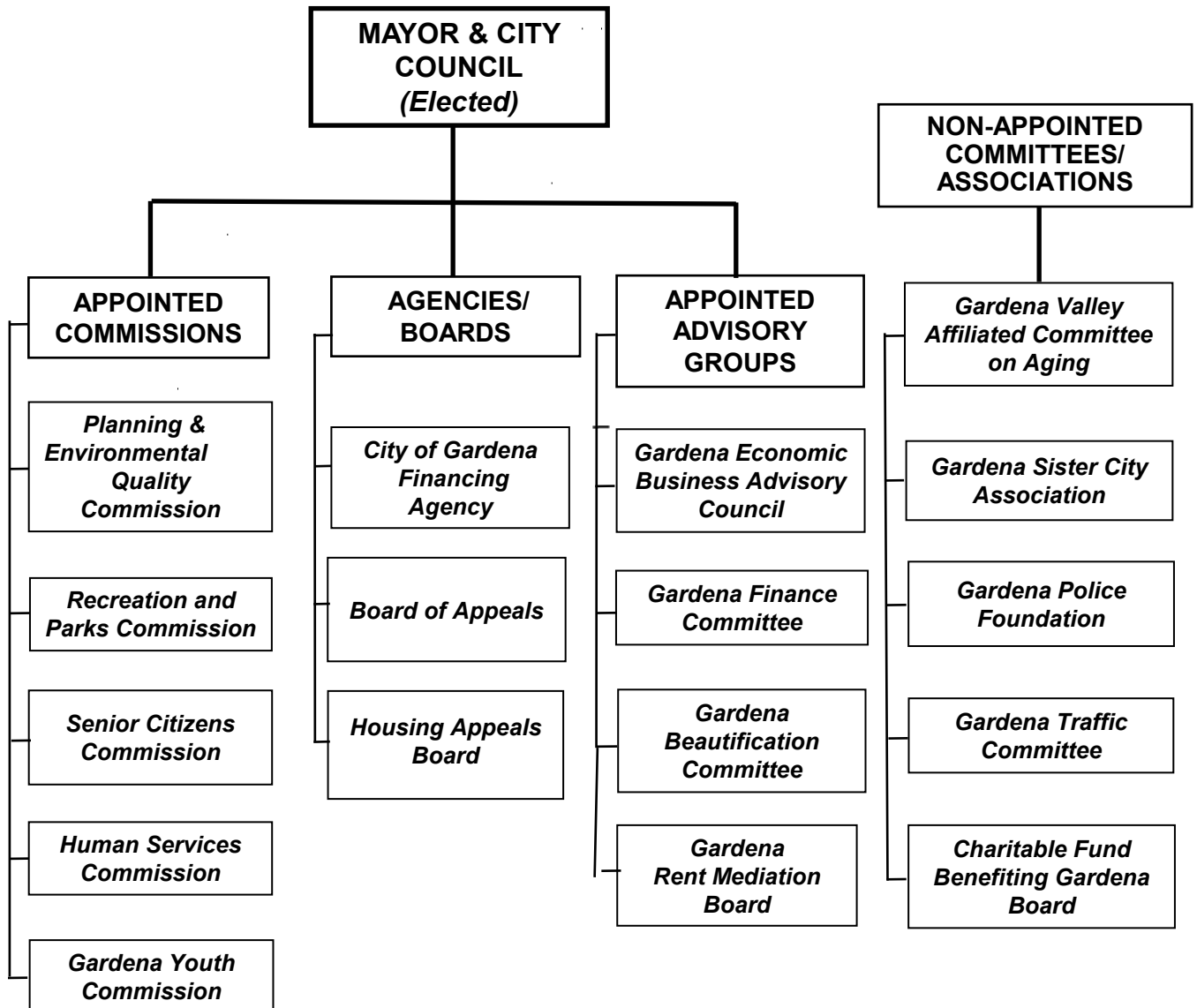
Christopher P. Morrell

Executive Director/CEO

CITY OF GARDENA ORGANIZATION CHART



CITY OF GARDENA
COMMISSIONS, BOARDS, COMMITTEES, ETC.



OFFICIALS OF THE CITY OF GARDENA, CALIFORNIA

FISCAL YEAR 2020 – 2021

CITY OF GARDENA

CITY COUNCIL

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

Administration Officials and Department Heads

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

City of Gardena

Annual Comprehensive Financial Report For the Year Ended June 30, 2021



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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 9, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The Pw Group, LLP

Santa Ana, California
December 9, 2021

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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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, 2021. 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 2020-2021 fiscal year by \$(40,347,991), which resulted in the City having a negative net position. The negative positions were 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 2020-2021 fiscal year, the City's Net Pension Liabilities were \$85,202,345 and \$23,777,439 for governmental and business-type activities for a total of \$108,979,784. The City's other post-employment benefit liabilities were \$73,792,590 and \$6,828,246 for governmental and business-type activities for a total of \$80,620,836.
- ◆ The City's total net position increased by \$22,010,638 in 2020-2021. Net position of governmental activities increased by \$14,172,885 while net position of business type activities increased by \$7,837,753. The increase for governmental activities was due primarily to 1) Passage of Measure G, which was a three-quarter cent (0.75%) transactions and use tax that was passed on March 3, 2020, and took effect on July 1, 2020, which resulted in an additional \$9.4 Million in revenue and 2) The American Rescue Plan Act , which was guaranteed direct relief to cities, towns and villages in the United States was passed on March 11, 2021 and the City of Gardena was allocated \$15,002,061 which it received 50%, or \$7,501,031, in additional funds for 2020-2021 fiscal year.
- ◆ At the close of the 2020-2021 fiscal year, the City's governmental funds reported combined fund balances of \$44,487,333, an increase of \$17,901,063 in comparison to the prior year. General Fund increased by \$18,147,653. The increase is due primarily to the Passage of Measure G, which resulted in sales tax revenue being higher than budget by about \$7.4 Million, the passage of the American Rescue Plan Act, which the City received \$7.5 million, along with the overall economy rebounding and not being hit as hard from the Covid-19 pandemic as originally expected. This unexpected economic improvement had an increase across the majority of the revenue categories with an overall increase of over \$22 million compared to the prior year. The City expenditures, in contrast, only increased by approximately \$2 million compared to the prior year as it took proactive action to reduce costs during the fiscal year in the form of layoffs, furloughs and across the board freezes in addition to issuing a \$101 Million Pension Obligation Bond, which saved the City \$1.9 Million in 2020-2021 fiscal year and over \$51 Million over the lifetime of the bond. Economic development grants special revenue fund increased by \$610k, as a result of the City receiving additional Park In Lieu revenue due to the increase in City projects.
- ◆ At the end of the 2020-2021 fiscal year, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$28,782,228, or approximately 47% of total General Fund expenditures.

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

- ◆ The City's total outstanding long-term debt increased by \$78,048,607 during the 2020-2021 fiscal year. The increase is primarily attributable to the City issuing \$101,490,000 in Taxable Pension Obligation Bonds, to finance a portion of the City's unfunded accrued actuarial liability to the California Public Employees Retirement System (CalPERS) for the benefit of the City's employees and to pay the costs of the issuance of the bonds. These bonds accrue interest at rates between 1.081% and 3.363% over an 18-year period and are projected to save the city \$51 Million over the life of the bond.

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.

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.

City of Gardena

Management's Discussion and Analysis (Continued)

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*.

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 116-143 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 \$40,347,991 at the close of the 2020-2021 fiscal year.

CITY OF GARDENA NET POSITION

	Governmental Activities		Business-type Activities		TOTAL	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 72,359,766	\$ 50,028,023	\$ 11,619,780	\$ 8,372,460	\$ 83,979,546	\$ 58,400,483
Capital assets	50,331,013	47,695,714	60,030,514	50,474,813	110,361,527	98,170,527
Total assets:	122,690,779	97,723,737	71,650,294	58,847,273	194,341,073	156,571,010
Deferred outflow of resources related to pensions	94,396,978	21,218,115	24,812,818	3,912,248	119,209,796	25,130,363
Deferred outflow of resources related to OPEB	14,774,417	6,809,961	780,373	540,702	15,554,790	7,350,663
Total deferred outflows of resources:	109,171,395	28,028,076	25,593,191	4,452,950	134,764,586	32,481,026
Current liabilities	21,249,985	18,536,139	17,013,122	14,908,681	38,263,107	33,444,820
Non-current liabilities:						
Long-term liabilities-due in more than one year	105,836,442	29,862,663	22,871,698	1,286,037	128,708,140	31,148,700
Aggregate net pension liabilities	85,202,345	80,273,349	23,777,439	21,849,446	108,979,784	102,122,795
Aggregate net other postemployment benefits liabilities	73,792,590	63,714,643	6,828,246	6,310,647	80,620,836	70,025,290
Subtotal non-current liabilities	264,831,377	173,850,655	53,477,383	29,446,130	318,308,760	203,296,785
Total liabilities:	286,081,362	192,386,794	70,490,505	44,354,811	356,571,867	236,741,605
Deferred inflows of resources related to pensions	4,961,148	6,616,896	272,184	508,297	5,233,332	7,125,193
Deferred inflows of resources related to OPEB	7,129,550	7,230,894	518,900	312,973	7,648,450	7,543,867
Total deferred inflows of resources:	12,090,698	13,847,790	791,084	821,270	12,881,782	14,669,060
Net Investment in Capital Assets	29,523,008	30,055,713	60,014,796	50,474,813	89,537,804	80,530,526
Restricted	19,325,200	16,101,615	-	-	19,325,200	16,101,615
Unrestricted (deficit)	(115,158,094)	(126,640,099)	(34,052,901)	(32,350,671)	(149,210,995)	(158,990,770)
Total Net Position:	<u><u>\$ (66,309,886)</u></u>	<u><u>\$ (80,482,771)</u></u>	<u><u>\$ 25,961,895</u></u>	<u><u>\$ 18,124,142</u></u>	<u><u>\$ (40,347,991)</u></u>	<u><u>\$ (62,358,629)</u></u>

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 long-term liabilities - due in more than one year, which increased from \$29,862,663 in 2019-2020 to \$105,836,442 in fiscal year 2020-2021, or an increase of \$75,973,779, as a result of the City issuing Taxable Pension Obligation Bonds in the amount of \$101 million to save a total of \$51 million over the 18-year bond period in November 2020. The additional long-term liabilities are net pension liabilities of \$85,202,345, an increase of \$4.9 Million, and Other Post-Employment Benefits (OPEB) of \$73,792,590, an increase of \$10.1 million compared to the prior year. These three liabilities total \$264,831,377, or 93%, of the total liability balance of \$286,081,362 at June 30, 2021.

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 \$(115,158,094) is unrestricted and if positive, may be used to meet the government's ongoing obligations to its citizens and creditors which include the net debt, OPEB and Pension liabilities.

At the end of the 2020-2021 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) Long term pension bond debt as a result of the newly issued Pension Obligation Bond (POB) 2) GASB 68, which is for pension liabilities and 3) GASB 75, which is for other post-employment benefit liabilities. These three items made up approximately 93% of the overall \$286,081,362 in Total Liabilities in 2020-2021 fiscal year.

The City's overall net position increased by \$22,010,638 from the prior fiscal year. The reasons for this overall increase are discussed in the below sections for governmental activities and business-type activities.

Governmental Activities. During 2020-2021 fiscal year, net position for governmental activities increased by \$14,172,885 from the prior fiscal year for an ending balance of \$(66,309,886). The increase in the overall net position was primarily related to: 1) Total Revenues increased by \$25 million or 39% compared to the prior year, which is due primarily to the passage of Measure G (three-quarter cent (0.75%) transactions and use tax that was passed on March 3, 2020), which resulted in sales tax revenue being higher than budget by about \$7.4 Million, the passage of the American Rescue Plan Act, which the City received \$7.5 million in 2020-2021 fiscal year, along with the overall economy rebounding and not being hit as hard from the Covid-19 pandemic as originally expected; and 2) a decrease in expenses for the governmental activities by \$1.8 million or 2.4% compared to the prior year; primarily as a result of the concession made by all of the unions which the approximate savings totaled \$4.7 million for 2020-2021 fiscal year and included layoffs, furloughs, freezes of cost of living adjustments and freezes in cash-outs.

City of Gardena

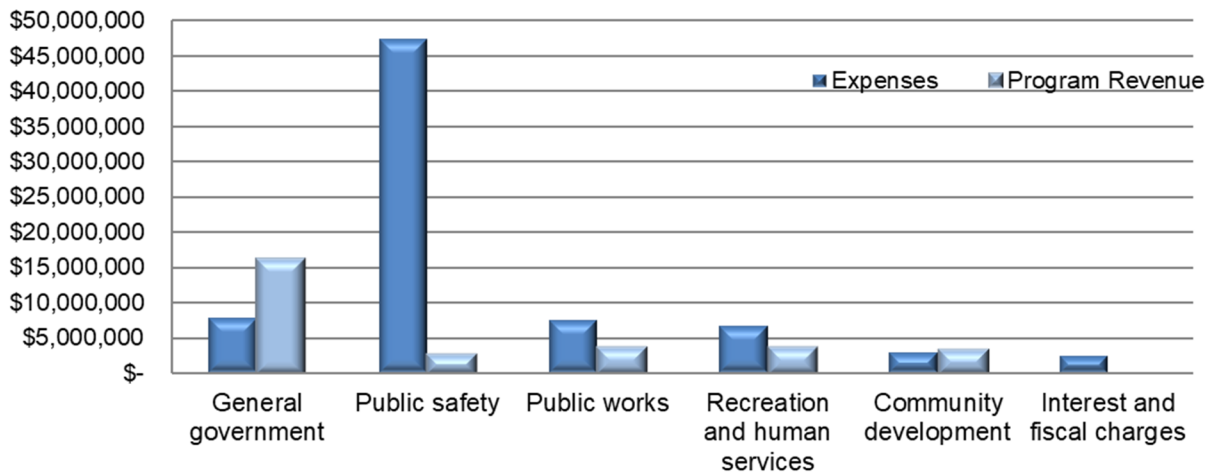
Management's Discussion and Analysis (Continued)

Government-wide Overall Financial Analysis (Continued)

CITY OF GARDENA'S CHANGES IN NET POSITION

	Governmental Activities		Business -type Activities		TOTAL	
	2021	2020	2021	2020	2021	2020
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 12,202,470	\$ 11,809,716	\$ 2,821,240	\$ 4,090,705	\$ 15,023,710	\$ 15,900,421
Operating grants and contributions	14,663,306	3,351,864	20,725,314	21,277,188	35,388,620	24,629,052
Capital grants and contributions	3,017,989	1,621,611	14,856,026	1,962,998	17,874,015	3,584,609
<i>General Revenues:</i>						
Property taxes	8,799,364	8,205,539	-	-	8,799,364	8,205,539
Sales and other taxes	51,745,921	38,769,290	-	-	51,745,921	38,769,290
Investment income and miscellaneous	(57,164)	1,036,057	125,924	162,760	68,760	1,198,817
Gain on sale of assets	(1,163,674)	(863,795)	-	16,411	(1,163,674)	(847,384)
Total Revenues:	89,208,212	63,930,282	38,528,504	27,510,062	127,736,716	91,440,344
Expenses:						
General government	7,807,099	7,383,173	-	-	7,807,099	7,383,173
Public safety	47,363,640	47,760,821	-	-	47,363,640	47,760,821
Public works	7,543,698	10,958,845	-	-	7,543,698	10,958,845
Recreation and human services	6,766,739	6,600,989	-	-	6,766,739	6,600,989
Community development	2,986,934	2,692,644	-	-	2,986,934	2,692,644
Interest and fiscal charges	2,532,013	1,156,041	-	-	2,532,013	1,156,041
Enterprise operations	-	-	30,725,955	32,676,417	30,725,955	32,676,417
Total Expenses:	75,000,123	76,552,513	30,725,955	32,676,417	105,726,078	109,228,930
Increase (decrease) in Net Position before other revenues and transfers	14,208,089	(12,622,231)	7,802,549	(5,166,355)	22,010,638	(17,788,586)
Transfers	(35,204)	117,869	35,204	(117,869)	-	-
Change in Net Position	14,172,885	(12,504,362)	7,837,753	(5,284,224)	22,010,638	(17,788,586)
Net position- beginning of year	(80,482,771)	(67,978,409)	18,124,142	23,408,366	(62,358,629)	(44,570,043)
Net position - end of year	\$ (66,309,886)	\$ (80,482,771)	\$ 25,961,895	\$ 18,124,142	\$ (40,347,991)	\$ (62,358,629)

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 2020-2021 fiscal year, the City's *business-type activities* increased the net position by \$7,837,753 or 43% compared to the prior year balance for the fiscal year ended June 30, 2021. Business-type activities revenue increased by \$10,989,059 or 40% compared to the prior year for a total \$38,499,121 in revenues at year-end. In comparison to the prior fiscal year, the charges for services decreased by \$1,298,849 or 32%, due to the Covid-19 pandemic and that GTrans reduced service and stopped enforcing fare collection. Operating grants and contributions decreased by \$551,873 or 3% compared to the prior fiscal year, primarily due to Covid-19, GTrans stopped enforcing fare collection, which reduced passenger fare revenues. Therefore, GTrans used more operating subsidies to cover the shortfall, which included Emergency Relief Assistance and CARES funds. Capital grants and contributions increased by \$12,893,028 or 657% primarily due to several capital projects advancing in 2021; the purchase of 18 CNG buses, Big Belly trash cans, scheduling and operations management software, farebox upgrade, CAD/AVL and the bus signal priority projects. Investment income and miscellaneous decreased \$36,836 or 23% compared to the prior year due to the significant decreases in interest rates as the federal reserve tried to keep the rates low to help stimulate the economy in response to the Covid-19 pandemic. Expenses for operations decreased by \$1,979,846 or 6% compared to prior year, which was largely due to the lower salaries, lower over-time, the issuance of the Pension Obligation Bond which saved pension related expenditures.

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, 2021, the City's governmental funds reported combined fund balances of \$44,487,333 an increase of \$17,901,063, or 67% in comparison with the prior year. Approximately (2%) of this amount is \$(1,102,809) and constitutes an *unassigned fund balance*, which if positive would be 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 \$1,556,450 ; 2) restricted for purposes \$16,660,769 ; 3) committed for purposes \$18,697,703 ; or 4) assigned for purposes \$8,670,503.

The General Fund is the chief operating fund of the City. At the end of the 2020-2021 fiscal year, the unassigned fund balance of the General Fund was \$200,000, while the total fund balance increased from \$10,634,575 to \$28,782,228, an increase of \$18,147,653 or a 63% increase from the prior year. 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 0.3% of total general fund expenditures, while total fund balance represents approximately 46.7% 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 increased by \$18,147,653 during the 2020-2021 fiscal year. The Top 5 Revenue generators, which make up 70% of the General Fund Original Adopted Budget for Fiscal Year 2020-2021, was up \$8.2 million compared to the budgeted amount or 21% ; 1) Sales Tax revenue was up \$7.4 million compared to budget as the City passed Measure G and a majority of the sales tax generators did significantly better than expected when the budget was completed during the middle of the Covid-19 pandemic ; 2) Card Club revenue was down \$746K compared to the budget as both casinos were closed on and off as a result of the pandemic and had to operate at diminished capacities to be in compliance with the Covid-19 guidelines; 3) Property Taxes were up \$900K compared to budget with the continued thriving development in the City and higher housing prices in the region; 4) Utility Users Tax decreased by \$29K 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 \$624K from the budget primarily based on volume and updated fee rates.

The Economic Development Grants Special Revenue Fund, a major fund, had an increase of \$610K in fund balance during the fiscal year primarily due to an additional \$500K in park in lieu related fees for the various development projects within the city that were completed in the fiscal year.

The debt service fund, a major fund, had a decrease of \$24,605 in fund balance during the fiscal year, due to a decrease in interest earned on the City's required reserve balance during the year as interest rates decreased.

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 \$(26,708,005) and for the Sewer Fund was \$1,728,751. The total increase in net position for GTrans was \$6,406,005 and the Sewer Fund net position increased by \$1,532,070, respectively. GTrans increase in net position was due to the increases in capital assets and the issuance of the Taxable Pension Obligation Bonds. 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 expenditures and higher cash balances.

General Fund Budgetary Highlights

The final amended budget for revenue was the same as the original budget. Actual revenue was up by \$17.5 million or 32% compared to the final budget primarily because of the passage of Measure G, which became effective on July 1, 2020 and it's increase in sales tax revenue of about \$9 million, the unbudgeted American Rescue Plan funds of \$7.5 million and the majority of the city's major revenue generators were either above the budgeted amount or slightly below with the exception of the card clubs which were down \$764K compared to budget as a result of the Covid-19 pandemic related closures. A detailed budgetary comparison schedule for the year ended June 30, 2021, 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 \$3.6 Million or 6% percent more including transfers out, which was primarily due to the increase in expenditures related the transfers out category to clear up negatives in other funds, contribute funds to the other post-employment benefits fund, the City's deferred maintenance account and the vehicle maintenance fund. A detailed budgetary comparison schedule for the year ended June 30, 2021, 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, 2021, amounts to \$110,361,527 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, and highways. The total increase in capital assets compared to prior year was \$12,191,000 or 12.4 %, primarily due to more capital projects being completed in 2020-2021 fiscal year.

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

	Governmental Activities		Business -type Activities		TOTAL	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets:						
Land	\$ 9,708,520	\$ 7,539,683	\$ 12,956,405	\$ 12,956,405	\$ 22,664,925	\$ 20,496,088
Monuments	63,893	51,624	-	-	63,893	51,624
Construction in progress	3,580,865	2,517,225	1,865,040	1,576,534	5,445,905	4,093,759
Total Non-depreciable assets	13,353,278	10,108,532	14,821,445	14,532,939	28,174,723	24,641,471
Capital assets, being depreciated:						
Building/structures and improvements	5,596,156	5,346,189	27,107,074	28,129,982	32,703,230	33,476,171
Buses	-	-	14,494,670	4,657,576	14,494,670	4,657,576
Machinery and equipment	3,646,455	3,882,372	2,951,194	2,448,269	6,597,649	6,330,641
Furniture and fixtures	-	-	66,572	82,799	66,572	82,799
Infrastructure	-	-	589,559	623,248	589,559	623,248
Street lights network	301,557	344,637	-	-	301,557	344,637
Traffic lights network	695,316	1,126,676	-	-	695,316	1,126,676
Roadway network	26,738,251	26,887,308	-	-	26,738,251	26,887,308
Total depreciable assets (net)	36,977,735	37,587,182	45,209,069	35,941,874	82,186,804	73,529,056
Total capital assets	\$ 50,331,013	\$ 47,695,714	\$ 60,030,514	\$ 50,474,813	\$ 110,361,527	\$ 98,170,527

Major capital asset events during the 2020-2021 fiscal year included the following:

- Completion of Ken Nakaoka Community Center Improvement
- Completion of Local Street Improvement Project
- Completion of Pedestrian Safety Improvement Pproject
- Acquisition of 18 CNG Buses

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 2020-2021 fiscal year, the City had total bonded debt outstanding of \$97,128,666. The City's long-term debt increased by \$78,048,607 or 409% compared to prior year based on the City issuing \$101,490,000 in Taxable Pension Obligations Bonds in November 2020, to consolidate and pay off its Unfunded Accrued Liabilities (UAL) with CalPERS at an average rate of 3.5% compared to the 7% rate being charge by CalPERS for an estimated lifetime savings of \$51 million dollars.

CITY OF GARDENA'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		TOTAL	
	2021	2020	2021	2020	2021	2020
Refunding Revenue Bonds	\$ 10,310,000	\$ 10,480,000	\$ -	\$ -	\$ 10,310,000	\$ 10,480,000
Certificates of Participation	7,150,000	7,700,000	-	-	7,150,000	7,700,000
Direct Purchase Lease	845,000	1,120,000	-	-	845,000	1,120,000
- Bond discount	(206,057)	(219,941)	-	-	(206,057)	(219,941)
Pension Obligation Bonds	79,029,723	-	22,250,277	-	101,280,000	-
SCE On-Bill Financing Loan	53,749	68,045	-	-	53,749	68,045
Loan Payable	3,545,880	3,459,655	-	-	3,545,880	3,459,655
Total	\$ 100,728,295	\$ 22,607,759	\$ 22,250,277	\$ -	\$ 122,978,572	\$ 22,607,759

The City maintains an existing lease rating of "A+" rating from Standard & Poor's and an "A1" rating with Moody's for its general fund lease supported debt as of June 30, 2021. The City's issuer ratings are "AA-" with S & P and "Aa3" with Moody's.

Additional information about the City's long-term debt can be found in Note 8 on pages 67-72 of this report.

Economic Factors and Next Year's Budget and Rates

In the past few years, the daily lives of our community have been drastically altered by the Covid-19 pandemic, we have gone through the Los Angeles County Safer at Home order, learned to physically distance without socially distancing, and utilized technology to remain socially connected. Having gone thru all this, and learning to do more with less, were coming out of this pandemic in a significantly better financial position based on the significant but necessary actions taken with the support of our City Council, all the City bargaining groups and all the tremendous city staff and city leadership that make the City of Gardena the best city in the South Bay.

As a result of this, our Top 5 Adopted Budgeted revenue sources, which make up 73% of the City's General Fund, have been changed to include: 1) Sales and Use Tax - \$20.2 million (30%), 2) Property Taxes - \$8.7 million (13%), 3) Card Club Gross Revenue Fees - \$7.5 million (11%) 4) Vehicle License Fees - \$7.4 million (11%), and 5) Utility Users Tax - \$4.9 million (11%).

When the City first adopted the budget for fiscal year 2021-2022 back in June 2020 the city was forecasting sharp declines in all of the major revenue categories, as a result of the Covid-19 pandemic, except for sales tax and adopted a \$330K Budget deficit for the first time in at least over a decade. During the fiscal year 2020-2021, it became apparent that due to the city leadership and their foresight to tirelessly pursue the passage of Measure G, the City was able to recognize \$3.4 million more in revenue than adopted for fiscal year 2020-2021. This in addition to a majority of the other major revenue categories aside from the card clubs all had increases compared to the adopted budget or minimal decreases.

City of Gardena

Management's Discussion and Analysis (Continued)

As a result of 2020-2021 fiscal year actual results, the City did a complete review of its original adopted budget for 2021-2022 and revised the budget to more accurately match the updated economic forecast. Sales Tax was budgeted to be \$20.2 million or \$4.3 million more than the originally adopted budget based on the prior year results and general upswing in the economy particularly in the construction industry. Card club revenues were budgeted at \$7.5 million, an increase of \$607K from the original budget, with the casinos to be open year-round with limited restrictions in place. Property Tax was budgeted at \$8.7 million an increase of \$700K from the original budget as the housing market continues to thrive resulting in higher prices for properties and thus additional property taxes for the city. Vehicle License fees was budgeted at \$7.3 million, an increase of \$662K as the fees and demand continue to increase. The Utility Users Tax was budgeted at \$4.8 million, a decrease of \$200K compared to the original budget as the 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 2021-2022 a surplus of \$55K was forecasted, which is a significant increase from the previous adopted budget which has a deficit of \$330,000.

In addition to the increased revenue projections, the City took a proactive approach to take advantage of the historical low interest rates and used its excellent issuer credit rating of AA- with S & P to obtain a Lease Revenue Bond in the amount of \$15 million dollars with a 20 year term at 1.98% true interest cost over the life of the bond. These bonds will be used to fund various capital projects including the Gardena Community Aquatic & Senior Center, The Community Center and various Park Improvements.

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 Department, 1700 W. 162nd Street, Gardena, CA 90247.

