

CITY OF
GARDENA
CALIFORNIA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDING JUNE 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

CITY OF GARDENA, CALIFORNIA



PREPARED BY

THE ADMINISTRATIVE SERVICES DEPARTMENT

**Clint Osorio
City Manager**

And

**Raymond Beeman
Chief Fiscal Officer**

* * * * *

City of Gardena
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

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City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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December 10, 2019

Members of the City Council,
and Citizens of Gardena

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR 2018-2019
LETTER OF TRANSMITTAL**

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Gardena (the City) for the fiscal year ended June 30, 2019 (FY 2018-19). The report is intended to update readers on the status of the City's financial position and results of operations for the past fiscal year.

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

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

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

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, 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, 2019, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the CAFR. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

TASHA CERDA, Mayor / ART KASKANIAN, Mayor Pro Tem

MARK E. HENDERSON, Councilmember / DAN MEDINA, Councilmember / RODNEY G. TANAKA, Councilmember
MINA SEMENZA, City Clerk / J. INGRID TSUKIYAMA, City Treasurer / CLINT OSORIO, City Manager / PETER L. WALLIN, City Attorney

PROFILE OF THE GOVERNMENT

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

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

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

The City Organization transitioned from four "Super Departments" into seven distinct departments consisting of 1) Elected & Executive Offices, 2) Administrative Services, 3) General Services, 4) Recreation & Human Services, 5) Police, 6) GTRANS (Transportation) and 7) Community Development.

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

The City of Gardena is fortunate to have a stable and diverse economic base, which somewhat shields its economy from downturns in any specific category. Among the top five revenue sources include sales tax, property tax, card club, utility user's tax, and vehicle license fees. All of the top five revenue generators experienced increases compared to the prior year except card club and utility user's tax revenues. The City is fortunate to have two card clubs within City limits, which

are the Lucky Lady Casino and Larry Flynt's Hustler Casino. The combined revenue from both card clubs experienced a decrease of approximately \$150,000 compared to the 2018-2019 Adopted Budget. However, in July 2019, the Lucky Lady Casino roof collapsed, and the casino was forced to close with its reopen date still to be determined, the City is dealing with approximately a loss of \$200K per month for as long as the Casino is not open, so the City is exploring all of its options to deal with this significant revenue loss in fiscal year 2019-2020. In addition to the Casino closure the City faces uncertainties with California gaming and licenses, the City has thus committed to reducing its reliance to card club revenue by diversifying and strengthening other revenue sources.

In FY 2018-2019, sales tax revenue continues to be our number one revenue source. Having no major shopping mall or auto mall in the City has, in fact, been a plus during the Great Recession since the City's revenue is more diverse and not dependent upon sales by any particular industry. The restaurant and food service industry has a very strong presence in the City of Gardena and it continues to be the top performing sales tax segment in the City. The real estate market has shown improvement throughout the South Bay area of Los Angeles. In Gardena, new housing continues to sell at higher rates and the number of building permits being issued continues to increase.

The City's unemployment rate fell from 11.0% in 2009 to 4.7% in 2019, which is 0.2% higher than the unemployment rate average of Los Angeles County which is 4.5%. The unemployment rate in the South Bay area decreased from 7.4% in 2009 to 4.1% in 2019. Professional and business services are the largest sector of employment in the area and have held up better than manufacturing. Nearby cities of El Segundo and Redondo Beach have a high concentration of aerospace and high-tech sector companies. Given the global geopolitical situation, demand for such goods should continue to stay stable for several years. The region's second largest employment sector, manufacturing, still struggles as construction remains stagnant and outsourcing and overseas production continue to impact the American manufacturing markets.

With the National Football League's approval to grant the relocation of the Rams and the Chargers to the City of Los Angeles (Inglewood), construction of a new stadium for both teams brings potential for revenue growth for the City of Gardena. The stadium site is approximately 4 miles from the City of Gardena and home games from both teams, as well as the planned Super Bowl in 2022 to be held in Inglewood is expected to bring in additional sales tax, card club, and Transient Occupancy Tax revenues.

Get Involved Gardena a community outreach program was launched in fiscal year 2018-2019 to engage the community on City service priorities and needs to continue to be reflected in future fiscal planning. Get Involved Gardena reports that residents are concerned about maintaining public safety including 911 emergency response, police and fire protection, as well as maintaining the programs that Gardena's families rely on such as supervised day care program and hot meals for seniors.

Over the past fifteen years, the City's cooperative elected and administrative leadership has implemented policies and programs that have strengthened the City's fiscal stability. The City has a Standard & Poor's "A+" rating on its 2006 Refunding Certificates of Participation (COPs) Series A, and C. In 2015, the City refunded its 2006 Refunding Certificates of Participation (COPs)

Series B, with a Taxable Lease Revenue Refunding Bond, which was issued at an “A +” rating. In 2016, the City received a double notch rating increase by Moody’s Investor Service, increasing the 2006 Series A and C Certificates of Participation and the 2007 Series A bonds to A1 from A3. In comparison, the City was near bankruptcy prior to the consolidation and refinancing of its debt in 2006. The S&P “A+” rating and the Moody’s “A1” rating is reflective of a stable fiscal outlook and the expectation that Gardena will continue to maintain balanced operational costs with adequate fiscal reserves.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Unrestricted Fund Balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year-end was 26% of total general fund expenditures. This amount was above the policy guidelines set by the Council for budgetary and planning purposes (approximately 25%).

The City Council adopted the first Five-Year Plan in 2002 to implement a strategy to pull the City out of financial debt and looming bankruptcy. Establishing a Mission and Vision Statement united elected leadership, employees and employee labor groups to cut expenditures to within available revenues, preserve jobs, and maintain service levels. By 2007, the City had regained both Moody’s and Standard & Poor’s credit ratings, launched a new state-of-the-art transit facility, held the first Jazz Festival, upgraded the City Council Chambers, initiated District Policing and progressed in many areas of public service and workforce excellence. In 2010, the City began adopting a rolling 5-year plan in order to keep moving forward on a consistent and continuous improvement plan. In 2015, the City refunded the 2006 Certificate of Participation, Series B, which resulted in \$2,360,051 in debt service payment savings. In 2016, the City adopted a new Five Year Strategic Plan, which provides a roadmap of the City’s Mission, Vision, Values; as well as the Strategic Plan Goals, Objectives, and Strategies from 2016 to 2021. In 2019, the City had completed 73% of their Five-Year goals, as the City was significantly ahead of schedule it was determined that a reassessment of the strategic plan was needed in the next fiscal year in order for the City’s plans, goals, objectives and strategies to meet the current evolving needs of the City.

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

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

RELEVANT FINANCIAL POLICIES

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

AWARDS and ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gardena for its CAFR for the fiscal year ended June 30, 2018. This was the thirty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

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

Respectfully submitted,



Clint D. Osorio
City Manager

Respectfully submitted,



Ray Beeman
CFO



Government Finance Officers Association

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

Presented to

**City of Gardena
California**

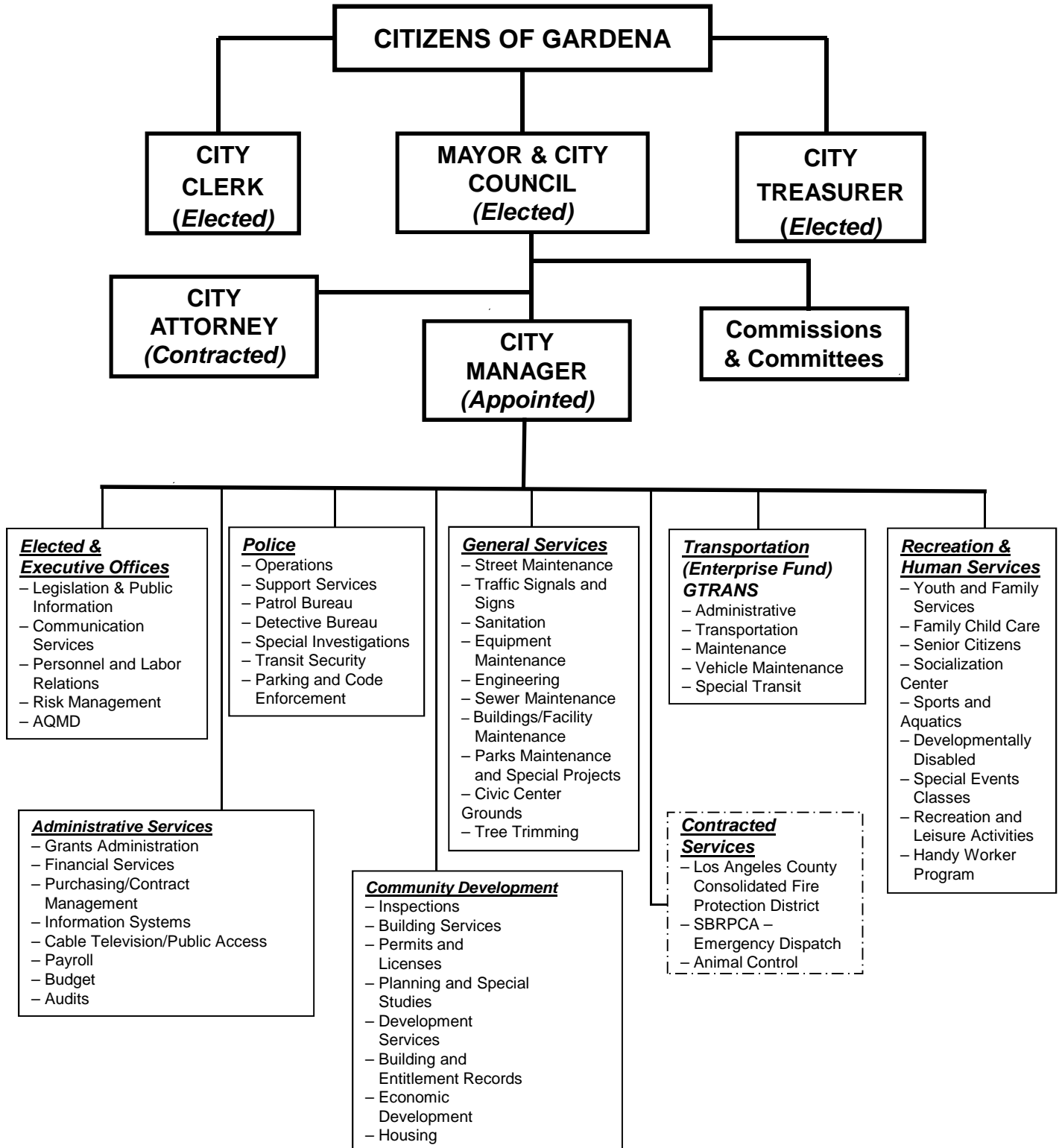
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF GARDENA ORGANIZATION CHART



OFFICIALS OF THE CITY OF GARDENA, CALIFORNIA

FISCAL YEAR 2018 – 2019

CITY OF GARDENA

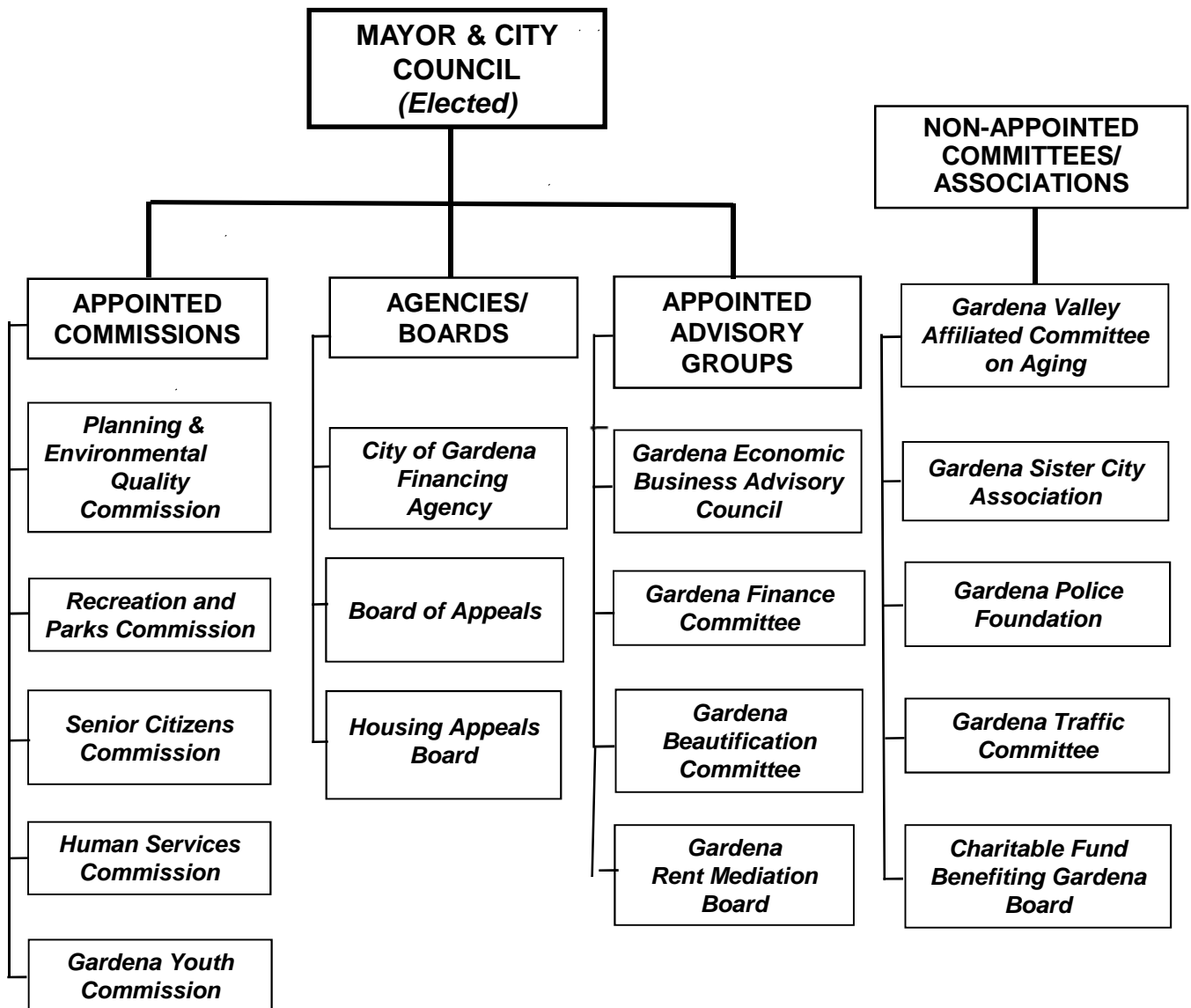
CITY COUNCIL

Tasha Cerda, Mayor
Art Kaskanian, *Mayor Pro Tem*
Mark E. Henderson, *Councilmember*
Rodney G. Tanaka, *Councilmember*
Dan Medina, *Councilmember*

Administration Officials and Department Heads

City Manager.....	Clint Osorio
Director of Administrative Services	Clint Osorio
City Treasurer	J. Ingrid Tsukiyama
City Clerk	Mina Semenza
City Attorney.....	Peter L. Wallin
Chief of Police	Michael Saffell
General Services Director	Joseph Cruz
Director of Recreation and Human Services	Stephany Santin
Interim Community Development Director.....	Raymond Barragan
Transportation Director.....	Ernie Crespo
Assistant Fire Chief – LA County Fire District.....	Scott Hale

CITY OF GARDENA
COMMISSIONS, BOARDS, COMMITTEES, ETC.



City of Gardena

Comprehensive Annual Financial Report For the Year Ended June 30, 2019



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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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2019, 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.

Emphasis of Matter

Unrestricted Net Position Deficit

As discussed in Note 2A, the unrestricted net position is a deficit in the amount of \$(161,433,172), which includes \$(131,787,090) reported under governmental activities and \$(29,646,082) reported under business-type activities. It is mainly due to the net pension liability as discussed in Note 10 and the net other postemployment benefits liability as discussed in Note 11. Aggregate net pension liabilities for governmental activities and business-type activities are in the amounts of \$81,187,711 and \$18,606,352, respectively. Aggregate net other postemployment benefits liabilities for governmental activities and business-type activities are in the amounts of \$58,518,198 and \$5,850,184, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of 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 93 through 107 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 5, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 5, 2019

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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City of Gardena

Management's Discussion and Analysis (Unaudited)

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, 2019. 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 2018-2019 fiscal year by \$(44,570,043), which resulted in the City having a negative net position.
- ◆ The City's total net position decreased \$8,876,904 in 2018-2019. Net position of governmental activities decreased \$3,993,747, while net position of business type activities decreased by \$4,883,157 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 2018-2019 fiscal year, the City's Net Pension Liabilities were \$81,187,711 and \$18,606,352 for governmental and business-type activities for a total of \$99,794,063. The City's other post-employment benefit liabilities were \$58,518,198 and \$5,850,184 for governmental and business-type activities for a total of \$64,368,382.
- ◆ At the close of the 2018-2019 fiscal year, the City's governmental funds reported combined fund balances of \$32,913,091, a decrease of \$6,370,174 in comparison to the prior year. General Fund decreased by \$7,001,556. The decrease is primarily due to the \$6 million fresh start payment made by the City to the California Public Employees Retirement System (CALPERS) Safety Plan Unfunded Accrued Liability, which will save the City approximately \$9.25 million in pension payments over the next 10 years. The City also had an increase of \$1,784,891 in Transfer Out expenditures compared to the prior year as it assisted with some grant funds that lost their source of revenue. Economic development grants special revenue fund decreased by \$833,226, as a result of the City spending an additional \$1.2 million in capital related projects.
- ◆ At the end of the 2018-2019 fiscal year, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$16,181,081 or approximately 26% of total General Fund expenditures.
- ◆ The City's total outstanding long-term debt decreased by \$802,697 during the 2018-2019 fiscal year. The decrease is primarily attributable to the net effect of the annual debt payments made on the 2006 Refunding Certificate of Participation Series A bond and the Refunding Revenue Bonds.

Overview of the Financial Statements

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

City of Gardena

Management's Discussion and Analysis (Unaudited) (Continued)

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

City of Gardena

Management's Discussion and Analysis (Unaudited) (Continued)

Overview of the Financial Statements (Continued)

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

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

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

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

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

The proprietary fund financial statements can be found on pages 36-42 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 48-89 of this report.

City of Gardena

Management's Discussion and Analysis (Unaudited) (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 93-107 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 112-135 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 \$44,570,043 at the close of the 2018-2019 fiscal year.