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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BASIC FINANCIAL STATEMENTS

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Gardena
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 43,242,812	\$ 17,690,387	\$ 60,933,199
Receivables, net	12,636,060	480,895	13,116,955
Due from other governments	588,121	2,567,395	3,155,516
Internal balances	9,842,652	(9,842,652)	-
Prepaid items	1,873,509	85,281	1,958,790
Inventories	46,242	638,473	684,715
Total current assets	68,229,396	11,619,779	79,849,175
Noncurrent assets:			
Restricted cash and investments:			
Cash with fiscal agent	1,970,474	-	1,970,474
Loans receivable	2,121,499	-	2,121,499
Long-term receivables	38,397	-	38,397
Capital assets:			
Nondepreciable	13,353,278	14,821,445	28,174,723
Depreciable, net	36,977,735	45,209,069	82,186,804
Total capital assets	50,331,013	60,030,514	110,361,527
Total noncurrent assets	54,461,383	60,030,514	114,491,897
Total assets	122,690,779	71,650,293	194,341,072
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	94,396,978	24,812,818	119,209,796
Deferred outflows of resources related to other postemployment benefits	14,774,417	780,373	15,554,790
Total deferred outflows of resources	109,171,395	25,593,191	134,764,586

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	2,645,946	709,337	3,355,283
Accrued liabilities	309,249	93,710	402,959
Salaries and benefits payable	1,420,046	593,264	2,013,310
Retention payable	82,128	15,718	97,846
Deposits payable	2,502,022	-	2,502,022
Unearned revenue	-	14,623,238	14,623,238
Accrued interest payable	932,255	-	932,255
Compensated absences - due within one year	1,572,402	319,855	1,892,257
Claims payable - due within one year	8,389,641	-	8,389,641
Long-term debt - due within one year	3,396,296	658,000	4,054,296
Total current liabilities	21,249,985	17,013,122	38,263,107
Noncurrent liabilities:			
Compensated absences - due in more than one year	6,289,610	1,279,421	7,569,031
Claims payable - due in more than one year	2,214,833	-	2,214,833
Long-term debt - due in more than one year	97,331,999	21,592,277	118,924,276
Aggregate net pension liabilities	85,202,345	23,777,439	108,979,784
Aggregate net other postemployment benefits liabilities	73,792,590	6,828,246	80,620,836
Total noncurrent liabilities	264,831,377	53,477,383	318,308,760
Total liabilities	286,081,362	70,490,505	356,571,867
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	4,961,148	272,184	5,233,332
Deferred inflows of resources related to other postemployment benefits	7,129,550	518,900	7,648,450
Total deferred inflows of resources	12,090,698	791,084	12,881,782
NET POSITION			
Net investment in capital assets	28,550,313	60,014,796	88,565,109
Restricted for:			
Law enforcement	1,593,265	-	1,593,265
Local street improvements	9,329,940	-	9,329,940
Economic development	5,783,794	-	5,783,794
Other purposes	662,807	-	662,807
Capital projects	273,887	-	273,887
Debt service	1,681,507	-	1,681,507
Total restricted	19,325,200	-	19,325,200
Unrestricted (deficit)	(114,185,399)	(34,052,901)	(148,238,300)
Total net position (deficit)	\$ (66,309,886)	\$ 25,961,895	\$ (40,347,991)

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

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Governmental activities:					
General government	\$ 7,807,099	\$ 5,333,187	\$ 10,877,676	\$ -	\$ 16,210,863
Public safety	47,363,640	1,240,360	743,651	736,431	2,720,442
Public works	8,516,393	378,834	1,119,290	2,281,558	3,779,682
Recreation and human services	6,766,739	2,750,536	951,764	-	3,702,300
Community development	2,986,934	2,499,553	970,925	-	3,470,478
Interest and fiscal charges	2,532,013	-	-	-	-
Total governmental activities	75,972,818	12,202,470	14,663,306	3,017,989	29,883,765
Business-type Activities:					
GTrans	29,535,221	135,875	20,725,314	14,856,026	35,717,215
Sewer	1,190,734	2,685,365	-	-	2,685,365
Total business-type activities	30,725,955	2,821,240	20,725,314	14,856,026	38,402,580
Total primary government	\$ 106,698,773	\$ 15,023,710	\$ 35,388,620	\$ 17,874,015	\$ 68,286,345

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ 8,403,764	\$ -	\$ 8,403,764
Public safety	(44,643,198)	-	(44,643,198)
Public works	(4,736,711)	-	(4,736,711)
Recreation and human services	(3,064,439)	-	(3,064,439)
Community development	483,544	-	483,544
Interest and fiscal charges	(2,532,013)	-	(2,532,013)
Total governmental activities	(46,089,053)	-	(46,089,053)
Business-type Activities:			
GTrans	-	6,181,994	6,181,994
Sewer	-	1,494,631	1,494,631
Total business-type activities	-	7,676,625	7,676,625
Total primary government	(46,089,053)	7,676,625	(38,412,428)
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes	8,799,364	-	8,799,364
Sales taxes	23,760,125	-	23,760,125
Business license	2,508,287	-	2,508,287
Utility users taxes	4,970,799	-	4,970,799
Franchise taxes	2,809,101	-	2,809,101
Card club	3,999,147	-	3,999,147
Other taxes	3,764,716	-	3,764,716
Total taxes	50,611,539	-	50,611,539
Vehicle license - unrestricted	7,203,563	-	7,203,563
Investment income	(57,164)	125,924	68,760
Miscellaneous	2,730,183	-	2,730,183
Gain (loss) on sale of property	(190,979)	-	(190,979)
Total general revenues	60,297,142	125,924	60,423,066
Transfers	(35,204)	35,204	-
Changes in net position	14,172,885	7,837,753	22,010,638
Net position (deficit) - beginning of year	(80,482,771)	18,124,142	(62,358,629)
Net position (deficit) - end of year	\$ (66,309,886)	\$ 25,961,895	\$ (40,347,991)

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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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, 2021*



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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, 2021

	Major Funds		
		Economic Development Grants Special Revenue	City Debt Service
	General Fund		
ASSETS			
Cash and investments	\$ 21,645,405	\$ 2,686,550	\$ -
Cash and investments with fiscal agents	-	-	1,970,474
Receivables:			
Accounts	4,981,884	138,629	-
Taxes	5,408,914	-	-
Interest	13,186	-	-
Employees	36,306	-	-
Loans	-	2,121,499	-
Inventories	46,242	-	-
Prepaid items and deposits	1,167,780	-	290,938
Due from other governments	77,210	-	-
Due from other funds	3,316,641	-	-
Current portion of long-term receivables	38,397	-	-
Total assets	\$ 36,731,965	\$ 4,946,678	\$ 2,261,412
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,015,839	\$ 24,892	\$ -
Accrued liabilities	69,625	-	221
Salaries and benefits payable	1,344,104	-	-
Due to other funds	-	117,254	288,746
Retention payable	-	-	-
Deposits payable	2,502,022	-	-
Total liabilities	4,931,590	142,146	288,967
Deferred inflows of resources:			
Unavailable revenue	3,018,147	70,579	-
Total deferred inflows of resources	3,018,147	70,579	-
Fund balances:			
Nonspendable	1,214,022	-	290,938
Restricted	-	4,733,953	1,681,507
Committed	18,697,703	-	-
Assigned	8,670,503	-	-
Unassigned (deficit)	200,000	-	-
Total fund balances	28,782,228	4,733,953	1,972,445
Total liabilities, deferred inflows of resources, and fund balances	\$ 36,731,965	\$ 4,946,678	\$ 2,261,412

(Continued)

City of Gardena
Balance Sheet (Continued)
Governmental Funds
June 30, 2021

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 12,039,001	\$ 36,370,956
Cash and investments with fiscal agents	-	1,970,474
Receivables:		
Accounts	2,035,015	7,155,528
Taxes	15,489	5,424,403
Interest	-	13,186
Employees	-	36,306
Loans	-	2,121,499
Inventories	-	46,242
Prepaid items and deposits	51,490	1,510,208
Due from other governments	510,911	588,121
Due from other funds	-	3,316,641
Current portion of long-term receivables	-	38,397
Total assets	\$ 14,651,906	\$ 58,591,961
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 1,366,919	\$ 2,407,650
Accrued liabilities	4,219	74,065
Salaries and benefits payable	75,942	1,420,046
Due to other funds	2,141,636	2,547,636
Retention payable	82,128	82,128
Deposits payable	-	2,502,022
Total liabilities	3,670,844	9,033,547
Deferred inflows of resources:		
Unavailable revenue	1,982,355	5,071,081
Total deferred inflows of resources	1,982,355	5,071,081
Fund balances:		
Nonspendable	51,490	1,556,450
Restricted	10,245,309	16,660,769
Committed	-	18,697,703
Assigned	-	8,670,503
Unassigned (deficit)	(1,298,092)	(1,098,092)
Total fund balances	8,998,707	44,487,333
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,651,906	\$ 58,591,961

(Concluded)

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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

Total Fund Balances - Total Governmental Funds	\$ 44,487,333
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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	\$ 13,353,278	
Capital assets, depreciable	109,040,222	
Less accumulated depreciation	(72,062,487)	50,331,013

Interest is recognized when due, and therefore, interest payable is not reported in the governmental funds.	(932,255)
---	-----------

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 debt - due within one year	(3,396,296)	
Long-term debt - due in more than one year	(97,331,999)	
Compensated absences - due within one year	(1,572,402)	
Compensated absences - due in more than one year	(6,289,610)	

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	94,396,978	
Aggregate net pension liabilities	(85,202,345)	
Pension related deferred inflows of resources	(4,961,148)	

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	14,774,417	
Aggregate net OPEB liabilities	(73,792,590)	
OPEB related deferred inflows of resources	(7,129,550)	

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 \$9,073,646 allocated to business-type activities).

5,237,487

Revenues earned but not available to pay for current expenditures for governmental funds are unavailable.	5,071,082
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Net position of governmental activities	\$ (66,309,885)
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City of Gardena
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds		
	General	Economic Development Grants Special Revenue	City Debt Service
	Fund		
REVENUES:			
Taxes	\$ 54,483,563	\$ -	\$ -
Licenses and permits	2,389,538	-	-
Intergovernmental	8,758,293	-	-
Charges for services	5,188,250	-	-
Fines, forfeitures, and penalties	1,038,080	2,109,884	-
Use of money and property	(185,053)	18,467	24,673
Miscellaneous	554,367	68,071	993,641
Total revenues	72,227,038	2,196,422	1,018,314
EXPENDITURES:			
Current:			
General government	4,997,707	-	-
Public safety	37,333,918	-	-
Public works	5,459,913	-	-
Recreation and human services	2,487,937	-	-
Community development	1,735,453	58,282	-
Capital outlay	781,794	1,220,908	-
Debt service:			
Principal retirement	-	-	1,158,862
Interest and fiscal charges	25,215	-	1,853,199
Total expenditures	52,821,937	1,279,190	3,012,061
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	19,405,101	917,232	(1,993,747)
OTHER FINANCING SOURCES (USES):			
Transfers in	7,542,171	-	1,969,142
Transfers out	(8,803,111)	(307,010)	-
Proceeds from sale of assets	3,492	-	-
Proceeds from debt issuance	-	-	79,193,585
Costs of bond issuance	-	-	(462,321)
Contribution to pension trust	-	-	(78,731,264)
Total other financing sources (uses)	(1,257,448)	(307,010)	1,969,142
NET CHANGES IN FUND BALANCES	18,147,653	610,222	(24,605)
FUND BALANCES:			
Beginning of year	10,634,575	4,123,731	1,997,050
End of year	\$ 28,782,228	\$ 4,733,953	\$ 1,972,445

(Continued)

City of Gardena
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2021

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ 3,485,182	\$ 57,968,745
Licenses and permits	-	2,389,538
Intergovernmental	7,383,713	16,142,006
Charges for services	-	5,188,250
Fines, forfeitures, and penalties	20,504	3,168,468
Use of money and property	85,497	(56,416)
Miscellaneous	48,312	1,664,391
Total revenues	<u>11,023,208</u>	<u>86,464,982</u>
EXPENDITURES:		
Current:		
General government	327,563	5,325,270
Public safety	224,167	37,558,085
Public works	1,316,160	6,776,073
Recreation and human services	3,744,499	6,232,436
Community development	995,337	2,789,072
Capital outlay	3,196,997	5,199,699
Debt service:		
Principal retirement	14,296	1,173,158
Interest and fiscal charges	-	1,878,414
Total expenditures	<u>9,819,019</u>	<u>66,932,207</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,204,189</u>	<u>19,532,775</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	3,213,549	12,724,862
Transfers out	(5,249,945)	(14,360,066)
Proceeds from sale of assets	-	3,492
Proceeds from debt issuance	-	79,193,585
Costs of bond issuance	-	(462,321)
Contribution to pension trust	-	(78,731,264)
Total other financing sources (uses)	<u>(2,036,396)</u>	<u>(1,631,712)</u>
NET CHANGES IN FUND BALANCES	(832,207)	17,901,063
FUND BALANCES:		
Beginning of year	9,830,914	26,586,270
End of year	<u>\$ 8,998,707</u>	<u>\$ 44,487,333</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, 2021

Net change in fund balances - total governmental funds: \$ 17,901,063

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 (\$2,206,201 of capital outlay expenditures were for current public works expenditures for repairs and maintenance and therefore, were not capitalized)	6,164,770
--	-----------

The net effect of disposal of capital assets.	(194,471)
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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.	(3,335,000)
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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.	(553,489)
--	-----------

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 change in long-term compensated absences was not reported as an expenditure in the governmental funds.	20,209
--	--------

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 \$2,012,147.	(2,012,147)
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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 funds in the amount of \$8,825,649.	(8,825,649)
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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	1,173,158	
Interest accrual on loans payables	(86,225)	
Proceeds from issuance of long-term debt	(79,193,585)	
Amortization of bond discount	(13,884)	(78,120,536)

Contributions to pension trust were other financing uses in the governmental funds, but were included as pension-related deferred outflows of resources on the Government-Wide Statement of Net Position.	78,731,264
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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 \$100,320 allocated to business-type activities).	489,967
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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.	3,906,904
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Change in net position of governmental activities	\$ 14,172,885
See accompanying Notes to the Basic Financial Statements.	

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, 2021

	Business-Type Activities			Governmental Activities
	GTrans	Nonmajor Sewer		Internal
	Enterprise Fund	Enterprise Fund	Total	Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 14,741,658	\$ 2,948,729	\$ 17,690,387	\$ 6,871,856
Accounts receivable, net	243,355	237,540	480,895	6,637
Due from other governments	2,567,395	-	2,567,395	-
Inventories	638,473	-	638,473	-
Prepaid items and deposits	71,299	13,982	85,281	363,301
Total current assets	18,262,180	3,200,251	21,462,431	7,241,794
Noncurrent assets:				
Capital assets, net	59,532,582	497,932	60,030,514	-
Total noncurrent assets	59,532,582	497,932	60,030,514	-
Total assets	77,794,762	3,698,183	81,492,945	7,241,794
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	23,711,568	1,101,250	24,812,818	-
Deferred outflows of resources related to other postemployment benefits	692,488	87,885	780,373	-
Total deferred outflows of resources	24,404,056	1,189,135	25,593,191	-

(Continued)

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

	Business-Type Activities			Governmental Activities
	GTrans	Nonmajor Sewer		Internal
	Enterprise Fund	Enterprise Fund	Total	Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	706,547	2,790	709,337	238,296
Accrued liabilities	93,710	-	93,710	235,184
Salaries and benefits payable	565,973	27,291	593,264	-
Due to other funds	769,005	-	769,005	-
Retention payable	15,718	-	15,718	-
Deposits payable	-	-	-	-
Unearned revenue	14,623,238	-	14,623,238	-
Compensated absences, due within one year	301,007	18,848	319,855	-
Long-term debt, due within one year	628,650	29,350	658,000	-
Claims payable, due within one year	-	-	-	8,389,641
Total current liabilities	17,703,848	78,279	17,782,127	8,863,121
Noncurrent liabilities:				
Compensated absences, due in more than one year	1,204,028	75,393	1,279,421	-
Claims payable, due in more than one year	-	-	-	2,214,833
Long-term debt, due in more than one year	20,634,120	958,157	21,592,277	-
Aggregate net pension liabilities	22,722,142	1,055,297	23,777,439	-
Aggregate net other postemployment benefits liabilities	6,382,454	445,792	6,828,246	-
Total noncurrent liabilities	50,942,744	2,534,639	53,477,383	2,214,833
Total liabilities	68,646,592	2,612,918	71,259,510	11,077,954
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	260,103	12,081	272,184	-
Deferred inflows of resources related to other postemployment benefits	483,264	35,636	518,900	-
Total deferred inflows of resources	743,367	47,717	791,084	-
NET POSITION				
Net investment in capital assets	59,516,864	497,932	60,014,796	-
Unrestricted (deficit)	(26,708,005)	1,728,751	(24,979,254)	(3,836,160)
Total net position	\$ 32,808,859	\$ 2,226,683	\$ 35,035,542	\$ (3,836,160)
<i>Net position reconciliation:</i>				
Net position of proprietary funds	\$ 32,808,859	\$ 2,226,683	\$ 35,035,542	\$ (3,836,160)
Adjustment to reflect the consolidation of internal service fund activities related to the GTrans and Sewer	(9,143,092)	69,445	(9,073,647)	9,073,647
Net position of business-type activities	\$ 23,665,767	\$ 2,296,128	\$ 25,961,895	
Net position related to governmental activities				\$ 5,237,487

(Concluded)

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 14,692	\$ 2,660,339	\$ 2,675,031	\$ 10,408,214
Other	121,183	25,026	146,209	445,079
Insurance recovery	-	-	-	(77,598)
Total operating revenues	135,875	2,685,365	2,821,240	10,775,695
OPERATING EXPENSES:				
Salaries and benefits	17,637,577	704,895	18,342,472	-
Insurance claims	-	-	-	6,263,343
General and administrative	4,258,805	302,504	4,561,309	5,602,256
Depreciation	5,205,091	111,555	5,316,646	-
Other operating expenses	2,320,367	84,840	2,405,207	173,176
Total operating expenses	29,421,840	1,203,794	30,625,634	12,038,775
OPERATING INCOME (LOSS)	(29,285,965)	1,481,571	(27,804,394)	(1,263,080)
NONOPERATING REVENUES:				
Local transportation fund	4,636,852	-	4,636,852	-
Other local assistance	7,948,657	-	7,948,657	-
Federal transit assistance	6,767,797	-	6,767,797	-
State transit assistance fund	1,372,009	-	1,372,009	-
Interest income	110,629	15,295	125,924	52,727
Total nonoperating revenues	20,835,944	15,295	20,851,239	52,727
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(8,450,021)	1,496,866	(6,953,155)	(1,210,353)
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	14,856,026	-	14,856,026	-
Transfers in	-	118,910	118,910	3,501,510
Transfers out	-	(83,706)	(83,706)	(1,901,510)
Total contributions and transfers	14,856,026	35,204	14,891,230	1,600,000
CHANGES IN NET POSITION	6,406,005	1,532,070	7,938,075	389,647
NET POSITION (DEFICIT):				
Beginning of year	26,402,855	694,613	27,097,468	(4,225,807)
End of year	<u>\$ 32,808,860</u>	<u>\$ 2,226,683</u>	<u>\$ 35,035,543</u>	<u>\$ (3,836,160)</u>
<i>Change in net position reconciliation:</i>				
Change in net position of proprietary funds	\$ 6,406,005	\$ 1,532,070	\$ 7,938,075	\$ 389,647
Adjustment to reflect the consolidation of internal service fund activities related to the GTrans and Sewer	(113,380)	13,060	(100,320)	100,320
Change in net position of business-type activities	<u>\$ 6,292,625</u>	<u>\$ 1,545,130</u>	<u>\$ 7,837,755</u>	
Change in net position related to governmental activities				<u>\$ 489,967</u>

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

	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	\$ 324,258	\$ 2,639,788	\$ 2,964,046	\$ 10,452,520
Receipts from claims and recoveries	-	-	-	445,079
Payments for insurance claims	-	-	-	(5,149,070)
Payments to suppliers	(6,531,821)	(406,627)	(6,938,448)	(7,203,033)
Payments to employees	(35,256,196)	(1,703,974)	(36,960,170)	-
Other receipts	121,183	25,026	146,209	-
Net cash provided by (used in) operating activities	(41,342,576)	554,213	(40,788,363)	(1,454,504)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	118,910	118,910	3,501,510
Transfers to other funds	-	(83,706)	(83,706)	(1,901,510)
Payments made to other funds	(2,099,470)	-	(2,099,470)	-
Proceeds from issuance of long term debt	21,306,850	989,565	22,296,415	-
Principal payments on long term debt	(44,080)	(2,058)	(46,138)	-
Transit assistance funds received	23,837,170	-	23,837,170	-
Net cash provided by noncapital financing activities	43,000,470	1,022,711	44,023,181	1,600,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(14,856,628)	-	(14,856,628)	-
Receipt from capital grants	14,856,026	-	14,856,026	-
Net cash used in capital and related financing activities	(602)	-	(602)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	110,629	15,295	125,924	52,727
Net cash provided by investing activities	110,629	15,295	125,924	52,727
Net change in cash and cash equivalents	1,767,921	1,592,219	3,360,140	198,223
CASH AND CASH EQUIVALENTS:				
Beginning of year	12,973,738	1,356,510	14,330,248	6,673,633
End of year	<u>\$ 14,741,659</u>	<u>\$ 2,948,729</u>	<u>\$ 17,690,388</u>	<u>\$ 6,871,856</u>

(Continued)

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

	Business-Type Activities			Governmental Activities
	GTrans	Nonmajor Sewer		Internal
	Enterprise Fund	Enterprise Fund	Total	Service Funds
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ (29,285,965)	\$ 1,481,571	\$ (27,804,394)	\$ (1,263,080)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	5,205,091	111,555	5,316,646	-
(Increase) decrease in:				
Accounts receivable	309,566	(20,551)	289,015	44,306
Inventory	(102,854)	-	(102,854)	-
Prepaid items and deposits	(43,175)	1,736	(41,439)	(361,155)
Deferred outflows of resources - pensions	(20,310,549)	(886,862)	(21,197,411)	-
Deferred outflows of resources - OPEB	(167,428)	(72,243)	(239,671)	-
Increase (decrease) in:				
Accounts payable	237,680	(21,019)	216,661	(45,523)
Accrued liabilities	(44,300)	-	(44,300)	(1,005,228)
Accrued payroll	115,750	(343)	115,407	-
Compensated absences	(19,376)	11,106	(8,270)	-
Net pension liability	2,070,027	(142,034)	1,927,993	-
Net other postemployment benefits liability	402,498	115,101	517,599	-
Deferred inflows of resources - OPEB	213,958	(8,031)	205,927	-
Deferred inflows of resources - pensions	76,501	(15,773)	60,728	-
Deposits payable	-	-	-	(15,695)
Claims payable	-	-	-	1,191,871
Total adjustment	(12,056,611)	(927,358)	(12,983,969)	(191,424)
Net cash provided by (used in) operating activities	\$ (41,342,576)	\$ 554,213	\$ (40,788,363)	\$ (1,454,504)

(Concluded)

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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

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, 2021

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, 2021

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 reconstruction of the City’s sanitary sewer system.

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

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 the GTrans Enterprise Fund a major fund for the year ended June 30, 2021.

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, 2021

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, 2021

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

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

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

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

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in 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, 2021

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, 2020	Unsecured, redemptions, and SB813 taxes
December 20, 2020	Homeowners' exemption, secured, and SB813 taxes
January 17, 2021	Homeowners' exemption, secured, and SB813 taxes
February 20, 2021	Redemptions, secured, and SB813 taxes
March 20, 2021	Secured and SB813 taxes
April 20, 2021	Secured and SB813 taxes
May 20, 2021	Redemptions, homeowners' exemption, secured, and SB813 taxes
June 19, 2021	Homeowners' exemption, SB813 taxes
July 20, 2021	Secured and SB813 taxes
August 20, 2021	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, 2021

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, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Implementation of New GASB Pronouncements

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

- In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities of all state and local governments. It also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.
- In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61* (GASB Statement No. 90), to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Implementation of this statement was not applicable because the City did not have any majority equity interests.
- In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*, to establish the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. Implementation of this did not have a material effect on the financial statements.

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, 2021 for its governmental activities of \$(118,275,867) and business-type activities of \$(34,052,900). 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 \$85,202,345 and \$23,777,439 for governmental activities and business-type activities, respectively. The aggregate net OPEB liabilities were \$73,792,590 and \$6,828,246 for governmental activities and business-type activities, respectively.

The following funds had a deficit fund balance/net position at June 30, 2021:

Nonmajor Governmental Funds:	
Public Safety Grants Special Revenue Fund	\$ (415,424)
Community Development Block Grant (CDBG) Special Revenue Fund	(869,101)
Internal Service Funds:	
Liability Insurance Fund	(546,246)
Workers' Compensation Fund	(7,275,644)

In addition, the GTrans Enterprise had deficit unrestricted net position of \$(26,708,005) at June 30, 2021.

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, 2021

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 treasurer	\$ 210,725	\$ 311,343	\$ 100,618
Non-departmental	828,410	958,596	130,186
Public Safety:			
Community development	1,573,625	1,735,453	161,828
Capital outlay	533,600	781,794	248,194
Interest and fiscal charges	-	25,215	25,215
Economic Development Grants Special Revenue Fund			
Capital outlay	-	1,220,908	1,220,908
Nonmajor Governmental Funds:			
Prop C Local Return Special Revenue Fund			
Public works	20,311	22,040	1,729
Gas Tax Special Revenue Fund			
Public works	245,522	385,879	140,357
Asset Forfeiture Special Revenue Fund			
Public safety	-	48,733	48,733
Public Safety Grants Special Revenue Fund			
General government	-	314,317	314,317
Public works	-	4,440	4,440
Recreation and human services	-	8,870	8,870
Community development	-	675	675
Public Works Grants Special Revenue Fund			
Recreation and human services	-	6,831	6,831
Capital outlay	77,000	125,203	48,203
Human Services Grants Special Revenue Fund			
Recreation and human services	3,446,078	3,728,798	282,720
2006 Refunding COPs, Series A Debt Service Fund			
Interest and fiscal charges	476,145	476,588	443
2020 Taxable Pension Obligation Bonds Debt Service Fund			
Debt service:			
Principal retirement	-	163,862	163,862
Interest and fiscal charges	-	830,525	830,525

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, 2021

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, 2021:

	Government-Wide Financial Statement		Total
	Governmental Activities	Business-Type Activities	
Cash and investments	\$ 43,242,812	\$ 17,690,387	\$ 60,933,199
Cash and investments held by fiscal agents	1,970,474	-	1,970,474
Total cash and investments	\$ 45,213,286	\$ 17,690,387	\$ 62,903,673

The City's cash and investments at June 30, 2021, in more detail:

Cash:	
Petty cash	\$ 7,940
Demand deposits	7,089,071
Total cash and cash equivalents	7,097,011
Investments:	
Money market mutual fund	7,304,641
U.S. Treasury	3,448,228
Negotiable certificates of deposit	1,891,436
Corporate notes	3,356,250
Local Agency Investment Fund	30,656,418
U.S. Government sponsored enterprise securities	6,115,713
Foreign negotiable certificates of deposit	1,063,502
Total investments	53,836,188
Total cash and investments	60,933,199
Cash and investments with fiscal agents	1,970,474
Total	\$ 62,903,673

A. Deposits

The carrying amounts of the City's demand deposits were \$7,089,071 at June 30, 2021. Bank balances at that date were \$8,194,293, 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, 2021

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			

* Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

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

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, 2021, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

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

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

As of June 30, 2021, the City had \$30,656,418 invested in LAIF, which had invested 1.10% 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, 2021, 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, 2021:

Investment Type	Measurement Input			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized ⁽³⁾	Total
Money market mutual fund	\$ -	\$ -	\$ 7,304,641	\$ 7,304,641
U.S. Treasury	3,448,228	-	-	3,448,228
Negotiable certificates of deposit ⁽¹⁾	-	1,891,436	-	1,891,436
Corporate notes ⁽¹⁾	-	3,356,250	-	3,356,250
Local Agency Investment Fund	-	-	30,656,418	30,656,418
U.S. Government sponsored enterprise securities ⁽¹⁾	5,954,153	161,560	-	6,115,713
Foreign negotiable certificates of deposit ⁽²⁾	-	1,063,502	-	1,063,502
Cash and investments with fiscal agents:				
Money market mutual fund	-	-	1,970,474	1,970,474
Total	\$ 9,402,381	\$ 6,472,748	\$ 39,931,533	\$ 55,806,662

⁽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, 2021

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, 2021, 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	\$ 7,304,641	\$ 7,304,641	\$ -	\$ -	\$ -	\$ -
U.S. Treasury	3,448,228	349,591	564,791	1,232,368	1,018,886	282,592
Negotiable certificates of deposit	1,891,436	558,436	76,155	640,000	556,923	59,922
Corporate notes	3,356,250	858,549	1,010,643	1,263,968	223,090	-
Local Agency Investment Fund	30,656,418	30,656,418	-	-	-	-
U.S. Government sponsored enterprise securities	6,115,713	1,638,297	1,811,520	2,320,050	-	345,846
Foreign negotiable certificates of deposit	1,063,502	-	211,768	615,952	235,782	-
Cash and investments with fiscal agents:						
Money market mutual fund	1,970,474	1,970,474	-	-	-	-
Total	\$ 55,806,662	\$ 43,336,406	\$ 3,674,877	\$ 6,072,338	\$ 2,034,681	\$ 688,360

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, 2021, 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	56.94%
U.S. Treasury	AAA	Not Rated	6.41%
U.S. Government sponsored enterprise securities	AAA	AA+	11.36%
Negotiable certificates of deposit	Not Rated	Not Rated	3.51%
Foreign negotiable certificates of deposit	A2	Aa	1.98%
Corporate notes	A	A	6.23%
Money market mutual fund	P-1	Aa	13.57%
Total			100.00%

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

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 2021, 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, 2021, future lease payments from the YMCA, including interest, were \$372,874. Since the City has not earned the revenue for the future lease payments, there was no revenue recognized or receivables reported at June 30, 2021 for these future lease payments.

B. State Mandated Claims Reimbursement

The City recorded an outstanding receivable of \$721,575 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 \$721,575. 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, 2021.

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, 2020	Additions	Deletions	Allowance	Balance June 30, 2021
Home-Owner Occupied Deferred Loans					
CalHOME	\$ 399,609	\$ -	\$ -	\$ -	\$ 399,609
State HOME Loans	1,789,940	-	(68,050)	-	1,721,890
Subtotal	2,189,549	-	(68,050)	-	2,121,499
Spring Park Senior Villa Developer Loan	3,459,655	86,225	-	(3,545,880)	-
Total	\$ 5,649,204	\$ 86,225	\$ (68,050)	\$ (3,545,880)	\$ 2,121,499

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, 2021, the outstanding loan balance is \$2,121,499.

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

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, 2021, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$671,765 which was required by the State of California. This results the City in reporting loans receivable in the amount of \$3,545,880. 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 \$3,545,880. 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, 2021.

Note 6 – Interfund Transactions

A. Government-Wide Financial Statements

Internal Balances - At June 30, 2021, 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	\$ 9,842,652

Transfers – For the year ended June 30, 2021, the City had the following transfers:

Transfers Out	
Business-Type Activities	
Transfers In	
Governmental Activities	\$ (35,204)

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, 2021

Note 6 – Interfund Transactions (Continued)

B. Fund Financial Statements

Due From/To Other Funds - At June 30, 2021, the City had the following due from/to other funds:

Due To Other Funds		Due From Other Funds	
		General Fund	
Governmental Funds:			
Economic Development Grants			
Special Revenue Fund	\$		117,254
City Debt Service Fund			288,746
Nonmajor Governmental Funds			2,141,636
Proprietary Fund:			
GTrans Enterprise Fund			769,005
Total	\$		3,316,641

The above amounts resulted from temporary reclassifications made at June 30, 2021 to cover cash shortfalls.

Transfers In/Out – During the year ended June 30, 2021, the City had the following transfers in/out, which arise in the normal course of operations:

Transfers In						
	Governmental Funds			Enterprise Funds		
	General Fund	City Debt Service	Nonmajor Governmental	Nonmajor Sewer Enterprise Fund	Internal Service Funds	Total
Transfers Out						
Governmental Funds:						
General Fund	\$ -	\$ 1,969,142	\$ 3,213,549	\$ 118,910	\$ 3,501,510	\$ 8,803,111
Economic Development Grants						
Special Revenue Fund	307,010	-	-	-	-	307,010
Nonmajor Governmental Funds	5,249,945	-	-	-	-	5,249,945
Enterprise Funds:						
Sewer	83,706	-	-	-	-	83,706
Internal Service Funds	1,901,510	-	-	-	-	1,901,510
Total	\$ 7,542,171	\$ 1,969,142	\$ 3,213,549	\$ 118,910	\$ 3,501,510	\$ 16,345,282

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, 2021

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, 2021 is as follows:

	Governmental Activities				
	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 7,539,683	\$ 2,363,308	\$ (194,471)	\$ -	\$ 9,708,520
Monuments	51,624	12,269	-	-	63,893
Construction in progress	2,517,225	2,304,770	-	(1,241,130)	3,580,865
Total capital assets, not being depreciated	10,108,532	4,680,347	(194,471)	(1,241,130)	13,353,278
Capital assets, being depreciated:					
Buildings/structures and improvements	23,315,912	553,973	-	268,435	24,138,320
Machinery and equipment	11,965,198	930,450	-	-	12,895,648
Infrastructure:					
Street lights network	1,292,393	-	-	-	1,292,393
Traffic lights network	12,940,788	-	-	-	12,940,788
Roadway network	56,800,378	-	-	972,695	57,773,073
Total capital assets, being depreciated	106,314,669	1,484,423	-	1,241,130	109,040,222
Less accumulated depreciation:					
Buildings/structures and improvements	(17,969,723)	(572,441)	-	-	(18,542,164)
Machinery and equipment	(8,082,826)	(1,166,367)	-	-	(9,249,193)
Infrastructure:					
Street light network	(947,756)	(43,080)	-	-	(990,836)
Traffic lights network	(11,814,112)	(431,360)	-	-	(12,245,472)
Roadway network	(29,913,070)	(1,121,752)	-	-	(31,034,822)
Total accumulated depreciation	(68,727,487)	(3,335,000)	-	-	(72,062,487)
Total capital assets, being depreciated, net	37,587,182	(1,850,577)	-	1,241,130	36,977,735
Governmental activities capital assets, net	\$ 47,695,714	\$ 2,829,770	\$ (194,471)	\$ -	\$ 50,331,013

Depreciation expense was charged to functions/programs of the governmental activities for the fiscal year ended June 30, 2021 as follows:

General government	\$ 757,964
Public safety	745,446
Public works	1,745,465
Recreation and human services	86,125
Total depreciation expense	\$ 3,335,000

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

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, 2021 is as follows:

	Business-Type Activities				Balance June 30, 2021
	Balance July 1, 2020	Additions	Deletions	Transfers	
Capital assets, not being depreciated:					
Land	\$ 12,956,405	\$ -	\$ -	\$ -	\$ 12,956,405
Construction in progress	1,576,534	14,872,347	-	(14,583,841)	1,865,040
Total capital assets, not being depreciated	14,532,939	14,872,347	-	(14,583,841)	14,821,445
Capital assets, being depreciated:					
Buildings/structures and improvements	39,893,428	-	-	-	39,893,428
Buses	35,125,515	-	-	12,735,207	47,860,722
Machinery and equipment	9,559,419	-	-	1,798,883	11,358,302
Furniture and fixtures	1,502,563	-	-	49,751	1,552,314
Infrastructure	11,184,496	-	-	-	11,184,496
Total capital assets, being depreciated	97,265,421	-	-	14,583,841	111,849,262
Less accumulated depreciation:					
Buildings/structures and improvements	(11,763,446)	(1,022,908)	-	-	(12,786,354)
Buses	(30,467,939)	(2,898,113)	-	-	(33,366,052)
Machinery and equipment	(7,111,150)	(1,295,958)	-	-	(8,407,108)
Furniture and fixtures	(1,419,764)	(65,978)	-	-	(1,485,742)
Infrastructure	(10,561,248)	(33,689)	-	-	(10,594,937)
Total accumulated depreciation	(61,323,547)	(5,316,646)	-	-	(66,640,193)
Total capital assets, being depreciated, net	35,941,874	(5,316,646)	-	14,583,841	45,209,069
Business-type activities capital assets, net	\$ 50,474,813	\$ 9,555,701	\$ -	\$ -	\$ 60,030,514

Depreciation expense for business-type activities for the year ended June 30, 2021 was charged as follows:

Gtrans major enterprise fund	\$ 5,205,091
Sewer non-major enterprise fund	111,555
Total depreciation expense	\$ 5,316,646

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

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, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in more One Year
2006 Refunding Certificates of Participation Series A - publicly offered	\$ 7,700,000	\$ -	\$ (550,000)	\$ 7,150,000	\$ 585,000	\$ 6,565,000
2007 Refunding Revenue Bonds, Series A - publicly offered	1,540,000	-	(110,000)	1,430,000	115,000	1,315,000
2014 Taxable Lease Revenue Refunding Bonds - publicly offered	8,940,000	-	(60,000)	8,880,000	65,000	8,815,000
Bond discount - 2014 Taxable Lease Revenue Refunding Bonds	(219,941)	-	13,884	(206,057)	-	(206,057)
2017 Direct Purchase Lease - Private placement	1,120,000	-	(275,000)	845,000	280,000	565,000
2016 SCE On-Bill Financing Loan - Direct borrowing	68,045	-	(14,296)	53,749	14,296	39,453
2020 Taxable Pension Obligation Bonds - publicly offered	-	79,193,585	(163,862)	79,029,723	2,337,000	76,692,723
Loan payable	3,459,655	86,225	-	3,545,880	-	3,545,880
Claims payable	9,412,603	1,243,589	(51,718)	10,604,474	8,389,641	2,214,833
Compensated absences	7,882,221	3,134,036	(3,154,245)	7,862,012	1,572,402	6,289,610
Total	\$ 39,902,583	\$ 83,657,435	\$ (4,365,237)	\$ 119,194,781	\$ 13,358,339	\$ 105,836,442

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, 2021

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, 2021 totaled \$7,150,000. The annual debt service requirements on these certificates are as follows:

Fiscal Year	Principal	Interest	Total
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	750,000	267,641	1,017,641
2027-2031	3,820,000	552,827	4,372,827
Total	\$ 7,150,000	\$ 2,328,702	\$ 9,478,702

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, 2021 totaled \$1,430,000. The annual debt service requirements on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
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	135,000	47,825	182,825
2027-2031	805,000	127,132	932,132
Total	\$ 1,430,000	\$ 428,757	\$ 1,858,757

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

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, 2021 totaled \$8,880,000. The annual debt service requirements on these bonds as follows:

Fiscal Year	Principal	Interest	Total
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	75,000	429,709	504,709
2027-2031	2,230,000	2,056,270	4,286,270
2032-2036	6,305,000	928,000	7,233,000
Total	<u>\$ 8,880,000</u>	<u>\$ 5,162,112</u>	<u>\$ 14,042,112</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, 2021 totaled \$845,000. 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, 2021

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2017 Direct Purchase Lease (Continued)

Fiscal Year	Principal	Interest	Total
2022	\$ 280,000	\$ 14,594	\$ 294,594
2023	280,000	8,798	288,798
2024	285,000	2,950	287,950
Total	<u>\$ 845,000</u>	<u>\$ 26,342</u>	<u>\$ 871,342</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, 2021 totaled \$53,749. The annual debt service requirements on this loan as follows:

Fiscal Year	Principal	Interest	Total
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>\$ 53,749</u>	<u>\$ -</u>	<u>\$ 53,749</u>

2020 Taxable Pension Obligation Bonds – Original Issuance \$101,490,000 (\$79,193,585 for Governmental Activities)

In November 2020, the City issued the Taxable Pension Obligation Bonds, Series 2020 in the amount of \$101,490,000. The purpose of the bonds was to finance a portion of the City’s unfunded accrued actuarial liability to the California Public Employees’ Retirement System (CalPERS) for the benefit of the City’s employees and to pay the costs of issuance of the bonds. Of the original \$101,490,000 of bond principal issued, \$79,193,585 was allocated to governmental activities and \$22,296,415 was allocated to business-type activities.

The bonds accrue interest at rates between 1.081% and 3.363%. Interest on the bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2021. Principal payments are due in annual installments ranging from \$210,000 to \$7,525,000, commencing April 1, 2021 through April 1, 2039. The bonds are not subject to optional and mandatory redemption prior to maturity. The bond 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, 2021

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2020 Taxable Pension Obligation Bonds – Original Issuance \$101,490,000 (\$79,193,585 for Governmental Activities) (Continued)

The amount outstanding for the governmental activities at June 30, 2021 totaled \$79,029,723. The annual debt service requirements for the governmental activities on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 2,337,000	\$ 2,319,695	\$ 4,656,695
2023	2,859,800	2,293,263	5,153,063
2024	3,285,063	2,256,000	5,541,063
2025	3,745,440	2,206,659	5,952,099
2026	3,960,022	2,142,911	6,102,933
2027-2031	21,263,175	9,233,793	30,496,968
2032-2036	24,610,662	5,887,450	30,498,112
2037-2039	16,968,561	1,324,406	18,292,967
Total	<u>\$ 79,029,723</u>	<u>\$ 27,664,177</u>	<u>\$ 106,693,900</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, 2021, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$671,765. This results in the loans payable in the amount of \$3,545,880 to the California HCD. Please refer to Note 5B for additional information.

Legal Debt Margin

The City is subject to legal debt margin and the City’s legal debt limit was in the amount of \$270,899,268 at June 30, 2021.

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. The balance outstanding at June 30, 2021 was \$7,862,012.

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

Note 8 – Long-Term Liabilities (Continued)

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, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in more One Year
2020 Taxable Pension Obligation						
Bonds - publicly offered	\$ -	\$ 22,296,415	\$ (46,138)	\$ 22,250,277	\$ 658,000	\$ 21,592,277
Compensated absences	1,607,546	1,137,933	(1,146,203)	1,599,276	319,855	1,279,421
Total	\$ 1,607,546	\$ 23,434,348	\$ (1,192,341)	\$ 23,849,553	\$ 977,855	\$ 22,871,698

2020 Taxable Pension Obligation Bonds – Original Issuance \$101,490,000 (\$22,296,415 for Business-Type Activities)

In November 2020, the City issued the Taxable Pension Obligation Bonds, Series 2020 in the amount of \$101,490,000. The purpose of the bonds was to finance a portion of the City's unfunded accrued actuarial liability to the California Public Employees' Retirement System (CalPERS) for the benefit of the City's employees and to pay the costs of issuance of the bonds. Of the original \$101,490,000 of bond principal issued, \$79,193,585 was allocated to governmental activities and \$22,296,415 was allocated to business-type activities.

The bonds accrue interest at rates between 1.081% and 3.363%. Interest on the bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2021. Principal payments are due in annual installments ranging from \$210,000 to \$7,525,000, commencing April 1, 2021 through April 1, 2039. The bonds are not subject to optional and mandatory redemption prior to maturity. The bond debt service payments will be made from the debt service funds.

The amount outstanding for the business-type activities at June 30, 2021 totaled \$22,250,277. The annual debt service requirements for the business-type activities on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 658,000	\$ 653,130	\$ 1,311,130
2023	805,200	645,688	1,450,888
2024	924,937	635,196	1,560,133
2025	1,054,560	621,303	1,675,863
2026	1,114,978	603,355	1,718,333
2027-2031	5,986,825	2,599,852	8,586,677
2032-2036	6,929,338	1,657,661	8,586,999
2037-2039	4,776,439	372,898	5,149,337
Total	\$ 22,250,277	\$ 7,789,083	\$ 30,039,360

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. The balance outstanding at June 30, 2021 was \$1,599,276.

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

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, 2021, \$10,604,474 has been accrued for the City's self-insurance programs, of which \$8,389,641 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, 2021 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.

Changes in the reported liability since June 30, 2021 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
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
2020-2021	9,412,603	1,243,589	(51,718)	10,604,474	8,389,641	2,214,833

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, 2021

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, 2021 and pension expense for the year then ended.

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
Miscellaneous	\$ 23,495,510	\$ 23,514,314	\$ 47,009,824
Safety	60,369,859	-	60,369,859
Total pension contribution made after measurement date	83,865,369	23,514,314	107,379,683
Difference in projected and actual earnings on pension investments:			
Miscellaneous	502,001	502,405	1,004,406
Safety	1,335,435	-	1,335,435
Total difference in projected and actual earnings on pension investments	1,837,436	502,405	2,339,841
Differences between expected and actual experience			
Miscellaneous	795,462	796,099	1,591,561
Safety	4,764,665	-	4,764,665
Total differences between expected and actual experience	5,560,127	796,099	6,356,226
Adjustment due to differences in proportions:			
Safety	218,021	-	218,021
Difference between City's contribution and proportionate share of contributions:			
Safety	2,916,025	-	2,916,025
Total deferred outflows of resources	\$ 94,396,978	\$ 24,812,818	\$ 119,209,796
Aggregate net pension liabilities:			
Miscellaneous	\$ 23,758,422	\$ 23,777,439	\$ 47,535,861
Safety	61,443,923	-	61,443,923
Total aggregate net pension liabilities	\$ 85,202,345	\$ 23,777,439	\$ 108,979,784
Deferred inflows of resources:			
Change in assumptions:			
Miscellaneous	\$ 55,577	\$ 55,622	\$ 111,199
Safety	204,671	-	204,671
Total change in assumptions	\$ 260,248	\$ 55,622	\$ 315,870
Differences between expected and actual experience:			
Miscellaneous	216,387	216,562	432,949
Total differences between expected and actual experience	216,387	216,562	432,949
Difference between City's contribution and proportionate share of contributions:			
Safety	1,482,276	-	1,482,276
Adjustment due to differences in proportions:			
Safety	3,002,237	-	3,002,237
Total deferred inflows of resources	\$ 4,961,148	\$ 272,184	\$ 5,233,332
Pension Expense:			
Miscellaneous	\$ 3,847,112	\$ 3,850,191	\$ 7,697,303
Safety	10,474,500	-	10,474,500
Total pension expense	\$ 14,321,612	\$ 3,850,191	\$ 18,171,803

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

Note 10 – Retirement Plans (Continued)

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

General Information about the Pension Plan

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, 2019 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, 2021

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, 2019, the valuation date, the following employees were covered by the benefit terms:

	Miscellaneous	Plans	
		Safety	
		Classic	PEPRA
Active employees	355	76	16
Transferred and terminated employees	359	47	7
Retired Employees and Beneficiaries	400	235	0
Total	1,114	358	23

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, 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%
Current Fiscal Year Ended June 30, 2021				
	Plans			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Employer Contribution Rate	9.362%	9.362%	25.540%	13.884%
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, 2021

Note 10 – Retirement Plans (Continued)

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

General Information about the Pension Plan (Continued)

Contributions (Continued)

During fiscal year 2021, the City contributed \$100,897,734 of proceeds from the issuance of the 2020 Taxable Pension Obligation Bonds to CalPERS in order to reduce the City's net pension liability. At June 30, 2021, this amount is included in the \$107,379,683 of deferred outflows of resources related to pension as contributions made after the measurement date.

Net Pension Liability

Actuarial Methods and Assumption Used to Determine Total Pension Liability

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

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.25% 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

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year ramp-up and ramp-down on UAL bases attributable to assumption and method changes and non-investment gains/losses. The new policy does not utilize a 5-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2020.

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

Note 10 – Retirement Plans (Continued)

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

Net Pension Liability (Continued)

Long-term Expected Rate of Return (Continued)

The 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.

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 CalPERS 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, 2021

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability

The following table shows the changes in net pension liability for the 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, 2019 (Valuation Date)	\$ 174,322,037	\$ 129,479,562	\$ 44,842,475
Changes recognized for the measurement period:			
Service Cost	3,329,543	-	3,329,543
Interest on the total pension liability	12,201,071	-	12,201,071
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(593,300)	-	(593,300)
Changes of assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contributions from the employer	-	4,397,533	(4,397,533)
Contributions from employees	-	1,611,737	(1,611,737)
Net investment income	-	6,417,192	(6,417,192)
Benefit payments, including refunds of employee contributions	(9,498,332)	(9,498,332)	-
Administrative expense	-	(182,534)	182,534
Other miscellaneous income/(expense)	-	-	-
Net changes during July 1, 2019 to June 30, 2020	5,438,982	2,745,596	2,693,386
Balance at June 30, 2020 (Measurement Date)	\$ 179,761,019	\$ 132,225,158	\$ 47,535,861

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, 2019 (Valuation Date)	\$ 208,875,272	\$ 151,594,952	\$ 57,280,320
Balance at June 30, 2020 (Measurement Date)	219,815,760	158,371,837	61,443,923
Net Changes during 2019-2020	10,940,488	6,776,885	4,163,603

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

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability

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

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

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

Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the City's share of 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, 2019	0.558994%
June 30, 2020	0.564720%
Change - Increase (Decrease)	<u>0.005726%</u>

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

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability (Continued)

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

The following presents the net pension liability of the 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	\$ 70,703,718	\$ 47,535,861	\$ 28,389,113
Safety Plan	\$ 91,295,718	\$ 61,443,923	\$ 36,947,700

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2021, the City recognized pension expense in the amounts of \$7,697,303 and \$10,474,500 for the miscellaneous plan and safety plan, respectively.

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

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution made after measurement date	\$ 47,009,824	\$ -
Changes of assumptions	-	(111,199)
Difference between expected and actual experience	1,591,561	(432,949)
Net difference between projected and actual earning on pension plan investments	1,004,406	-
Total	\$ 49,605,791	\$ (544,148)

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

Note 10 – Retirement Plans (Continued)

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

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

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution made after measurement date	\$ 60,369,859	\$ -
Changes of assumptions	-	(204,671)
Difference between expected and actual experience	4,764,665	-
Difference between projected and actual earnings on pension plan investments	1,335,435	-
Adjustment due to differences in proportions	218,021	(3,002,237)
Difference between City contributions and proportionate share of contributions	2,916,025	(1,482,276)
Total	<u>\$ 69,604,005</u>	<u>\$ (4,689,184)</u>

The amounts above are net of outflows and inflows recognized in the 2019-2020 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 2019-20 measurement period is 3.7 and 3.8 years, which was obtained by dividing the total service years of 4,032 and 548,581 (the sum of remaining service lifetimes of the active employees) by 1,091 and 145,663 (the total number of participants: active, inactive, and retired), respectively.

\$47,009,824 and \$60,369,859 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, 2022.

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		
2022	\$ 245,739	\$ 852,625
2023	706,624	1,831,365
2024	560,415	1,191,843
2025	539,041	669,129
2026	-	-
Thereafter	-	-
	<u>\$ 2,051,819</u>	<u>\$ 4,544,962</u>

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

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, 2021 the City’s payroll covered by the plan was \$165,499. The City made employer contributions in the amount of \$6,207. There were 52 participants of the Plan as of June 30, 2021.

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, 2021, total OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
OPEB contribution made after measurement date	\$ 2,237,985	\$ 272,358	\$ 2,510,343
Change in assumptions	11,259,517	175,979	11,435,496
Differences between expected and actual experience	1,273,901	204,326	1,478,227
Differences in projected and actual earnings	3,014	127,710	130,724
Total deferred outflows of resources	\$ 14,774,417	\$ 780,373	\$ 15,554,790
Total other postemployment benefit liabilities	\$ 73,792,590	\$ 6,828,246	\$ 80,620,836
Deferred inflows of resources:			
Change in assumptions	\$ 5,321,519	\$ 260,283	\$ 5,581,802
Differences between expected and actual experience	1,808,031	258,617	2,066,648
Differences in projected and actual earnings	-	-	-
Total deferred inflows of resources	\$ 7,129,550	\$ 518,900	\$ 7,648,450
OPEB expense	\$ 4,250,132	\$ 756,213	\$ 5,006,345

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

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 non-employer 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 2020 and 2021.

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, 2020 measurement date, the following numbers of participants were covered by the benefit terms:

	Plans		
	Governmental Activities	GTrans	Sewer
Inactives currently receiving benefits	176	39	-
Inactives entitled to benefit payments	-	-	-
Active employees	229	120	5
Total	405	159	5

Contributions

	Fiscal Year Ended June 30, 2021		
	Governmental Activities	Gtrans	Total
Benefit payments	\$ 2,237,985	\$ 272,358	\$ 2,510,343
Trust contributions	-	-	-
Total	\$ 2,237,985	\$ 272,358	\$ 2,510,343

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

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

Net OPEB Liability

The OPEB liability was measured as of June 30, 2020, and total liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Significant Actuarial Assumptions Used for Total OPEB Liability

The total OPEB liability, measured as of June 30, 2020, was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2020
Contribution Policy	Governmental activities and Sewer: City began making contributions to CERBT#1 in 1919/20 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: 2.21% at June 30, 2021 GTrans: 6.25% at June 30, 2021 Expected Agency contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	2.50%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2020
Salary Increases	Aggregate - 2.75% Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076. Medicare - 6.5% for 2021, 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: 25% Kaiser, 75% City plan Current retirees: current election
Healthcare Participation for Future Retirees	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 and to 2.21% at June 30, 2020 for governmental activities and Sewer Enterprise’s plans. The GTrans discount rate changed from 6.75% at June 30, 2019 to 6.25% at June 30, 2020. 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 2.21%. 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, 2021

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 6.25% 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%	4.56%
Fixed Income	25.00%	0.78%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	8.00%	4.06%
	100.00%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return, Rounded		6.25%

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, 2019	\$ 63,866,434	\$ 151,791	\$ 63,714,643
Changes recognized for the measurement period:			
Service Cost	1,902,932	-	1,902,932
Interest on the total pension liability	2,265,606	-	2,265,606
Differences between expected and actual experience	(2,109,370)	-	(2,109,370)
Changes in assumptions	10,099,593	-	10,099,593
Contributions - employer	-	2,075,527	(2,075,527)
Net investment income	-	5,361	(5,361)
Benefits payments	(2,075,527)	(2,075,527)	-
Administrative expenses	-	(74)	74
Net changes during July 1, 2019 to June 30, 2020	10,083,234	5,287	10,077,947
Balance at June 30, 2020 (Measurement Date)	\$ 73,949,668	\$ 157,078	\$ 73,792,590

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

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, 2019	\$ 10,311,986	\$ 4,332,030	\$ 5,979,956
Changes recognized for the measurement period:			
Service cost	299,863	-	299,863
Interest on the total OPEB liability	706,976	-	706,976
Differences between expected and actual experience	(294,459)	-	(294,459)
Changes in assumptions	117,261	-	117,261
Contributions - employer	-	276,271	(276,271)
Net investment income	-	152,987	(152,987)
Benefit payments	(276,271)	(276,271)	-
Administrative expenses	-	(2,115)	2,115
Net changes during July 1, 2019 to June 30, 2020	553,370	150,872	402,498
Balance at June 30, 2020 (Measurement Date)	\$ 10,865,356	\$ 4,482,902	\$ 6,382,454

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, 2019	\$ 330,691	\$ -	\$ 330,691
Changes recognized for the measurement period:			
Service Cost	22,199	-	22,199
Interest on the total OPEB liability	12,351	-	12,351
Differences between expected and actual experience	16,025	-	16,025
Changes in assumptions	64,526	-	64,526
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Net changes during July 1, 2019 to June 30, 2020	115,101	-	115,101
Balance at June 30, 2020 (Measurement Date)	\$ 445,792	\$ -	\$ 445,792

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

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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	Plan's Net OPEB Liability		
	Discount Rate - 1% (1.21%)	Current Discount Rate (2.21%)	Discount Rate + 1% (3.21%)
Governmental Activities	\$ 88,298,556	\$ 73,792,590	\$ 62,561,151
Sewer	\$ 540,933	\$ 445,792	\$ 372,389

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 (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current discount rate:

Plan's Net OPEB Liability		
Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
\$ 7,918,954	\$ 6,382,454	\$ 5,117,319

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	\$ 61,670,090	\$ 73,792,590	\$ 89,781,521
GTrans	\$ 4,949,154	\$ 6,382,454	\$ 8,164,778
Sewer	\$ 355,908	\$ 445,792	\$ 569,401

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

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, 2020, the governmental activities recognized expense of \$4,250,132. At June 30, 2021, 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	\$ 1,273,901	\$ (1,808,031)
Changes in assumptions	11,259,517	(5,321,519)
Net difference between projected and actual earnings on plan investments	3,014	-
Employer contributions made subsequent to the measurement date	2,237,985	-
Total	<u>\$ 14,774,417</u>	<u>\$ (7,129,550)</u>

For the measurement period ended June 30, 2020, GTrans recognized expense of \$721,386. At June 30, 2021, 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	\$ 189,636	\$ (258,106)
Changes in assumptions	102,784	(225,158)
Net difference between projected and actual earnings on plan investments	127,710	-
Employer contributions made subsequent to the measurement date	272,358	-
Total	<u>\$ 692,488</u>	<u>\$ (483,264)</u>

For the measurement period ended June 30, 2020, Sewer recognized expense of \$34,827. At June 30, 2021, 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	\$ 14,690	\$ (511)
Changes in assumptions	73,195	(35,125)
Net difference between projected and actual earnings on plan investments	-	-
Employer contributions made subsequent to the measurement date	-	-
Total	<u>\$ 87,885</u>	<u>\$ (35,636)</u>

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

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, 2019, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms.