CITY OF GARDENA NET POSITION

	Governmental Activities		Business-type Activities		TOTAL	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 54,233,698	\$ 61,144,876	\$ 4,604,825	\$ 3,425,669	\$ 58,838,523	\$ 64,570,545
Capital assets	49,009,550	46,993,971	53,325,002	56,518,995	102,334,552	103,512,966
Total Assets:	103,243,248	108,138,847	57,929,827	59,944,664	161,173,075	168,083,511
Deferred outflow of resources related to pensions	25,337,706	22,161,959	3,679,139	5,748,010	29,016,845	27,909,969
Deferred outflow of resources related to OPEB	4,484,273	2,247,000	800,069	4,516,544	5,284,342	6,763,544
Total deferred outflows of resources:	29,821,979	24,408,959	4,479,208	10,264,554	34,301,187	34,673,513
Current liabilities	17,039,077	15,854,395	12,645,578	10,026,957	29,684,655	25,881,352
Non-current liabilities						
Long-term liabilities-Due in more than one year	32,904,193	34,823,127	1,160,192	1,109,606	34,064,385	35,932,733
Total other postemployment benefits liability	58,518,198	59,608,000	5,850,184	9,332,000	64,368,382	68,940,000
Aggregate net pension liability	81,187,711	79,328,811	18,606,352	20,982,676	99,794,063	100,311,487
Subtotal Non-current liabilities	172,610,102	173,759,938	25,616,728	31,424,282	198,226,830	205,184,220
Total Liabilities:	189,649,179	189,614,333	38,262,306	41,451,239	227,911,485	231,065,572
Deferred inflows of resources related to pensions	2,256,568	414,135	373,211	466,456	2,629,779	880,591
Deferred inflows of resources related to OPEB	9,137,889	6,504,000	365,152	-	9,503,041	6,504,000
Total deferred outflows of resources:	11,394,457	6,918,135	738,363	466,456	12,132,820	7,384,591
Net Investment in Capital						
Assets	47,404,733	27,748,135	53,054,448	56,261,253	100,459,181	84,009,388
Restricted	16,403,948	16,115,366	-	-	16,403,948	16,115,366
Unrestricted (deficit)	(131,787,090)	(107,848,163)	(29,646,082)	(27,969,730)	(161,433,172)	(135,817,893)
Total Net Position:	\$ (67,978,409)	\$ (63,984,662)	\$ 23,408,366	\$ 28,291,523	\$ (44,570,043)	\$ (35,693,139)

City of Gardena

Management's Discussion and Analysis (Unaudited) (Continued)

Government-wide Overall Financial Analysis (Continued)

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

The City's largest liabilities are their Non-current liabilities with OPEB totaling \$64,368,382 and net pension liabilities totaling \$99,794,063 for fiscal year 2018-2019 a total of \$164,162,445 or 83% of the \$198,226,830 in Total Noncurrent Liabilities.

An additional portion of the City's net position (Restricted) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(161,433,172) is unrestricted and if positive, may be used to meet the government's ongoing obligations to its citizens and creditors which include the net OPEB and Pension liabilities.

At the end of the 2018-2019 fiscal year, the City is able to report positive balances in all reported categories of net position with the exception of unrestricted, both for the government as a whole, as well as for its separate governmental and business-type activities. The negative in unrestricted net position is a result of 1) GASB 68, which is for pension liabilities and 2) GASB 75, which is for other post-employment benefit liabilities. These two items made up approximately 72% of the overall \$227,911,485 in Total Liabilities in 2018-2019 fiscal year.

The City's overall net position decreased \$8,876,904 from the prior fiscal year. The reasons for this overall decrease are discussed in the below sections for governmental activities and business-type activities.

Governmental Activities. During 2018-2019, net position for governmental activities decreased \$3,993,747 from the prior fiscal year for an ending balance of \$(67,978,409). The decrease in the overall net position was primarily related to: 1) Total Revenues increased by \$5.4 million or 8% compared to the prior year as the economy continues to be in a state of expansion; 2) the \$6 million fresh start payment made by the City to the California Public Employees Retirement System (CALPERS) Safety Plan Unfunded Accrued Liability, which will save the City approximately \$9.25 million in pension payments over the next 10 years; 3) an increase in expenses for the governmental activities by \$5,551,451 or 8% compared to the prior year; primarily as a result of the \$6 million fresh start payment noted above along with increase in PERS costs for Safety and an increase in salaries for all Safety employees receiving around an average of 6.5% cost of living adjustment (COLA) with Safety contributing an additional 3% to their PERS costs share and Non-Safety receiving a COLA of 2%.

City of Gardena

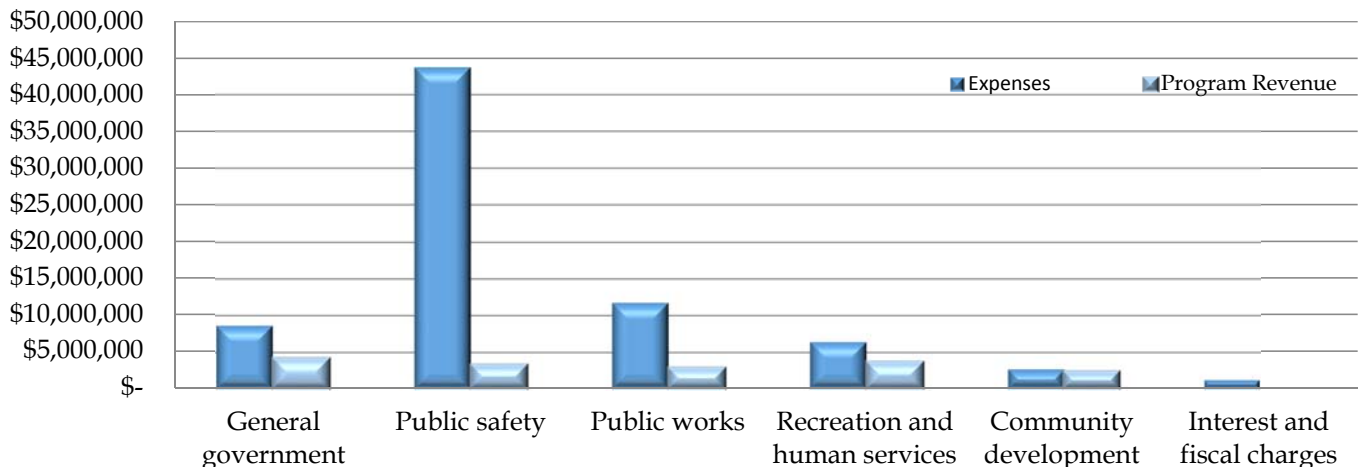
Management's Discussion and Analysis (Unaudited) (Continued)

Government-wide Overall Financial Analysis (Continued)

CITY OF GARDENA'S CHANGES IN NET POSITION

	Governmental Activities		Business -type Activities		TOTAL	
	2019	2018	2019	2018	2019	2018
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 10,971,507	\$ 10,006,148	\$ 4,399,104	\$ 4,249,401	\$ 15,370,611	\$ 14,255,549
Operating grants and contributions	3,142,207	3,719,048	20,612,788	19,855,368	23,754,995	23,574,416
Capital grants and contributions	2,037,030	2,002,799	1,086,741	576,031	3,123,771	2,578,830
<i>General Revenues:</i>						
Property taxes	7,735,545	7,150,957	-	-	7,735,545	7,150,957
Sales and other taxes	42,877,399	39,483,338	-	-	42,877,399	39,483,338
Investment income and miscellaneous	2,446,004	1,293,631	155,566	126,785	2,601,570	1,420,416
Gain on sale of assets	10,622	201,559	-	-	10,622	201,559
Total Revenues:	69,220,314	63,857,480	26,254,199	24,807,585	95,474,513	88,665,065
Expenses:						
General government	8,609,254	6,177,468	-	-	8,609,254	6,177,468
Public safety	43,617,238	41,420,762	-	-	43,617,238	41,420,762
Public works	11,717,321	7,120,105	-	-	11,717,321	7,120,105
Recreation and human services	6,395,004	9,742,993	-	-	6,395,004	9,742,993
Community development	2,662,554	2,938,656	-	-	2,662,554	2,938,656
Interest and fiscal charges	1,191,118	1,241,054	-	-	1,191,118	1,241,054
Enterprise operations	-	-	30,158,928	29,237,434	30,158,928	29,237,434
Total Expenses:	74,192,489	68,641,038	30,158,928	29,237,434	104,351,417	97,878,472
Increase (decrease) in Net Position before other revenues and transfers	(4,972,175)	(4,783,558)	(3,904,729)	(4,429,849)	(8,876,904)	(9,213,407)
Transfers	978,428	38,632	(978,428)	(38,632)	-	-
Change in Net Position	(3,993,747)	(4,744,926)	(4,883,157)	(4,468,481)	(8,876,904)	(9,213,407)
Net position- beginning of year	(63,984,662)	(59,239,736)	28,291,523	32,760,004	(35,693,139)	(26,479,732)
Net position - end of year	<u>\$ (67,978,409)</u>	<u>\$ (63,984,662)</u>	<u>\$ 23,408,366</u>	<u>\$ 28,291,523</u>	<u>\$ (44,570,043)</u>	<u>\$ (35,693,139)</u>

Expenses and Program Revenues - Governmental Activities



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

Government-wide Overall Financial Analysis (Continued)

Business-type Activities. In the 2018-2019 fiscal year, the City's *business-type activities* decreased the net position by \$4,883,157 or 17.3% for the fiscal year ended June 30, 2019. Business-type activities revenue increased by \$1,446,614 or 5.8% compared to the prior year for a total \$26,254,199 in revenues at year-end. In comparison to the prior fiscal year, the charges for services increased by \$149,703 or 3.5%, due, in part, to the annual increase in sewer fee. Operating grants and contributions increased by \$923,531 or 4.7% compared to the prior fiscal year, primarily due to the increase in TDA funding, Prop C MOSIP Operating funding and Measure M funding which the increases totaled \$855K compared to the prior year. Capital grants and contributions increased by \$510,710 or 88.7% primarily based on receiving \$283K more in FTA (Federal Transit Administration) funds and Metro Fare Box capital grant than in the prior year. Investment income and miscellaneous increased \$28,781 or 22.7% compared to the prior year due to an increase in interest rates as the City hired a professional investment firm, Chandler Asset Management, to invest city funds. Expenses for operations increased by \$921,494 or 3.2% compared to prior year, which was largely due to the 2% cost of living increase provided to employees in this group and the additional internal service fund allocations to the Enterprise Fund during FY18-19.

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, 2019, the City's governmental funds reported combined fund balances of \$32,913,091 a decrease of \$6,370,174, or 16.2% in comparison with the prior year. Approximately 0.82% of this amount is \$271,377 and constitutes an *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or assigned to indicate that it is: 1) not in spendable form \$642,544; 2) restricted for purposes \$16,089,466; 3) committed for purposes \$13,287,448; or 4) assigned for purposes \$2,622,256.

The General Fund is the chief operating fund of the City. At the end of the 2018-2019 fiscal year, the unassigned fund balance of the general fund was \$271,377, while the total fund balance decreased to \$16,514,884. 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 0.42% of total general fund expenditures, while total fund balance represents approximately 26.0% of that same amount.

City of Gardena

Management's Discussion and Analysis (Unaudited) (Continued)

Financial Analysis of Governmental Funds (Continued)

The fund balance of the City's General Fund decreased by \$7,001,556 during the 2018-2019 fiscal year. The Top 5 Revenue generators, which make up 67% of the General Fund Original Adopted Budget for Fiscal Year 2018-2019, was up \$239,651; 1) Sales Tax revenue was up \$811K compared to budget as the State Board of Equalization switched over to a new online system in the prior year which lead to payment delays in the prior year with a majority of that previously delayed revenue being received in 2018-2019; 2) Card Club revenue was down \$148K compared to the budget as the transition continues for the new ownership group of the Lucky Lady Casino; 3) Property Taxes were up \$84K compared to budget with the continued thriving development in the City and higher housing prices in the region; 4) Utility Users Tax decreased by \$522K 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 slight increase of \$14K from the budget primarily based on volume and updated fee rates.

The Economic Development Grants Special Revenue Fund, a major fund, had a decrease of \$833,226 in fund balance during the fiscal year primarily due to an additional \$1.2 million in capital related projects; specifically related to the Primm Pool upgrade project. The beginning fund balance was restated to \$6,006,024 due to the implementation of GASB 65, which required \$2,501,597 of previously reported unavailable revenue to be reclassified as restricted fund balance in 2018-2019 fiscal year.

The debt service fund, a major fund, had an increase of \$41,435 in fund balance during the fiscal year, due to an increase in interest earned on the City's required reserve balance during the year to bring the year-end fund balance to \$1,958,380.

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 \$(19,622,865) and for the sewer fund was \$(592,628). The total decrease in net position for GTrans was \$3,303,475 and the Sewer Fund net position decreased by \$464,082 respectively. GTrans decrease in net position was predominantly due to charges for services cannot support the GTrans general operations. The Sewer fund decrease is based on OPEB liability being included within the Sewer fund starting in 2018-2019 fiscal year in the amount of \$282,155.

General Fund Budgetary Highlights

The final amended budget for revenue was the same as the original budget. Actual revenue was up by \$1.45 million or 3% compared to the final budget primarily because sales tax revenue was up by \$811k compared to budget and Fines, forfeitures and penalties was up \$403k compared to the budget as a result of a greater return on our investments as we have now hired an investment firm, Chandler Asset Management, to help with our investments in the amount of \$574k. A detailed budgetary comparison schedule for the year ended June 30, 2019, is presented as required supplementary information following the notes to the financial statements.

City of Gardena

Management's Discussion and Analysis (Unaudited) (Continued)

General Fund Budgetary Highlights (Continued)

The final amended budget for combined General fund expenditures was increased by \$6,060,000 as the City Council approved \$6,060,000 in payments to CALPERS fresh start in order to save the city approximately \$9.25 million in payments in the next 10 years, as well as \$1.5 million in interest in the next 20 years. Actual expenditures were more than the final amended budget by around \$657K or 1% which was primarily due to the cost of living adjustments given during the year, raising cost of contractual related obligations and the continual decrease of grant related funding which the general fund had to absorb. A detailed budgetary comparison schedule for the year ended June 30, 2019, 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, 2019, amounts to \$102,334,552 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, and highways. The total decrease in capital assets compared to prior year was \$1,178,414 or 1.1 %, primarily due to the land acquisition the City completed during the year and depreciation.

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

	Governmental Activities		Business -type Activities		TOTAL	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets:						
Land	\$ 7,355,349	\$ 6,541,402	\$ 12,956,405	\$ 12,956,405	\$ 20,311,754	\$ 19,497,807
Monuments	46,151	46,151	-	-	46,151	46,151
Construction in progress	2,710,844	2,088,106	706,957	425,203	3,417,801	2,513,309
Total Non-depreciable assets	10,112,344	8,675,659	13,663,362	13,381,608	23,775,706	22,057,267
Capital assets, being depreciated:						
Building/structures and improvements	6,061,365	6,500,872	29,152,890	30,175,801	35,214,255	36,676,673
Buses	-	-	6,968,528	9,477,882	6,968,528	9,477,882
Machinery and equipment	4,401,691	3,423,322	2,746,588	2,761,453	7,148,279	6,184,775
Furniture and fixtures	-	-	136,697	31,625	136,697	31,625
Infrastructure	-	-	656,937	690,626	656,937	690,626
Street lights network	387,717	430,797	-	-	387,717	430,797
Traffic lights network	1,558,036	1,989,396	-	-	1,558,036	1,989,396
Roadway network	26,488,397	25,973,925	-	-	26,488,397	25,973,925
Total depreciable assets (net)	38,897,206	38,318,312	39,661,640	43,137,387	78,558,846	81,455,699
Total capital assets	49,009,550	46,993,971	53,325,002	56,518,995	102,334,552	103,512,966

Major capital asset events during the 2018-2019 fiscal year included the following:

- ◆ Completion of the Pedestrian Safety Improvement Project 2018
- ◆ Completion of the Local Streets Overlay 2017
- ◆ Completion of the Sidewalk Replacement Project 2018
- ◆ Completion of the Tennis Court Rehabilitation at Rowley & Johnson Memorial Parks

Additional information on the City's capital assets can be found in Note 7 on pages 64-65 of this report.

City of Gardena

Management's Discussion and Analysis (Unaudited) (Continued)

Capital Assets and Debt Administration (Continued)

Long-term Debt. At the end of the 2018-2019 fiscal year, the City had total bonded debt outstanding of \$20,021,175. The City's long-term debt decreased by \$876,116 or 4% compared to prior year based on annual debt service payments being made during the year.

CITY OF GARDENA'S OUTSTANDING DEBT

	Governmental Activities		TOTAL	
	2019	2018	2019	2018
Refunding Revenue Bonds	\$ 10,645,000	\$ 10,800,000	\$ 10,645,000	\$ 10,800,000
Certificates of Participation	8,220,000	8,710,000	8,220,000	8,710,000
Direct Purchase Lease	1,390,000	1,635,000	1,390,000	1,635,000
- Bond discount	(233,825)	(247,709)	(233,825)	(247,709)
SCE On-Bill Financing Loan	80,741	93,545	80,741	93,545
Loan Payable	3,373,432	3,287,209	3,373,432	3,287,209
	<u>23,475,348</u>	<u>24,278,045</u>	<u>23,475,348</u>	<u>24,278,045</u>

The City maintains an "A+" rating from Standard & Poor's and an "A1" rating with Moody's for its general obligation debt as of June 30, 2019.

Additional information about the City's long-term debt can be found in Note 8 on pages 66-70 of this report.

Economic Factors and Next Year's Budget and Rates

The economy of the City is based around the needs of its citizens, with over 66% of the City's General Fund operating revenues coming from its Top 5 revenue sources, which include: 1) Sales and Use Tax, 2) Card Club Gross Revenue Fees, 3) Property Taxes, 4) Utility Users Tax and 5) Vehicle License Fees.

The City's 2019-2020 budget projections take into account the historical trends and current economic factors and consultant recommendations. An increase in General Fund operating revenues of approximately \$2.4 million or 4.1% compared to the original adopted budget for 2018-2019 is anticipated with the amount projected to be \$61,255,139. For fiscal year 2019-2020, sales tax revenue is estimated be \$12.1 million, an increase of \$300K or 3% compared to the 2018-2019 adopted budget. Card Club Gross Revenue Fees are estimated to be \$8.4 million higher by \$200k or an increase of 2% from the adopted budget for fiscal year 2018-2019. However, in July 2019, the Lucky Lady Casino roof collapsed, and the casino was forced to close with its reopen date still to be determined, the City is dealing with approximately a loss of \$200K per month for as long as the Casino is not open, so the City is exploring all of its options to deal with this significant revenue loss is fiscal year 2019. Property tax revenue is estimated at \$7.9 million, which represents an increase of \$330k or 4% from the 2018-2019 adopted budget, is due to continuing improvement of real estate market projections for the upcoming years. Utility User Tax projections are anticipated to be \$5.5 million an increase of \$83k or 2% from the 2018-2019 adopted budget. Vehicle License fees are estimated at \$6.6 million an increase of \$316,000 or 5% from the 2018-2019 adopted budget because of the increased fee rates. General Fund operating expenditures have been projected at \$61,250,139, an increase of \$2.4 million or 4.1 % compared to the fiscal year 2018-2019 adopted budget. The budget increase reflects increases in contractual service, employee cost of living adjustments along with pension and other post-employment benefit costs. It is estimated that the General Fund will have a fund balance of approximately \$16.5 million at the end of fiscal year 2019-2020.

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

Requests for Information

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

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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BASIC FINANCIAL STATEMENTS

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Gardena
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 33,168,571	\$ 8,772,470	\$ 41,941,041
Receivables, net	5,761,951	4,773,720	10,535,671
Due from other governments	779,015	-	779,015
Internal balances	9,430,589	(9,430,589)	-
Prepaid items	575,329	50,078	625,407
Inventories	69,361	439,146	508,507
Total current assets	49,784,816	4,604,825	54,389,641
Noncurrent assets:			
Restricted cash and investments:			
Cash with fiscal agent	1,956,350	-	1,956,350
Loans receivable	2,447,835	-	2,447,835
Long-term receivables	44,697	-	44,697
Capital assets:			
Nondepreciable	10,112,344	13,663,362	23,775,706
Depreciable, net	38,897,206	39,661,640	78,558,846
Total capital assets	49,009,550	53,325,002	102,334,552
Total noncurrent assets	53,458,432	53,325,002	106,783,434
Total assets	103,243,248	57,929,827	161,173,075
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	25,337,706	3,679,139	29,016,845
Deferred outflows of resources related to other postemployment benefits	4,484,273	800,069	5,284,342
Total deferred outflows of resources	29,821,979	4,479,208	34,301,187

City of Gardena
Statement of Net Position (Continued)
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	2,165,255	277,348	2,442,603
Accrued liabilities	218,475	149,810	368,285
Salaries and benefits payable	1,138,312	471,195	1,609,507
Retention payable	134,076	270,554	404,630
Deposits payable	2,571,616	-	2,571,616
Unearned revenue	-	11,186,623	11,186,623
Accrued interest payable	392,422	-	392,422
Long-term liabilities - due within one year	10,418,921	290,048	10,708,969
Total current liabilities	17,039,077	12,645,578	29,684,655
Noncurrent liabilities:			
Long-term liabilities - due in more than one year	32,904,193	1,160,192	34,064,385
Aggregate Net other postemployment benefits liabilities	58,518,198	5,850,184	64,368,382
Aggregate net pension liabilities	81,187,711	18,606,352	99,794,063
Total noncurrent liabilities	172,610,102	25,616,728	198,226,830
Total liabilities	189,649,179	38,262,306	227,911,485
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,256,568	373,211	2,629,779
Deferred inflows of resources related to other postemployment benefits	9,137,889	365,152	9,503,041
Total deferred inflows of resources	11,394,457	738,363	12,132,820
NET POSITION			
Net investment in capital assets	47,404,733	53,054,448	100,459,181
Restricted for:			
Law enforcement	1,344,114	-	1,344,114
Local street improvements	7,130,678	-	7,130,678
Economic development	5,306,507	-	5,306,507
Other purposes	657,424	-	657,424
Capital projects	295,912	-	295,912
Debt service	1,669,313	-	1,669,313
Total restricted	16,403,948	-	16,403,948
Unrestricted (deficit)	(131,787,090)	(29,646,082)	(161,433,172)
Total net position (deficit)	\$ (67,978,409)	\$ 23,408,366	\$ (44,570,043)

City of Gardena
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Governmental activities:					
General government	\$ 8,609,254	\$ 4,107,289	\$ 26,064	\$ -	\$ 4,133,353
Public safety	43,617,238	1,862,764	702,182	688,850	3,253,796
Public works	11,717,321	351,463	1,103,925	1,348,180	2,803,568
Recreation and human services	6,395,004	2,962,339	664,424	-	3,626,763
Community development	2,662,554	1,687,652	645,612	-	2,333,264
Interest and fiscal charges	1,191,118	-	-	-	-
Total governmental activities	74,192,489	10,971,507	3,142,207	2,037,030	16,150,744
Business-type Activities:					
Municipal bus line	28,646,739	2,382,758	20,612,788	1,086,741	24,082,287
Sewer	1,512,189	2,016,346	-	-	2,016,346
Total business-type activities	30,158,928	4,399,104	20,612,788	1,086,741	26,098,633
Total primary government	\$ 104,351,417	\$ 15,370,611	\$ 23,754,995	\$ 3,123,771	\$ 42,249,377

City of Gardena
Statement of Activities (Continued)
For the Year Ended June 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (4,475,901)	\$ -	\$ (4,475,901)
Public safety	(40,363,442)	-	(40,363,442)
Public works	(8,913,753)	-	(8,913,753)
Recreation and human services	(2,768,241)	-	(2,768,241)
Community development	(329,290)	-	(329,290)
Interest and fiscal charges	(1,191,118)	-	(1,191,118)
Total governmental activities	(58,041,745)	-	(58,041,745)
Business-type Activities:			
Municipal bus line	-	(4,564,452)	(4,564,452)
Sewer	-	504,157	504,157
Total business-type activities	-	(4,060,295)	(4,060,295)
Total primary government	(58,041,745)	(4,060,295)	(62,102,040)
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes	7,735,545	-	7,735,545
Sales taxes	13,466,178	-	13,466,178
Business license	2,843,375	-	2,843,375
Utility users taxes	4,955,645	-	4,955,645
Franchise taxes	2,777,572	-	2,777,572
Card club	8,101,583	-	8,101,583
Other taxes	4,354,725	-	4,354,725
Total taxes	44,234,623	-	44,234,623
Vehicle license - unrestricted	6,378,321	-	6,378,321
Investment income	1,061,732	155,566	1,217,298
Miscellaneous	1,384,272	-	1,384,272
Gain on sale of property	10,622	-	10,622
Total general revenues	53,069,570	155,566	53,225,136
Transfers	978,428	(978,428)	-
Changes in net position	(3,993,747)	(4,883,157)	(8,876,904)
Net position - beginning of year	(63,984,662)	28,291,523	(35,693,139)
Net position - end of year	\$ (67,978,409)	\$ 23,408,366	\$ (44,570,043)

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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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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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, 2019

	Major Funds		
		Economic Development Grants Special Revenue	City Debt Service
	General Fund		
ASSETS			
Cash and investments	\$ 14,418,692	\$ 2,730,924	\$ -
Cash and investments with fiscal agents	-	-	1,956,350
Receivables:			
Accounts	2,637,077	-	-
Taxes	2,913,266	-	-
Interest	115,340	-	-
Employees	44,378	-	-
Loans	-	2,447,835	-
Inventories	69,361	-	-
Prepaid items and deposits	264,442	-	289,067
Due from other governments	111,732	-	-
Due from other funds	534,713	-	-
Long-term receivables	44,697	-	-
Total assets	\$ 21,153,698	\$ 5,178,759	\$ 2,245,417
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 878,991	\$ 5,961	\$ 2,651
Accrued liabilities	4,135	-	-
Salaries and benefits payable	1,084,830	-	-
Due to other funds	-	-	284,386
Retention payable	-	-	-
Deposits payable	2,560,139	-	-
Total liabilities	4,528,095	5,961	287,037
Deferred inflows of resources:			
Unavailable revenue	110,719	-	-
Total deferred inflows of resources	110,719	-	-
Fund balances:			
Nonspendable	333,803	-	289,067
Restricted	-	5,172,798	1,669,313
Committed	13,287,448	-	-
Assigned	2,622,256	-	-
Unassigned	271,377	-	-
Total fund balances	16,514,884	5,172,798	1,958,380
Total liabilities, deferred inflows of resources, and fund balances	\$ 21,153,698	\$ 5,178,759	\$ 2,245,417

(Continued)

City of Gardena
Balance Sheet (Continued)
Governmental Funds
June 30, 2019

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 10,158,434	\$ 27,308,050
Cash and investments with fiscal agents	-	1,956,350
Receivables:		
Accounts	4,368	2,641,445
Taxes	6,635	2,919,901
Interest	-	115,340
Employees	-	44,378
Loans	-	2,447,835
Inventories	-	69,361
Prepaid items and deposits	19,674	573,183
Due from other governments	667,283	779,015
Due from other funds	-	534,713
Long-term receivables	-	44,697
Total assets	\$ 10,856,394	\$ 39,434,268
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 830,204	\$ 1,717,807
Accrued liabilities	6,794	10,929
Salaries and benefits payable	53,482	1,138,312
Due to other funds	250,327	534,713
Retention payable	134,076	134,076
Deposits payable	-	2,560,139
Total liabilities	1,274,883	6,095,976
Deferred inflows of resources:		
Unavailable revenue	314,482	425,201
Total deferred inflows of resources	314,482	425,201
Fund balances:		
Nonspendable	19,674	642,544
Restricted	9,247,355	16,089,466
Committed	-	13,287,448
Assigned	-	2,622,256
Unassigned	-	271,377
Total fund balances	9,267,029	32,913,091
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,856,394	\$ 39,434,268

(Concluded)

City of Gardena

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City of Gardena
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2019

Total Fund Balances - Total Governmental Funds \$ 32,913,091

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

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

Amount reported in government-wide statement of position:

Capital assets, not being depreciated	\$ 10,112,344	
Capital assets, depreciable	104,281,067	
Less accumulated depreciation	(65,383,861)	49,009,550

Interest is recognized when due, and therefore, interest payable is not reported in the governmental funds. (392,422)

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

Long-term liabilities - due within one year (net of \$7,927,681 reported in Internal Service Funds) (2,491,240)

Long-term liabilities - due in more than one year (net of \$4,310,367 reported in Internal Service Funds) (28,593,826)

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	25,337,706
Aggregate net pension liabilities	(81,187,711)
Pension related deferred inflows of resources	(2,256,568)

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	4,484,273
Aggregate net OPEB liabilities	(58,518,198)
OPEB related deferred inflows of resources	(9,137,889)

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 \$9,430,589 allocated to business-type activities). 2,429,624

Revenues earned but not available to pay for current expenditures for governmental funds are unavailable. 425,201

Net position of governmental activities **\$ (67,978,409)**

City of Gardena
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds		
	General	Economic Development Grants Special Revenue	City Debt Service
	Fund		
REVENUES:			
Taxes	\$ 47,271,198	\$ -	\$ -
Licenses and permits	1,735,711	-	-
Intergovernmental	464,588	-	-
Charges for services	5,270,787	-	-
Fines, forfeitures, and penalties	1,537,714	656,298	-
Use of money and property	843,510	48,284	29,451
Miscellaneous	752,900	10,621	-
Total revenues	57,876,408	715,203	29,451
EXPENDITURES:			
Current:			
General government	5,992,704	-	-
Public safety	45,579,943	-	-
Public works	7,146,168	-	-
Recreation and human services	2,985,197	-	-
Community development	1,657,758	78,893	-
Capital outlay	226,170	1,217,515	-
Debt service:			
Principal retirement	-	-	890,000
Interest and fiscal charges	-	86,223	1,112,039
Total expenditures	63,587,940	1,382,631	2,002,039
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,711,532)	(667,428)	(1,972,588)
OTHER FINANCING SOURCES (USES):			
Transfers in	2,380,977	172	2,014,023
Transfers out	(3,681,191)	(252,193)	-
Proceed from sale of assets	10,190	-	-
Issuance of loans	-	86,223	-
Total other financing sources (uses)	(1,290,024)	(165,798)	2,014,023
NET CHANGES IN FUND BALANCES	(7,001,556)	(833,226)	41,435
FUND BALANCES:			
Beginning of year, as restated (Note 16)	23,516,440	6,006,024	1,916,945
End of year	\$ 16,514,884	\$ 5,172,798	\$ 1,958,380

(Continued)

City of Gardena
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2019

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ 3,556,482	\$ 50,827,680
Licenses and permits	-	1,735,711
Intergovernmental	6,944,657	7,409,245
Charges for services	-	5,270,787
Fines, forfeitures, and penalties	67,537	2,261,549
Use of money and property	140,489	1,061,734
Miscellaneous	128,762	892,283
Total revenues	<u>10,837,927</u>	<u>69,458,989</u>
EXPENDITURES:		
Current:		
General government	11,492	6,004,196
Public safety	203,830	45,783,773
Public works	1,149,086	8,295,254
Recreation and human services	2,916,214	5,901,411
Community development	645,612	2,382,263
Capital outlay	4,683,579	6,127,264
Debt service:		
Principal retirement	12,804	902,804
Interest and fiscal charges	-	1,198,262
Total expenditures	<u>9,622,617</u>	<u>76,595,227</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,215,310</u>	<u>(7,136,238)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	4,618,411	9,013,583
Transfers out	(4,416,771)	(8,350,155)
Proceed from sale of assets	6,223	16,413
Issuance of loans	-	86,223
Total other financing sources (uses)	<u>207,863</u>	<u>766,064</u>
NET CHANGES IN FUND BALANCES	1,423,173	(6,370,174)
FUND BALANCES:		
Beginning of year, as restated (Note 16)	7,843,856	39,283,265
End of year	<u>\$ 9,267,029</u>	<u>\$ 32,913,091</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, 2019

Net change in fund balances - total governmental funds: \$ (6,370,174)

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 (\$661,334 of capital outlay expenditures were for current public works expenditures for repairs and maintenance and therefore, were not capitalized)	5,465,930
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The net effect of disposal of capital assets.	(5,791)
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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.	(3,444,560)
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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.	21,028
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Long-term compensated absences expense was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the decrease in long-term compensated absences was not reported as an expenditure in the governmental funds.	578,763
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Other postemployment benefits and pension expenses were reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the increase in other postemployment benefits liability and net pension liabilities were not reported as an expenditure in the governmental funds.

Transfers of net other postemployment benefits liability from the governmental activities to the Sewer Enterprise Fund.	315,000	
OPEB credit (expense) net of reporting contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as pension expense in the governmental fund in the amount of \$2,557,088.	378,186	
Pension credit (expense) net of reporting contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as pension expense in the governmental fund in the amount of \$14,622,436.	(525,586)	167,600

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	902,804	
Interest accrual on loans payables	(86,223)	
Amortization of bond discount	(13,884)	802,697

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 \$1,115,600 allocated to business-type activities).	(959,943)
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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.	(249,297)
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Change in net position of governmental activities	\$ (3,993,747)
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PROPRIETARY FUND FINANCIAL STATEMENTS

City of Gardena
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 8,248,598	\$ 523,872	\$ 8,772,470	\$ 5,860,521
Accounts receivable, net	1,208,840	177,092	1,385,932	40,887
Inventories	439,146	-	439,146	-
Prepaid items and deposits	49,167	911	50,078	2,146
Due from other governments	3,387,788	-	3,387,788	-
Total current assets	13,333,539	701,875	14,035,414	5,903,554
Noncurrent assets:				
Capital assets, net	52,579,159	745,843	53,325,002	-
Total noncurrent assets	52,579,159	745,843	53,325,002	-
Total assets	65,912,698	1,447,718	67,360,416	5,903,554
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	3,487,357	191,782	3,679,139	-
Deferred outflows of resources related to other postemployment benefits	800,069	-	800,069	-
Total deferred outflows of resources	4,287,426	191,782	4,479,208	-

(Continued)

City of Gardena
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2019

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	272,083	5,265	277,348	447,448
Accrued liabilities	101,620	48,190	149,810	207,546
Salaries and benefits payable	446,845	24,350	471,195	-
Deposits payable	-	-	-	11,477
Retention payable	270,554	-	270,554	-
Unearned revenue	11,186,623	-	11,186,623	-
Compensated absences, due within one year	272,992	17,056	290,048	-
Claims payable, due within one year	-	-	-	7,927,681
Total current liabilities	12,550,717	94,861	12,645,578	8,594,152
Noncurrent liabilities:				
Compensated absences, due in more than one year	1,091,966	68,226	1,160,192	-
Claims payable, due in more than one year	-	-	-	4,310,367
Aggregate net other postemployment benefits liabilities	5,568,029	282,155	5,850,184	-
Aggregate net pension liabilities	17,636,461	969,891	18,606,352	-
Total noncurrent liabilities	24,296,456	1,320,272	25,616,728	4,310,367
Total liabilities	36,847,173	1,415,133	38,262,306	12,904,519
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	353,757	19,454	373,211	-
Deferred inflows of resources related to other postemployment benefits	313,454	51,698	365,152	-
Total deferred inflows of resources	667,211	71,152	738,363	-
NET POSITION				
Net investment in capital assets	52,308,605	745,843	53,054,448	-
Unrestricted (deficit)	(19,622,865)	(592,628)	(20,215,493)	(7,000,965)
Total net position	\$ 32,685,740	\$ 153,215	\$ 32,838,955	\$ (7,000,965)
<i>Net position reconciliation:</i>				
Net position of proprietary funds	\$ 32,685,740	\$ 153,215	\$ 32,838,955	\$ (7,000,965)
Adjustment to reflect the consolidation of internal service fund activities related to the GTrans and Sewer	(9,461,305)	30,716	(9,430,589)	9,430,589
Net position of business-type activities	<u>\$ 23,224,435</u>	<u>\$ 183,931</u>	<u>\$ 23,408,366</u>	
Net position related to governmental activities				<u>\$ 2,429,624</u>

(Concluded)

City of Gardena

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For the Year Ended June 30, 2019*



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City of Gardena
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 2,246,436	\$ 2,016,346	\$ 4,262,782	\$ 10,654,877
Other	136,322	-	136,322	395,498
Total operating revenues	2,382,758	2,016,346	4,399,104	11,050,375
OPERATING EXPENSES:				
Salaries and benefits	15,335,018	756,228	16,091,246	-
Insurance claims	-	-	-	7,634,374
General and administrative	5,395,035	528,333	5,923,368	5,423,888
Depreciation	4,491,770	152,195	4,643,965	-
Other operating expenses	2,305,675	79,074	2,384,749	173,176
Total operating expenses	27,527,498	1,515,830	29,043,328	13,231,438
OPERATING INCOME (LOSS)	(25,144,740)	500,516	(24,644,224)	(2,181,063)
NONOPERATING REVENUES:				
Local transportation fund	5,473,405	-	5,473,405	-
Other local assistance	11,247,748	-	11,247,748	-
Federal transit assistance	2,235,384	-	2,235,384	-
State transit assistance fund	1,656,251	-	1,656,251	-
Interest income	141,736	13,830	155,566	105,520
Total nonoperating revenues	20,754,524	13,830	20,768,354	105,520
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(4,390,216)	514,346	(3,875,870)	(2,075,543)
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	1,086,741	-	1,086,741	-
Transfers in	-	30,000	30,000	1,955,231
Transfers out	-	(1,008,428)	(1,008,428)	(1,955,231)
Total contributions and transfers	1,086,741	(978,428)	108,313	-
CHANGES IN NET POSITION	(3,303,475)	(464,082)	(3,767,557)	(2,075,543)
NET POSITION:				
Beginning of year	35,989,215	617,297	36,606,512	(4,925,422)
End of year	<u>\$ 32,685,740</u>	<u>\$ 153,215</u>	<u>\$ 32,838,955</u>	<u>\$ (7,000,965)</u>
<i>Change in net position reconciliation:</i>				
Change in net position of proprietary funds	\$ (3,303,475)	\$ (464,082)	\$ (3,767,557)	\$ (2,075,543)
Adjustment to reflect the consolidation of internal service fund activities related to the GTrans and Sewer	(1,119,241)	3,641	(1,115,600)	1,115,600
Change in net position of business-type activities	<u>\$ (4,422,716)</u>	<u>\$ (460,441)</u>	<u>\$ (4,883,157)</u>	
Change in net position related to governmental activities				<u>\$ (959,943)</u>