\$2,237,985 and \$272,358 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 follows:

Ended June 30	Deferred Outflows/ (Inflows) of Resources Governmental Activities	Deferred Outflows/ (Inflows) of Resources GTrans	Deferred Outflows/ (Inflows) of Resources Sewer
2022	\$ 91,764	\$ 4,773	\$ 277
2023	91,764	4,772	277
2024	1,090,766	3,772	3,277
2025	1,371,614	(971)	5,277
2026	1,619,511	(28,841)	5,277
Thereafter	1,141,463	(46,639)	37,864
	\$ 5,406,882	\$ (63,134)	\$ 52,249

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, 2021, the amount held by the Trustee for the City employees is \$30,988,909.

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

Note 13 – Classification of Fund Balances

At June 30, 2021, 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	\$ 46,242	\$ -	\$ -	\$ -	\$ 46,242
Prepaid items and deposits	1,167,780	-	290,938	51,490	1,510,208
Total nonspendable	<u>1,214,022</u>	<u>-</u>	<u>290,938</u>	<u>51,490</u>	<u>1,556,450</u>
Restricted:					
Economic development	-	4,733,953	-	-	4,733,953
Debt service	-	-	1,681,507	-	1,681,507
Law enforcement	-	-	-	773,009	773,009
Local street improvements	-	-	-	5,614,391	5,614,391
Capital projects	-	-	-	3,769,724	3,769,724
Other purposes	-	-	-	88,185	88,185
Total restricted	<u>-</u>	<u>4,733,953</u>	<u>1,681,507</u>	<u>10,245,309</u>	<u>16,660,769</u>
Committed:					
Emergency contingency	3,295,768	-	-	-	3,295,768
Civic center improvements	3,500,000	-	-	-	3,500,000
Senior and Aquatic Center Project	10,000,000	-	-	-	10,000,000
Pension stabilization fund ¹	1,901,935	-	-	-	1,901,935
Total committed	<u>18,697,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,697,703</u>
Assigned:					
Vehicle replacement	527,167	-	-	-	527,167
Equipment replacement	1,461,983	-	-	-	1,461,983
Future debt service payments	6,681,353	-	-	-	6,681,353
Total assigned	<u>8,670,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,670,503</u>
Unassigned:	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>(1,298,092)</u>	<u>(1,098,092)</u>
Total fund balance	<u>\$ 28,782,228</u>	<u>\$ 4,733,953</u>	<u>\$ 1,972,445</u>	<u>\$ 8,998,707</u>	<u>\$ 44,487,333</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, 2021

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, 2021, the City's percentage interest is 32.08%.

As of and for the year ended June 30, 2021, the latest available information, SBRPCA's unaudited financial information is as follows:

Total assets	\$ 14,208,588
Total deferred outflows of resources	3,129,376
Total liabilities	13,311,031
Total deferred inflows of resources	984,928
Net position	\$ 3,042,005
Total revenues	\$ 12,085,208
Total expenses	(13,713,589)
Change in net position	\$ (1,628,381)

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 \$10,942,275 as of June 30, 2021.

Note 16 – Subsequent Events

On September 1, 2021, the City took a proactive approach to take advantage of the historically low interest rates and used its excellent issuer credit rating to obtain a Lease Revenue Bond in the amount of \$13.2 million dollars with a 20-year term at 1.98% true interest cost over the life of the bond. The bond proceeds will be used to fund various capital projects including the Gardena Community Aquatic & Senior Center, the Community Center, and various Park Improvement projects.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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City of Gardena
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 45,799,673	\$ 45,799,673	\$ 54,483,563	\$ 8,683,890
Licenses and permits	1,395,500	1,395,500	2,389,538	994,038
Intergovernmental	573,100	573,100	8,758,293	8,185,193
Charges for services	5,043,239	5,043,239	5,188,250	145,011
Fines, forfeitures and penalties	820,000	820,000	1,038,080	218,080
Use of money and property	455,000	455,000	(185,053)	(640,053)
Miscellaneous	641,731	641,731	554,367	(87,364)
Total revenues	<u>54,728,243</u>	<u>54,728,243</u>	<u>72,227,038</u>	<u>17,498,795</u>
EXPENDITURES:				
Current:				
General government:				
City Clerk	459,845	459,845	343,208	116,637
City treasurer	210,725	210,725	311,343	(100,618)
Executive office	2,007,295	2,007,295	2,001,343	5,952
Administrative services	1,411,575	1,411,575	1,383,217	28,358
Non-departmental	828,410	828,410	958,596	(130,186)
Public safety:				
Police	29,329,503	29,329,503	28,032,501	1,297,002
L.A. County Fire District	10,926,047	10,926,047	9,301,417	1,624,630
Public works	5,523,950	5,523,950	5,459,913	64,037
Recreation and human services	2,578,240	2,578,240	2,487,937	90,303
Community development	1,573,625	1,573,625	1,735,453	(161,828)
Capital outlay	533,600	533,600	781,794	(248,194)
Interest and fiscal charges	-	-	25,215	(25,215)
Total expenditures	<u>55,382,815</u>	<u>55,382,815</u>	<u>52,821,937</u>	<u>2,560,878</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(654,572)</u>	<u>(654,572)</u>	<u>19,405,101</u>	<u>20,059,673</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,035,592	2,035,592	7,542,171	5,506,579
Transfers out	(2,617,257)	(2,617,257)	(8,803,111)	(6,185,854)
Proceed from sale of assets	30,000	30,000	3,492	(26,508)
Total other financing sources (uses)	<u>(551,665)</u>	<u>(551,665)</u>	<u>(1,257,448)</u>	<u>(705,783)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,206,237)</u>	<u>\$ (1,206,237)</u>	<u>18,147,653</u>	<u>\$ 19,353,890</u>
FUND BALANCE:				
Beginning of Year			<u>10,634,575</u>	
End of Year			<u>\$ 28,782,228</u>	

City of Gardena
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2021

Economic Development Grants Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines, forfeitures and penalties	\$ 500,000	\$ 500,000	\$ 2,109,884	\$ 1,609,884
Use of money and property	15,000	15,000	18,467	3,467
Miscellaneous	-	-	68,071	68,071
Total revenues	<u>515,000</u>	<u>515,000</u>	<u>2,196,422</u>	<u>1,681,422</u>
EXPENDITURES:				
Current:				
Community development	310,000	310,000	58,282	251,718
Capital outlay	-	-	1,220,908	(1,220,908)
Total expenditures	<u>310,000</u>	<u>310,000</u>	<u>1,279,190</u>	<u>(969,190)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>205,000</u>	<u>205,000</u>	<u>917,232</u>	<u>712,232</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,373,050)	(1,373,050)	(307,010)	1,066,040
Total other financing sources (uses)	<u>(1,373,050)</u>	<u>(1,373,050)</u>	<u>(307,010)</u>	<u>1,066,040</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,168,050)</u>	<u>\$ (1,168,050)</u>	610,222	<u>\$ 1,778,272</u>
FUND BALANCE:				
Beginning of Year			4,123,731	
End of Year			<u>\$ 4,733,953</u>	

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

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, 2021

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, 2021

Last Ten Fiscal Years

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

Measurement period	2018-19	2019-2020
Total pension liability		
Service cost	\$ 3,162,100	\$ 3,329,543
Interest	11,820,982	12,201,071
Changes of benefit terms	-	-
Changes of assumptions	-	-
Differences between expected and actual experience	3,672,690	(593,300)
Benefit payments, including refunds of employee contributions	(8,816,825)	(9,498,332)
Net change in total pension liability	9,838,947	5,438,982
Total pension liability - beginning	164,483,090	174,322,037
Total pension liability - ending (a)	\$ 174,322,037	\$ 179,761,019
Pension fiduciary net position		
Contributions - employer	\$ 3,688,807	\$ 4,397,533
Contributions - employee	1,457,546	1,611,737
Net investment income	8,130,102	6,417,192
Benefit payments, including refunds of employee contributions	(8,816,825)	(9,498,332)
Net plan to plan resource movement	-	-
Administrative expense	(89,280)	(182,534)
Other miscellaneous income/ (expense) ²	291	-
Net change in plan fiduciary net position	4,370,641	2,745,596
Plan fiduciary net position - beginning³	125,108,921	129,479,562
Plan fiduciary net position - ending (b)	\$ 129,479,562	\$ 132,225,158
Plan net pension liability - ending (a) - (b)	\$ 44,842,475	\$ 47,535,861
Plan fiduciary net position as a percentage of the total pension liability	74.28%	73.56%
Covered payroll⁴	\$ 20,102,352	\$ 21,343,226
Plan net pension liability as a percentage of covered payroll	223.07%	222.72%

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, 2021

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, 2021

Last Ten Fiscal Years

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

	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Measurement period		
City Proportion of the Net Pension Liability	0.55899%	0.56472%
City's Proportionate Share of the net Pension Liability	<u>\$ 57,280,320</u>	<u>\$ 61,443,923</u>
City's Covered Payroll	<u>\$ 12,156,428</u>	<u>\$ 12,185,353</u>
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	<u>471.19%</u>	<u>504.24%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>72.58%</u>	<u>72.05%</u>

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

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous 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	2.875%
Investment rate of return	7.25% 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 2015.

The probabilities of mortality are based on the 2014 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.

Mortality

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

Last Ten Fiscal Years

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

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Actuarially determined contribution	\$ 3,688,807	\$ 4,397,533	\$ 4,987,290
Contributions in relation to the actuarially determined contribution ²	<u>(3,688,807)</u>	<u>(4,397,533)</u>	<u>(47,009,824)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,022,534)</u>
Covered payroll ³	<u>\$ 20,102,352</u>	<u>\$ 21,343,226</u>	<u>\$ 21,223,184</u>
Contributions as a percentage of covered payroll ³	18.35%	20.60%	221.50%

⁴ During FY2020-21, the City contributed \$42,022,534 additional funds to CalPERS via proceeds of the 2020 Taxable Pension Obligation Bonds.

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

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Safety 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)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ²	\$ 9,078,779	\$ 9,351,143	\$ 10,491,839	\$ 10,435,515	\$ 11,232,919
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 2019-20 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, 2021

Last Ten Fiscal Years

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

	2018-19 ³	2019-20	2020-21 ^{2 4}
Actuarially determined contribution	\$ 6,617,559	\$ 6,185,808	\$ 8,595,603
Contributions in relation to the actuarially determined contribution ³	(12,677,559)	(6,185,808)	(60,369,859)
Contribution deficiency (excess)	<u>\$ (6,060,000)</u>	<u>\$ -</u>	<u>\$ (51,774,256)</u>
Covered payroll	<u>\$ 12,156,428</u>	<u>\$ 12,490,730</u>	<u>\$ 12,834,225</u>
Contributions as a percentage of covered payroll	104.29%	49.52%	470.38%

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.

⁴ During FY2020-21, the City contributed \$51,774,256 additional funds to CalPERS via proceeds of the 2020 Taxable Pension Obligation Bonds.

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

Last Ten Fiscal Years

Governmental Activities Retiree Healthcare Plan

Measurement period	2016-17 ¹	2017-18	2018-19	2019-20
Total OPEB liability				
Service cost	\$ 2,001,000	\$ 1,619,506	\$ 1,649,332	\$ 1,902,932
Transfers to Sewer	-	(288,000)	-	-
Interest	1,888,000	2,141,404	2,284,925	2,265,606
Changes of benefit terms	-	-	-	-
Changes of assumptions	(7,755,000)	(4,569,074)	3,665,059	10,099,593
Differences between expected and actual experience	-	2,253,827	-	(2,109,370)
Benefit payments, including refunds	(2,162,000)	(2,247,465)	(2,251,080)	(2,075,527)
Other - funding rates used by benefits paid	580,000	-	-	-
Net change in total OPEB liability	(5,448,000)	(1,089,802)	5,348,236	10,083,234
Total OPEB liability - beginning of the year	65,056,000	59,608,000	58,518,198	63,866,434
Total OPEB liability - end of the year (a)	\$ 59,608,000	\$ 58,518,198	\$ 63,866,434	\$ 73,949,668
OPEB fiduciary net position				
Contributions - employer	\$ -	\$ 2,247,465	\$ 2,401,080	\$ 2,075,527
Contributions - employee	-	-	-	-
Net investment income	-	-	1,792	5,361
Benefit payments, including refunds	-	(2,247,465)	(2,251,080)	(2,075,527)
Administrative expense	-	-	(1)	(74)
Other changes	-	-	-	-
Net change in plan fiduciary net position	-	-	151,791	5,287
Plan fiduciary net position - beginning of year	-	-	-	151,791
Plan fiduciary net position - end of year (b)	\$ -	\$ -	\$ 151,791	\$ 157,078
Plan net OPEB liability - end of year (a) - (b)	\$ 59,608,000	\$ 58,518,198	\$ 63,714,643	\$ 73,792,590
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.24%	0.21%
Covered payroll²	\$ 25,500,000	\$ 23,523,270	\$ 24,650,894	\$ 25,558,730
Plan net OPEB liability as a percentage of covered payroll	233.76%	248.77%	258.47%	288.72%

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 2020, the accounting discount rate decreased from 3.50 percent to 2.21 percent. 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 2020.

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

Last Ten Fiscal Years

GTrans Retiree Healthcare Plan

Measurement period	2016-17 ¹	2017-18	2018-19	2019-20
Total OPEB liability				
Service cost	\$ 232,000	\$ 238,960	\$ 291,129	\$ 299,863
Interest	598,000	629,344	661,199	706,976
Changes of benefit terms	-	-	-	-
Changes of assumptions	-	(357,602)	-	117,261
Differences between expected and actual experience	-	301,185	-	(294,459)
Benefit payments, including refunds	(462,000)	(494,701)	(289,528)	(276,271)
Other - funding rates used by benefits paid	190,000	-	-	-
Net change in total OPEB liability	558,000	317,186	662,800	553,370
Total OPEB liability - beginning of year	8,774,000	9,332,000	9,649,186	10,311,986
Total OPEB liability - end of year (a)	\$ 9,332,000	\$ 9,649,186	\$ 10,311,986	\$ 10,865,356
OPEB fiduciary net position				
Contributions - employer	\$ 462,000	\$ 4,516,245	\$ 289,528	\$ 276,271
Contributions - employee	-	-	-	-
Net investment income	-	60,118	251,747	152,987
Benefit payments, including refunds	(462,000)	(494,701)	(289,528)	(276,271)
Administrative expense	-	(505)	(874)	(2,115)
Other changes	-	-	-	-
Net change in plan fiduciary net position	-	4,081,157	250,873	150,872
Plan fiduciary net position - beginning of year	-	-	4,081,157	4,332,030
Plan fiduciary net position - end of year (b)	\$ -	\$ 4,081,157	\$ 4,332,030	\$ 4,482,902
Plan net OPEB liability - end of year (a) - (b)	\$ 9,332,000	\$ 5,568,029	\$ 5,979,956	\$ 6,382,454
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	42.30%	42.01%	41.26%
Covered payroll	\$ 9,759,000	\$ 10,316,000	\$ 9,798,690	\$ 10,811,701
Plan net OPEB liability as a percentage of covered payroll	95.62%	53.97%	61.03%	59.03%

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 2020, the discount rate changed from 6.75 percent to 6.25 percent and the inflation assumption was changed from 2.75 percent per year to 2.50 percent. 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 2020.

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

Last Ten Fiscal Years

Sewer Retiree Healthcare Plan

Measurement period	2016-17	2017-18	2018-19 ¹	2019-20 ¹
Total OPEB liability				
Service cost	\$ -	\$ 16,001	\$ 19,620	\$ 22,199
Transfers from the Governmental Activities	-	288,000	-	-
Interest	-	10,883	11,678	12,351
Changes of benefit terms	-	-	-	-
Changes of assumptions	-	(32,020)	17,238	64,526
Differences between expected and actual experience	-	(709)	-	16,025
Benefit payments, including refunds	-	-	-	-
Other - funding rates used by benefits paid	-	-	-	-
Net change in total OPEB liability	-	282,155	48,536	115,101
Total OPEB liability - beginning of year	-	-	282,155	330,691
Total OPEB liability - end of year (a)	<u>\$ -</u>	<u>\$ 282,155</u>	<u>\$ 330,691</u>	<u>\$ 445,792</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>	<u>\$ -</u>
Plan net OPEB liability - end of year (a) - (b)	<u>\$ -</u>	<u>\$ 282,155</u>	<u>\$ 330,691</u>	<u>\$ 445,792</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered payroll	<u>N/A</u>	<u>\$ 388,821</u>	<u>\$ 482,665</u>	<u>\$ 515,111</u>
Plan net OPEB liability as a percentage of covered payroll	<u>N/A</u>	<u>72.57%</u>	<u>68.51%</u>	<u>86.54%</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 2020, the accounting discount rate decreased from 3.50 percent to 2.21 percent. 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 2020.

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

Last Ten Fiscal Years

Governmental Activities Retiree Healthcare Plan

	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	\$ 5,029,000	N/A	\$ 3,631,000	\$ 3,867,000	\$ 3,941,000
Contributions in relation to the actuarially determined contribution	(2,162,000)	(2,247,465)	(2,557,088)	(2,075,527)	(2,237,985)
Contribution deficiency (excess)	<u>\$ 2,867,000</u>	<u>\$ (2,247,465)</u>	<u>\$ 1,073,912</u>	<u>\$ 1,791,473</u>	<u>\$ 1,703,015</u>
Covered payroll	N/A	\$ 23,523,270	\$ 24,650,894	\$ 25,558,730	\$ 22,948,265
Contributions as a percentage of covered payroll	N/A	N/A	10.37%	8.12%	9.75%

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 2020-21 were derived from the June 30, 2019 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	6.25%
General inflation	2.50%
Medical trend	Non-Medicare - 6.75% for 2021, decreasing to an ultimate rate of 3.75% in 2076. Medicare - 5.85% for 2021, decreasing to an ultimate rate of 3.75% in 2076.
Mortality	CalPERS 1997-2015 experience study.
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2020.

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

Last Ten Fiscal Years

GTrans Retiree Healthcare Plan

	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	\$ 848,000	\$ 785,000	\$ 721,000	\$ 776,000	\$ 848,000
Contributions in relation to the actuarially determined contribution	(462,000)	(4,516,544)	(532,056)	(276,271)	(272,358)
Contribution deficiency (excess)	<u>\$ 386,000</u>	<u>\$ (3,731,544)</u>	<u>\$ 188,944</u>	<u>\$ 499,729</u>	<u>\$ 575,642</u>
Covered payroll	\$ 9,759,000	\$ 10,316,000	\$ 9,798,690	\$ 10,811,701	\$ 8,791,518
Contributions as a percentage of covered payroll	4.73%	43.78%	5.43%	2.56%	3.10%

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 2020-21 were derived from the June 30, 2019 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	6.25%
General inflation	2.50%
Medical trend	Non-Medicare - 6.75% for 2021, decreasing to an ultimate rate of 3.75% in 2076. Medicare - 5.85% for 2021, decreasing to an ultimate rate of 3.75% in 2076.
Mortality	CalPERS 1997-2015 experience study.
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2020.

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

Last Ten Fiscal Years

Sewer Retiree Healthcare Plan

	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	\$ -	\$ -	\$ 25,000	\$ 26,000	\$ 46,000
Contributions in relation to the actuarially determined contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 26,000</u>	<u>\$ 46,000</u>
Covered payroll	N/A	\$ 388,821	\$ 482,665	\$ 515,111	\$ 497,972
Contributions as a percentage of covered payroll	N/A	N/A	0.00%	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 2020-21 were derived from the June 30, 2019 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	6.25%
General inflation	2.50%
Medical trend	Non-Medicare - 6.75% for 2021, decreasing to an ultimate rate of 3.75% in 2076. Medicare - 5.85% for 2021, decreasing to an ultimate rate of 3.75% in 2076.
Mortality	CalPERS 1997-2015 experience study.
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2020.

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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SUPPLEMENTARY INFORMATION

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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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 Resecrans 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, 2021

	Special Revenue Funds				
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture	Public Safety Grants
ASSETS					
Cash and investments	\$ 550,335	\$ 2,897,734	\$ 2,059,846	\$ 793,425	\$ 389,756
Receivables:					
Accounts	-	-	177,565	-	820,256
Taxes	15,475	-	-	-	-
Prepaid items and deposits	-	-	4,842	-	13,567
Due from other governmental agencies	-	-	-	-	14,353
Total assets	\$ 565,810	\$ 2,897,734	\$ 2,242,253	\$ 793,425	\$ 1,237,932
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 6,588	\$ -	\$ 74,816	\$ 18,883	\$ 19,129
Accrued liabilities	-	-	-	1,533	2,032
Salaries and benefits payable	-	1,332	3,828	-	2,611
Due to other funds	-	-	-	-	809,328
Retention payable	-	-	-	-	-
Total liabilities	6,588	1,332	78,644	20,416	833,100
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	820,256
Total deferred inflows of resources	-	-	-	-	820,256
Fund Balances:					
Nonspendable	-	-	4,842	-	13,567
Restricted	559,222	2,896,402	2,158,767	773,009	-
Unassigned (deficit)	-	-	-	-	(428,991)
Total fund balances	559,222	2,896,402	2,163,609	773,009	(415,424)
Total liabilities, deferred inflows of resources, and fund balances	\$ 565,810	\$ 2,897,734	\$ 2,242,253	\$ 793,425	\$ 1,237,932

(Continued)

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

	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	\$ 3,654,242	\$ 326,509	\$ 27,837	\$ 1,339,317	\$ 12,039,001
Receivables:					
Accounts	-	56,715	980,479	-	2,035,015
Taxes	14	-	-	-	15,489
Prepaid items and deposits	30,221	2,860	-	-	51,490
Due from other governmental agencies	188,199	308,359	-	-	510,911
Total assets	\$ 3,872,676	\$ 694,443	\$ 1,008,316	\$ 1,339,317	\$ 14,651,906
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 44,339	\$ 229,906	\$ 17,966	\$ 955,292	1,366,919
Accrued liabilities	-	654	-	-	4,219
Salaries and benefits payable	3,190	47,198	17,783	-	75,942
Due to other funds	159,662	310,240	862,406	-	2,141,636
Retention payable	-	-	-	82,128	82,128
Total liabilities	207,191	587,998	898,155	1,037,420	3,670,844
Deferred inflows of resources:					
Unavailable revenue	167,437	15,400	979,262	-	1,982,355
Total deferred inflows of resources	167,437	15,400	979,262	-	1,982,355
Fund Balances:					
Nonspendable	30,221	2,860	-	-	51,490
Restricted	3,467,827	88,185	-	301,897	10,245,309
Unassigned (deficit)	-	-	(869,101)	-	(1,298,092)
Total fund balances	3,498,048	91,045	(869,101)	301,897	8,998,707
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,872,676	\$ 694,443	\$ 1,008,316	\$ 1,339,317	\$ 14,651,906

(Concluded)

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

	Special Revenue Funds				
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture	Public Safety Grants
REVENUES:					
Taxes	\$ 733,267	\$ 1,018,725	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,487,339	-	335,112
Fines, forfeitures, and penalties	-	-	-	-	20,504
Use of money and property	4,124	20,389	24,579	6,109	2,705
Miscellaneous	-	-	(23,197)	-	-
Total revenues	<u>737,391</u>	<u>1,039,114</u>	<u>2,488,721</u>	<u>6,109</u>	<u>358,321</u>
EXPENDITURES:					
Current:					
General government	-	-	13,246	-	314,317
Public safety	-	-	-	48,733	175,434
Public works	675,154	22,040	385,879	-	4,440
Recreation and human services	-	-	-	-	8,870
Community development	-	-	-	-	675
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	14,296	-	-	-	-
Total expenditures	<u>689,450</u>	<u>22,040</u>	<u>399,125</u>	<u>48,733</u>	<u>503,736</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>47,941</u>	<u>1,017,074</u>	<u>2,089,596</u>	<u>(42,624)</u>	<u>(145,415)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(47,003)	(574,079)	(2,699,452)	-	(481,708)
Total other financing sources (uses)	<u>(47,003)</u>	<u>(574,079)</u>	<u>(2,699,452)</u>	<u>-</u>	<u>(481,708)</u>
NET CHANGES IN FUND BALANCES	938	442,995	(609,856)	(42,624)	(627,123)
FUND BALANCES:					
Beginning of year	558,284	2,453,407	2,773,465	815,633	211,699
End of year	<u>\$ 559,222</u>	<u>\$ 2,896,402</u>	<u>\$ 2,163,609</u>	<u>\$ 773,009</u>	<u>\$ (415,424)</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, 2021

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Public Works Grants	Human Services Grants	Community Development Block Grant (CDBG)	City Capital Projects	
REVENUES:					
Taxes	\$ 1,733,190	\$ -	\$ -	\$ -	\$ 3,485,182
Intergovernmental	879,535	3,490,673	191,054	-	7,383,713
Fines, forfeitures, and penalties	-	-	-	-	20,504
Use of money and property	23,983	3,283	325	-	85,497
Miscellaneous	-	71,509	-	-	48,312
Total revenues	<u>2,636,708</u>	<u>3,565,465</u>	<u>191,379</u>	<u>-</u>	<u>11,023,208</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	327,563
Public safety	-	-	-	-	224,167
Public works	228,647	-	-	-	1,316,160
Recreation and human services	6,831	3,728,798	-	-	3,744,499
Community development	-	15,400	979,262	-	995,337
Capital outlay	125,203	-	-	3,071,794	3,196,997
Debt service:					
Principal retirement	-	-	-	-	14,296
Total expenditures	<u>360,681</u>	<u>3,744,198</u>	<u>979,262</u>	<u>3,071,794</u>	<u>9,819,019</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,276,027</u>	<u>(178,733)</u>	<u>(787,883)</u>	<u>(3,071,794)</u>	<u>1,204,189</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	135,770	-	3,077,779	3,213,549
Transfers out	(1,447,703)	-	-	-	(5,249,945)
Total other financing sources (uses)	<u>(1,447,703)</u>	<u>135,770</u>	<u>-</u>	<u>3,077,779</u>	<u>(2,036,396)</u>
NET CHANGES IN FUND BALANCES	828,324	(42,963)	(787,883)	5,985	(832,207)
FUND BALANCES:					
Beginning of year	2,669,724	134,008	(81,218)	295,912	9,830,914
End of year	<u>\$ 3,498,048</u>	<u>\$ 91,045</u>	<u>\$ (869,101)</u>	<u>\$ 301,897</u>	<u>\$ 8,998,707</u>

(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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 771,125	\$ 771,125	\$ 733,267	\$ (37,858)
Use of money and property	2,501	2,501	4,124	1,623
Total revenues	<u>773,626</u>	<u>773,626</u>	<u>737,391</u>	<u>(36,235)</u>
EXPENDITURES:				
Current:				
Public works	708,120	708,120	675,154	32,966
Debt service:				
Principal retirement	26,654	26,654	14,296	12,358
Total expenditures	<u>734,774</u>	<u>734,774</u>	<u>689,450</u>	<u>45,324</u>
EXCESS OF REVENUES OVER EXPENDITURES	38,852	38,852	47,941	9,089
OTHER FINANCING USES:				
Transfers out	(25,000)	(25,000)	(47,003)	(22,003)
Total other financing uses	<u>(25,000)</u>	<u>(25,000)</u>	<u>(47,003)</u>	<u>(22,003)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 13,852</u>	<u>\$ 13,852</u>	938	<u>\$ (12,914)</u>
FUND BALANCE:				
Beginning of year			558,284	
End of year			<u>\$ 559,222</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 853,778	\$ 853,778	\$ 1,018,725	\$ 164,947
Use of money and property	20,000	20,000	20,389	389
Total revenues	<u>873,778</u>	<u>873,778</u>	<u>1,039,114</u>	<u>165,336</u>
EXPENDITURES:				
Current:				
Public works	20,311	20,311	22,040	(1,729)
Total expenditures	<u>20,311</u>	<u>20,311</u>	<u>22,040</u>	<u>(1,729)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>853,467</u>	<u>853,467</u>	<u>1,017,074</u>	<u>163,607</u>
OTHER FINANCING USES:				
Transfers out	(3,195,203)	(3,195,203)	(574,079)	2,621,124
Total other financing uses	<u>(3,195,203)</u>	<u>(3,195,203)</u>	<u>(574,079)</u>	<u>2,621,124</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,341,736)</u>	<u>\$ (2,341,736)</u>	442,995	<u>\$ 2,784,731</u>
FUND BALANCE:				
Beginning of year			2,453,407	
End of year			<u>\$ 2,896,402</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 2,178,363	\$ 2,178,363	\$ 2,487,339	\$ 308,976
Use of money and property	22,500	22,500	24,579	2,079
Miscellaneous	-	-	(23,197)	(23,197)
Total revenues	<u>2,200,863</u>	<u>2,200,863</u>	<u>2,488,721</u>	<u>287,858</u>
EXPENDITURES:				
Current:				
General government	14,714	14,714	13,246	1,468
Public works	245,522	245,522	385,879	(140,357)
Total expenditures	<u>260,236</u>	<u>260,236</u>	<u>399,125</u>	<u>(138,889)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,940,627</u>	<u>1,940,627</u>	<u>2,089,596</u>	<u>148,969</u>
OTHER FINANCING USES:				
Transfers out	(3,272,000)	(3,272,000)	(2,699,452)	572,548
Total other financing uses	<u>(3,272,000)</u>	<u>(3,272,000)</u>	<u>(2,699,452)</u>	<u>572,548</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,331,373)</u>	<u>\$ (1,331,373)</u>	<u>(609,856)</u>	<u>\$ 721,517</u>
FUND BALANCE:				
Beginning of year			2,773,465	
End of year			<u>\$ 2,163,609</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 6,109	\$ 6,109
Total revenues	<u>-</u>	<u>-</u>	<u>6,109</u>	<u>6,109</u>
EXPENDITURES:				
Current:				
Public safety	<u>-</u>	<u>-</u>	<u>48,733</u>	<u>(48,733)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(42,624)</u>	<u>(42,624)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(42,624)</u>	<u><u>\$ (42,624)</u></u>
FUND BALANCE:				
Beginning of year			<u>815,633</u>	
End of year			<u><u>\$ 773,009</u></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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 299,112	\$ 299,112	\$ 335,112	\$ 36,000
Fines, forfeitures, and penalties	75,000	75,000	20,504	(54,496)
Use of money and property	1,500	1,500	2,705	1,205
Total revenues	<u>375,612</u>	<u>375,612</u>	<u>358,321</u>	<u>(17,291)</u>
EXPENDITURES:				
Current:				
General government	-	-	314,317	(314,317)
Public safety	300,112	300,112	175,434	124,678
Public works	-	-	4,440	(4,440)
Recreation and human services	-	-	8,870	(8,870)
Community development	-	-	675	(675)
Total expenditures	<u>300,112</u>	<u>300,112</u>	<u>503,736</u>	<u>(203,624)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>75,500</u>	<u>75,500</u>	<u>(145,415)</u>	<u>(220,915)</u>
OTHER FINANCING USES:				
Transfers out	<u>(85,000)</u>	<u>(85,000)</u>	<u>(481,708)</u>	<u>(396,708)</u>
Total other financing uses	<u>(85,000)</u>	<u>(85,000)</u>	<u>(481,708)</u>	<u>(396,708)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>	<u>(627,123)</u>	<u>\$ (617,623)</u>
FUND BALANCE:				
Beginning of year			<u>211,699</u>	
End of year			<u>\$ (415,424)</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,675,173	\$ 1,675,173	\$ 1,733,190	\$ 58,017
Intergovernmental	3,657,800	3,657,800	879,535	(2,778,265)
Use of money and property	18,100	18,100	23,983	5,883
Total revenues	<u>5,351,073</u>	<u>5,351,073</u>	<u>2,636,708</u>	<u>(2,714,365)</u>
EXPENDITURES:				
Current:				
Public works	722,971	722,971	228,647	494,324
Recreation and human services	-	-	6,831	(6,831)
Capital outlay	77,000	77,000	125,203	(48,203)
Total expenditures	<u>799,971</u>	<u>799,971</u>	<u>360,681</u>	<u>439,290</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,551,102</u>	<u>4,551,102</u>	<u>2,276,027</u>	<u>(2,275,075)</u>
OTHER FINANCING USES:				
Transfers out	(6,203,300)	(6,203,300)	(1,447,703)	4,755,597
Total other financing uses	<u>(6,203,300)</u>	<u>(6,203,300)</u>	<u>(1,447,703)</u>	<u>4,755,597</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,652,198)</u>	<u>\$ (1,652,198)</u>	828,324	<u>\$ 2,480,522</u>
FUND BALANCE:				
Beginning of year			2,669,724	
End of year			<u>\$ 3,498,048</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 3,568,170	\$ 3,568,170	\$ 3,490,673	\$ (77,497)
Use of money and property	4,000	4,000	3,283	(717)
Miscellaneous	97,500	97,500	71,509	(25,991)
Total revenues	<u>3,669,670</u>	<u>3,669,670</u>	<u>3,565,465</u>	<u>(104,205)</u>
EXPENDITURES:				
Current:				
Recreation and human services	3,446,078	3,446,078	3,728,798	(282,720)
Community development	300,000	300,000	15,400	284,600
Total expenditures	<u>3,746,078</u>	<u>3,746,078</u>	<u>3,744,198</u>	<u>1,880</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(76,408)</u>	<u>(76,408)</u>	<u>(178,733)</u>	<u>(102,325)</u>
OTHER FINANCING SOURCES:				
Transfers in	81,408	81,408	135,770	54,362
Total other financing sources	<u>81,408</u>	<u>81,408</u>	<u>135,770</u>	<u>54,362</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>(42,963)</u>	<u>\$ (47,963)</u>
FUND BALANCE:				
Beginning of year			<u>134,008</u>	
End of year			<u>\$ 91,045</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 1,161,275	\$ 1,161,275	\$ 191,054	\$ (970,221)
Use of money and property	-	-	325	325
Total revenues	<u>1,161,275</u>	<u>1,161,275</u>	<u>191,379</u>	<u>(969,896)</u>
EXPENDITURES:				
Current:				
Community development	<u>1,104,572</u>	<u>1,104,572</u>	<u>979,262</u>	<u>125,310</u>
Total expenditures	<u>1,104,572</u>	<u>1,104,572</u>	<u>979,262</u>	<u>125,310</u>
NET CHANGE IN FUND BALANCE	<u>\$ 56,703</u>	<u>\$ 56,703</u>	<u>(787,883)</u>	<u>\$ (844,586)</u>
FUND BALANCE:				
Beginning of year			<u>(81,218)</u>	
End of year			<u>\$ (869,101)</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Capital outlay	\$ 13,769,906	\$ 13,769,906	\$ 3,071,794	\$ 10,698,112
Total expenditures	<u>13,769,906</u>	<u>13,769,906</u>	<u>3,071,794</u>	<u>10,698,112</u>
OTHER FINANCING SOURCES:				
Transfers in	13,740,053	13,740,053	3,077,779	(10,662,274)
Total other financing sources	<u>13,740,053</u>	<u>13,740,053</u>	<u>3,077,779</u>	<u>(10,662,274)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 29,853</u>	<u>\$ 29,853</u>	5,985	<u>\$ 29,853</u>
FUND BALANCE:				
Beginning of year			<u>295,912</u>	
End of year			<u>\$ 301,897</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.

2020 Taxable Pension Obligation Bonds Fund - To account for the accumulated funds for the payment of interest and principal for the pension obligation bonds issued in 2020.

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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City of Gardena
Combining Statement of Net Position
All Debt Service Funds
June 30, 2021

	2006 Refunding COPs, Series A	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	2017 Lease Financing Bonds	2020 Taxable Pension Obligation Bonds	Total
ASSETS						
Cash and investments with fiscal agents	\$ 1,753,983	\$ 216,487	\$ 4	\$ -	\$ -	\$ 1,970,474
Prepaid items and deposits	-	1,090	1,102	288,746	-	290,938
Total assets	<u>\$ 1,753,983</u>	<u>\$ 217,577</u>	<u>\$ 1,106</u>	<u>\$ 288,746</u>	<u>\$ -</u>	<u>\$ 2,261,412</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued liabilities	\$ 221	\$ -	\$ -	\$ -	\$ -	\$ 221
Due to other funds	-	-	-	288,746	-	288,746
Total liabilities	<u>221</u>	<u>-</u>	<u>-</u>	<u>288,746</u>	<u>-</u>	<u>288,967</u>
Fund Balances:						
Nonspendable	-	1,090	1,102	-	-	290,938
Restricted	1,753,762	216,487	4	-	-	1,681,507
Unassigned	-	-	-	-	-	-
Total fund balances	<u>1,753,762</u>	<u>217,577</u>	<u>1,106</u>	<u>-</u>	<u>-</u>	<u>1,972,445</u>
Total liabilities and fund balances	<u>\$ 1,753,983</u>	<u>\$ 217,577</u>	<u>\$ 1,106</u>	<u>\$ 288,746</u>	<u>\$ -</u>	<u>\$ 2,261,412</u>

City of Gardena
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
All Debt Service Funds
For the Year Ended June 30, 2021

	2006 Refunding COPs, Series A	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	2017 Lease Financing Bonds	2020 Taxable Pension Obligation Bonds	Total
REVENUES:						
Use of money and property	\$ 23,906	\$ 19	\$ 2	\$ -	\$ 746	\$ 24,673
Miscellaneous	-	-	-	-	993,641	993,641
Total revenues	23,906	19	2	-	994,387	1,018,314
EXPENDITURES:						
Debt service:						
Principal retirement	550,000	110,000	60,000	275,000	163,862	1,158,862
Interest and fiscal charges	476,588	79,799	445,949	20,338	830,525	1,853,199
Total expenditures	1,026,588	189,799	505,949	295,338	994,387	3,012,061
REVENUES OVER (UNDER) EXPENDITURES	(1,002,682)	(189,780)	(505,947)	(295,338)	-	(1,993,747)
OTHER FINANCING SOURCES (USES):						
Transfers in	980,911	186,944	505,949	295,338	-	1,969,142
Proceeds from debt issuance	-	-	-	-	79,193,585	79,193,585
Costs of bond issuance	-	-	-	-	(462,321)	(462,321)
Contribution to pension trust	-	-	-	-	(78,731,264)	(78,731,264)
Total other financing sources	980,911	186,944	505,949	295,338	-	1,969,142
CHANGES IN FUND BALANCES	(21,771)	(2,836)	2	-	-	(24,605)
NET POSITION:						
Beginning of the year	1,775,533	220,413	1,104	-	-	1,997,050
End of the year	<u>\$ 1,753,762</u>	<u>\$ 217,577</u>	<u>\$ 1,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,972,445</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 23,906	\$ 23,906
Total revenues	<u>-</u>	<u>-</u>	<u>23,906</u>	<u>23,906</u>
EXPENDITURES:				
Debt Service:				
Principal retirement	550,000	550,000	550,000	-
Interest and fiscal charges	476,145	476,145	476,588	(443)
Total expenditures	<u>1,026,145</u>	<u>1,026,145</u>	<u>1,026,588</u>	<u>(443)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,026,145)</u>	<u>(1,026,145)</u>	<u>(1,002,682)</u>	<u>23,463</u>
OTHER FINANCING SOURCES:				
Transfers in	1,026,145	1,026,145	980,911	(45,234)
Total other financing sources	<u>1,026,145</u>	<u>1,026,145</u>	<u>980,911</u>	<u>(45,234)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(21,771)</u>	<u>\$ (21,771)</u>
FUND BALANCE:				
Beginning of year			<u>1,775,533</u>	
End of year			<u>\$ 1,753,762</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 19	\$ 19
Total revenues	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>
EXPENDITURES:				
Debt Service:				
Principal retirement	110,000	110,000	110,000	-
Interest and fiscal charges	<u>79,825</u>	<u>79,825</u>	<u>79,799</u>	<u>26</u>
Total expenditures	<u>189,825</u>	<u>189,825</u>	<u>189,799</u>	<u>26</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(189,825)</u>	<u>(189,825)</u>	<u>(189,780)</u>	<u>45</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>189,825</u>	<u>189,825</u>	<u>186,944</u>	<u>(2,881)</u>
Total other financing sources	<u>189,825</u>	<u>189,825</u>	<u>186,944</u>	<u>(2,881)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(2,836)</u>	<u>\$ (2,836)</u>
FUND BALANCE:				
Beginning of year			<u>220,413</u>	
End of year			<u>\$ 217,577</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2	\$ 2
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
EXPENDITURES:				
Debt Service:				
Principal retirement	60,000	60,000	60,000	-
Interest and fiscal charges	445,949	445,949	445,949	-
Total expenditures	<u>505,949</u>	<u>505,949</u>	<u>505,949</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(505,949)</u>	<u>(505,949)</u>	<u>(505,947)</u>	<u>2</u>
OTHER FINANCING SOURCES:				
Transfers in	505,949	505,949	505,949	-
Total other financing sources	<u>505,949</u>	<u>505,949</u>	<u>505,949</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>
FUND BALANCE:				
Beginning of year			<u>1,104</u>	
End of year			<u>\$ 1,106</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Debt Service:				
Principal retirement	\$ 275,000	\$ 275,000	\$ 275,000	\$ -
Interest and fiscal charges	20,338	20,338	20,338	-
Total expenditures	<u>295,338</u>	<u>295,338</u>	<u>295,338</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfers in	295,338	295,338	295,338	-
Total other financing sources	<u>295,338</u>	<u>295,338</u>	<u>295,338</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2020 Taxable Pension Obligation Bonds Debt Service Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 746	\$ 746
Miscellaneous	-	-	993,641	993,641
Total revenues	-	-	994,387	994,387
EXPENDITURES:				
Debt Service:				
Principal retirement	-	-	163,862	(163,862)
Interest and fiscal charges	-	-	830,525	(830,525)
Total expenditures	-	-	994,387	(994,387)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES:				
Transfers in	-	-	-	-
Proceeds from debt issuance	-	-	79,193,585	79,193,585
Costs of bond issuance	-	-	(462,321)	(462,321)
Contribution to pension trust	-	-	(78,731,264)	(78,731,264)
Total other financing sources	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of year			-	
End of year			\$ -	

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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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

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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City of Gardena
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Liability Insurance	Workers' Compensation	Health Benefit	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 1,157,805	\$ 1,402,011	\$ 4,312,040	\$ 6,871,856
Accounts receivables	5,155	-	1,482	6,637
Prepaid items and deposits	310	2,146	360,845	363,301
Total current assets	<u>1,163,270</u>	<u>1,404,157</u>	<u>4,674,367</u>	<u>7,241,794</u>
Total assets	<u>1,163,270</u>	<u>1,404,157</u>	<u>4,674,367</u>	<u>7,241,794</u>
LIABILITIES				
Current liabilities:				
Accounts payable	234,790	1,682	1,824	238,296
Accrued liabilities	221,826	12,533	825	235,184
Deposits payable	-	-	-	-
Claims payable - due within one year	482,332	7,221,321	685,988	8,389,641
Total current liabilities	<u>938,948</u>	<u>7,235,536</u>	<u>688,637</u>	<u>8,863,121</u>
Noncurrent liabilities:				
Claims payable - due in more than one year	770,568	1,444,265	-	2,214,833
Total noncurrent liabilities	<u>770,568</u>	<u>1,444,265</u>	<u>-</u>	<u>2,214,833</u>
Total liabilities	<u>1,709,516</u>	<u>8,679,801</u>	<u>688,637</u>	<u>11,077,954</u>
NET POSITION				
Unrestricted (deficit)	(546,246)	(7,275,644)	3,985,730	(3,836,160)
Total net position	<u>\$ (546,246)</u>	<u>\$ (7,275,644)</u>	<u>\$ 3,985,730</u>	<u>\$ (3,836,160)</u>

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

	Liability Insurance	Workers' Compensation	Health Benefit	Total
OPERATING REVENUES:				
Charges for services	\$ 1,017,054	\$ 1,005,827	\$ 8,385,333	\$ 10,408,214
Other	46,593	1,274	397,212	445,079
Insurance recovery	(77,598)	-	-	(77,598)
Total operating revenues	<u>986,049</u>	<u>1,007,101</u>	<u>8,782,545</u>	<u>10,775,695</u>
OPERATING EXPENSES:				
Insurance claims	1,101,909	2,710,616	2,450,818	6,263,343
General and administrative	681,897	415,761	4,504,598	5,602,256
Other operating expenses	34,313	34,701	104,162	173,176
Total operating expenses	<u>1,818,119</u>	<u>3,161,078</u>	<u>7,059,578</u>	<u>12,038,775</u>
OPERATING INCOME (LOSS)	<u>(832,070)</u>	<u>(2,153,977)</u>	<u>1,722,967</u>	<u>(1,263,080)</u>
NONOPERATING REVENUES:				
Interest income	-	7,947	44,780	52,727
Total nonoperating revenues	<u>-</u>	<u>7,947</u>	<u>44,780</u>	<u>52,727</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(832,070)</u>	<u>(2,146,030)</u>	<u>1,767,747</u>	<u>(1,210,353)</u>
TRANSFERS:				
Transfers in	2,682,989	818,521	-	3,501,510
Transfers out	-	-	(1,901,510)	(1,901,510)
Total transfers	<u>2,682,989</u>	<u>818,521</u>	<u>(1,901,510)</u>	<u>1,600,000</u>
CHANGES IN NET POSITION	<u>1,850,919</u>	<u>(1,327,509)</u>	<u>(133,763)</u>	<u>389,647</u>
NET POSITION:				
Beginning of year	<u>(2,397,165)</u>	<u>(5,948,135)</u>	<u>4,119,493</u>	<u>(4,225,807)</u>
End of year	<u>\$ (546,246)</u>	<u>\$ (7,275,644)</u>	<u>\$ 3,985,730</u>	<u>\$ (3,836,160)</u>

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

	Liability Insurance	Workers' Compensation	Health Benefit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from users	\$ 1,019,298	\$ 1,005,827	\$ 8,427,395	\$ 10,452,520
Receipts from claims recoveries	46,593	1,274	397,212	445,079
Payments for insurance claims	(1,101,909)	(1,544,625)	(2,502,536)	(5,149,070)
Payments to suppliers	(1,489,166)	(450,139)	(5,263,728)	(7,203,033)
Net cash provided by (used in) operating activities	(1,525,184)	(987,663)	1,058,343	(1,454,504)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	2,682,989	818,521	-	3,501,510
Transfers to other funds	-	-	(1,901,510)	(1,901,510)
Net cash provided by (used in) noncapital financing activities	2,682,989	818,521	(1,901,510)	1,600,000
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	-	7,947	44,780	52,727
Net cash provided by investing activities	-	7,947	44,780	52,727
Net change in cash and cash equivalents	1,157,805	(161,195)	(798,387)	198,223
CASH AND CASH EQUIVALENTS:				
Beginning of year	-	1,563,206	5,110,427	6,673,633
End of year	<u>\$ 1,157,805</u>	<u>\$ 1,402,011</u>	<u>\$ 4,312,040</u>	<u>\$ 6,871,856</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (832,070)	\$ (2,153,977)	\$ 1,722,967	\$ (1,263,080)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase)decrease in accounts receivable	2,244	-	42,062	44,306
(Increase)decrease in prepaid items and deposits	(310)	-	(360,845)	(361,155)
Increase (decrease) in accounts payable	62,627	1,678	(109,828)	(45,523)
Increase (decrease) in accrued liabilities	(835,273)	(1,355)	(168,600)	(1,005,228)
Increase (decrease) in deposits payable	-	-	(15,695)	(15,695)
Increase (decrease) in claims payable	77,598	1,165,991	(51,718)	1,191,871
Total adjustment	(693,114)	1,166,314	(664,624)	(191,424)
Net cash provided by (used in) operating activities	\$ (1,525,184)	\$ (987,663)	\$ 1,058,343	\$ (1,454,504)

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2021*



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STATISTICAL SECTION

Fiscal Year 2020-21



STATISTICAL SECTION

Fiscal Year 2020-21



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CITY OF GARDENA STATISTICAL SECTION

Fiscal Year 2020-21



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 health.

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City of Gardena
Net Position by Component⁽¹⁾
Last Ten Fiscal Years Ended June 30, 2021
(accrual basis of accounting)

	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18 ⁽²⁾	2016-17
Governmental Activities					
Net Investment in Capital Assets	\$28,550,313	\$30,055,713	\$47,404,733	\$27,748,135	\$28,138,906
Restricted for:					
Debt Service	1,681,507	1,708,162	1,669,313	1,916,945	1,924,432
Employment and Training Services	-	-	-	5,287	43,611
Law Enforcement	1,593,265	1,080,052	1,344,114	921,976	914,062
Local Street Improvements	9,329,940	7,956,523	7,130,678	6,060,770	6,205,701
Economic Development	5,783,794	4,393,701	5,306,507	6,006,024	1,986,202
Capital Projects	273,887	273,887	295,912	571,089	295,912
Other Purposes	662,807	689,290	657,424	633,275	651,830
Specific Projects and Programs	-	-	-	-	-
Total Restricted:	19,325,200	16,101,615	16,403,948	16,115,366	12,021,750
Unrestricted ⁽²⁾	(114,185,399)	(126,640,099)	(131,787,090)	(107,886,487)	(99,400,392)
Total governmental activities net position	(\$66,309,886)	(\$80,482,771)	(\$67,978,409)	(\$64,022,986)	(\$59,239,736)
Business-type Activities					
Net Investment in Capital Assets	\$60,014,796	\$50,474,813	\$53,054,448	\$56,261,253	\$60,150,166
Unrestricted ⁽²⁾	(34,052,901)	(32,350,671)	(29,646,082)	(27,969,730)	(27,390,162)
Total business-type activities net position	\$25,961,895	\$18,124,142	\$23,408,366	\$28,291,523	\$32,760,004
Primary Government					
Net Investment in Capital Assets	\$88,565,109	\$80,530,526	\$100,459,181	\$84,009,388	\$88,289,072
Restricted	19,325,200	16,101,615	16,403,948	16,115,366	12,021,750
Unrestricted ⁽²⁾	(148,238,300)	(158,990,770)	(161,433,172)	(135,817,893)	(126,790,554)
Total Primary Government Net Position:	(\$40,347,991)	(\$62,358,629)	(\$44,570,043)	(\$35,693,139)	(\$26,479,732)

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, 2021
(accrual basis of accounting)

	Fiscal Year				
	2015-16	2014-15	2013-14	2012-13	2011-12
Governmental Activities					
Net Investment in Capital Assets	\$27,897,717	\$26,430,711	\$21,675,303	\$22,478,931	\$20,538,595
Restricted for:					
Debt Service	2,679,363	2,965,697	3,471,506	3,458,249	3,453,941
Employment and Training Services	164,116	300,190	397,593	537,583	-
Law Enforcement	1,251,314	1,701,810	2,186,672	2,203,648	-
Local Street Improvements	7,072,378	7,930,518	7,049,906	6,020,275	-
Local Street Improvements	2,394,395	2,292,714	-	-	-
Economic Development	301,546	-	-	2,679,485	-
Other Purposes	289,859	447,605	478,453	389,852	-
Specific Projects and Programs	-	-	-	-	11,210,794
Total Restricted:	14,152,971	15,638,534	13,584,130	15,289,092	14,664,735
Unrestricted	(60,913,888)	(67,531,463)	(64,355,607)	(3,568,866)	1,878,408
Total governmental activities net position	<u>(18,863,200)</u>	<u>(\$25,462,218)</u>	<u>(\$29,096,174)</u>	<u>\$34,199,157</u>	<u>\$37,081,738</u>
Business-type Activities					
Net Investment in Capital Assets	\$62,151,750	\$67,684,810	\$70,809,060	\$75,906,094	\$79,771,551
Unrestricted	(21,068,543)	(18,107,410)	(15,654,544)	(1,617,195)	(724,993)
Total business-type activities net position	<u>\$41,083,207</u>	<u>\$49,577,400</u>	<u>\$55,154,516</u>	<u>\$74,288,899</u>	<u>\$79,046,558</u>
Primary Government					
Net Investment in Capital Assets	\$90,049,467	\$94,115,521	\$92,484,363	\$98,385,025	\$100,310,146
Restricted	14,152,971	15,638,534	13,584,130	15,289,092	14,664,735
Unrestricted	(81,982,431)	(85,638,873)	(79,990,151)	(5,186,061)	1,153,415
Total Primary Government Net Position:	<u>\$22,220,007</u>	<u>\$24,115,182</u>	<u>\$26,078,342</u>	<u>\$108,488,056</u>	<u>\$116,128,296</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, 2021
(accrual basis of accounting)

	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
Expenses					
Governmental Activities					
General Government	\$ 7,807,099	\$ 7,383,173	\$ 8,609,254	\$ 6,177,468	\$ 5,848,247
Public Safety	47,363,640	47,760,821	43,617,238	41,420,762	38,700,824
Public Works	8,516,393	10,958,845	11,717,321	7,120,106	6,956,766
Recreation and Human Services	6,766,739	6,600,989	6,395,004	9,742,993	9,154,921
Community Development	2,986,934	2,692,644	2,662,554	2,938,656	2,796,216
Interest and fiscal charges	2,532,013	1,156,041	1,191,118	1,241,054	1,382,078
Total governmental activities expenses:	75,972,818	76,552,513	74,192,489	68,641,039	64,839,052
Business-type Activities					
GTrans	29,535,221	31,024,629	28,646,739	27,804,739	28,195,640
Sewer	1,190,734	1,651,788	1,512,189	1,432,695	1,760,303
Total business-type activities expenses:	30,725,955	32,676,417	30,158,928	29,237,434	29,955,943
Total primary government expenses:	\$ 106,698,773	\$ 109,228,930	\$ 104,351,417	\$ 97,878,473	\$ 94,794,995
Program Revenues					
Governmental Activities					
Charges for services:					
General Government	\$ 5,333,187	\$ 4,072,004	\$ 4,107,289	\$ 3,864,795	\$ 3,504,735
Public Safety	1,240,360	1,338,121	1,862,764	1,312,945	1,422,001
Public Works	378,834	351,732	351,463	418,667	615,289
Recreation and Human Services	2,750,536	3,801,562	2,962,339	2,685,240	2,979,625
Community Development	2,499,553	2,246,297	1,687,652	1,724,501	1,771,754
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	14,663,306	3,351,864	3,142,207	3,719,048	2,048,938
Capital Grants and Contributions	3,017,989	1,621,611	2,037,030	2,002,799	1,268,576
Total governmental activities program revenues:	29,883,765	16,783,191	16,150,744	15,727,995	13,610,918
Business-type Activities					
Charges for services:					
GTrans	135,875	1,766,952	2,382,758	2,459,105	2,482,516
Sewer	2,685,365	2,323,753	2,016,346	1,790,296	954,552
Grants and Contributions	35,581,340	23,240,186	21,699,529	20,431,399	20,582,496
Total business-type activities program revenues:	38,402,580	27,330,891	26,098,633	24,680,800	24,019,564
Total primary government revenues:	\$ 68,286,345	\$ 44,114,082	\$ 42,249,377	\$ 40,408,795	\$ 37,630,482

City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2021
(accrual basis of accounting)

	Fiscal Year				
	2015-16	2014-15	2013-14	2012-13	2011-12
Expenses					
Governmental Activities					
General Government	\$ 5,730,664	\$ 6,239,825	\$ 11,808,280	\$ 11,534,998	\$ 9,144,682
Public Safety	36,304,203	35,912,110	32,551,301	31,266,838	29,072,734
Public Works	8,545,467	9,846,657	10,300,134	8,904,024	10,127,663
Recreation and Human Services	6,777,838	6,677,536	6,147,992	6,424,691	6,562,245
Community Development	2,538,835	2,675,341	7,470,002	2,153,815	2,396,761
Interest and fiscal charges	1,365,398	1,805,649	1,466,193	1,564,640	1,609,611
Total governmental activities expenses:	61,262,405	63,157,118	69,743,902	61,849,006	58,913,696
Business-type Activities					
GTrans	26,410,211	26,643,082	23,188,943	23,375,194	22,025,126
Sewer	1,046,864	1,021,131	849,779	862,965	802,636
Total business-type activities expenses:	27,457,075	27,664,213	24,038,722	24,238,159	22,827,762
Total primary government expenses:	\$ 88,719,480	\$ 90,821,331	\$ 93,782,624	\$ 86,087,165	\$ 81,741,458
Program Revenues					
Governmental Activities					
Charges for services:					
General Government	\$ 3,298,306	\$ 3,022,929	\$ 3,013,410	\$ 3,012,767	\$ 2,945,455
Public Safety	1,174,116	1,337,761	1,404,006	1,405,062	1,901,588
Public Works	513,495	340,541	384,600	291,644	323,113
Recreation and Human Services	2,315,212	2,238,445	2,092,788	1,998,540	2,015,733
Community Development	2,187,082	1,432,560	2,922,090	851,981	1,085,366
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	2,067,123	2,963,405	7,092,380	5,084,561	5,383,364
Capital Grants and Contributions	1,918,489	7,167,801	3,531,787	1,602,081	3,313,620
Total governmental activities program revenues:	13,473,823	18,503,442	20,441,061	14,246,636	16,968,239
Business-type Activities					
Charges for services:					
GTrans	2,685,573	3,346,233	3,434,257	3,410,708	3,258,066
Sewer	673,199	727,054	922,304	732,421	698,540
Grants and Contributions	18,756,444	18,186,090	16,988,325	16,746,822	15,032,257
Total business-type activities program revenues:	22,115,216	22,259,377	21,344,886	20,889,951	18,988,863
Total primary government revenues:	\$ 35,589,039	\$ 40,762,819	\$ 41,785,947	\$ 35,136,587	\$ 35,957,102

City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2021
(accrual basis of accounting)

	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
Net (expense)/revenue: ⁽¹⁾					
Governmental activities	\$ (46,089,053)	\$ (59,769,322)	\$ (58,041,745)	\$ (52,913,044)	\$ (51,228,234)
Business-type activities	7,676,625	(5,345,526)	(4,060,295)	(4,556,634)	(5,936,379)
Total net revenues (expenses):	<u>\$ (38,412,428)</u>	<u>\$ (65,114,848)</u>	<u>\$ (62,102,040)</u>	<u>\$ (57,469,678)</u>	<u>\$ (57,164,613)</u>
General Revenue and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	8,799,364	8,205,539	7,735,545	7,150,957	7,130,426
Sales tax	23,760,125	12,440,147	13,466,178	11,006,901	11,204,697
Business license	2,508,287	2,438,304	2,843,375	2,727,532	2,606,279
Utility user taxes	4,970,799	4,801,229	4,955,645	5,088,450	5,147,736
Franchise taxes	2,809,101	2,816,277	2,777,572	2,609,219	2,440,108
Card club taxes	3,999,147	4,874,457	8,101,583	8,071,001	8,975,991
Other taxes	3,764,716	3,920,393	4,354,725	3,985,315	3,855,705
Vehicle license - unrestricted	7,203,563	6,788,130	6,378,321	5,994,920	5,677,909
Investment income	(57,164)	1,036,057	1,061,732	158,902	129,187
Miscellaneous	2,730,183	690,353	1,384,272	1,134,729	2,261,772
Gain on sale of assets	(190,979)	(863,795)	10,622	201,560	883,201
Transfers	(35,204)	117,869	978,428	38,632	9,898
Total governmental activities	<u>\$ 60,261,938</u>	<u>\$ 47,264,960</u>	<u>\$ 54,047,998</u>	<u>\$ 48,168,118</u>	<u>\$ 50,322,909</u>
Business-type activities					
Investment income	125,924	162,760	155,566	124,243	77,618
Miscellaneous	-	-	-	2,542	18,512
Gain (loss) on sale of assets	-	16,411	-	-	-
Transfers	35,204	(117,869)	(978,428)	(38,632)	(9,898)
Total business-type activities:	<u>161,128</u>	<u>61,302</u>	<u>(822,862)</u>	<u>88,153</u>	<u>86,232</u>
Total primary government:	<u>\$ 60,423,066</u>	<u>\$ 47,326,262</u>	<u>\$ 53,225,136</u>	<u>\$ 48,256,271</u>	<u>\$ 50,409,141</u>
Change in Net Position					
Governmental activities	\$ 14,172,885	\$ (12,504,362)	\$ (3,993,747)	\$ (4,744,926)	\$ (905,325)
Business-type activities	7,837,753	(5,284,224)	(4,883,157)	(4,468,481)	(5,850,147)
Total primary government:	<u>\$ 22,010,638</u>	<u>\$ (17,788,586)</u>	<u>\$ (8,876,904)</u>	<u>\$ (9,213,407)</u>	<u>\$ (6,755,472)</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.