City of Gardena
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental Activities Internal Service Funds
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,566,645	\$ 2,003,286	\$ 3,569,931	\$ 10,613,990
Receipts from claims and recoveries	-	-	-	395,498
Payments for insurance claims	-	-	-	(6,315,087)
Payments to suppliers	(7,605,932)	(604,093)	(8,210,025)	(5,272,945)
Payments to employees	(15,388,276)	(739,439)	(16,127,715)	-
Other receipts	136,322	-	136,322	-
Net cash provided by (used in) operating activities	(21,291,241)	659,754	(20,631,487)	(578,544)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	30,000	30,000	1,955,231
Transfers to other funds	-	(693,428)	(693,428)	(1,955,231)
Transit assistance funds received	24,506,388	-	24,506,388	-
Net cash provided by (used in) noncapital financing activities	24,506,388	(663,428)	23,842,960	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(1,073,591)	(363,569)	(1,437,160)	-
Receipt from capital grants	1,086,741	-	1,086,741	-
Net cash used in capital and related financing activities	13,150	(363,569)	(350,419)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	141,736	13,830	155,566	105,520
Net cash provided by investing activities	141,736	13,830	155,566	105,520
Net change in cash and cash equivalents	3,370,033	(353,413)	3,016,620	(473,024)
CASH AND CASH EQUIVALENTS:				
Beginning of year	4,878,565	877,285	5,755,850	6,333,545
End of year	<u>\$ 8,248,598</u>	<u>\$ 523,872</u>	<u>\$ 8,772,470</u>	<u>\$ 5,860,521</u>

(Continued)

City of Gardena
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ (25,144,740)	\$ 500,516	\$ (24,644,224)	\$ (2,181,063)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	4,491,770	152,195	4,643,965	-
(Increase) decrease in:				
Accounts receivable	(679,791)	(13,060)	(692,851)	(40,887)
Inventory	116,945	-	116,945	-
Prepaid items and deposits	1,063	762	1,825	7,850
Deferred outflows of resources - pensions	1,972,806	96,065	2,068,871	-
Deferred outflows of resources - OPEB	3,716,475	-	3,716,475	-
Increase (decrease) in:				
Accounts payable	(78,517)	(45,638)	(124,155)	138,989
Accrued liabilities	55,287	48,190	103,477	180,401
Accrued payroll	15,051	1,134	16,185	-
Compensated absences	77,717	(14,484)	63,233	-
Net pension liability	(2,295,450)	(80,874)	(2,376,324)	-
Net other postemployment benefits liability	(3,763,971)	(32,845)	(3,796,816)	-
Deferred inflows of resources - OPEB	313,454	51,698	365,152	-
Deferred inflows of resources - pensions	(89,340)	(3,905)	(93,245)	-
Deposits payable	-	-	-	(3,121)
Claims payable	-	-	-	1,319,287
Total adjustment	3,853,499	159,238	4,012,737	1,602,519
Net cash provided by (used in) operating activities	\$ (21,291,241)	\$ 659,754	\$ (20,631,487)	\$ (578,544)

(Concluded)

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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City of Gardena
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For the Year Ended June 30, 2019

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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, 2019

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, 2019

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, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

The City reports the following major governmental funds:

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

Proprietary Fund Financial Statements

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

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

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

The City reports the following proprietary funds:

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

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 Municipal Bus Line Fund as a major fund for the year ended June 30, 2019.

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, 2019

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, 2019

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, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Other Postemployment Benefits (“OPEB”) Plan

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

The following timeframes are reported OPEB reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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 \$1,000,000 per claim for both City and GTrans and workers’ compensation for \$750,000 and \$500,000 per claim for the City and GTrans, respectively. Losses in excess of \$1,00,000, up to \$25,000,000 for general liability, and in excess of \$750,000 and \$500,000 for the City and GTrans, respectively, 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, 2019

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, 2018	Unsecured, redemptions, and SB813 taxes
December 20, 2018	Homeowners' exemption, secured, and SB813 taxes
January 18, 2019	Homeowners' exemption, secured, and SB813 taxes
February 20, 2019	Redemptions, secured, and SB813 taxes
March 20, 2019	Secured and SB813 taxes
April 18, 2019	Secured and SB813 taxes
May 20, 2019	Redemptions, homeowners' exemption, secured, and SB813 taxes
June 20, 2019	Homeowners' exemption, SB813 taxes
July 19, 2019	Secured and SB813 taxes
August 20, 2019	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, 2019

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.

T. Accounting Changes

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB 88)*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. See Note 8 for City's long-term debt disclosures.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019 for its governmental activities of \$(131,787,090) and business-type activities of \$(29,646,082). 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 \$81,187,711 and \$18,606,352 for governmental activities and business-type activities, respectively. The aggregate net OPEB liabilities were \$58,518,198 and \$5,850,184 for governmental activities and business-type activities, respectively.

The following funds had a deficit net position at June 30, 2019:

Internal Service Funds:	
Liability Insurance Fund	\$(4,584,969)
Workers' Compensation Fund	(5,642,513)

In addition, the GTrans Enterprise Fund and Sewer Enterprise Fund had deficit unrestricted net position of \$(19,622,865) and \$(592,628) at June 30, 2019, respectively.

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.

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:			
Executive office	\$ 1,760,514	\$ 1,950,599	\$ (190,085)
Non-departmental	716,664	1,044,937	(328,273)
Public Safety:			
Police	34,569,960	34,985,330	(415,370)
Recreation and human services	2,675,470	2,985,197	(309,727)
Capital outlay	103,600	226,170	(122,570)
Economic Development Grants Special Revenue Fund			
Debt service:			
Interest and fiscal charges	-	86,223	(86,223)

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Stewardship, Compliance and Accountability (Continued)

B. Expenditures in Excess of Appropriations (Continued)

Fund	Appropriations	Expenditures	Excess of Expenditures over Appropriations
Nonmajor Governmental Funds:			
Prop C Local Return Special Revenue Fund			
Public works	\$ 13,056	\$ 24,035	\$ (10,979)
Gas Tax Special Revenue Fund			
General government	7,738	11,492	(3,754)
Public works	237,878	465,661	(227,783)
Public Safety Grants Special Revenue Fund			
Capital outlay	525,000	1,583,343	(1,058,343)
Public Works Grants Special Revenue Fund			
Capital outlay	76,500	99,229	(22,729)
Human Services Grants Special Revenue Fund			
Recreation and human services	2,703,142	2,916,214	(213,072)

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

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, 2019:

	Government-Wide Financial Statement		Total
	Governmental Activities	Business-Type Activities	
Cash and investments	\$ 33,168,571	\$ 8,772,470	\$ 41,941,041
Cash and investments held by fiscal agents	1,956,350	-	1,956,350
Total cash and investments	\$ 35,124,921	\$ 8,772,470	\$ 43,897,391

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Cash and Investments (Continued)

The City's cash and investments at June 30, 2019, in more detail:

Cash and cash equivalents:	
Petty cash	\$ 8,720
Demand deposits	3,070,139
Total cash and cash equivalents	<u>3,078,859</u>
Investments:	
Money market mutual fund	6,795,748
U.S. Treasury	137,900
Negotiable certificates of deposit	9,814,367
Local Agency Investment Fund	16,718,917
U.S. Government sponsored enterprise securities	4,986,326
Foreign negotiable certificates of deposit	408,924
Total investments	<u>38,862,182</u>
Total cash and investments	<u>41,941,041</u>
Cash and investments with fiscal agents	<u>1,956,350</u>
Total	<u><u>\$ 43,897,391</u></u>

A. Deposits

The carrying amounts of the City's demand deposits were \$3,070,139 at June 30, 2019. Bank balances at that date were \$4,421,504, 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.

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.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Cash and Investments (Continued)

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.

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, 2019, 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, 2019, the City had \$16,718,917 invested in LAIF, which had invested 1.77% 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.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Cash and Investments (Continued)

C. Fair Value Measurement

At June 30, 2019, 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, 2019:

Investment Type	Measurement Input			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized	Total
Money market mutual fund	\$ -	\$ -	\$ 6,795,748	\$ 6,795,748
U.S. Treasury	137,900	-	-	137,900
Negotiable certificates of deposit ⁽¹⁾	-	9,814,367	-	9,814,367
Local Agency Investment Fund	-	-	16,718,917	16,718,917
U.S. Government sponsored enterprise securities ⁽¹⁾	-	4,986,326	-	4,986,326
Foreign negotiable certificates of deposit ⁽²⁾	-	408,924	-	408,924
Cash and investments with fiscal agents:				
Money market mutual fund	-	-	1,956,350	1,956,350
Total	\$ 137,900	\$ 15,209,617	\$ 25,471,015	\$ 40,818,532

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

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

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, 2019, 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
Money market mutual fund	\$ 6,795,748	\$ 6,795,748	\$ -	\$ -	\$ -
U.S. Treasury	137,900	-	-	-	137,900
Negotiable certificates of deposit	9,814,367	3,070,033	3,076,816	2,049,188	1,618,330
Local Agency Investment Fund	16,718,917	16,718,917	-	-	-
U.S. Government sponsored enterprise securities	4,986,326	994,220	498,620	2,994,740	498,746
Foreign negotiable certificates of deposit	408,924	-	200,850	-	208,074
Cash and investments with fiscal agents:					
Money market mutual fund	1,956,350	1,956,350	-	-	-
Total	\$ 40,818,532	\$ 29,535,268	\$ 3,776,286	\$ 5,043,928	\$ 2,463,050

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.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

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, 2019, 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	43.02%
U.S. Treasury	AAA	Not Rated	0.35%
U.S. Government sponsored enterprise securities	AAA	AA+	12.83%
Negotiable certificates of deposit	Not Rated	Not Rated	25.25%
Foreign negotiable certificates of deposit	A2	Aa	1.05%
Money market mutual fund	P-1	Aa	17.50%
Total			100.00%

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 2019, the monthly payment was increased from \$361 to \$666 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, 2019, future lease payments from the YMCA, including interest, were \$388,900. Since the City has not earned the revenue for the future lease payments, there was no revenue recognized or receivables reported at June 30, 2019 for these future lease payments.

B. State Mandated Claims Reimbursement

The City recorded an outstanding receivable of \$767,376 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 \$767,376. 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, 2019.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2018	Additions	Deletions	Allowance	Balance June 30, 2019
Home-Owner Occupied Deferred Loans					
CalHOME	\$ 416,444	\$ -	\$ -	\$ -	\$ 416,444
State HOME Loans	2,085,153	-	(53,762)	-	2,031,391
Subtotal	2,501,597	-	(53,762)	-	2,447,835
Spring Park Senior Villa Developer Loan	3,287,209	86,223	-	(3,373,432)	-
Total	\$ 5,788,806	\$ 86,223	\$ (53,762)	\$ (3,373,432)	\$ 2,447,835

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, 2019, the outstanding loan balance is \$2,447,835.

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, 2019, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$499,317 which was required by the State of California. This results the City in reporting loans receivable in the amount of \$3,373,432. 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 \$3,373,432. 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, 2019.

Note 6 – Interfund Transactions

A. Government-Wide Financial Statements

Internal Balances - At June 30, 2019, 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	\$ 9,430,589

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Interfund Transactions (Continued)

A. Government-Wide Financial Statements (Continued)

Transfers - At June 30, 2019, the City had the following transfers:

	Transfers In	Transfers Out	
		Business-Type Activities	
Governmental Activities		\$	978,428

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

B. Fund Financial Statements

Due From/To Other Funds - At June 30, 2019, the City had the following due from/to other funds:

	Due To Other Funds	Due From Other Funds	
		General Fund	
Governmental Funds:			
City Debt Service Fund		\$	284,386
Nonmajor Governmental Funds			250,327
Total		\$	534,713

The above amounts resulted from temporary reclassifications made at June 30, 2019 to cover cash shortfalls.

Transfers In/Out - At June 30, 2019, the City had the following transfers in/out, which arise in the normal course of operations:

	Transfers In							
	Governmental Funds				Enterprise Funds			
	General Fund	Economic Development Grants Revenue	Special City Debt Service	Nonmajor Governmental	Sewer	Internal Service Funds	Governmental Activities	Total
Transfers Out								
Governmental Funds:								
General Fund	\$ -	\$ 172	\$ 2,014,023	\$ 1,666,996	\$ -	\$ -	\$ -	\$ 3,681,191
Economic Development Grants								
Special Revenue Fund	-	-	-	252,193	-	-	-	252,193
Nonmajor Governmental Funds	2,380,977	-	-	2,005,794	30,000	-	-	4,416,771
Enterprise Funds:								
Sewer	-	-	-	693,428	-	-	315,000	1,008,428
Internal Service Funds	-	-	-	-	-	1,955,231	-	1,955,231
Total	\$ 2,380,977	\$ 172	\$ 2,014,023	\$ 4,618,411	\$ 30,000	\$ 1,955,231	\$ 315,000	\$11,313,814

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

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019 is as follows:

	Governmental Activities				
	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Capital assets, not being depreciated:					
Land	\$ 6,541,402	\$ 813,947	\$ -	\$ -	\$ 7,355,349
Monuments	46,151	-	-	-	46,151
Construction in progress	2,088,106	1,754,690	-	(1,131,952)	2,710,844
Total capital assets, not being depreciated	8,675,659	2,568,637	-	(1,131,952)	10,112,344
Capital assets, being depreciated:					
Buildings/structures and improvements	22,859,615	364,654	-	-	23,224,269
Machinery and equipment	9,764,152	2,069,654	(306,116)	-	11,527,690
Infrastructure:					
Street lights network	1,292,393	-	-	-	1,292,393
Traffic lights network	12,940,788	-	-	-	12,940,788
Roadway network	53,700,990	462,985	-	1,131,952	55,295,927
Total capital assets, being depreciated	100,557,938	2,897,293	(306,116)	1,131,952	104,281,067
Less accumulated depreciation:					
Buildings/structures and improvements	(16,358,743)	(804,161)	-	-	(17,162,904)
Machinery and equipment	(6,340,830)	(1,085,494)	300,325	-	(7,125,999)
Infrastructure:					
Street light network	(861,596)	(43,080)	-	-	(904,676)
Traffic lights network	(10,951,392)	(431,360)	-	-	(11,382,752)
Roadway network	(27,727,065)	(1,080,465)	-	-	(28,807,530)
Total accumulated depreciation	(62,239,626)	(3,444,560)	300,325	-	(65,383,861)
Total capital assets, being depreciated, net	38,318,312	(547,267)	(5,791)	1,131,952	38,897,206
Governmental activities					
capital assets, net	\$ 46,993,971	\$ 2,021,370	\$ (5,791)	\$ -	\$ 49,009,550

Depreciation expense was charged to functions/programs of the governmental activities for the fiscal year ended June 30, 2019 as follows:

General government	\$ 940,849
Public safety	725,575
Public works	1,727,083
Recreation and human services	51,053
Total depreciation expense	\$ 3,444,560

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7 – Capital Assets

B. Business-Type Activities

A summary of changes in the capital assets for the business-type activities for the year ended June 30, 2019 is as follows:

	Business-Type Activities		
	Balance July 1, 2018	Additions	Balance June 30, 2019
Capital assets, not being depreciated:			
Land	\$ 12,956,405	\$ -	\$ 12,956,405
Construction in progress	425,203	281,754	706,957
Total capital assets, not being depreciated	13,381,608	281,754	13,663,362
Capital assets, being depreciated:			
Buildings/structures and improvements	39,893,428	-	39,893,428
Buses	36,427,379	-	36,427,379
Machinery and equipment	7,760,288	1,022,349	8,782,637
Furniture and fixtures	1,369,092	145,869	1,514,961
Infrastructure	11,184,496	-	11,184,496
Total capital assets, being depreciated	96,634,683	1,168,218	97,802,901
Less accumulated depreciation:			
Buildings/structures and improvements	(9,717,627)	(1,022,911)	(10,740,538)
Buses	(26,949,508)	(2,509,343)	(29,458,851)
Machinery and equipment	(4,998,824)	(1,037,225)	(6,036,049)
Furniture and fixtures	(1,337,467)	(40,797)	(1,378,264)
Infrastructure	(10,493,870)	(33,689)	(10,527,559)
Total accumulated depreciation	(53,497,296)	(4,643,965)	(58,141,261)
Total capital assets, being depreciated, net	43,137,387	(3,475,747)	39,661,640
Business-type activities capital assets, net	\$ 56,518,995	\$ (3,193,993)	\$ 53,325,002

Depreciation expense for business-type activities for the year ended June 30, 2019 was charged as follows:

Municipal Bus Line	\$ 4,491,770
Sewer	152,195
Total depreciation expense	\$ 4,643,965

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in more than One Year
2006 Refunding Certificates of Participation Series A	\$ 8,710,000	\$ -	\$ (490,000)	\$ 8,220,000	\$ 520,000	\$ 7,700,000
2007 Refunding Revenue Bonds, Series A	1,745,000	-	(100,000)	1,645,000	105,000	1,540,000
2014 Taxable Lease Revenue Refunding Bonds	9,055,000	-	(55,000)	9,000,000	60,000	8,940,000
Bond discount - 2014 Taxable Lease Revenue Refunding Bonds	(247,709)	-	13,884	(233,825)	-	(233,825)
2017 Direct Purchase Lease	1,635,000	-	(245,000)	1,390,000	270,000	1,120,000
2016 SCE On-Bill Financing Loan	93,545	-	(12,804)	80,741	14,296	66,445
Loan payable	3,287,209	86,223	-	3,373,432	-	3,373,432
Claims payable	10,918,761	1,610,181	(290,894)	12,238,048	7,927,681	4,310,367
Compensated absences	8,188,481	4,068,219	(4,646,982)	7,609,718	1,521,944	6,087,774
Subtotal	\$ 43,385,287	\$ 5,764,623	\$ (5,826,796)	\$ 43,323,114	\$ 10,418,921	\$ 32,904,193

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, 2019

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, 2019 totaled \$8,220,000. The annual debt service requirements on these certificates are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 520,000	\$ 507,848	\$ 1,027,848
2021	550,000	473,715	1,023,715
2022	585,000	437,509	1,022,509
2023	625,000	398,910	1,023,910
2024	665,000	357,759	1,022,759
2025-2029	4,010,000	1,075,030	5,085,030
2030-2031	1,265,000	59,493	1,324,493
Total	\$ 8,220,000	\$ 3,310,264	\$ 11,530,264

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 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, 2019 totaled \$1,645,000. The annual debt service requirements on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 105,000	\$ 83,075	\$ 188,075
2021	110,000	77,825	187,825
2022	115,000	72,325	187,325
2023	120,000	66,575	186,575
2024	125,000	60,575	185,575
2025-2029	725,000	202,931	927,931
2030-2031	345,000	26,650	371,650
Total	\$ 1,645,000	\$ 589,956	\$ 2,234,956

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019 totaled \$9,000,000. The annual debt service requirements on these bonds as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 60,000	\$ 445,674	\$ 505,674
2021	60,000	443,304	503,304
2022	65,000	440,934	505,934
2023	65,000	438,366	503,366
2024	70,000	435,799	505,799
2025-2029	385,000	2,130,263	2,515,263
2030-2034	5,875,000	1,546,250	7,421,250
2035-2037	2,420,000	170,500	2,590,500
Total	<u>\$ 9,000,000</u>	<u>\$ 6,051,090</u>	<u>\$ 15,051,090</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.