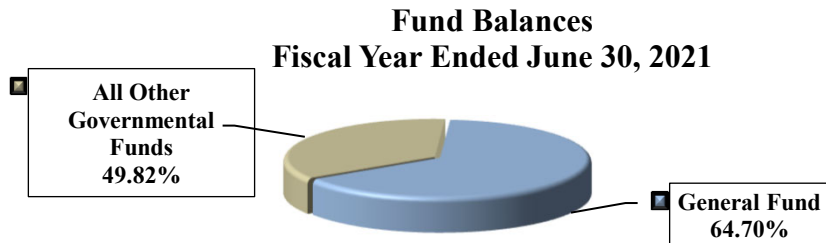
City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2021
(accrual basis of accounting)

	Fiscal Year				
	2015-16	2014-15	2013-14	2012-13	2011-12
Net (expense)/revenue: ⁽¹⁾					
Governmental activities	\$ (47,788,582)	\$ (44,653,676)	\$ (49,302,841)	\$ (47,602,370)	\$ (41,945,457)
Business-type activities	(5,341,859)	(5,404,836)	(2,693,836)	(3,348,208)	(3,838,899)
Total net revenues (expenses):	<u>\$ (53,130,441)</u>	<u>\$ (50,058,512)</u>	<u>\$ (51,996,677)</u>	<u>\$ (50,950,578)</u>	<u>\$ (45,784,356)</u>
General Revenue and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	6,729,849	6,402,520	6,192,249	5,924,450	5,740,677
Sales tax	11,227,326	9,965,476	9,472,341	9,093,802	8,112,695
Business license	2,536,438	2,547,148	2,218,097	2,224,694	2,120,052
Utility user taxes	5,212,410	5,335,375	5,383,285	5,224,829	5,211,568
Franchise taxes	2,534,820	2,417,342	2,351,576	2,311,421	2,277,747
Card club taxes	9,057,202	9,517,550	9,467,078	8,394,406	7,434,236
Other taxes	3,479,372	3,136,222	2,965,176	2,773,929	2,550,706
Vehicle license - unrestricted	5,445,385	5,166,984	4,958,745	4,792,063	4,754,240
Investment income	499,279	248,773	270,187	163,025	268,259
Miscellaneous	2,566,919	3,329,396	2,643,424	2,419,479	4,814,396
Gain on sale of assets	1,877,151	-	-	-	-
Transfers	3,221,449	200,846	408,925	1,397,691	1,180,312
Total governmental activities	<u>\$ 54,387,600</u>	<u>\$ 48,267,632</u>	<u>\$ 46,331,083</u>	<u>\$ 44,719,789</u>	<u>\$ 44,464,888</u>
Business-type activities					
Investment income	55,492	24,196	11,333	33,606	47,367
Miscellaneous	13,623	4,370	2,733	(45,366)	173,350
Gain (loss) on sale of assets	-	-	(2,600,806)	-	-
Transfers	(3,221,449)	(200,846)	(408,925)	(1,397,691)	(1,180,312)
Total business-type activities:	<u>(3,152,334)</u>	<u>(172,280)</u>	<u>(2,995,665)</u>	<u>(1,409,451)</u>	<u>(959,595)</u>
Total primary government:	<u>\$ 51,235,266</u>	<u>\$ 48,095,352</u>	<u>\$ 43,335,418</u>	<u>\$ 43,310,338</u>	<u>\$ 43,505,293</u>
Change in Net Position					
Governmental activities	\$ 6,599,018	\$ 3,613,956	\$ (2,971,758)	\$ (2,882,581)	\$ 2,519,431
Business-type activities	(8,494,193)	(5,577,116)	(5,689,501)	(4,757,659)	(4,798,494)
Total primary government:	<u>\$ (1,895,175)</u>	<u>\$ (1,963,160)</u>	<u>\$ (8,661,259)</u>	<u>\$ (7,640,240)</u>	<u>\$ (2,279,063)</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
Fund Balances of Governmental Funds
Last Ten Fiscal Years Ended June 30, 2021
(modified accrual basis of accounting)

		Fiscal Year				
		2020-21	2019-20	2018-19	2017-18	2016-17
General Fund						
Nonspendable	(1)	\$ 1,214,022	\$ 302,361	\$ 333,803	\$ 385,931	\$ 294,133
Restricted	(1)	-	-	-	5,287	43,611
Committed	(1)	18,697,703	7,310,676	13,287,448	19,315,675	19,413,135
Assigned	(1)	8,670,503	2,848,416	2,622,256	3,609,547	3,936,266
Unassigned	(1)	200,000	173,122	271,377	200,000	200,000
Total General Fund:		<u>\$ 28,782,228</u>	<u>\$ 10,634,575</u>	<u>\$ 16,514,884</u>	<u>\$ 23,516,440</u>	<u>\$ 23,887,145</u>
All Other Governmental Funds						
Nonspendable	(1)	\$ 342,428	\$ 350,432	\$ 308,741	\$ 16,769,655	\$ -
Restricted	(1)	16,660,769	15,682,481	16,089,466	-	10,073,376
Committed	(1)	-	-	-	-	3,765,323
Assigned	(1)	-	-	-	-	-
Unassigned	(1)	(1,298,092)	(81,218)	-	-	-
Total all other governmental funds:		<u>\$ 15,705,105</u>	<u>\$ 15,951,695</u>	<u>\$ 16,398,207</u>	<u>\$ 16,769,655</u>	<u>\$ 13,838,699</u>



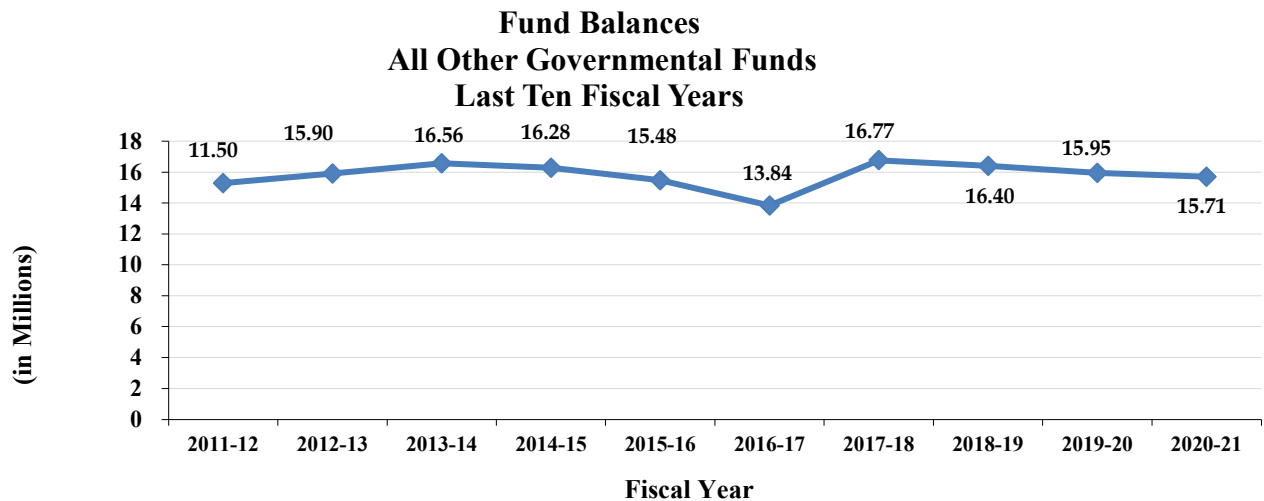
NOTES:

(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, 2021
(modified accrual basis of accounting)

		Fiscal Year				
		2015-16	2014-15	2013-14	2012-13	2011-12
General Fund						
Nonspendable	(1)	\$ 189,819	\$ 179,244	\$ 181,457	\$ 198,145	\$ 201,163
Restricted	(1)	164,116	327,752	57,980	56,014	40,951
Committed	(1)	17,542,367	7,274,423	7,274,423	6,825,301	6,592,339
Assigned	(1)	2,773,686	7,579,856	4,357,472	2,906,950	2,908,689
Unassigned	(1)	200,000	400,362	238,582	274,236	217,873
Total General Fund:		<u>\$ 20,869,988</u>	<u>\$ 15,761,637</u>	<u>\$ 12,109,914</u>	<u>\$ 10,260,646</u>	<u>\$ 9,961,015</u>
All Other Governmental Funds						
Nonspendable	(1)	\$ -	\$ 4,734	\$ -	\$ 8,990	\$ 5,770
Restricted	(1)	11,726,127	13,048,054	13,526,150	15,233,078	14,623,784
Committed	(1)	3,776,154	3,051,323	2,658,379	-	-
Assigned	(1)	(20,809)	179,079	377,900	654,243	660,402
Assigned	(1)	-	-	-	-	-
Total all other governmental funds:		<u>\$ 15,481,472</u>	<u>\$ 16,283,190</u>	<u>\$ 16,562,429</u>	<u>\$ 15,896,311</u>	<u>\$ 15,289,956</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, 2021
(modified accrual basis of accounting)

	Fiscal Year				
	2020-21	2019-20	2018-19	2017-18	2016-17
Revenues:					
Taxes	\$ 57,968,745	\$ 46,128,710	\$ 50,827,680	\$ 47,527,518	\$ 46,847,209
Licenses and permits	2,389,538	1,646,059	1,735,711	1,694,670	1,800,752
Use of money and property	(56,416)	1,036,059	1,061,734	158,902	129,186
Intergovernmental	16,142,006	7,157,208	7,409,245	6,201,645	5,549,872
Fines, forfeitures, and penalties	3,168,468	1,112,890	2,261,549	1,124,079	1,102,235
Charges for services	5,188,250	6,142,402	5,270,787	5,070,020	5,155,573
Miscellaneous	1,664,391	831,773	892,283	1,197,011	2,944,050
Total Revenues:	86,464,982	64,055,101	69,458,989	62,973,845	63,528,877
Expenditures:					
Current:					
General government	5,325,270	6,576,421	6,004,196	5,025,047	4,914,416
Public safety	37,558,085	41,295,066	45,783,773	37,851,314	36,977,198
Public works	6,776,073	8,372,502	8,058,427	4,012,134	4,064,485
Recreation and Human resources	6,232,436	6,155,882	6,138,238	9,194,054	8,631,034
Community development	2,789,072	2,474,928	2,382,263	2,734,299	2,757,861
Capital outlay	5,199,699	3,636,782	6,127,264	3,794,206	3,349,481
Debt service:					
Principal	1,173,158	967,696	902,804	627,898	2,703,105
Interest and fiscal charges	1,878,414	1,155,814	1,198,262	1,227,659	1,431,641
Total Expenditures:	66,932,207	70,635,091	76,595,227	64,466,611	64,829,221
Excess of Revenues over (under) Expenditures	19,532,775	(6,579,990)	(7,136,238)	(1,492,766)	(1,300,344)
Other Financing Sources (Uses):					
Proceeds of long-term debt	-	-	-	-	-
Proceeds from sale of assets	3,492	46,241	16,413	423,735	1,024,538
Proceeds from debt issuance	79,193,585	-	-	-	-
Issuance of capital leases	-	-	-	-	-
Costs of Bond issuance	(462,321)	-	-	-	-
Contribution to pension trust	(78,731,264)	-	-	-	-
Issuance of new debt	-	-	-	-	1,635,000
Issuance discount	-	-	-	-	-
Issuance of loans	-	86,223	86,223	86,223	86,223
Transfers in	12,724,862	7,476,706	9,013,583	6,747,282	6,487,933
Transfers out	(14,360,066)	(7,356,001)	(8,350,155)	(6,708,650)	(6,558,966)
Total Other Financing Sources (Uses):	(1,631,712)	253,169	766,064	548,590	2,674,728
Net change in fund balances	\$17,901,063	(\$6,326,821)	(\$6,370,174)	(\$944,176)	\$1,374,384
Debt service as a percentage of noncapital expenditures: ⁽¹⁾	5.10%	3.14%	2.87%	3.03%	6.64%

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, 2021
(modified accrual basis of accounting)

	Fiscal Year				
	2015-16	2014-15	2013-14	2012-13	2011-12
Revenues:					
Taxes	\$ 46,222,802	\$ 44,488,617	\$ 43,008,547	\$ 40,739,594	\$ 38,201,922
Licenses and permits	1,521,379	1,109,169	1,023,180	915,614	948,646
Use of money and property	499,278	248,773	270,187	163,025	788,477
Intergovernmental	5,705,627	11,575,383	11,983,118	7,917,316	10,079,951
Fines, forfeitures, and penalties	1,794,049	1,433,758	1,226,243	1,629,217	4,320,435
Charges for services	4,545,874	4,208,616	4,146,210	4,087,263	4,191,605
Miscellaneous	1,807,155	3,141,148	2,754,989	2,116,705	1,721,779
Total Revenues:	62,096,164	66,205,464	64,412,474	57,568,734	60,252,815
Expenditures:					
Current:					
General government	4,886,467	5,108,064	4,938,101	6,256,927	5,637,263
Public safety	34,674,068	32,542,544	32,069,172	30,007,184	28,901,414
Public works	5,584,816	5,352,388	5,395,817	5,145,179	5,267,198
Recreation and Human resources	6,498,830	6,135,402	6,086,777	6,161,518	6,554,306
Community development	2,533,734	2,594,007	7,499,226	2,119,111	2,383,002
Capital outlay	8,332,649	8,064,783	6,075,302	5,806,502	6,368,035
Debt service:					
Principal	754,158	9,228,535	844,172	645,065	1,139,060
Interest and fiscal charges	1,369,936	2,029,383	1,482,716	1,518,953	1,553,458
Total Expenditures:	64,634,658	71,055,106	64,391,283	57,660,439	57,803,736
Excess of Revenues over (under) Expenditures	(2,538,494)	(4,849,642)	21,191	(91,705)	2,449,079
Other Financing Sources (Uses):					
Proceeds of long-term debt	-	-	2,521,577	-	-
Proceeds from sale of property	4,990,156	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-
Issuance of capital leases	-	-	201,829	-	-
Costs of Bond issuance	-	-	-	-	-
Contribution to pension trust	-	-	-	-	-
Issuance of new debt	-	9,110,000	-	-	-
Issuance discount	-	(297,460)	-	-	-
Issuance of loans	311,026	408,740	-	-	-
Transfers in	11,143,623	10,368,953	7,765,591	7,379,793	8,316,550
Transfers out	(9,599,678)	(11,368,107)	(7,994,802)	(6,382,102)	(7,386,238)
Total Other Financing Sources (Uses):	6,845,127	8,222,126	2,494,195	997,691	930,312
Net change in fund balances	\$4,306,633	\$3,372,484	\$2,515,386	\$905,986	\$3,379,391
Debt service as a percentage of noncapital expenditures: ⁽¹⁾	3.51%	17.16%	3.81%	4.00%	4.92%

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

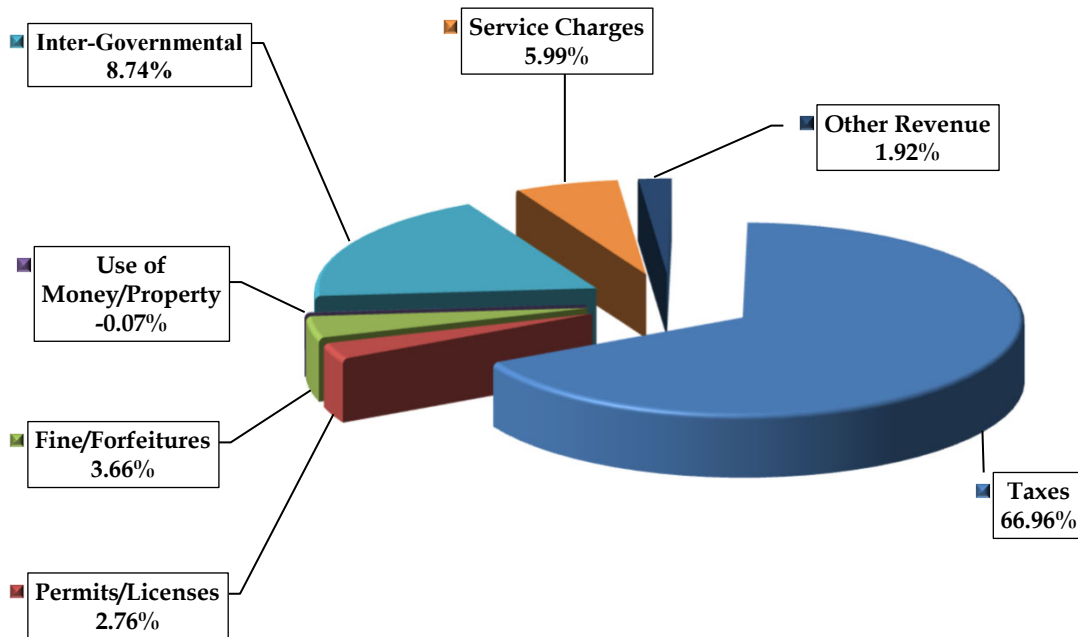
Governmental Revenues By Sources

Last Ten Fiscal Years

Fiscal Year	Taxes	Permits, Licenses and Fees	Fines and Forfeitures	Uses of Money and Property
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
2020-21	57,968,745	2,389,538	3,168,468	(56,416)

General Revenues by Sources

Fiscal Year Ended June 30, 2021

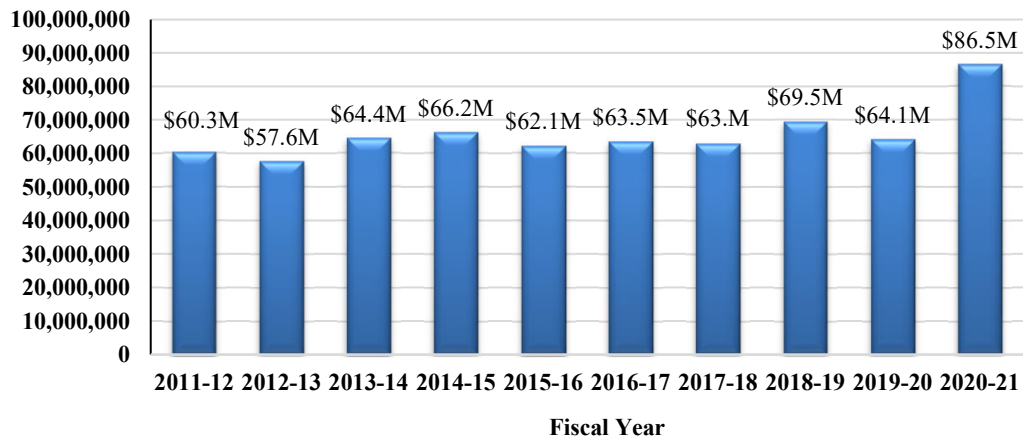


Source: City of Gardena, Administrative Services Department - Finance Division

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

Fiscal Year	Inter-Governmental	Charges for Services	Other Revenues	Total
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
2020-21	16,142,006	5,188,250	1,664,391	86,464,982

General Revenues by Sources
Last Ten Fiscal Years



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

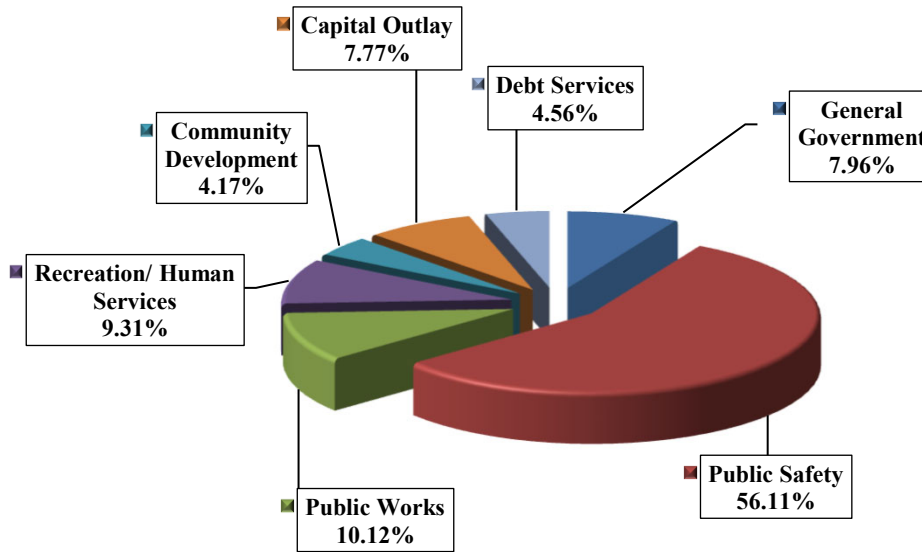
City of Gardena

General Governmental Expenditures By Function

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Recreation and Human Services
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
2020-21	5,325,270	37,558,085	6,776,073	6,232,436

General Governmental Expenditures by Function Fiscal Year ended June 30, 2021



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

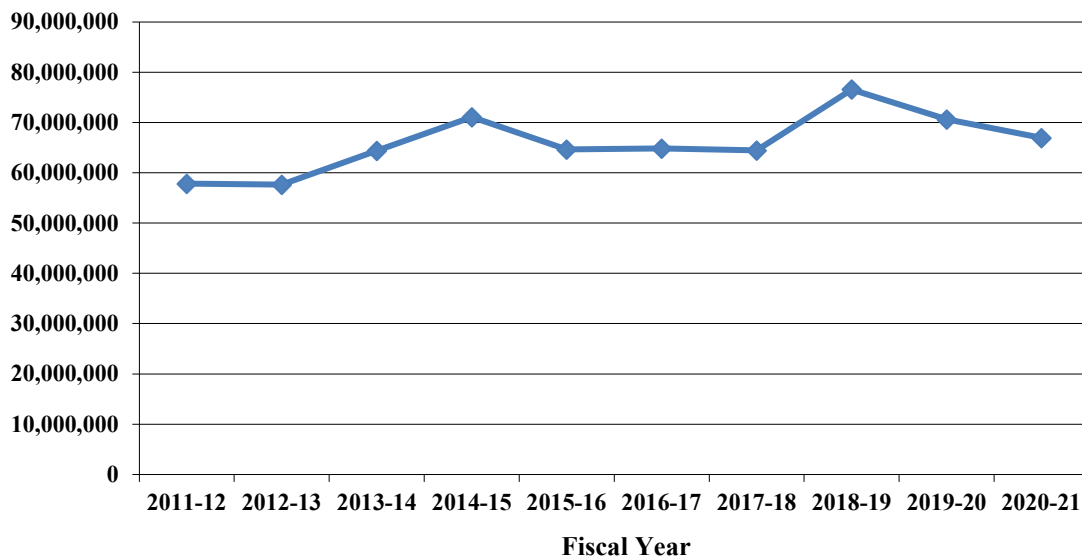
(1) These figures include Lease/Bonds, Payments for Debt Services and excluding Cost of bonds issuance and escrow payments.

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
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
2020-21	2,789,072	5,199,699	3,051,572	66,932,207

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
2011-12	\$ 3,447,381	\$ 500	\$ -	\$ 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
2020-21	379,899	4,167	0	384,066	4,005,949,237	3,004,367,152	24,551,498	(105,940,809)	6,928,927,078

Assessed Valuation by Categories
(Total Secured and Unsecured)
Fiscal Year Ended June 30, 2021



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.

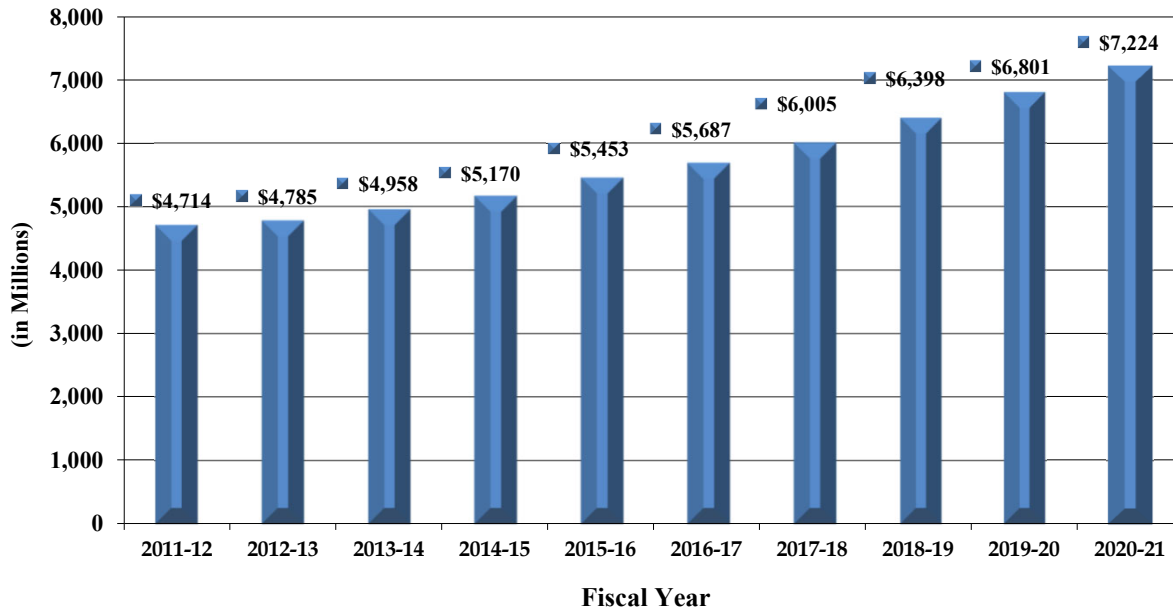
Source: ⁽¹⁾ County of Los Angeles, Auditor-Controller Office/Tax Division.

⁽²⁾ HdI 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					
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
2020-21	119,705,782	174,999,947	(36,400)	294,669,329	7,329,957,682	7,223,980,473	6.23%	0.11685%	45,437,387

**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				
	2020-21	2019-20	2018-19	2017-18	2016-17
Residential	\$4,671,664,590	\$4,397,530,388	\$4,139,852,554	\$3,879,882,318	\$3,623,545,163
Commercial	1,006,453,482	936,892,089	888,959,749	831,348,140	791,527,339
Industrial	1,037,251,905	964,891,072	889,298,836	834,753,358	796,231,706
Govt. Owned	-	-	-	-	5,250,000
Recreational	40,966,262	40,263,960	39,491,086	38,342,794	38,760,141
Institutional	89,836,280	76,976,001	74,813,850	78,834,725	69,798,622
Miscellaneous	-	-	-	451,519	442,667
Vacant land	69,851,264	75,744,666	62,990,225	46,086,466	54,308,182
SBE Nonunitary	384,066	257,048	257,048	257,048	257,048
Possessory Int.	12,903,295	13,675,983	10,002,510	8,787,949	8,513,799
Unsecured	294,669,329	294,349,387	291,947,663	286,651,391	298,317,633
Unknown	-	-	-	-	-
	7,223,980,473	6,800,580,594	6,397,613,521	6,005,395,708	5,686,952,300
Homeowner Exemption ⁽¹⁾	-	-	-	-	-
TOTALS:	\$7,223,980,473	\$6,800,580,594	\$6,397,613,521	\$6,005,395,708	\$5,686,952,300

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.

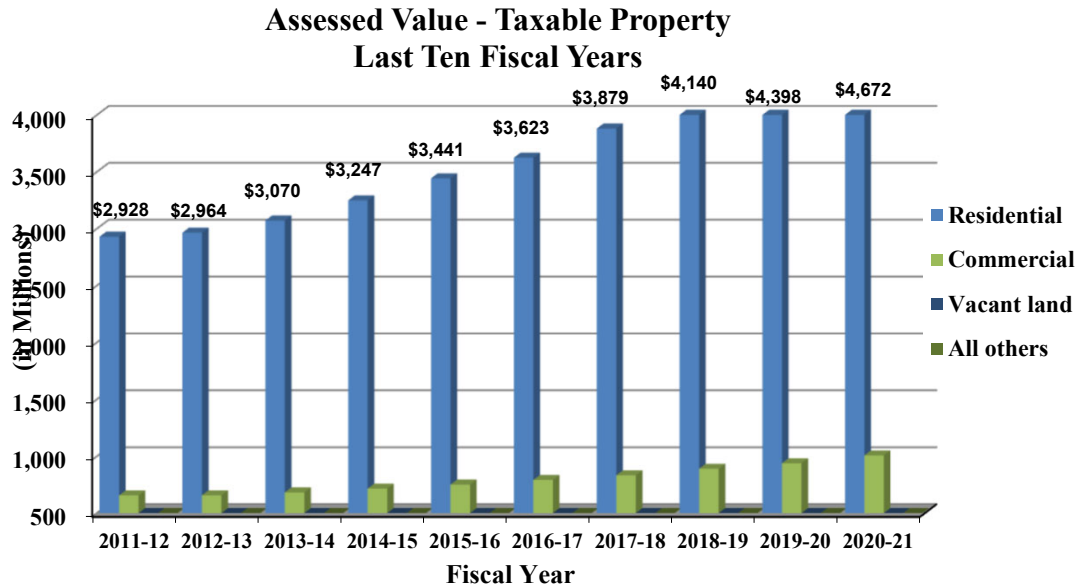
-Exempt values are not included in Total.

⁽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 2011/12-2020/21 Combined Tax Rolls, HdL, Coren & Cone

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

CATEGORY	Fiscal Year				
	2015-16	2014-15	2013-14	2012-13	2011-12
Residential	\$3,441,407,499	\$3,247,456,567	\$3,069,926,331	\$2,964,299,525	\$2,928,170,695
Commercial	750,255,119	715,396,379	680,433,002	656,284,650	654,739,043
Industrial	763,622,835	735,316,073	726,907,557	710,111,242	685,590,136
Govt. Owned	-	-	-	-	-
Recreational	39,348,412	38,689,706	38,596,521	38,681,903	39,093,769
Institutional	65,412,639	62,243,721	68,337,737	29,057,255	33,433,960
Miscellaneous	-	-	-	-	-
Vacant land	57,298,803	46,471,775	43,043,588	45,420,007	45,486,424
SBE Nonunitary	257,048	3,447,881	3,447,881	3,447,881	3,447,881
Possessory Int.	7,783,045	6,245,168	6,057,906	5,953,104	5,553,161
Unsecured	327,711,675	315,062,605	321,015,836	331,556,748	318,518,605
Unknown	22	-	-	-	-
	5,453,097,097	5,170,329,875	4,957,766,359	4,784,812,315	4,714,033,674
Homeowner Exemption ⁽¹⁾	-	-	-	-	-
TOTALS:	\$5,453,097,097	\$5,170,329,875	\$4,957,766,359	\$4,784,812,315	\$4,714,033,674



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 2011/12-2020/21 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		
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		
2020-21	4,671,665	1,006,453	1,037,252	-	40,967	89,836	-	69,851		

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 2011/12-2020/21 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	SBE					Total	Estimated	Factor of
Year	Nonunitary	Possessory Int.	Unsecured	Misc.	TOTAL	Direct Tax Rate ⁽¹⁾	Taxable Value ⁽²⁾	Taxable Assessed Value
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
2020-21	384	12,903	294,669	-	7,223,980	0.11685	9,634,694	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.

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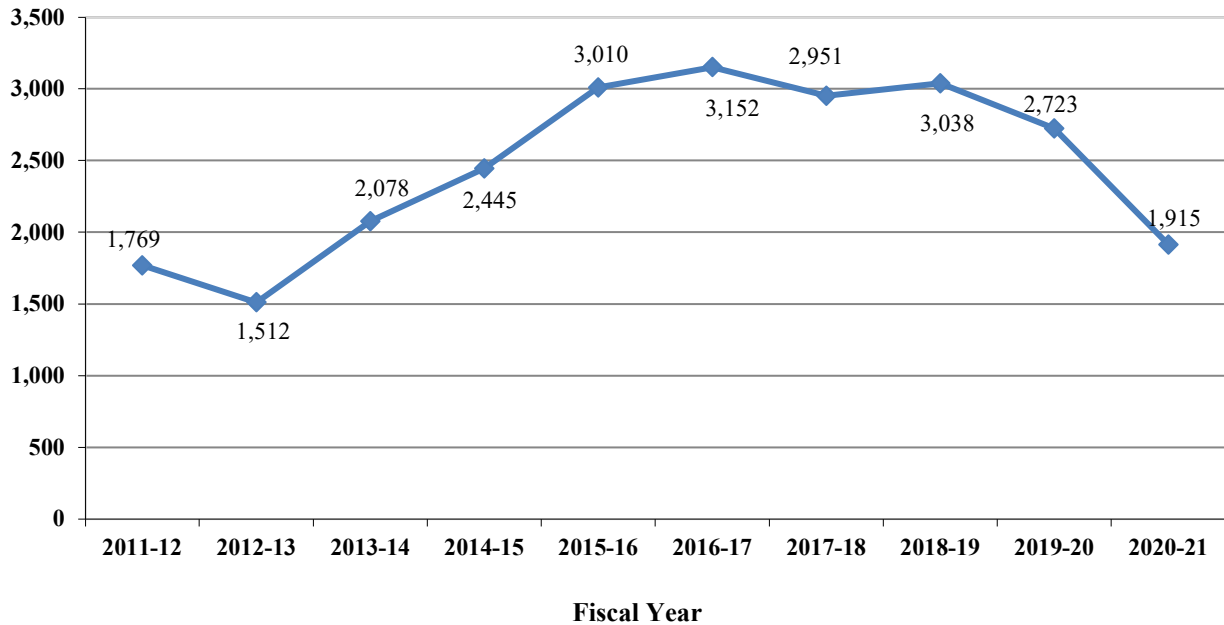
⁽²⁾ Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales price and the Factor of Taxable Assessed Value is the result. This factor is changing from year to year; however, since the previous fiscal years calculating data is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

Source: L.A. County Assessor 2011/12-2020/21 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
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
2020-21	737	82,991,894	105	10,605,434	5	1,712,440

Number of Permits
Last Ten Fiscal Years



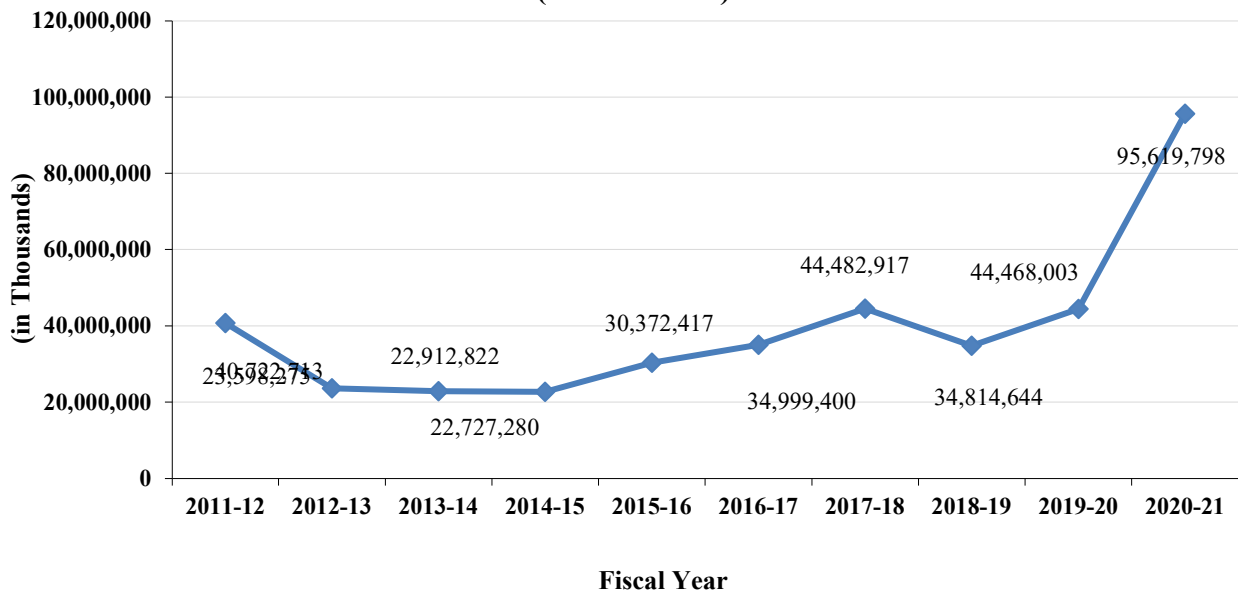
Sources: ⁽¹⁾ City of Gardena, Community Development Department.

⁽²⁾ City of Gardena-FDIC-Insured Institutions as of 06/30/2021

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)
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
2020-21	1,068	310,030	1,915	95,619,798	2,483,396

Permit Valuation
Last Ten Fiscal Years
(in thousands)



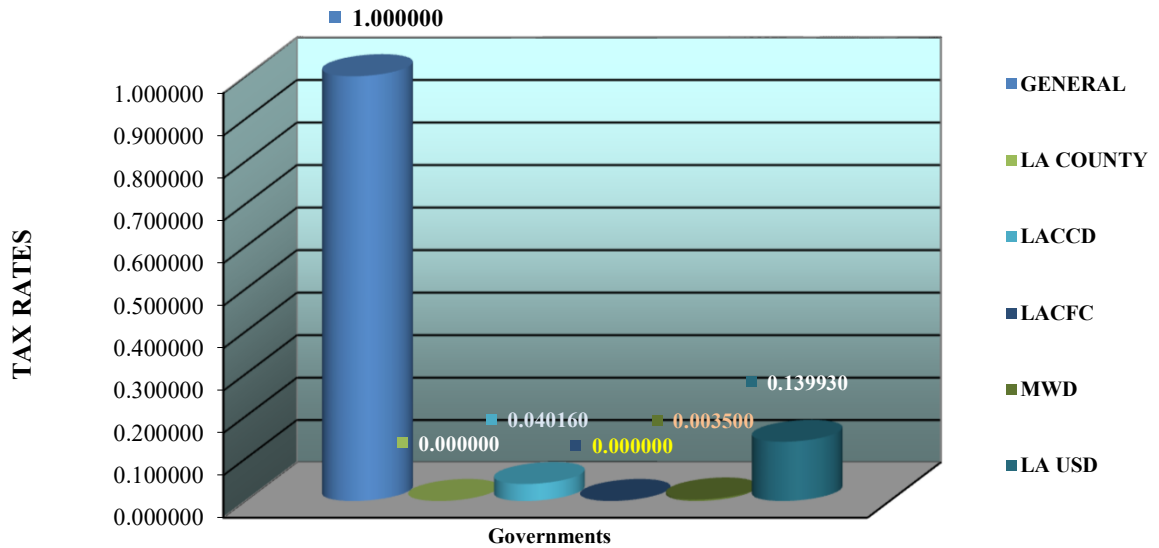
Sources: ⁽¹⁾ City of Gardena, Community Development Department.

⁽²⁾ City of Gardena-FDIC-Insured Institutions as of 06/30/2021

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>
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
2020-21	1.000000	0.000000	0.139930

Property Tax Rates -All Overlapping Governments
Fiscal Year ended June 30, 2021



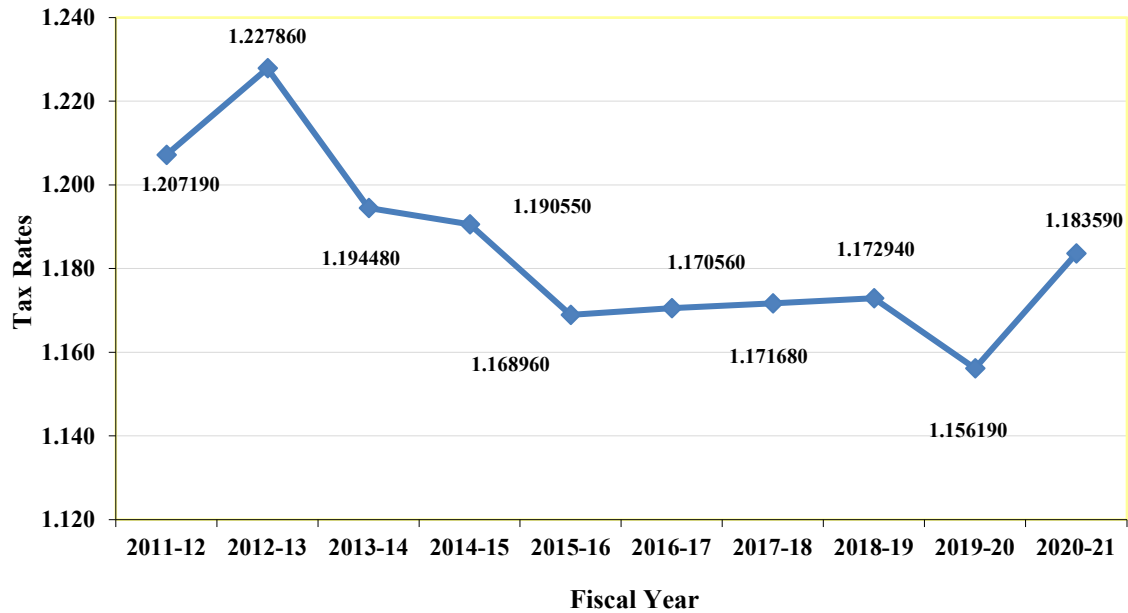
⁽¹⁾ Tax Rate Areas: TRA 000576

-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
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
2020-21	0.040160	0.000000	0.003500	1.183590

**Total Overlapping Governments
Last Ten Fiscal Years**



⁽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
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				
	20-21	19-20	18-19	17-18	16-17
City of Gardena Tax District I	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⁾:	0.11685 %	0.11711 %	0.11737 %	0.11766 %	0.11790 %
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 2011/12-2020/21 Combined Tax Rolls, HdL, Coren & Cone

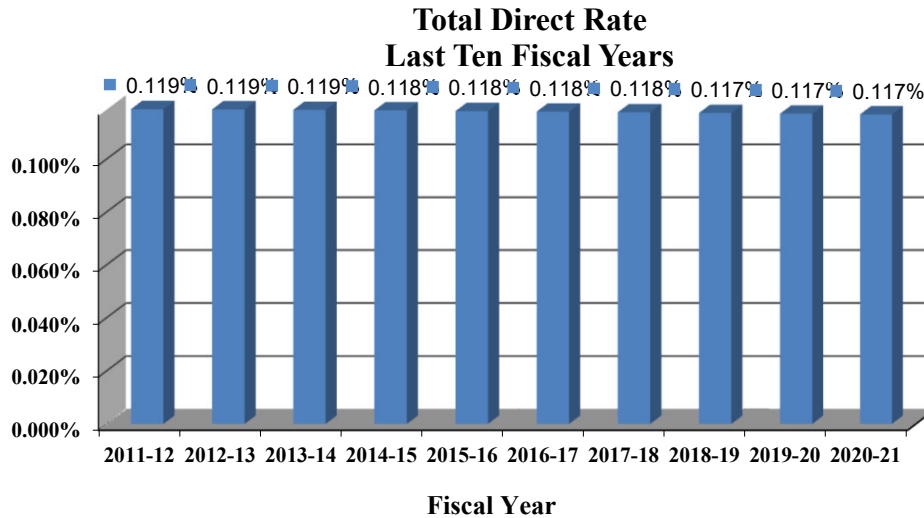
City of Gardena
Direct and Overlapping Property Tax Rates (Continued)
(rate per \$100 of assessed value)
Ten Fiscal Year Detail of Rates for Largest General Fund Tax Rates Area 00576
(Proposition 13 Rate)

Agency	FISCAL YEAR				
	15-16	14-15	13-14	12-13	11-12
City of Gardena Tax District 1	0.11160 %	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 %	0.07820 %	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⁾

0.11809 %	0.11837 %	0.11856 %	0.11875 %	0.11884 %
0.00000 %	0.00000 %	0.00000 %	0.00000 %	0.00000 %



City of Gardena

Ten Largest Property Taxpayers

Current Year and Nine Years Ago

Owner/Taxpayer	Business Type	Fiscal Year 2020-21		Fiscal Year 2011-12	
		Total Assessed Value	Percent of Total City Assessed Value	Total Assessed Value	Percent of Total City Assessed Value
Nissin Foods USA Company Inc	Manufacturing	\$ 55,686,039	0.77 %		
Gardena Hospital Property Holdings LLC	Hospital services	54,000,000	0.75		
Terreno 139th LLC	Non-residential property owners	39,067,020	0.54		
Avcorp Composite Fabrication	Manufacturing	36,159,811	0.50		
JSL Gardena I LLC	Non-residential property owners	31,851,795	0.44		
14215 Normandie LLC	Property management	31,212,000	0.43		
Ray Pellegrino Trust	Property management	27,723,727	0.38		
Majestic Properties Inc	Property management	25,044,737	0.35		
Target Corporation	Retail sales	23,224,841	0.32		
PK I Gardena Gateway Center LP	Retail sales	22,663,767	0.31		
Hitco Carbon Composites Inc	Manufacturing			\$ 72,784,526	1.54 %
Gardena Rose No 2 LLC	Manufacturing			44,993,472	0.95
JSL Gardena I LLC	Non-residential property owners			27,189,496	0.58
Majestic Properties Inc	Property management			26,225,284	0.56
Southwest Offset Printing Company Inc	Manufacturing			25,392,848	0.54
Brek Manufacturing Company	Manufacturing			22,082,529	0.47
Dayton Hudson Corporation - Target	Retail sales			19,964,168	0.42
Gramercy Properties LLC	Non-residential property owners			19,279,223	0.41
Time Warner Cable LLC	Retail sales			17,501,284	0.37
Russmar Investment Corporation	Property management			17,346,323	0.37
Top Ten Totals (secured and unsecured):		-	4.80 %	292,759,153	6.21 %
All Others (secured)		\$ 7,223,980,473	100.00	\$ 4,421,274,521	93.79
Total All Assessed Valuation (secured):		<u>\$7,223,980,473</u>	<u>104.80 %</u>	<u>\$4,714,033,674</u>	<u>100.00 %</u>

Source: L.A. County Assessor 2011/12-2020/21 Combined Tax Rolls and the SBE Non Unitary Tax Roll, HdL Coren & Cone

City of Gardena

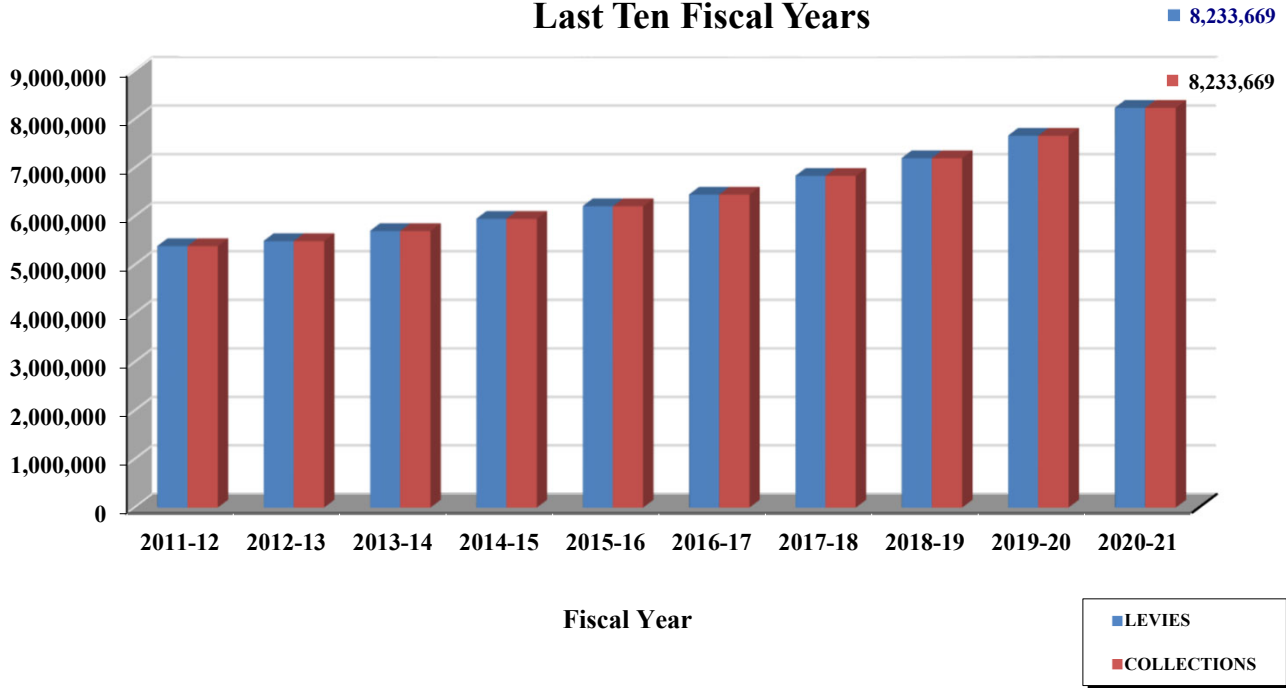
Property Tax Levies, Tax Collections, and Delinquency

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
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	7,640,236	99.74%	20,278	7,660,514	100.00%
2020-21	8,233,669	8,207,649	99.68%	26,020	8,233,669	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

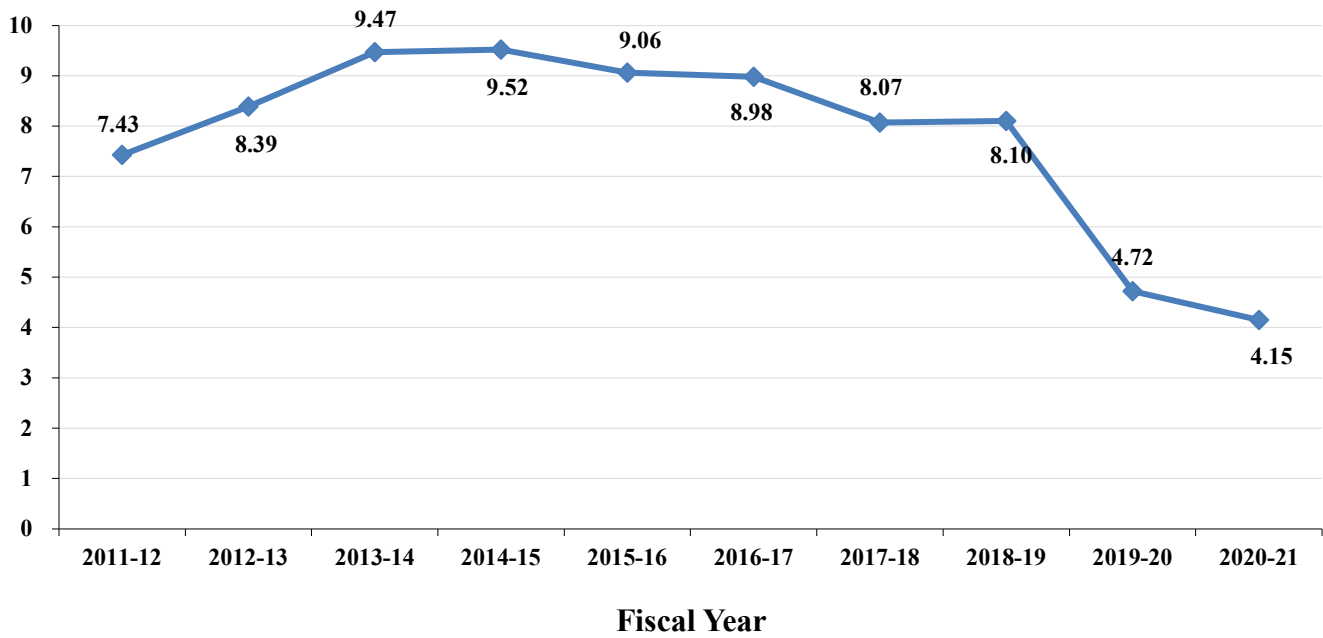
City of Gardena

Card Club Gross Revenue Fee

Last Ten Fiscal Years

Fiscal Year	Card Club Revenue	(1)	General Fund Gross Revenue	Percent of General Fund Revenue
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	4,718,691		55,906,560	8.44%
2020-21	4,154,913		79,772,701	5.21%

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
Last Five Fiscal Years

Fiscal Year Ended June 30

	2021	2020	2019	2018	2017
Utility Users Tax Electric	\$ 2,331,492	\$ 2,110,227	\$ 2,215,028	\$ 2,202,782	\$ 2,118,336
Utility Users Tax Gas	648,472	616,341	585,308	534,547	589,630
Utility Users Tax Electric Service Provider	199,496	217,700	171,490	179,887	209,749
Utility Users Tax Gas-Non Core	88,421	91,533	90,338	73,074	51,417
UUT-Mobile/Cellular Telephones	181,548	313,603	425,866	571,794	661,953
UUT-Long Distance Telephone/Non Cellular	458,602	490,588	535,347	515,858	554,410
Utility Users Tax Water	947,276	902,866	859,531	888,203	843,499
UUT-Prepaid Mobile Telephone	115,493	58,372	72,738	122,306	118,743
TOTAL	\$ 4,970,799	\$ 4,801,230	\$ 4,955,645	\$ 5,088,450	\$ 5,147,736