The amount outstanding at June 30, 2019 totaled \$1,390,000. 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, 2019

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

2017 Direct Purchase Lease (Continued)

Fiscal Year	Principal	Interest	Total
2020	\$ 270,000	\$ 25,979	\$ 295,979
2021	275,000	20,338	295,338
2022	280,000	14,594	294,594
2023	280,000	8,798	288,798
2024	285,000	2,950	287,950
Total	<u>\$ 1,390,000</u>	<u>\$ 72,659</u>	<u>\$ 1,462,659</u>

2016 SCE On-Bill Financing Loan

On April 4, 2016, the City entered into a loan agreement with Southern California Edison 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.

The amount outstanding at June 30, 2019 totaled \$80,741. The annual debt service requirements on this loan as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 14,296	\$ -	\$ 14,296
2021	14,296	-	14,296
2022	14,296	-	14,296
2023	14,296	-	14,296
2024	14,296	-	14,296
2025-2026	9,261	-	9,261
Total	<u>\$ 80,741</u>	<u>\$ -</u>	<u>\$ 80,741</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, 2019, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$499,317. This results in the loans payable in the amount of \$3,373,432 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 \$239,910,507 at June 30, 2019.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in more than One Year
Compensated absences	\$ 1,387,007	\$ 1,029,571	\$ (966,338)	\$ 1,450,240	\$ 290,048	\$ 1,160,192

Note 9 – Self-Insurance Programs

A. Self-Insurance Programs of the City

The City is self-insured for the first \$500,000 and \$750,000 of each workers' compensation claim for the Bus Line and the City, respectively, \$1,000,000 of each general liability claim and \$500,000 of each Municipal Bus Line claim against the City. In addition, the City carries insurance of individual general liability claims in excess of \$1,000,000 to \$20,000,000 with Allred World National Assurance Co. 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, 2019, \$12,238,048 has been accrued for the City's self-insurance programs, of which \$7,927,681 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, 2019 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, 2019 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
2016-2017	\$ 11,608,381	\$ 4,069,633	\$ (395,933)	\$ 15,282,081	\$ 7,056,926	\$ 8,225,155
2017-2018	15,282,081	27,145	(4,390,465)	10,918,761	6,020,168	4,898,593
2018-2019	10,918,761	1,610,181	(290,894)	12,238,048	7,927,681	4,310,367

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.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Self-Insurance Programs (Continued)

B. Purchased Insurance (Continued)

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.

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, 2019 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	\$ 1,944,877	\$ 1,742,459	\$ 3,687,336
Safety	12,677,559	-	12,677,559
Total pension contribution made after measurement date	14,622,436	1,742,459	16,364,895
Change in assumptions:			
Miscellaneous	1,892,958	1,695,945	3,588,903
Safety	5,928,245	-	5,928,245
Total change in assumptions	7,821,203	1,695,945	9,517,148
Differences between expected and actual experience on pension investments:			
Miscellaneous	46,284	41,467	87,751
Safety	1,298,219	-	1,298,219
Total differences between expected and actual experience	1,344,503	41,467	1,385,970
Difference in projected and actual earnings on pension investments:			
Miscellaneous	222,416	199,268	421,684
Safety	409,071	-	409,071
Total difference in projected and actual earnings on pension investments	631,487	199,268	830,755
Adjustment due to differences in proportions:			
Safety	138,244	-	138,244
Difference between City's contribution and proportionate share of contributions:			
Safety	779,833	-	779,833
Total deferred outflows of resources	\$ 25,337,706	\$ 3,679,139	\$ 29,016,845

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

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

	Governmental Activities	Business-Type Activities	Total
Aggregate net pension liabilities:			
Miscellaneous	\$ 20,767,817	\$ 18,606,352	\$ 39,374,169
Safety	60,419,894	-	60,419,894
Total aggregate net pension liabilities	\$ 81,187,711	\$ 18,606,352	\$ 99,794,063
Deferred inflows of resources:			
Change in assumptions:			
Miscellaneous	\$ 293,260	\$ 262,737	\$ 555,997
Safety	799,827	-	799,827
Total change in assumptions	\$ 1,093,087	\$ 262,737	\$ 1,355,824
Differences between expected and actual experience:			
Miscellaneous	123,307	110,474	233,781
Safety	4,926	-	4,926
Total differences between expected and actual experience	128,233	110,474	238,707
Adjustment due to differences in proportions:			
Safety	1,035,248	-	1,035,248
Total deferred inflows of resources	\$ 2,256,568	\$ 373,211	\$ 2,629,779
Pension Expense:			
Miscellaneous	\$ 5,082,784	\$ 1,341,761	\$ 6,424,545
Safety	10,065,238	-	10,065,238
Total pension expense	\$ 15,148,022	\$ 1,341,761	\$ 16,489,783

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, 2017 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.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

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

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

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.

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, 2017, the valuation date, the following employees were covered by the benefit terms:

	Plans		
	Miscellaneous	Safety	
		Classic	PEPRA
Active employees	343	80	12
Transferred and terminated employees	348	53	5
Retired Employees and Beneficiaries	371	231	0
Total	1062	364	17

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

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

General Information about the Pension Plan (Continued)

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, 2018				
	Plans			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Employer Contribution Rate	7.950%	7.950%	21.418%	12.729%
Employee Contribution Rate	7.000%	6.750%	9.000%	12.250%

Current Fiscal Year Ended June 30, 2019				
	Plans			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Employer Contribution Rate	8.428%	8.428%	22.346%	12.965%
Employee Contribution Rate	7.000%	6.750%	9.000%	12.250%

Net Pension Liability

Actuarial Methods and Assumption Used to Determine Total Pension Liability

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on following actuarial methods and assumptions:

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

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

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

Net Pension Liability (Continued)

Change of Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Study and Review of Actuarial Assumptions December, 2017. There were no changes in the discount rate.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund ("PERF") cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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 CalPER's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

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

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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.

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, 2017 (Valuation Date)	\$ 159,298,485	\$ 119,686,740	\$ 39,611,745
Changes recognized for the measurement period:			
Service Cost	3,173,762	-	3,173,762
Interest on the total pension liability	11,153,035	-	11,153,035
Changes of benefit terms	-	-	-
Difference between expected and actual experience	122,851	-	122,851
Changes of assumptions	(778,396)	-	(778,396)
Plan to plan resource movement	-	(291)	291
Contributions from the employer	-	3,015,630	(3,015,630)
Contributions from employees	-	1,405,045	(1,405,045)
Net investment income	-	10,029,125	(10,029,125)
Benefit payments, including refunds of employee contributions	(8,486,647)	(8,486,647)	-
Administrative expense	-	(186,505)	186,505
Other miscellaneous income/(expense)	-	(354,176)	354,176
Net changes during July 1, 2017 to June 30, 2018	5,184,605	5,422,181	(237,576)
Balance at June 30, 2018 (Measurement Date)	\$ 164,483,090	\$ 125,108,921	\$ 39,374,169

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability (Continued)

Proportionate Share of Net Pension Liability and Pension Expense

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, 2017 (Valuation Date)	\$ 191,278,407	\$ 130,578,665	\$ 60,699,742
Balance at June 30, 2018 (Measurement Date)	198,110,612	137,690,718	60,419,894
Net Changes during 2017-2018	6,832,205	7,112,053	(279,848)

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, 2017). 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, 2018). 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, 2018 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2017-18).
- (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.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability (Continued)

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

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

	<u>Safety Plan</u>
June 30, 2017	0.6121%
June 30, 2018	0.6270%
Change - Increase (Decrease)	<u>0.0149%</u>

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	\$ 60,555,125	\$ 39,374,169	\$ 21,824,135
Safety Plan	\$ 91,726,171	\$ 60,419,894	\$ 34,770,006

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, 2019, the City recognized pension expense in the amounts of \$6,424,545 and \$10,065,238 for the miscellaneous plan and safety plan, respectively.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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)

As of measurement date of June 30, 2018, 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	\$ 3,687,336	\$ -
Changes of assumptions	3,588,903	(555,997)
Difference between expected and actual experience	87,751	(233,781)
Net difference between projected and actual earning on pension plan investments	421,684	-
Total	<u>\$ 7,785,674</u>	<u>\$ (789,778)</u>

Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution made after measurement date	\$ 12,677,559	\$ -
Changes of assumptions	5,928,245	(799,827)
Difference between expected and actual experience	1,298,219	(4,926)
Difference between projected and actual earnings on pension plan investments	409,071	-
Adjustment due to differences in proportions	138,244	(1,035,248)
Difference between City contributions and proportionate share of contributions	779,833	-
Total	<u>\$ 21,231,171</u>	<u>\$ (1,840,001)</u>

The amounts above are net of outflows and inflows recognized in the 2017-2018 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 2017-18 measurement period is 3.5 and 3.8 years, which was obtained by dividing the total service years of 3,731 and 516,147 (the sum of remaining service lifetimes of the active employees) by 1,062 and 135,474 (the total number of participants: active, inactive, and retired), respectively.

\$3,687,336 and \$12,677,559 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, 2020.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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)

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

Ended June 30	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
	Miscellaneous Plan	Safety Plan
2020	\$ 3,808,188	\$ 5,563,856
2021	1,146,639	3,316,184
2022	(1,315,911)	(1,747,932)
2023	(330,356)	(418,497)
2024	-	-
Thereafter	-	-
	<u>\$ 3,308,560</u>	<u>\$ 6,713,611</u>

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, 2019 the City's payroll covered by the plan was \$654,346. The City made employer contributions in the amount of \$24,143. Participants of the Plan as of June 30, 2019 were 88.

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

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Other Postemployment Benefits (“OPEB”)

At June 30, 2019, total OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follow:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
OPEB contribution made after measurement date	\$ 2,557,088	\$ 532,056	\$ 3,089,144
Differences between expected and actual experience	1,927,185	264,002	2,191,187
Differences in projected and actual earnings	-	4,011	4,011
Total deferred outflows of resources	\$ 4,484,273	\$ 800,069	\$ 5,284,342
Total other postemployment benefit liabilities	\$ 58,518,198	\$ 5,850,184	\$ 64,368,382
Deferred inflows of resources:			
Change in assumptions	\$ 9,137,889	\$ 364,509	\$ 9,502,398
Differences between expected and actual experience	-	643	643
Total deferred inflows of resources	\$ 9,137,889	\$ 365,152	\$ 9,503,041
OPEB expense	\$ 2,178,902	\$ 816,867	\$ 2,995,769

General Information about the OPEB Plan

Plan Description

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

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

The City’s health plan year runs February through January with open-enrollment every January prior to the start of the new plan year. The monthly benefits to be paid by the City are both \$1,167 per month for the calendar years of 2018 and 2019.

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, 2018, measurement date, the following numbers of participants were covered by the benefit terms:

	Plans		
	Governmental Activities	GTrans	Sewer
Inactives currently receiving benefits	170	37	0
Inactives entitled to benefit payments	0	0	0
Active employees	236	109	2
Total	406	146	2

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

General Information about the OPEB Plan (Continued)

Contributions

	Measurement Period Ended June 30, 2018		Fiscal Year Ended June 30, 2019	
	Governmental Activities	GTrans	Governmental Activities	GTrans
Benefit payments	\$ 2,247,465	\$ 495,001	\$ 2,407,088	\$ 532,056
Trust contributions	-	4,021,544	150,000	-
Total	<u>\$ 2,247,465</u>	<u>\$ 4,516,545</u>	<u>\$ 2,557,088</u>	<u>\$ 532,056</u>

Net OPEB Liability

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

Significant Actuarial Assumptions Used for Total OPEB Liability

The total OPEB liability, measured as of June 30, 2018, was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2018
Contribution Policy	Governmental activities and Sewer: City began making contributions to CERBT#1 in 2018/19 on an ad-hoc basis GTrans: Agency contributes full ADC
Discount Rate and Long-Term Expected Rate of Return on Assets	Governmental activities and Sewer: 3.87% at June 30, 2018 GTrans: 6.75% at June 30, 2018 Expected Agency contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2018
Salary Increases	Aggregate - 3.00% annually Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076. Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.
Medical Plan at Retirement	Current actives pre-Medicare: 40% Kaiser, 60% City plan Current actives post-Medicare: 60% Kaiser, 75% City plan Current retirees: current election
Medical participation at Retirement	Currently covered: retiree - 100%, spouse - 50-100% based on the City Contribution. Currently waived: 10%

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Total OPEB Liability

Change in Assumption

Discount rate changed from 3.58% at June 30, 2017 to 3.87% at June 30, 2018 for governmental activities and Sewer Enterprise’s plans. There was no change in discount rate for GTrans. Medical plan assumption, trend rate assumption, demographic assumption and mortality improvement scale were updated.

Discount Rate

The discount rate used to measure the total OPEB liability for the governmental activities and Sewer Enterprise was 3.87%. 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.

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

Expected Long-Term Rates of Return

Asset Class	Target Allocation ¹ CERBT Strategy	Expected Real Rate of Return
Global Equity	57.00%	4.82%
Fixed Income	27.00%	1.47%
TIPS	5.00%	1.29%
Commodities	3.00%	0.84%
REITs	8.00%	3.76%
	<u>100.00%</u>	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return, Rounded		6.75%

¹ Policy target effective on the measurement date (June 30, 2018). Changes to the target investment allocation effective October 1, 2018 would not change the expected net long-term rate of return rounded to the nearest quarter percent.

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

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

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, 2017	\$ 59,608,000	\$ -	\$ 59,608,000
Transfer to the Sewer Enterprise	(288,000)	-	(288,000)
Changes recognized for the measurement period:			
Service Cost	1,619,506	-	1,619,506
Interest on the total pension liability	2,141,404	-	2,141,404
Differences between expected and actual experience	2,253,827	-	2,253,827
Changes in assumptions	(4,569,074)	-	(4,569,074)
Contributions - employer	-	2,247,465	(2,247,465)
Benefits payments	(2,247,465)	(2,247,465)	-
Net changes during July 1, 2017 to June 30, 2018	(1,089,802)	-	(1,089,802)
Balance at June 30, 2018 (Measurement Date)	\$ 58,518,198	\$ -	\$ 58,518,198

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, 2017	\$ 9,332,000	\$ -	\$ 9,332,000
Changes recognized for the measurement period:			
Service cost	238,960	-	238,960
Interest on the total OPEB liability	629,344	-	629,344
Differences between expected and actual experience	301,185	-	301,185
Changes in assumptions	(357,602)	-	(357,602)
Contributions - employer	-	4,516,245	(4,516,245)
Net investment income	-	60,118	(60,118)
Benefit payments	(494,701)	(494,701)	-
Administrative expenses	-	(505)	505
Net changes during July 1, 2017 to June 30, 2018	317,186	4,081,157	(3,763,971)
Balance at June 30, 2018 (Measurement Date)	\$ 9,649,186	\$ 4,081,157	\$ 5,568,029

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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 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, 2017	\$ -	\$ -	\$ -
Transfers from the governmental activities	288,000	-	288,000
Changes recognized for the measurement period:			
Service Cost	16,001	-	16,001
Interest on the total OPEB liability	10,883	-	10,883
Differences between expected and actual experience	(709)	-	(709)
Changes in assumptions	(32,020)	-	(32,020)
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Net changes during July 1, 2017 to June 30, 2018	282,155	-	282,155
Balance at June 30, 2018 (Measurement Date)	\$ 282,155	\$ -	\$ 282,155

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

The following presents the net OPEB liability of the governmental activities and the Sewer’s Retiree Health Plans, as well as what the governmental activities and the Sewer Enterprise’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	Plan's Net OPEB Liability		
	Discount Rate - 1% (2.87%)	Current Discount Rate (3.87%)	Discount Rate + 1% (4.87%)
Governmental Activities	\$ 68,919,573	\$ 58,518,198	\$ 50,330,928
Sewer	\$ 328,007	\$ 282,155	\$ 245,205

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

	Plan's Net OPEB Liability		
	Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
	\$ 6,946,824	\$ 5,568,029	\$ 4,431,534

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

Change in Net OPEB Liability (Continued)

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	\$ 49,707,259	\$ 58,518,198	\$ 69,907,552
GTrans	\$ 4,287,542	\$ 5,568,029	\$ 7,154,279
Sewer	\$ 239,273	\$ 282,155	\$ 336,053

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

For the measurement period ended June 30, 2018, the governmental activities recognized expense of \$2,179,367. At June 30, 2019, 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	\$ 1,927,185	\$ -
Changes in assumptions	-	(9,137,889)
Employer contributions made subsequent to the measurement date	2,557,088	-
Total	\$ 4,484,273	\$ (9,137,889)

For the measurement period ended June 30, 2018, GTrans recognized expense of \$797,715. At June 30, 2019, 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	\$ 264,002	\$ -
Changes in assumptions	-	(313,454)
Net difference between projected and actual earnings on plan investments	4,011	-
Employer contributions made subsequent to the measurement date	532,056	-
Total	\$ 800,069	\$ (313,454)

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

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

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

For the measurement period ended June 30, 2018, Sewer recognized expense of \$18,853. At June 30, 2019, 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	\$ -	\$ (643)
Changes in assumptions	-	(51,055)
Net difference between projected and actual earnings on plan investments	-	-
Employer contributions made subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ (51,698)</u>

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, 2017, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms.

\$3,089,144 reported as deferred outflows of resources related to OPEB resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amount reported as deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follow:

Ended June 30	Deferred Outflows/ (Inflows) of Resources Governmental Activities	Deferred Outflows/ (Inflows) of Resources GTrans	Deferred Outflows/ (Inflows) of Resources Sewer
2020	\$ (1,581,543)	\$ (5,962)	\$ (8,031)
2021	(1,581,543)	(5,962)	(8,031)
2022	(1,581,543)	(5,962)	(8,031)
2023	(1,581,543)	(5,963)	(8,031)
2024	(582,543)	(6,965)	(5,031)
Thereafter	(301,989)	(14,627)	(14,543)
	<u>\$ (7,210,704)</u>	<u>\$ (45,441)</u>	<u>\$ (51,698)</u>

Note 12 – Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan assets are under the participants control and are principally invested in demand deposits and mutual funds and are held in trust for the exclusive benefit of the participants and their beneficiaries. The plan assets are not included in the accompanying financial statements. At June 30, 2019, the amount held by the Trustee for the City employees is \$24,343,861.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13 – Classification of Fund Balances

At June 30, 2019, 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	\$ 69,361	\$ -	\$ -	\$ -	\$ 69,361
Prepaid items and deposits	264,442	-	289,067	19,674	573,183
Total nonspendable	<u>333,803</u>	<u>-</u>	<u>289,067</u>	<u>19,674</u>	<u>642,544</u>
Restricted:					
Debt service	-	-	1,669,313	-	1,669,313
Law enforcement	-	-	-	1,344,114	1,344,114
Local street improvements	-	-	-	6,975,180	6,975,180
Capital projects	-	-	-	295,912	295,912
Economic development	-	-	-	133,709	133,709
Other purposes	-	5,172,798	-	498,440	5,671,238
Total restricted	<u>-</u>	<u>5,172,798</u>	<u>1,669,313</u>	<u>9,247,355</u>	<u>16,089,466</u>
Committed:					
Emergency contingency	4,347,448	-	-	-	4,347,448
Civic center improvements	7,940,000	-	-	-	7,940,000
Pension stabilization fund ¹	1,000,000	-	-	-	1,000,000
Total committed	<u>13,287,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,287,448</u>
Assigned:					
Vehicle replacement	165,955	-	-	-	165,955
Equipment replacement	500,000	-	-	-	500,000
Future debt service payments	1,956,301	-	-	-	1,956,301
Total assigned	<u>2,622,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,622,256</u>
Unassigned:	<u>271,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,377</u>
Total fund balance	<u>\$ 16,514,884</u>	<u>\$ 5,172,798</u>	<u>\$ 1,958,380</u>	<u>\$ 9,267,029</u>	<u>\$ 32,913,091</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, 2019

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, 2019, the City's percentage interest is 32.08%.

As of and for the year ended June 30, 2019, the latest available information, SBRPCA's unaudited financial information is as follows:

Current assets	\$ 5,866,572
Noncurrent assets	9,776,435
Deferred outflows of resources	2,303,885
Total assets and deferred outflows of resources	<u>\$ 17,946,892</u>
Total liabilities	\$ 12,071,708
Deferred inflows of resources	971,715
SBRPCA equity	4,903,469
Total liabilities, deferred inflows of resources and SBRPCA equity	<u>\$ 17,946,892</u>
Total revenues	\$ 19,244,261
Total expenses	(20,912,685)
Change in net position	<u>\$ (1,668,424)</u>

Note 15 – Commitments and Contingencies

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

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

The City had outstanding construction commitments in the amount of \$11,046,583 as of June 30, 2019.

Note 16 – Prior Period Adjustment

Economic Development Grants Special Revenue Fund beginning fund balance was restated from \$3,504,427 to \$6,006,024 to report restricted loans receivables in the amount of \$2,501,597 in restricted fund balance, instead of unavailable revenue.

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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City of Gardena
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2019

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 46,349,740	\$ 46,349,740	\$ 47,271,198	\$ 921,458
Licenses and permits	1,958,500	1,958,500	1,735,711	(222,789)
Intergovernmental	506,900	506,900	464,588	(42,312)
Charges for services	5,127,300	5,127,300	5,270,787	143,487
Fines, forfeitures and penalties	1,135,000	1,135,000	1,537,714	402,714
Use of money and property	270,000	270,000	843,510	573,510
Miscellaneous	1,078,136	1,078,136	752,900	(325,236)
Total revenues	<u>56,425,576</u>	<u>56,425,576</u>	<u>57,876,408</u>	<u>1,450,832</u>
EXPENDITURES:				
Current:				
General government:				
City clerk	395,250	395,250	381,637	13,613
City treasurer	250,557	250,557	246,377	4,180
Executive office	1,760,514	1,760,514	1,950,599	(190,085)
Administrative services	2,567,641	2,567,641	2,369,154	198,487
Non-departmental	716,664	716,664	1,044,937	(328,273)
Public safety:				
Police	28,509,960	34,569,960	34,985,330	(415,370)
L.A. County Fire District	10,754,510	10,754,510	10,594,613	159,897
Public works	7,451,305	7,451,305	7,146,168	305,137
Recreation and human services	2,675,470	2,675,470	2,985,197	(309,727)
Community development	1,685,408	1,685,408	1,657,758	27,650
Capital outlay	103,600	103,600	226,170	(122,570)
Total expenditures	<u>56,870,879</u>	<u>62,930,879</u>	<u>63,587,940</u>	<u>(657,061)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(445,303)</u>	<u>(6,505,303)</u>	<u>(5,711,532)</u>	<u>793,771</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,593,500	2,593,500	2,380,977	(212,523)
Transfers out	(2,003,497)	(2,003,497)	(3,681,191)	(1,677,694)
Proceed from sale of assets	35,000	35,000	10,190	(24,810)
Total other financing sources (uses)	<u>625,003</u>	<u>625,003</u>	<u>(1,290,024)</u>	<u>(1,915,027)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 179,700</u>	<u>\$ (5,880,300)</u>	<u>(7,001,556)</u>	<u>\$ (1,121,256)</u>
FUND BALANCE:				
Beginning of Year			<u>23,516,440</u>	
End of Year			<u>\$ 16,514,884</u>	

City of Gardena
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2019

Economic Development Grants Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Fines, forfeitures and penalties	\$ 90,000	\$ 90,000	\$ 656,298	\$ 566,298
Use of money and property	50,000	50,000	48,284	(1,716)
Miscellaneous	-	-	10,621	10,621
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>715,203</u>	<u>575,203</u>
EXPENDITURES:				
Current:				
Community development	-	78,893	78,893	-
Capital outlay	-	1,241,107	1,217,515	23,592
Debt service:				
Interest and fiscal charges	-	-	86,223	(86,223)
Total expenditures	<u>-</u>	<u>1,320,000</u>	<u>1,382,631</u>	<u>(62,631)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>140,000</u>	<u>(1,180,000)</u>	<u>(667,428)</u>	<u>512,572</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	172	172
Transfers out	(1,016,617)	(1,016,617)	(252,193)	764,424
Issuance of loans	-	-	86,223	86,223
Total other financing sources (uses)	<u>(1,016,617)</u>	<u>(1,016,617)</u>	<u>(165,798)</u>	<u>850,819</u>
NET CHANGE IN FUND BALANCE	<u>\$ (876,617)</u>	<u>\$ (2,196,617)</u>	<u>(833,226)</u>	<u>\$ 1,363,391</u>
FUND BALANCE:				
Beginning of Year, as restated (Note 16)			6,006,024	
End of Year			<u>\$ 5,172,798</u>	

City of Gardena
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2019

Note 1 - Budgetary Control and Accounting Policy

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

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, 2019

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 - beginning	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 payroll	\$ 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 for measurement periods for which GASB 68 is applicable. Additional years' 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).

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, 2017 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: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of 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, 2019

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 for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2019

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	(1,628,415)	(2,016,919)	(2,317,060)	(2,645,234)	(3,015,630)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ²	\$ 17,651,457	\$ 18,094,788	\$ 19,012,911	\$ 19,306,012	\$ 19,929,430
Contributions as a percentage of covered payroll ²	9.23%	11.15%	12.19%	13.70%	15.13%

¹ Historical information is presented for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

² Includes one year's payroll growth using 3.00 percent payroll assumption from 2017-18 to 2018-19.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2016 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	Market value
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll Growth	3.00%
Investment rate of return	7.375% net of pension plan investment and administrative expenses; includes Inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

City of Gardena
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2019

Last Ten Fiscal Years

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

	<u>2018-19</u>
Actuarially determined contribution	\$ 3,687,336
Contributions in relation to the actuarially determined contribution	<u>(3,687,336)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll ²	<u>\$ 20,527,313</u>
Contributions as a percentage of covered payroll ²	17.96%

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2019

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 for measurement periods for which GASB 68 is applicable. Additional years' information will be displayed as it becomes available.

² Payroll from 2018-19 of \$11,569,907 was assumed to increase by the 3.00 percent payroll growth assumption.

Notes to Schedule:

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

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2019

Last Ten Fiscal Years

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

	<u>2018-19</u>
Actuarially determined contribution	\$ 6,617,559
Contributions in relation to the actuarially determined contribution ³	<u>(12,677,559)</u>
Contribution deficiency (excess)	<u>\$ (6,060,000)</u>
Covered payroll	<u>\$ 11,569,907</u>
Contributions as a percentage of covered payroll	109.57%

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

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2019

Last Ten Fiscal Years

Governmental Activities Retiree Healthcare Plan

Measurement period	2016-17 ¹	2017-18
Total OPEB liability		
Service cost	\$ 2,001,000	\$ 1,619,506
Transfers to Sewer	-	(288,000)
Interest	1,888,000	2,141,404
Changes of benefit terms	-	-
Changes of assumptions	(7,755,000)	(4,569,074)
Differences between expected and actual experience	-	2,253,827
Benefit payments, including refunds	(2,162,000)	(2,247,465)
Other - funding rates used by benefits paid	580,000	-
Net change in total OPEB liability	(5,448,000)	(1,089,802)
Total OPEB liability - beginning of the year	65,056,000	59,608,000
Total OPEB liability - end of the year (a)	\$ 59,608,000	\$ 58,518,198
OPEB fiduciary net position		
Contributions - employer	\$ -	\$ 2,247,465
Contributions - employee	-	-
Net investment income	-	-
Benefit payments, including refunds	-	(2,247,465)
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)	\$ -	\$ -
Plan net OPEB liability - end of year (a) - (b)	\$ 59,608,000	\$ 58,518,198
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll²	\$ 25,500,000	\$ 23,523,270
Plan net OPEB liability as a percentage of covered payroll	233.76%	248.77%

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 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 2018.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2019

Last Ten Fiscal Years

GTrans Retiree Healthcare Plan

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

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 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 2018.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2019

Last Ten Fiscal Years

Sewer Retiree Healthcare Plan

Measurement period	2016-17	2017-18 ¹
Total OPEB liability		
Service cost	\$ -	\$ 16,001
Transfers from the Governmental Activities	-	288,000
Interest	-	10,883
Changes of benefit terms	-	-
Changes of assumptions	-	(32,020)
Differences between expected and actual experience	-	(709)
Benefit payments, including refunds	-	-
Other - funding rates used by benefits paid	-	-
Net change in total OPEB liability	-	282,155
Total OPEB liability - beginning of year	-	-
Total OPEB liability - end of year (a)	<u>\$ -</u>	<u>\$ 282,155</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>
Plan net OPEB liability - end of year (a) - (b)	<u>\$ -</u>	<u>\$ 282,155</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>
Covered payroll	<u>N/A</u>	<u>\$ 388,821</u>
Plan net OPEB liability as a percentage of covered payroll	<u>N/A</u>	<u>72.57%</u>

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 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 2018.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plans
For the Year Ended June 30, 2019

Last Ten Fiscal Years

Governmental Activities Retiree Healthcare Plan

	<u>2016-17¹</u>	<u>2017-18</u>	<u>2018-19</u>
Actuarially determined contribution	\$ 5,029,000	N/A	\$ 3,631,000
Contributions in relation to			
the actuarially determined contribution	<u>(2,162,000)</u>	<u>(2,247,465)</u>	<u>(2,557,088)</u>
Contribution deficiency (excess)	<u>\$ 2,867,000</u>	<u>\$ (2,247,465)</u>	<u>\$ 1,073,912</u>
Covered payroll	N/A	\$ 23,523,270	\$ 24,650,894
Contributions as a percentage of covered payroll	N/A	N/A	10.37%

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:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2018 funding valuation report.

Methods and assumptions used to determine contribution rates:

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

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plans (Continued)
For the Year Ended June 30, 2019

Last Ten Fiscal Years

GTrans Retiree Healthcare Plan

	<u>2016-17¹</u>	<u>2017-18</u>	<u>2018-19</u>
Actuarially determined contribution	\$ 848,000	\$ 785,000	\$ 721,000
Contributions in relation to			
the actuarially determined contribution	<u>(462,000)</u>	<u>(4,516,544)</u>	<u>(532,056)</u>
Contribution deficiency (excess)	<u>\$ 386,000</u>	<u>\$ (3,731,544)</u>	<u>\$ 188,944</u>
Covered payroll	\$ 9,759,000	\$ 10,316,000	\$ 9,798,690
Contributions as a percentage of covered payroll	4.73%	43.78%	5.43%

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:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2018 funding valuation report.

Methods and assumptions used to determine contribution rates:

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

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plans (Continued)
For the Year Ended June 30, 2019

Last Ten Fiscal Years

Sewer Retiree Healthcare Plan

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

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:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2018 funding valuation report.

Methods and assumptions used to determine contribution rates:

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

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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SUPPLEMENTARY INFORMATION

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

City of Gardena
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds				
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture	Public Safety Grants
ASSETS					
Cash and investments	\$ 472,548	\$ 2,721,347	\$ 2,435,125	\$ 1,183,258	\$ 221,258
Receivables:					
Accounts	-	-	-	-	-
Taxes	6,635	-	-	-	-
Prepaid items and deposits	5,412	-	-	-	10,133
Due from other governmental agencies	7,879	-	105,294	-	37,807
Total assets	<u>\$ 492,474</u>	<u>\$ 2,721,347</u>	<u>\$ 2,540,419</u>	<u>\$ 1,183,258</u>	<u>\$ 269,198</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,837	\$ -	\$ 23,776	\$ -	\$ 74,908
Accrued liabilities	-	-	-	-	-
Salaries and benefits payable	-	1,023	3,244	-	2,232
Due to other funds	-	-	-	-	21,069
Retention payable	-	-	-	-	-
Total liabilities	<u>1,837</u>	<u>1,023</u>	<u>27,020</u>	<u>-</u>	<u>98,209</u>
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	5,412	-	-	-	10,133
Restricted	485,225	2,720,324	2,513,399	1,183,258	160,856
Total fund balances	<u>490,637</u>	<u>2,720,324</u>	<u>2,513,399</u>	<u>1,183,258</u>	<u>170,989</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 492,474</u>	<u>\$ 2,721,347</u>	<u>\$ 2,540,419</u>	<u>\$ 1,183,258</u>	<u>\$ 269,198</u>

(Continued)

City of Gardena
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	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	\$ 1,830,181	\$ 244,896	\$ 102,832	\$ 946,989	\$ 10,158,434
Receivables:					
Accounts	-	2,664	1,704	-	4,368
Taxes	-	-	-	-	6,635
Prepaid items and deposits	-	4,129	-	-	19,674
Due from other governmental agencies	178,370	188,300	149,633	-	667,283
Total assets	\$ 2,008,551	\$ 439,989	\$ 254,169	\$ 946,989	\$ 10,856,394
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,424	\$ 205,351	\$ 8,701	\$ 510,207	830,204
Accrued liabilities	-	-	-	6,794	6,794
Salaries and benefits payable	1,617	26,771	18,595	-	53,482
Due to other funds	104,555	31,539	93,164	-	250,327
Retention payable	-	-	-	134,076	134,076
Total liabilities	111,596	263,661	120,460	651,077	1,274,883
Deferred inflows of resources:					
Unavailable revenue	155,498	158,984	-	-	314,482
Total deferred inflows of resources	155,498	158,984	-	-	314,482
Fund Balances:					
Nonspendable	-	4,129	-	-	19,674
Restricted	1,741,457	13,215	133,709	295,912	9,247,355
Total fund balances	1,741,457	17,344	133,709	295,912	9,267,029
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,008,551	\$ 439,989	\$ 254,169	\$ 946,989	\$ 10,856,394

(Concluded)

City of Gardena
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds				
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture	Public Safety Grants
REVENUES:					
Taxes	\$ 728,749	\$ 1,011,160	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,388,474	742,269	311,348
Fines, forfeitures, and penalties	-	-	-	-	67,537
Use of money and property	7,394	46,622	37,188	12,998	3,520
Miscellaneous	-	-	-	-	16,313
Total revenues	736,143	1,057,782	2,425,662	755,267	398,718
EXPENDITURES:					
Current:					
General government	-	-	11,492	-	-
Public safety	-	-	-	-	203,830
Public works	612,596	24,035	465,661	-	-
Recreation and human services	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	1,583,343
Debt service:					
Principal retirement	12,804	-	-	-	-
Total expenditures	625,400	24,035	477,153	-	1,787,173
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	110,743	1,033,747	1,948,509	755,267	(1,388,455)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of assets	-	-	-	-	6,223
Transfers in	-	-	-	-	1,487,655
Transfers out	(90,001)	(1,056,424)	(1,888,119)	(375,000)	-
Total other financing sources (uses)	(90,001)	(1,056,424)	(1,888,119)	(375,000)	1,493,878
NET CHANGES IN FUND BALANCES	20,742	(22,677)	60,390	380,267	105,423
FUND BALANCES:					
Beginning of year	469,895	2,743,001	2,453,009	802,991	65,566
End of year	\$ 490,637	\$ 2,720,324	\$ 2,513,399	\$ 1,183,258	\$ 170,989

(Continued)

City of Gardena
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			
	Public Works Grants	Human Services Grants	Community Development Block Grant (CDBG)	City Capital Projects
				Total Nonmajor Governmental Funds
REVENUES:				
Taxes	\$ 1,816,573	\$ -	\$ -	\$ -
Intergovernmental	183,269	2,673,685	645,612	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	25,868	5,191	1,708	-
Miscellaneous	-	112,449	-	-
Total revenues	2,025,710	2,791,325	647,320	-
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	46,794	-	-	-
Recreation and human services	-	2,916,214	-	-
Community development	-	-	645,612	-
Capital outlay	99,229	-	-	3,001,007
Debt service:				
Principal retirement	-	-	-	-
Total expenditures	146,023	2,916,214	645,612	3,001,007
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,879,687	(124,889)	1,708	(3,001,007)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	-	-
Transfers in	4,237	64,962	60,550	3,001,007
Transfers out	(1,007,227)	-	-	-
Total other financing sources (uses)	(1,002,990)	64,962	60,550	3,001,007
NET CHANGES IN FUND BALANCES	876,697	(59,927)	62,258	-
FUND BALANCES:				
Beginning of year	864,760	77,271	71,451	295,912
End of year	\$ 1,741,457	\$ 17,344	\$ 133,709	\$ 295,912

(Concluded)