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

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

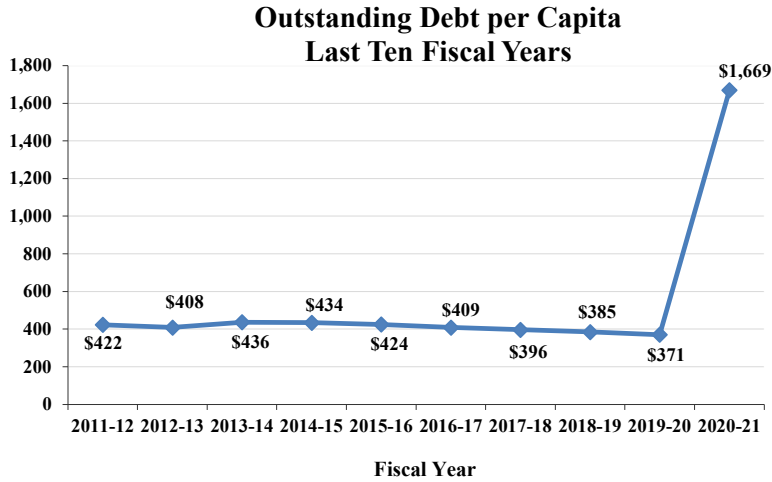
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Apparel Stores	\$ 10,340,900	\$ 11,104,300	\$ 9,973,300	\$ 9,011,800	\$ 8,587,400
Auto Dealers and Supplies	147,027,500	152,885,700	152,224,500	146,046,700	126,317,300
Building Materials	139,761,600	178,756,100	145,898,300	129,641,800	111,863,600
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 Appplicances	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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$ 968,744,300</u>	<u>\$ 1,060,612,000</u>	<u>\$ 985,762,700</u>	<u>\$ 965,762,700</u>	<u>\$ 901,459,415</u>

Source: HDL

*Used 2019 Taxable Transactions by the Type of Business as 2020 was unavailable

City of Gardena
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

GOVERNMENTAL ACTIVITIES										Taxable Assessed	Percent of Taxable Assessed	Debt per	Average per Capita Personal	Percent of Debt by Personal
Fiscal Year	Population ⁽¹⁾	Certificates of Participation ⁽²⁾	Revenue Bonds	Pension Obligation Bonds	Capital Leases	Loan Payable	Direct Purchase Lease	Other	Total		Value ⁽³⁾	Value	Capita Income ⁽⁴⁾	Income
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%
2020-21	60,344	7,150,000	10,103,943	79,029,723	-	3,545,880	845,000	53,749	100,728,295	7,223,980,473	1.39%	1,669	27,372	6.10%



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

Fiscal Year	Revenue	Operating Expenses	Net Available Revenue	Refunding Certificates of Participation ⁽¹⁾		
				Debt Service		Percent Coverage
				Principal	Interest	
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)
2020-21	79,772,701	61,625,048	18,147,653	110,000	77,825	96.62

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

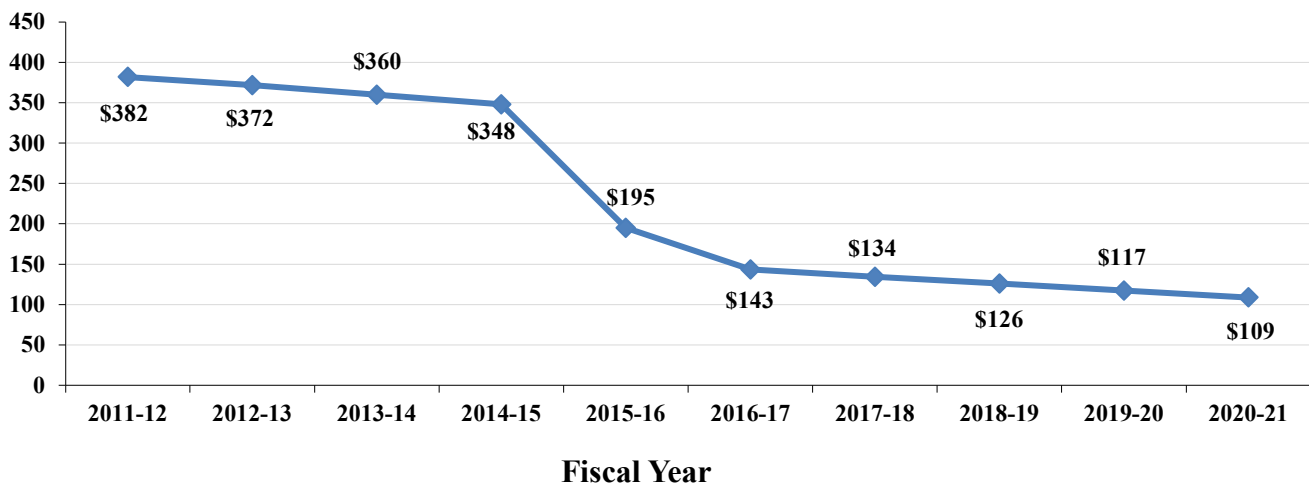
Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

OUTSTANDING GENERAL BONDED DEBT						Percent	
Fiscal Year	Population ⁽¹⁾	Certificates of Participation	Less: Amounts Available in Debt Service Fund ⁽²⁾	Total	Taxable Assessed Value	of Taxable Assessed Value	Debt per Capita
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
2020-21	60,344	7,150,000	585,000	6,565,000	7,223,980,473	0.09%	109

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.

STATISTICAL SECTION

Fiscal Year 2020-21



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City of Gardena

Direct and Overlapping Bonded Debt

June 30, 2021

	2020-21 Assessed Valuation: \$	7,223,980,473		
	2020-21 Population:	60,937		
	Total Debt 06/30/2021	Percent Applicable To City	City's Share of Debt (1) 06/30/2021	
Direct Debt				
GARDENA GENERAL FUND OBLIGATIONS	\$ 19,300,000	100.000 %	\$ 19,300,000	
Total Direct Debt	\$ 19,300,000		\$ 19,300,000	
OVERLAPPING DEBT				
METROPOLITAN WATER DISTRICT	\$ 13,101,783	0.454 %	\$ 59,426	
LA CCD DS 2003 TAXABLE SERIES 2004B	2,115,000	0.750 %	15,856	
LA CCD DS 2001 TAXABLE SERIES 2004A	31,555,000	0.750 %	236,565	
LA CCD DS 2008, 2009 TAXABLE SER B	75,000,000	0.750 %	562,268	
LA CCD DS 2008, 2010 TAX SERIES D	125,000,000	0.750 %	937,113	
LA CCD DS 2008, 2010 TAX SER E (BABS)	900,000,000	0.750 %	6,747,215	
LA CCD DS 2008 2012 SERIES F	19,000,000	0.750 %	142,441	
LA CCD DS 2013 REF BONDS	12,270,000	0.750 %	91,987	
LA CCD DS 2008 SERIES G	33,670,000	0.750 %	252,421	
LA CCD DS 2015 REF SERIES A	203,235,000	0.750 %	1,523,633	
LA CCD DS 2015 REF SERIES B	205,540,000	0.750 %	1,540,914	
LA CCD DS 2015 REF SERIES C	190,920,000	0.750 %	1,431,309	
LA CCD DS 2008 SERIES I	173,700,000	0.750 %	1,302,212	
LA CCD DS 2016 REF BONDS	239,880,000	0.750 %	1,798,358	
LA CCD DS 2016 SERIES B	2,193,365,000	0.750 %	16,443,449	
LOS ANGELES UNIF DS 2002 SERIES E	200,000,000	0.917 %	1,834,233	
LOS ANGELES UNIF DS 2005 SERIES H	249,040,000	0.917 %	2,283,987	
LOS ANGELES UNIF MEASURE R SERIES KRY BABS	363,005,000	0.917 %	3,329,179	
LOS ANGELES UNIF MEASURE Y 2009 SERIES KRY BABS	806,795,000	0.917 %	7,399,251	
LOS ANGELES UNIF MEASURE R 2010 SERIES RY BABS	477,630,000	0.917 %	4,380,424	
LOS ANGELES UNIF MEASURE Y 2010 SERIES RY BABS	772,955,000	0.917 %	7,088,898	
LOS ANGELES UNIF DS 2005 2010 SERIES J-1 QSCBS	134,415,000	0.917 %	1,232,742	
LOS ANGELES UNIF DS 2005 2010 SERIES J-2 QSCBS	70,670,000	0.917 %	648,126	
LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES A 1	52,305,000	0.917 %	479,698	
LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES A 2	131,825,000	0.917 %	1,208,989	
LOS ANGELES UNIF DS 2012 REFUNDING BOND SERIES A	79,965,000	0.917 %	733,372	
LOS ANGELES UNIF DS 2014 REF BOND SERIES A	39,990,000	0.917 %	366,755	
LOS ANGELES UNIF DS 2014 REF BOND SERIES B	126,165,000	0.917 %	1,157,080	
LOS ANGELES UNIF DS 2014 REF BOND SERIES C	767,245,000	0.917 %	7,036,531	
LOS ANGELES UNIF DS 2014 REF BOND SERIES D	115,040,000	0.917 %	1,055,051	
LOS ANGELES UNIF DS 2015 REF BONDS SERIES A	218,260,000	0.917 %	2,001,699	
LOS ANGELES UNIF DS 2008 SERIES A 2016	377,985,000	0.917 %	3,466,563	
LOS ANGELES UNIF DS 2016 REF BONDS SERIES A	267,465,000	0.917 %	2,452,966	
LOS ANGELES UNIF DS 2016 REF BONDS SERIES B	498,240,000	0.917 %	4,569,442	
LOS ANGELES UNIF DS 2017 REF BONDS SER A PROP BB	113,455,000	0.917 %	1,040,515	
LOS ANGELES UNIF DS 2017 REF BONDS SER A MEAS K	921,240,000	0.917 %	8,448,845	
LOS ANGELES UNIF DS 2005 SERIES M 1 2018	111,265,000	0.917 %	1,020,430	
LOS ANGELES UNIF DS 2008 SERIES B 1 2018	1,034,935,000	0.917 %	9,491,560	
LOS ANGELES UNIF DS 2019 REF 2002 SER D MEAS K	142,765,000	0.917 %	1,309,321	
LOS ANGELES UNIF DS 2019 REF 2004 SER I MEAS R	316,820,000	0.917 %	2,905,609	
LOS ANGELES UNIF DS 2019 REF 2005 SER F MEAS Y	85,710,000	0.917 %	786,061	
LOS ANGELES UNIF MEASURE R 2020 SERIES RYQ	829,000,000	0.917 %	7,602,896	
LOS ANGELES UNIF MEASURE Y 2020 SERIES RYQ	302,000,000	0.917 %	2,769,692	
LOS ANGELES UNIF MEASURE Q 2020 SERIES RYQ	907,190,000	0.917 %	8,319,990	
LOS ANGELES UNIF SERIES RYQ 2020B	196,310,000	0.917 %	1,800,392	
Total Overlapping Debt	\$ 15,128,036,783		131,305,461	
Total Direct and Overlapping Debt			\$ 150,605,461	

(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 2020-21 Assessed Valuation		Per Capita
-Direct Debt (\$7,223,980,473).....	0.27%	317
-Overlapping Debt.....	1.82%	2,155
-Total Debt.....	2.08%	2,471

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/2021: \$0

City of Gardena
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	20-21	19-20	18-19	17-18	16-17
Assessed valuation	\$7,223,980,473	\$6,800,580,594	\$6,397,613,521	\$6,005,395,708	\$5,686,952,300
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,805,995,118	1,700,145,149	1,599,403,380	1,501,348,927	1,421,738,075
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$270,899,268	\$255,021,772	\$239,910,507	\$225,202,339	\$213,260,711
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$270,899,268	\$255,021,772	\$239,910,507	\$225,202,339	\$213,260,711
Total debt applicable to the limit as a percentage of debt limit	- 0%	- 0%	- 0%	- 0%	- 0%

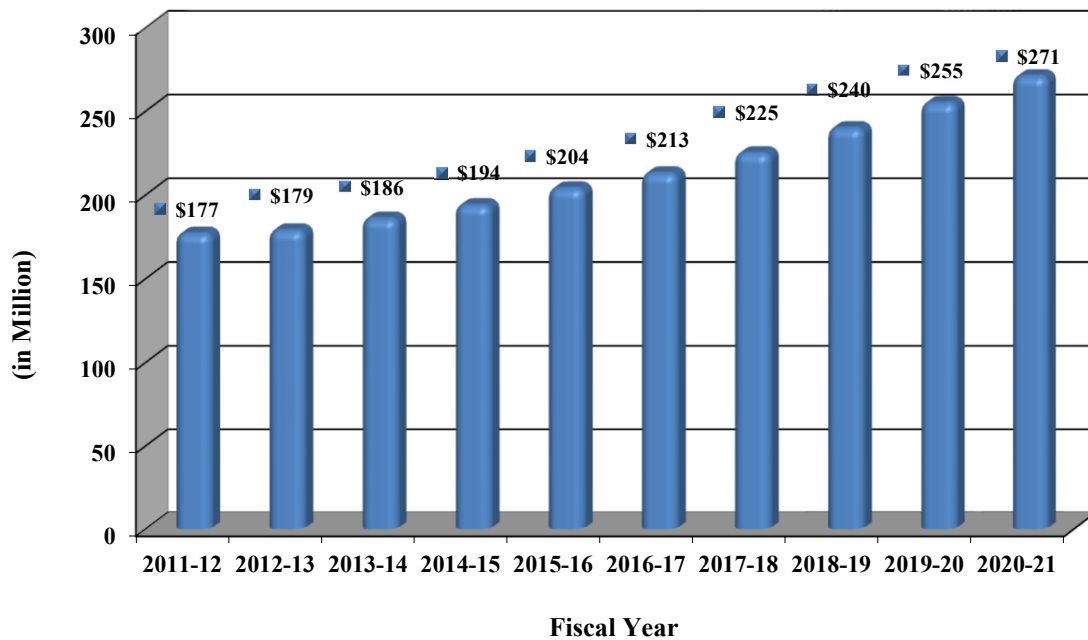
Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% OF MARKET VALUE. Effective with 1981-82 fiscal year, each parcel is now assessed at 100% of 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				
	15-16	14-15	13-14	12-13	11-12
Assessed valuation	\$5,453,097,097	\$5,170,329,875	\$4,957,766,359	\$4,784,812,315	\$4,714,033,674
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,363,274,274	1,292,582,469	1,239,441,590	1,196,203,079	1,178,508,419
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$204,491,141	\$193,887,370	\$185,916,238	\$179,430,462	\$176,776,263
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$204,491,141	\$193,887,370	\$185,916,238	\$179,430,462	\$176,776,263
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
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			
2036-2037									
2037-2038									
2038-2039									
TOTAL	7,700,000	2,802,415	10,502,415	\$ 8,940,000	\$ 5,605,415	\$14,545,415	\$ 1,540,000	\$ 506,881	\$ 2,046,881

City of Gardena
Debt Service Payment Schedule (Continued)

FISCAL YEAR	2017 DIRECT LEASE			2020 TAXABLE PENSION OBLIGATION BONDS			ANNUAL BOND OBLIGATIONS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2020-2021	\$ 275,000	\$ 20,338	\$ 295,338	\$ 210,000	\$ 1,049,547	\$ 1,259,547	\$ 1,205,000	\$ 2,064,729	\$ 3,269,729
2021-2022	280,000	14,594	294,594	2,995,000	2,972,825	5,967,825	4,040,000	3,938,185	7,978,185
2022-2023	280,000	8,798	288,798	3,665,000	2,938,951	6,603,951	4,755,000	3,851,599	8,606,599
2023-2024	285,000	2,950	287,950	4,210,000	2,891,196	7,101,196	5,355,000	3,748,278	9,103,278
2024-2025				4,800,000	2,827,962	7,627,962	5,705,000	3,629,376	9,334,376
2025-2026				5,075,000	2,746,266	7,821,266	6,035,000	3,491,441	9,526,441
2026-2027				5,175,000	2,641,416	7,816,416	6,195,000	3,326,835	9,521,835
2027-2028				5,295,000	2,518,976	7,813,976	6,380,000	3,140,948	9,520,948
2028-2029				5,440,000	2,377,970	7,817,970	6,590,000	2,932,215	9,522,215
2029-2030				5,590,000	2,227,663	7,817,663	7,540,000	2,710,018	10,250,018
2030-2031				5,750,000	2,067,621	7,817,621	7,400,000	2,460,160	9,860,160
2031-2032				5,920,000	1,897,249	7,817,249	7,155,000	2,212,499	9,367,499
2032-2033				6,105,000	1,714,143	7,819,143	7,400,000	1,967,643	9,367,643
2033-2034				6,295,000	1,521,042	7,816,042	7,650,000	1,709,792	9,359,792
2034-2035				6,500,000	1,315,636	7,815,636	7,930,000	1,436,636	9,366,636
2035-2036				6,720,000	1,097,041	7,817,041	7,710,000	1,146,541	8,856,541
2036-2037				6,975,000	838,052	7,813,052	6,975,000	838,052	7,813,052
2037-2038				7,245,000	569,236	7,814,236	7,245,000	569,236	7,814,236
2038-2039				7,525,000	290,014	7,815,014	7,525,000	290,014	7,815,014
TOTAL	1,120,000	\$ 46,679	\$1,166,679	101,490,000	36,502,806	137,992,806	120,790,000	45,464,196	166,254,196

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

Fiscal Year 2020-21			Fiscal Year 2011-12		
	Tax Payers	Business Type		Tax Payers	Business Type
1	76	Service Stations	76	Service Stations	
2	A&A Chevron	Service Stations	A & R Shell	Service Stations	
3	Arco AM PM	Service Stations	A&A Chevron	Service Stations	
4	Beacon Roofing Supply	Building Materials	American Honda Finance	Auto Lease	
5	Big Lots	Variety Stores	Beacon Roofing Supply	Building Materials	
6	Chick Fil A	Quick-Service Restaurants	Crenshaw Lumber Co	Building Materials	
7	Crenshaw Lumber Co	Building Materials	CVS Pharmacy	Drug Stores	
8	Crenshaw Wholesale Electric Supply	Plumbing/Electrical Supplies	Enterprise Rent A Car	Transportation/Rentals	
9	Enterprise Rent A Car	Transportation/Rentals	Food 4 Less	Grocery Stores	
10	Food 4 Less	Grocery Stores	G & C Equipment Finders Corp	Contractors	
11	G & C Equipment Finders Corp	Contractors	Gardena Honda	New Motor Vehicle Dealers	
12	Gardena Honda	New Motor Vehicle Dealers	Gardena Nissan	New Motor Vehicle Dealers	
13	Gardena Nissan	New Motor Vehicle Dealers	Marukai Market	Grocery Stores	
14	Honda Lease Trust	Auto Lease	McDonald's	Quick-Service Restaurants	
15	McDonald's	Quick-Service Restaurants	Mobil Gardena	Service Stations	
16	Nader's Furniture	Home Furnishings	Nader's Furniture	Home Furnishings	
17	Pulp Studio	Paint/Glass/Wallpaper	New York Times Sales	Light Industrial/Printers	
18	Ralphs	Grocery Stores	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 55%
of the total sales tax collected.

-Account for 54%
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

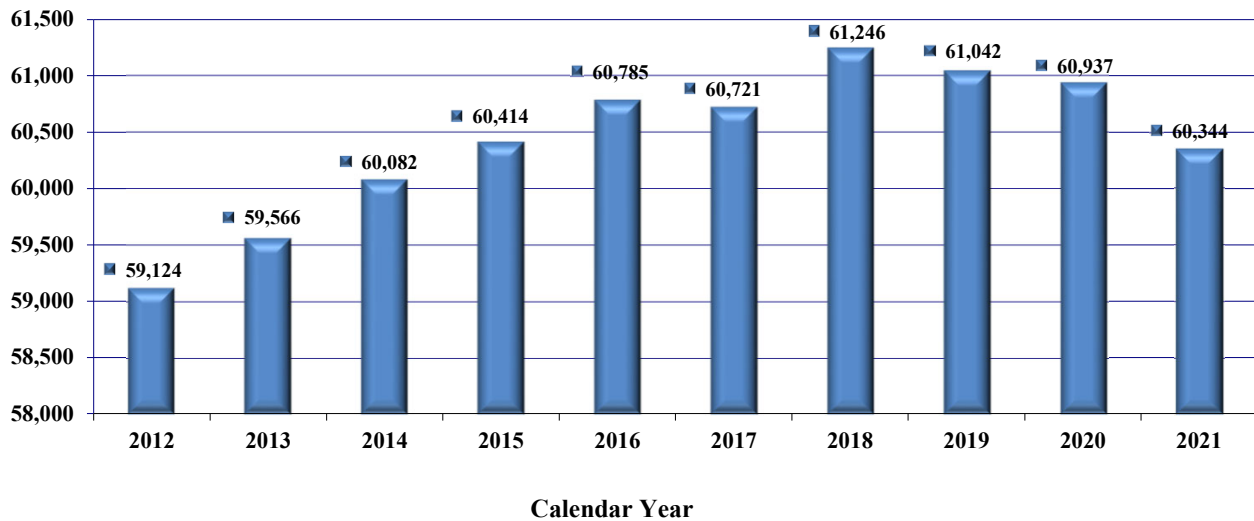
Demographic and Economic Statistics

Last Ten Calendar Years

Year	City of Gardena Housing Units	City of Gardena Population (1)	Average Annual Percentage Increase	Los Angeles County Population (1)	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)
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	2.60%	1,386,384	22,808	664,774	29,000	5.20%
2017	21,815	60,721	-0.11%	10,271,018	-1.24%	1,411,571	23,246	713,871	29,500	4.40%
2018	21,815	61,246	0.86%	10,163,507	-1.05%	1,444,440	23,584	694,096	29,300	4.80%
2019	22,092	61,042	-0.33%	10,105,518	-0.57%	1,482,260	24,282	673,849	29,000	4.70%
2020	22,137	60,937	-0.17%	10,079,000	-0.26%	1,583,855	25,991	464,731	24,900	4.50%
2021	22,371	60,344	-0.97%	10,044,458	-0.34%	1,651,792	27,372	628,468	27,400	9.80%

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.

City of Gardena
Ten Principal Employers
Current Year and Nine Years Ago

Employer	Business Type	2021*		2012	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
United Parcel Service Inc.	Delivery	789	2.88%		
Gardena Memorial Hospital	Hospital services	750	2.74%		
Nissin Foods Company	Manufacturing	550	2.01%		
Hustler Casino	Casino	465	1.70%		
Air Fayre	Airline caterers	289	1.05%		
Avcorp	Manufacturing parts	289	1.05%		
Larry Flynt's Lucky Lady Casino	Casino	245	0.89%		
Southwest Offset Printing	Book binding and printing	235	0.86%		
Kindred Hospital South Bay	Hospital services	225	0.82%		
Target	Retail	200	0.73%		
Gardena Memorial Hospital	Hospital services			735	2.81%
Hustler Casino	Casino			712	2.72%
United Parcel Service Inc.	Delivery			500	1.91%
Hitco Carbon Composites, Inc.	Manufacturing parts			465	1.77%
Normandie Club, LP	Casino			410	1.56%
Southwest Offset Printing	Book binding and printing			354	1.35%
Ramona's Mexican Food	Food			240	0.92%
Nissin Foods Company	Manufacturing			230	0.88%
Target	Retail			220	0.84%
Sam's Club	Retail			167	0.64%
Total top ten employers		4,037		4,033	
Total City Employment ¹		27,400		26,200	

*Used 2020 employment data as 2021 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.

¹Total City employment provided by EDD-Labor Market Information Division.

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 "Federal"), California (the "State"), Los Angeles County (the "County") and the City of Gardena (the "City") for calendar years 2017 through 2021.

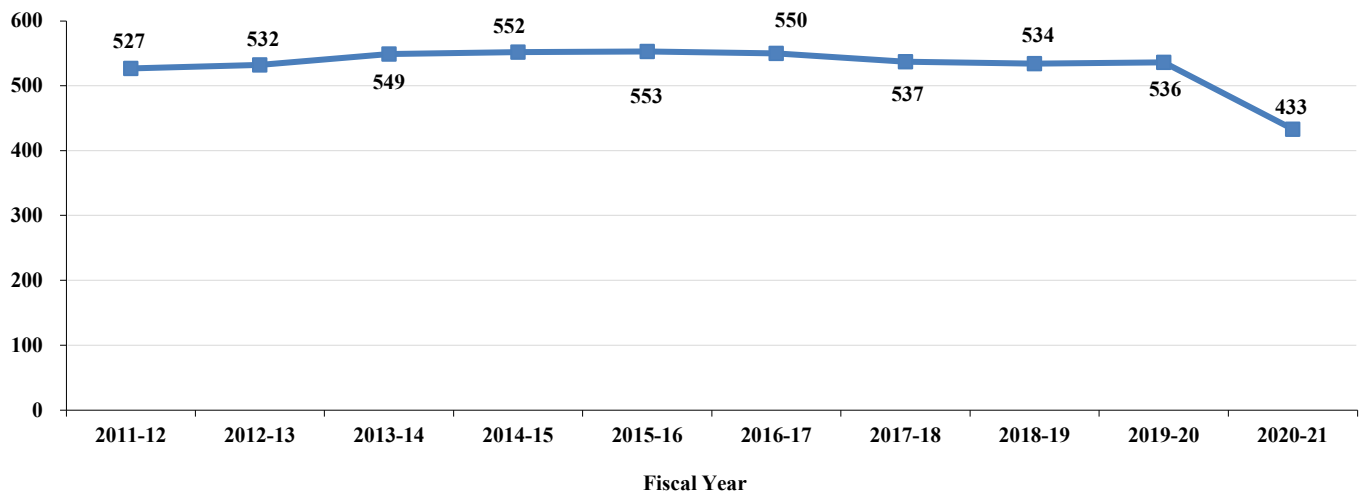
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Federal Unemployment Rate	4.8%	8.4%	3.7%	4.0%	4.4%
State Unemployment Rate	6.4	10.8	4.0	4.2	4.8
County Unemployment Rate	9.7	15.1	4.5	4.8	4.7
City Unemployment Rate	10.9	15.2	4.7	4.8	4.3

Source: State of California Employment Development Department; Los Angeles-Long Beach Metropolitan Statistical Area and United States Bureau of Labor Statistics. LA Almanac numbers were used for 2021.

City of Gardena
Full-Time and Part-Time City Employees
by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
General government	115	151	181	209	186	181	181	181	168	188
Public safety	126	149	140	142	154	160	157	162	158	152
Public works	44	56	47	31	51	50	50	47	45	46
Community development	12	15	18	15	19	18	17	16	16	12
Transit - Bus line	136	165	148	140	140	144	147	143	145	129
Total	433	536	534	537	550	553	552	549	532	527

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, 2021</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	220	253	273	221	6/30/2025
Gardena Management Employees Organization	21	19	19	21	6/30/2025
Gardena Police Officers Association	86	79	76	81	7/31/2024
Gardena Police Executive Association	6	7	10	11	N/A
	333	358	378	334	

Source: City of Gardena

City of Gardena
Operating Indicators
by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
Police:										
Arrests	1,547	1,761	2,183	2,901	2,642	2,423	4,499	3,251	3,333	3,421
Number of parking citations issued	30,000	27,568	29,868	29,254	23,145	22,665	11,203	24,622	26,615	25,218
Public works:										
Street resurfacing (miles)	2.25	5.68	19.06	0.49	4.52	2.95	7.00	3.38	5.15	8.42
Traffic lights and signals	91	91	91	91	91	90	89	88	88	88
Parks and recreation:										
Number of recreation classes	0	432	1,374	1,226	1,410	1,466	1,150	1,080	1,232	1,380
Number of facility rentals	0	53	1,977	1,112	1,222	1,221	1,164	1,072	876	713
Transit:										
Number of customers served ⁽¹⁾	1,203,880	2,406,910	2,943,363	3,110,354	3,094,180	3,610,718	3,687,038	3,689,142	3,761,506	3,737,640

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									
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
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	25.0	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	3,337	3,392	3,327	3,321	3,350	3,319	3,181	3,229	3,247
-City maintenance	193	193	194	191	198	385	197	192	192	194
Traffic signals	69	69	69	69	69	70	69	68	68	68
Traffic signals (shared)	22	22	22	22	22	23	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
Community center	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	492	595	595	595	595	649	649

NOTES:

⁽¹⁾ Streetlights maintained by Southern California Edison Company.

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

STATISTICAL SECTION

Fiscal Year 2020-21



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**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 ("City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2021.

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
Page 2

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 9, 2021