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Consolidated Lighting District Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 690,000	\$ 690,000	\$ 728,749	\$ 38,749
Use of money and property	4,000	4,000	7,394	3,394
Total revenues	<u>694,000</u>	<u>694,000</u>	<u>736,143</u>	<u>42,143</u>
EXPENDITURES:				
Current:				
Public works	617,196	617,196	612,596	4,600
Debt service:				
Principal retirement	12,804	12,804	12,804	-
Total expenditures	<u>630,000</u>	<u>630,000</u>	<u>625,400</u>	<u>4,600</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	64,000	64,000	110,743	46,743
OTHER FINANCING USES:				
Transfers out	(64,000)	(64,000)	(90,001)	(26,001)
Total other financing uses	<u>(64,000)</u>	<u>(64,000)</u>	<u>(90,001)</u>	<u>(26,001)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	20,742	<u>\$ 20,742</u>
FUND BALANCE:				
Beginning of year			469,895	
End of year			<u>\$ 490,637</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 985,810	\$ 985,810	\$ 1,011,160	\$ 25,350
Use of money and property	25,000	25,000	46,622	21,622
Total revenues	<u>1,010,810</u>	<u>1,010,810</u>	<u>1,057,782</u>	<u>46,972</u>
EXPENDITURES:				
Current:				
Public works	13,056	13,056	24,035	(10,979)
Total expenditures	<u>13,056</u>	<u>13,056</u>	<u>24,035</u>	<u>(10,979)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>997,754</u>	<u>997,754</u>	<u>1,033,747</u>	<u>35,993</u>
OTHER FINANCING USES:				
Transfers out	(1,757,243)	(1,757,243)	(1,056,424)	700,819
Total other financing uses	<u>(1,757,243)</u>	<u>(1,757,243)</u>	<u>(1,056,424)</u>	<u>700,819</u>
NET CHANGE IN FUND BALANCE	<u>\$ (759,489)</u>	<u>\$ (759,489)</u>	<u>(22,677)</u>	<u>\$ 736,812</u>
FUND BALANCE:				
Beginning of year			2,743,001	
End of year			<u>\$ 2,720,324</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 2,582,082	\$ 2,582,082	\$ 2,388,474	\$ (193,608)
Use of money and property	85,050	85,050	37,188	(47,862)
Total revenues	<u>2,667,132</u>	<u>2,667,132</u>	<u>2,425,662</u>	<u>(241,470)</u>
EXPENDITURES:				
Current:				
General government	7,738	7,738	11,492	(3,754)
Public works	237,878	237,878	465,661	(227,783)
Total expenditures	<u>245,616</u>	<u>245,616</u>	<u>477,153</u>	<u>(231,537)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,421,516</u>	<u>2,421,516</u>	<u>1,948,509</u>	<u>(473,007)</u>
OTHER FINANCING USES:				
Transfers out	(3,409,441)	(3,409,441)	(1,888,119)	1,521,322
Total other financing uses	<u>(3,409,441)</u>	<u>(3,409,441)</u>	<u>(1,888,119)</u>	<u>1,521,322</u>
NET CHANGE IN FUND BALANCE	<u>\$ (987,925)</u>	<u>\$ (987,925)</u>	60,390	<u>\$ 1,048,315</u>
FUND BALANCE:				
Beginning of year			<u>2,453,009</u>	
End of year			<u>\$ 2,513,399</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 7,000	\$ 7,000	\$ 742,269	\$ 735,269
Use of money and property	10,200	10,200	12,998	2,798
Total revenues	<u>17,200</u>	<u>17,200</u>	<u>755,267</u>	<u>738,067</u>
OTHER FINANCING USES:				
Transfers out	<u>(375,000)</u>	<u>(375,000)</u>	<u>(375,000)</u>	<u>-</u>
Total other financing uses	<u>(375,000)</u>	<u>(375,000)</u>	<u>(375,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (357,800)</u>	<u>\$ (357,800)</u>	380,267	<u>\$ 738,067</u>
FUND BALANCE:				
Beginning of year			<u>802,991</u>	
End of year			<u>\$ 1,183,258</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 271,000	\$ 271,000	\$ 311,348	\$ 40,348
Fines, forfeitures, and penalties	99,000	99,000	67,537	(31,463)
Use of money and property	3,100	3,100	3,520	420
Miscellaneous	-	-	16,313	16,313
Total revenues	<u>373,100</u>	<u>373,100</u>	<u>398,718</u>	<u>25,618</u>
EXPENDITURES:				
Current:				
Public safety	273,100	273,100	203,830	69,270
Capital outlay	525,000	525,000	1,583,343	(1,058,343)
Total expenditures	<u>798,100</u>	<u>798,100</u>	<u>1,787,173</u>	<u>(989,073)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(425,000)</u>	<u>(425,000)</u>	<u>(1,388,455)</u>	<u>(963,455)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	6,223	6,223
Transfers in	-	-	1,487,655	1,487,655
Transfers out	(100,000)	(100,000)	-	100,000
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>1,493,878</u>	<u>1,593,878</u>
NET CHANGE IN FUND BALANCE	<u>\$ (525,000)</u>	<u>\$ (525,000)</u>	<u>105,423</u>	<u>\$ 630,423</u>
FUND BALANCE:				
Beginning of year			<u>65,566</u>	
End of year			<u>\$ 170,989</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,677,474	\$ 1,677,474	\$ 1,816,573	\$ 139,099
Intergovernmental	4,023,000	4,023,000	183,269	(3,839,731)
Use of money and property	5,650	5,650	25,868	20,218
Total revenues	<u>5,706,124</u>	<u>5,706,124</u>	<u>2,025,710</u>	<u>(3,680,414)</u>
EXPENDITURES:				
Current:				
Public works	67,868	67,868	46,794	21,074
Capital outlay	76,500	76,500	99,229	(22,729)
Total expenditures	<u>144,368</u>	<u>144,368</u>	<u>146,023</u>	<u>(1,655)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,561,756</u>	<u>5,561,756</u>	<u>1,879,687</u>	<u>(3,682,069)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,237	4,237
Transfers out	(5,651,500)	(5,651,500)	(1,007,227)	4,644,273
Total other financing sources (uses)	<u>(5,651,500)</u>	<u>(5,651,500)</u>	<u>(1,002,990)</u>	<u>4,648,510</u>
NET CHANGE IN FUND BALANCE	<u>\$ (89,744)</u>	<u>\$ (89,744)</u>	<u>876,697</u>	<u>\$ 966,441</u>
FUND BALANCE:				
Beginning of year			<u>864,760</u>	
End of year			<u>\$ 1,741,457</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 2,594,267	\$ 2,594,267	\$ 2,673,685	\$ 79,418
Use of money and property	2,000	2,000	5,191	3,191
Miscellaneous	153,591	153,591	112,449	(41,142)
Total revenues	<u>2,749,858</u>	<u>2,749,858</u>	<u>2,791,325</u>	<u>41,467</u>
EXPENDITURES:				
Current:				
Recreation and human services	2,703,142	2,703,142	2,916,214	(213,072)
Total expenditures	<u>2,703,142</u>	<u>2,703,142</u>	<u>2,916,214</u>	<u>(213,072)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>46,716</u>	<u>46,716</u>	<u>(124,889)</u>	<u>(171,605)</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	64,962	64,962
Total other financing sources	<u>-</u>	<u>-</u>	<u>64,962</u>	<u>64,962</u>
NET CHANGE IN FUND BALANCE	<u>\$ 46,716</u>	<u>\$ 46,716</u>	<u>(59,927)</u>	<u>\$ (106,643)</u>
FUND BALANCE:				
Beginning of year			<u>77,271</u>	
End of year			<u>\$ 17,344</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 666,187	\$ 666,187	\$ 645,612	\$ (20,575)
Use of money and property	-	-	1,708	1,708
Total revenues	<u>666,187</u>	<u>666,187</u>	<u>647,320</u>	<u>(18,867)</u>
EXPENDITURES:				
Current:				
Community development	<u>666,187</u>	<u>666,187</u>	<u>645,612</u>	<u>20,575</u>
Total expenditures	<u>666,187</u>	<u>666,187</u>	<u>645,612</u>	<u>20,575</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,708</u>	<u>1,708</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>60,550</u>	<u>60,550</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>60,550</u>	<u>60,550</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>62,258</u>	<u>\$ 62,258</u>
FUND BALANCE:				
Beginning of year			<u>71,451</u>	
End of year			<u>\$ 133,709</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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Capital outlay	\$ 11,010,248	\$ 11,010,248	\$ 3,001,007	\$ 8,009,241
Total expenditures	<u>11,010,248</u>	<u>11,010,248</u>	<u>3,001,007</u>	<u>8,009,241</u>
OTHER FINANCING SOURCES:				
Transfers in	11,010,248	11,010,248	3,001,007	(8,009,241)
Total other financing sources	<u>11,010,248</u>	<u>11,010,248</u>	<u>3,001,007</u>	<u>(8,009,241)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>295,912</u>	
End of year			<u>\$ 295,912</u>	

CITY DEBT SERVICE FUNDS

DEBT SERVICE FUNDS:

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

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

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

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

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

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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City of Gardena
Combining Statement of Net Position
All Debt Service Funds
June 30, 2019

	2006 Refunding COPs, Series A	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	2017 Lease Financing Bonds	Total
ASSETS					
Cash and investments with fiscal agents	\$ 1,736,624	\$ 219,677	\$ 49	\$ -	\$ 1,956,350
Prepaid items and deposits	2,430	1,149	1,102	284,386	289,067
Total assets	<u>\$ 1,739,054</u>	<u>\$ 220,826</u>	<u>\$ 1,151</u>	<u>\$ 284,386</u>	<u>\$ 2,245,417</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,651	\$ -	\$ -	\$ -	\$ 2,651
Due to other funds	-	-	-	284,386	284,386
Total liabilities	<u>2,651</u>	<u>-</u>	<u>-</u>	<u>284,386</u>	<u>287,037</u>
Fund Balances:					
Nonspendable	2,430	1,149	1,102	284,386	289,067
Restricted	1,733,973	219,677	49	-	1,953,699
Unassigned	-	-	-	(284,386)	(284,386)
Total fund balances	<u>1,736,403</u>	<u>220,826</u>	<u>1,151</u>	<u>-</u>	<u>1,958,380</u>
Total liabilities and fund balances	<u>\$ 1,739,054</u>	<u>\$ 220,826</u>	<u>\$ 1,151</u>	<u>\$ 284,386</u>	<u>\$ 2,245,417</u>

City of Gardena
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
All Debt Service Funds
For the Year Ended June 30, 2019

	2006 Refunding COPs, Series A	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	2017 Lease Financing Bonds	Total
REVENUES:					
Use of money and property	\$ 25,233	\$ 4,131	\$ 87	\$ -	\$ 29,451
Total revenues	<u>25,233</u>	<u>4,131</u>	<u>87</u>	<u>-</u>	<u>29,451</u>
EXPENDITURES:					
Debt service:					
Principal retirement	490,000	100,000	55,000	245,000	890,000
Interest and fiscal charges	540,289	90,045	450,397	31,308	1,112,039
Total expenditures	<u>1,030,289</u>	<u>190,045</u>	<u>505,397</u>	<u>276,308</u>	<u>2,002,039</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,005,056)</u>	<u>(185,914)</u>	<u>(505,310)</u>	<u>(276,308)</u>	<u>(1,972,588)</u>
OTHER FINANCING SOURCES:					
Transfers in	1,062,469	153,248	505,387	292,919	2,014,023
Total other financing sources	<u>1,062,469</u>	<u>153,248</u>	<u>505,387</u>	<u>292,919</u>	<u>2,014,023</u>
CHANGES IN FUND BALANCES	57,413	(32,666)	77	16,611	41,435
NET POSITION:					
Beginning of the year	1,678,990	253,492	1,074	(16,611)	1,916,945
End of the year	<u>\$ 1,736,403</u>	<u>\$ 220,826</u>	<u>\$ 1,151</u>	<u>\$ -</u>	<u>\$ 1,958,380</u>

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Debt Service Funds
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 29,451	\$ 29,451
Total revenues	<u>-</u>	<u>-</u>	<u>29,451</u>	<u>29,451</u>
EXPENDITURES:				
Debt Services				
Principal retirement	890,000	890,000	890,000	-
Interest and fiscal charges	1,113,497	1,113,497	1,112,039	1,458
Total expenditures	<u>2,003,497</u>	<u>2,003,497</u>	<u>2,002,039</u>	<u>1,458</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,003,497)</u>	<u>(2,003,497)</u>	<u>(1,972,588)</u>	<u>30,909</u>
OTHER FINANCING SOURCES:				
Transfers in	2,003,497	2,003,497	2,014,023	10,526
Total other financing sources	<u>2,003,497</u>	<u>2,003,497</u>	<u>2,014,023</u>	<u>10,526</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	41,435	<u>\$ 41,435</u>
FUND BALANCE:				
Beginning of year			<u>1,916,945</u>	
End of year			<u>\$ 1,958,380</u>	

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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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

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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City of Gardena
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Liability Insurance	Workers' Compensation	Health Benefit	Total
ASSETS				
Current Assets:				
Cash and investments	\$ -	\$ 1,702,176	\$ 4,158,345	\$ 5,860,521
Accounts receivables	-	-	40,887	40,887
Prepaid items and deposits	-	2,146	-	2,146
Total current assets	-	1,704,322	4,199,232	5,903,554
Total assets	-	1,704,322	4,199,232	5,903,554
LIABILITIES				
Current liabilities:				
Accounts payable	434,399	-	13,049	447,448
Accrued liabilities	1,287	10,688	195,571	207,546
Deposits payable	-	-	11,477	11,477
Claims payable - due within one year	1,061,608	6,113,455	752,618	7,927,681
Total current liabilities	1,497,294	6,124,143	972,715	8,594,152
Noncurrent liabilities:				
Claims payable - due in more than one year	3,087,675	1,222,692	-	4,310,367
Total noncurrent liabilities	3,087,675	1,222,692	-	4,310,367
Total liabilities	4,584,969	7,346,835	972,715	12,904,519
NET POSITION				
Unrestricted (deficit)	(4,584,969)	(5,642,513)	3,226,517	(7,000,965)
Total net position	<u>\$ (4,584,969)</u>	<u>\$ (5,642,513)</u>	<u>\$ 3,226,517</u>	<u>\$ (7,000,965)</u>

City of Gardena
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	Liability Insurance	Workers' Compensation	Health Benefit	Total
OPERATING REVENUES:				
Charges for services	\$ 1,074,414	\$ 1,254,860	\$ 8,325,603	\$ 10,654,877
Other	55,963	10,548	328,987	395,498
Total operating revenues	<u>1,130,377</u>	<u>1,265,408</u>	<u>8,654,590</u>	<u>11,050,375</u>
OPERATING EXPENSES:				
Insurance claims	1,940,678	2,664,622	3,029,074	7,634,374
General and administrative	726,740	387,413	4,309,735	5,423,888
Other operating expenses	34,313	34,701	104,162	173,176
Total operating expenses	<u>2,701,731</u>	<u>3,086,736</u>	<u>7,442,971</u>	<u>13,231,438</u>
OPERATING INCOME (LOSS)	<u>(1,571,354)</u>	<u>(1,821,328)</u>	<u>1,211,619</u>	<u>(2,181,063)</u>
NONOPERATING REVENUES:				
Interest income	-	18,300	87,220	105,520
Total nonoperating revenues	<u>-</u>	<u>18,300</u>	<u>87,220</u>	<u>105,520</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,571,354)</u>	<u>(1,803,028)</u>	<u>1,298,839</u>	<u>(2,075,543)</u>
TRANSFERS:				
Transfers in	1,513,055	442,176	-	1,955,231
Transfers out	-	-	(1,955,231)	(1,955,231)
Total transfers	<u>1,513,055</u>	<u>442,176</u>	<u>(1,955,231)</u>	<u>-</u>
CHANGES IN NET POSITION	<u>(58,299)</u>	<u>(1,360,852)</u>	<u>(656,392)</u>	<u>(2,075,543)</u>
NET POSITION:				
Beginning of year	<u>(4,526,670)</u>	<u>(4,281,661)</u>	<u>3,882,909</u>	<u>(4,925,422)</u>
End of year	<u>\$ (4,584,969)</u>	<u>\$ (5,642,513)</u>	<u>\$ 3,226,517</u>	<u>\$ (7,000,965)</u>

City of Gardena
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Liability Insurance	Workers' Compensation	Health Benefit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from users	\$ 1,074,414	\$ 1,254,860	\$ 8,284,716	\$ 10,613,990
Receipts from claims recoveries	55,963	10,548	328,987	395,498
Payments for insurance claims	(2,021,238)	(1,259,413)	(3,034,436)	(6,315,087)
Payments to suppliers	(622,194)	(437,586)	(4,213,165)	(5,272,945)
Net cash provided by (used in) operating activities	(1,513,055)	(431,591)	1,366,102	(578,544)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	1,513,055	442,176	-	1,955,231
Transfers to other funds	-	-	(1,955,231)	(1,955,231)
Net cash provided by (used in) noncapital financing activities	1,513,055	442,176	(1,955,231)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	-	18,300	87,220	105,520
Net cash provided by investing activities	-	18,300	87,220	105,520
Net change in cash and cash equivalents	-	28,885	(501,909)	(473,024)
CASH AND CASH EQUIVALENTS:				
Beginning of year	-	1,673,291	4,660,254	6,333,545
End of year	\$ -	\$ 1,702,176	\$ 4,158,345	\$ 5,860,521
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,571,354)	\$ (1,821,328)	\$ 1,211,619	\$ (2,181,063)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase)decrease in accounts receivable	-	-	(40,887)	(40,887)
(Increase)decrease in prepaid items and deposits	-	-	7,850	7,850
Increase (decrease) in accounts payable	137,572	-	1,417	138,989
Increase (decrease) in accrued liabilities	1,287	(15,472)	194,586	180,401
Increase (decrease) in deposits payable	-	-	(3,121)	(3,121)
Increase (decrease) in claims payable	(80,560)	1,405,209	(5,362)	1,319,287
Total adjustment	58,299	1,389,737	154,483	1,602,519
Net cash provided by (used in) operating activities	\$ (1,513,055)	\$ (431,591)	\$ 1,366,102	\$ (578,544)

City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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STATISTICAL SECTION

Fiscal Year 2018-19



City of Gardena

*Comprehensive Annual Financial Report
For the Year Ended June 30, 2019*



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CITY OF GARDENA STATISTICAL SECTION

Fiscal Year 2018-19



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, 2019
(accrual basis of accounting)

	Fiscal Year				
	2018-19	2017-18	2016-17⁽²⁾	2015-16	2014-15
Governmental Activities					
Net Investment in Capital Assets	\$47,404,733	\$27,748,135	\$28,138,906	\$27,897,717	\$26,430,711
Restricted for:					
Debt Service	1,669,313	1,916,945	1,924,432	2,679,363	2,965,697
Employment and Training Services	-	5,287	43,611	164,116	300,190
Law Enforcement	1,344,114	921,976	914,062	1,251,314	1,701,810
Local Street Improvements	7,130,678	6,060,770	6,205,701	7,072,378	7,930,518
Economic Development	5,306,507	6,006,024	1,986,202	2,394,395	2,292,714
Capital Projects	295,912	571,089	295,912	301,546	-
Other Purposes	657,424	633,275	651,830	289,859	447,605
Specific Projects and Programs	-	-	-	-	-
Total Restricted:	16,403,948	16,115,366	12,021,750	14,152,971	15,638,534
Unrestricted ⁽²⁾	(131,787,090)	(107,886,487)	(99,400,392)	(60,913,888)	(67,531,463)
Total governmental activities net position	(\$67,978,409)	(\$64,022,986)	(\$59,239,736)	(\$18,863,200)	(\$25,462,218)
Business-type Activities					
Net Investment in Capital Assets	\$53,054,448	\$56,261,253	\$60,150,166	\$62,151,750	\$67,684,810
Unrestricted ⁽²⁾	(26,646,082)	(27,969,730)	(27,390,162)	(21,068,543)	(18,107,410)
Total business-type activities net position	\$26,408,366	\$28,291,523	\$32,760,004	\$41,083,207	\$49,577,400
Primary Government					
Net Investment in Capital Assets	\$100,459,181	\$84,009,388	\$88,289,072	\$90,049,467	\$94,115,521
Restricted	16,403,948	16,115,366	12,021,750	14,152,971	15,638,534
Unrestricted ⁽²⁾	(158,433,172)	(135,817,893)	(126,790,554)	(81,982,431)	(85,638,873)
Total Primary Government Net Position:	(\$41,570,043)	(\$35,693,139)	(\$26,479,732)	\$22,220,007	\$24,115,182

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, 2019
(accrual basis of accounting)

	Fiscal Year				
	2013-14	2012-13	2011-12	2010-11	2009-10
Governmental Activities					
Net Investment in Capital Assets	\$21,675,303	\$22,478,931	\$20,538,595	\$18,985,090	\$17,048,157
Restricted for:					
Debt Service	3,471,506	3,458,249	3,453,941	3,471,066	3,461,581
Employment and Training Services	397,593	537,583	-	-	-
Law Enforcement	2,186,672	2,203,648	-	-	-
Local Street Improvements	7,049,906	6,020,275	-	-	-
Local Street Improvements	-	-	-	-	-
Economic Development	-	2,679,485	-	-	-
Other Purposes	478,453	389,852	-	-	-
Specific Projects and Programs	-	-	11,210,794	8,478,780	7,301,648
Total Restricted:	13,584,130	15,289,092	14,664,735	11,949,846	10,763,229
Unrestricted	(64,355,607)	(3,568,866)	1,878,408	3,627,371	3,010,912
Total governmental activities net position	<u>(29,096,174)</u>	<u>\$34,199,157</u>	<u>\$37,081,738</u>	<u>\$34,562,307</u>	<u>\$30,822,298</u>
Business-type Activities					
Net Investment in Capital Assets	\$70,809,060	\$75,906,094	\$79,771,551	\$83,365,100	\$86,263,907
Unrestricted	(15,654,544)	(1,617,195)	(724,993)	479,952	989,448
Total business-type activities net position	<u>\$55,154,516</u>	<u>\$74,288,899</u>	<u>\$79,046,558</u>	<u>\$83,845,052</u>	<u>\$87,253,355</u>
Primary Government					
Net Investment in Capital Assets	\$92,484,363	\$98,385,025	\$100,310,146	\$102,350,190	\$103,312,064
Restricted	13,584,130	15,289,092	14,664,735	11,949,846	11,515,434
Unrestricted	(79,990,151)	(5,186,061)	1,153,415	4,107,323	4,000,360
Total Primary Government Net Position:	<u>\$26,078,342</u>	<u>\$108,488,056</u>	<u>\$116,128,296</u>	<u>\$118,407,359</u>	<u>\$118,827,858</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, 2019
(accrual basis of accounting)

	Fiscal Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
Expenses					
Governmental Activities					
General Government	8,609,254	6,177,468	5,848,247	5,730,664	6,239,825
Public Safety	43,617,238	41,420,762	38,700,824	36,304,203	35,912,110
Public Works	11,717,321	7,120,106	6,956,766	8,545,467	9,846,657
Recreation and Human Services	6,395,004	9,742,993	9,154,921	6,777,838	6,677,536
Community Development	2,662,554	2,938,656	2,796,216	2,538,835	2,675,341
Interest and fiscal charges	1,191,118	1,241,054	1,382,078	1,365,398	1,805,649
Total governmental activities expenses:	74,192,489	68,641,039	64,839,052	61,262,405	63,157,118
Business-type Activities					
GTrans*	28,646,739	27,804,739	28,195,640	26,410,211	26,643,082
Sewer	1,512,189	1,432,695	1,760,303	1,046,864	1,021,131
Total business-type activities expenses:	30,158,928	29,237,434	29,955,943	27,457,075	27,664,213
Total primary government expenses:	104,351,417	97,878,473	94,794,995	88,719,480	90,821,331
Program Revenues					
Governmental Activities					
Charges for services:					
General Government	4,107,289	3,864,795	3,504,735	3,298,306	3,022,929
Public Safety	1,862,764	1,312,945	1,422,001	1,174,116	1,337,761
Public Works	351,463	418,667	615,289	513,495	340,541
Recreation and Human Services	2,962,339	2,685,240	2,979,625	2,315,212	2,238,445
Community Development	1,687,652	1,724,501	1,771,754	2,187,082	1,432,560
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	3,142,207	3,719,048	2,048,938	2,067,123	2,963,405
Capital Grants and Contributions	2,037,030	2,002,799	1,268,576	1,918,489	7,167,801
Total governmental activities program revenues:	16,150,744	15,727,995	13,610,918	13,473,823	18,503,442
Business-type Activities					
Charges for services:					
Municipal Bus Line	2,382,758	2,459,105	2,482,516	2,685,573	3,346,233
Sewer	2,016,346	1,790,296	954,552	673,199	727,054
Grants and Contributions	21,699,529	20,431,399	20,582,496	18,756,444	18,186,090
Total business-type activities program revenues:	26,098,633	24,680,800	24,019,564	22,115,216	22,259,377
Total primary government revenues:	42,249,377	40,408,795	37,630,482	35,589,039	40,762,819

* Formerly known as Municipal Bus Lines

City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2019
(accrual basis of accounting)

	Fiscal Year				
	2013-14	2012-13	2011-12	2010-11	2009-10
Expenses					
Governmental Activities					
General Government	11,808,280	11,534,998	9,144,682	7,664,340	6,810,404
Public Safety	32,551,301	31,266,838	29,072,734	27,489,863	29,073,301
Public Works	10,300,134	8,904,024	10,127,663	7,520,866	12,666,722
Recreation and Human Services	6,147,992	6,424,691	6,562,245	6,364,297	6,566,080
Community Development	7,470,002	2,153,815	2,396,761	2,275,785	2,382,432
Interest and fiscal charges	1,466,193	1,564,640	1,609,611	1,643,644	1,670,766
Total governmental activities expenses:	69,743,902	61,849,006	58,913,696	52,958,795	59,169,705
Business-type Activities					
GTrans*	23,188,943	23,375,194	22,025,126	19,784,655	19,824,401
Sewer	849,779	862,965	802,636	787,616	825,652
Total business-type activities expenses:	24,038,722	24,238,159	22,827,762	20,572,271	20,650,053
Total primary government expenses:	93,782,624	86,087,165	81,741,458	73,531,066	79,819,758
Program Revenues					
Governmental Activities					
Charges for services:					
General Government	3,013,410	3,012,767	2,945,455	2,740,615	2,366,413
Public Safety	1,404,006	1,405,062	1,901,588	2,009,200	1,859,417
Public Works	384,600	291,644	323,113	274,531	269,761
Recreation and Human Services	2,092,788	1,998,540	2,015,733	2,282,245	2,123,238
Community Development	2,922,090	851,981	1,085,366	826,748	703,007
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	7,092,380	5,084,561	5,383,364	6,346,737	7,677,970
Capital Grants and Contributions	3,531,787	1,602,081	3,313,620	2,520,045	1,118,767
Total governmental activities program revenues:	20,441,061	14,246,636	16,968,239	17,000,121	16,118,573
Business-type Activities					
Charges for services:					
Municipal Bus Line	3,434,257	3,410,708	3,258,066	3,179,805	3,062,578
Sewer	922,304	732,421	698,540	710,336	715,988
Grants and Contributions	16,988,325	16,746,822	15,032,257	13,577,047	33,189,735
Total business-type activities program revenues:	21,344,886	20,889,951	18,988,863	17,467,188	36,968,301
Total primary government revenues:	41,785,947	35,136,587	35,957,102	34,467,309	53,086,874

City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2019
(accrual basis of accounting)

	Fiscal Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
Net (expense)/revenue: ⁽¹⁾					
Governmental activities	(58,041,745)	(52,913,044)	(51,228,234)	(47,788,582)	(44,653,676)
Business-type activities	(4,060,295)	(4,556,634)	(5,936,379)	(5,341,859)	(5,404,836)
Total net revenues (expenses):	<u>(62,102,040)</u>	<u>(57,469,678)</u>	<u>(57,164,613)</u>	<u>(53,130,441)</u>	<u>(50,058,512)</u>
General Revenue and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	7,735,545	7,150,957	7,130,426	6,729,849	6,402,520
Sales tax	13,466,178	11,006,901	11,204,697	11,227,326	9,965,476
Business license	2,843,375	2,727,532	2,606,279	2,536,438	2,547,148
Utility user taxes	4,955,645	5,088,450	5,147,736	5,212,410	5,335,375
Franchise taxes	2,777,572	2,609,219	2,440,108	2,534,820	2,417,342
Card club taxes	8,101,583	8,071,001	8,975,991	9,057,202	9,517,550
Other taxes	4,354,725	3,985,315	3,855,705	3,479,372	3,136,222
Vehicle license - unrestricted	6,378,321	5,994,920	5,677,909	5,445,385	5,166,984
Investment income	1,061,732	158,902	129,187	499,279	248,773
Miscellaneous	1,384,272	1,134,729	2,261,772	2,566,919	3,329,396
Gain on sale of assets	10,622	201,560	883,201	1,877,151	-
Transfers	978,428	38,632	9,898	3,221,449	200,846
Total governmental activities	<u>54,047,998</u>	<u>48,168,118</u>	<u>50,322,909</u>	<u>54,387,600</u>	<u>48,267,632</u>
Business-type activities					
Investment income	155,566	124,243	77,618	55,492	24,196
Miscellaneous	0	2,542	18,512	13,623	4,370
Lost on disposal of capital assets	-	-	-	-	-
Transfers	(978,428)	(38,632)	(9,898)	(3,221,449)	(200,846)
Total business-type activities:	<u>(822,862)</u>	<u>88,153</u>	<u>86,232</u>	<u>(3,152,334)</u>	<u>(172,280)</u>
Total primary government:	<u>53,225,136</u>	<u>48,256,271</u>	<u>50,409,141</u>	<u>51,235,266</u>	<u>48,095,352</u>
Change in Net Position					
Governmental activities	(3,993,747)	(4,744,926)	(905,325)	6,599,018	3,613,956
Business-type activities	(4,883,157)	(4,468,481)	(5,850,147)	(8,494,193)	(5,577,116)
Total primary government:	<u>(8,876,904)</u>	<u>(9,213,407)</u>	<u>(6,755,472)</u>	<u>(1,895,175)</u>	<u>(1,963,160)</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.

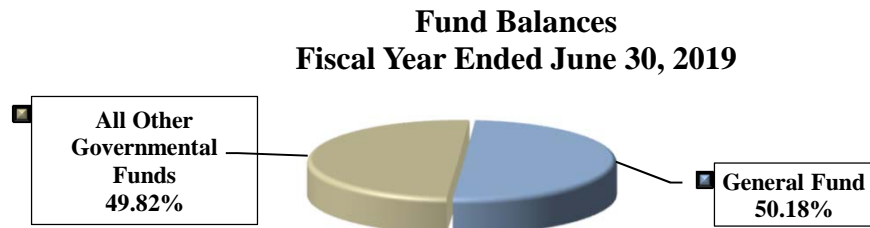
City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2019
(accrual basis of accounting)

	Fiscal Year				
	2013-14	2012-13	2011-12	2010-11	2009-10
	(49,302,841)	(47,602,370)	(41,945,457)	(35,958,674)	(43,051,132)
	(2,693,836)	(3,348,208)	(3,838,899)	(3,105,083)	16,318,248
	(51,996,677)	(50,950,578)	(45,784,356)	(39,063,757)	(26,732,884)
Taxes:					
Property taxes	6,192,249	5,924,450	5,740,677	5,798,031	5,859,335
Sales tax	9,472,341	9,093,802	8,112,695	7,233,151	6,574,657
Business license	2,218,097	2,224,694	2,120,052	2,228,790	2,065,730
Utility user taxes	5,383,285	5,224,829	5,211,568	4,534,246	4,382,844
Franchise taxes	2,351,576	2,311,421	2,277,747	2,259,808	1,706,257
Card club taxes	9,467,078	8,394,406	7,434,236	7,365,159	7,660,557
Other taxes	2,965,176	2,773,929	2,550,706	2,366,440	2,152,895
Vehicle license - unrestricted	4,958,745	4,792,063	4,754,240	4,952,630	4,922,131
Investment income	270,187	163,025	268,259	290,118	362,618
Miscellaneous	2,643,424	2,419,479	4,814,396	1,472,970	2,201,122
Gain on sale of assets	-	-	-	-	-
Transfers	408,925	1,397,691	1,180,312	445,135	187,552
	46,331,083	44,719,789	44,464,888	38,946,478	38,075,698
Investment income	11,333	33,606	47,367	46,882	37,018
Miscellaneous	2,733	(45,366)	173,350	95,033	10,465
	(2,600,806)	-	-	-	-
Transfers	(408,925)	(1,397,691)	(1,180,312)	(445,135)	(187,552)
	(2,995,665)	(1,409,451)	(959,595)	(303,220)	(140,069)
	43,335,418	43,310,338	43,505,293	38,643,258	37,935,629
	(2,971,758)	(2,882,581)	2,519,431	2,987,804	(4,975,434)
	(5,689,501)	(4,757,659)	(4,798,494)	(3,408,303)	16,178,179
	(8,661,259)	(7,640,240)	(2,279,063)	(420,499)	11,202,745

- (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, 2019
(modified accrual basis of accounting)

	Fiscal Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable (1)	333,803	385,931	294,133	189,819	179,244
Restricted (1)	-	5,287	43,611	164,116	327,752
Committed (1)	13,287,448	19,315,675	19,413,135	17,542,367	7,274,423
Assigned (1)	2,622,256	3,609,547	3,936,266	2,773,686	7,579,856
Unassigned (1)	271,377	200,000	200,000	200,000	400,362
Total General Fund:	<u>\$16,514,884</u>	<u>\$23,516,440</u>	<u>\$23,887,145</u>	<u>\$20,869,988</u>	<u>\$15,761,637</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Nonspendable (1)	308,741	-	-	-	4,734
Restricted (1)	16,089,466	16,769,655 (2)	10,073,376	11,726,127	13,048,054
Committed (1)	-	-	3,765,323	3,776,154	3,051,323
Assigned (1)	-	-	-	(20,809)	179,079
Total all other governmental funds:	<u>\$16,398,207</u>	<u>\$16,769,655</u>	<u>\$13,838,699</u>	<u>\$15,481,472</u>	<u>\$16,283,190</u>



NOTES:

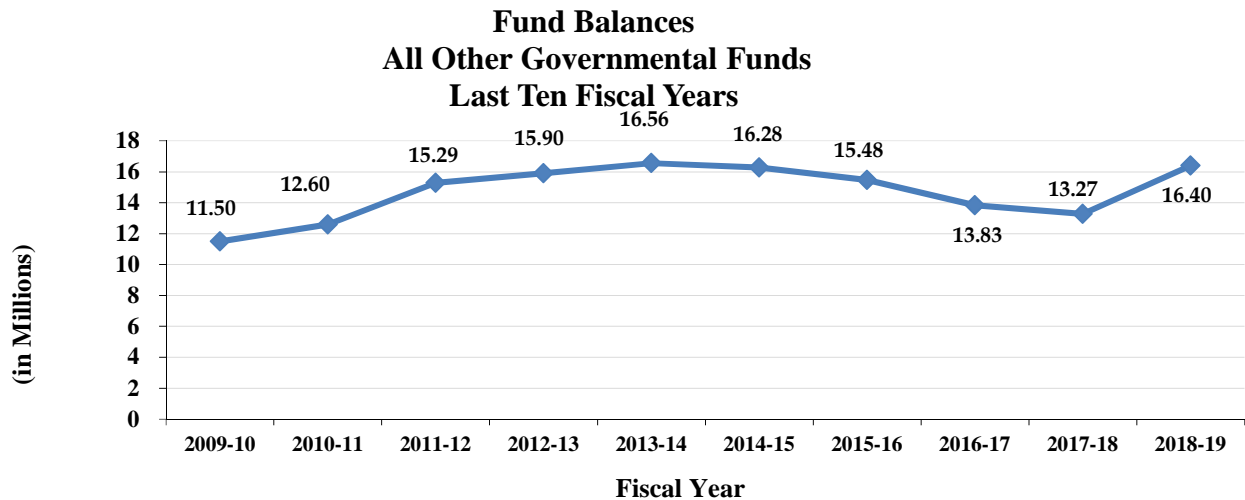
(1) New reporting requirements per GASB 54.

(2) FY2018 was restated due to implementation of GASB 65.

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, 2019
(modified accrual basis of accounting)

	Fiscal Year				
	2013-14	2012-13	2011-12	2010-11	2009-10
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$776,838
Unreserved	-	-	-	-	7,872,912
Nonspendable (1)	181,457	198,145	201,163	758,634	-
Restricted (1)	57,980	56,014	40,951	48,922	-
Committed (1)	7,274,423	6,825,301	6,592,339	5,105,052	-
Assigned (1)	4,357,472	2,906,950	2,908,689	3,097,213	-
Unassigned (1)	238,582	274,236	217,873	257,210	-
Total General Fund:	<u>\$12,109,914</u>	<u>\$10,260,646</u>	<u>\$9,961,015</u>	<u>\$9,267,031</u>	<u>\$8,649,750</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$3,461,656
Unreserved, reported in:					
Special revenue funds	-	-	-	-	7,285,104
Capital project funds	-	-	-	-	752,205
Nonspendable (1)	-	8,990	5,770	5,550	-
Restricted (1)	13,526,150	15,233,078	14,623,784	11,900,924	-
Committed (1)	2,658,379	-	-	-	-
Assigned (1)	377,900	654,243	660,402	698,075	-
Total all other governmental funds:	<u>\$16,562,429</u>	<u>\$15,896,311</u>	<u>\$15,289,956</u>	<u>\$12,604,549</u>	<u>\$11,498,965</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, 2019
(modified accrual basis of accounting)

	Fiscal Year				
	2018-19	2017-18	2016-17	2015-16	2014-15
Revenues:					
Taxes	\$50,827,680	\$47,527,518	\$46,847,209	\$46,222,802	\$44,488,617
Licenses and permits	1,735,711	1,694,670	1,800,752	1,521,379	1,109,169
Use of money and property	1,061,734	158,902	129,186	499,278	248,773
Intergovernmental	7,409,245	6,201,645	5,549,872	5,705,627	11,575,383
Fines, forfeitures, and penalties	2,261,549	1,124,079	1,102,235	1,794,049	1,433,758
Charges for services	5,270,787	5,070,020	5,155,573	4,545,874	4,208,616
Miscellaneous	892,283	1,197,011	2,944,050	1,807,155	3,141,148
Total Revenues:	69,458,989	62,973,845	63,528,877	62,096,164	66,205,464
Expenditures:					
Current:					
General government	6,004,196	5,025,047	4,914,416	4,886,467	5,108,064
Public safety	45,783,773	37,851,314	36,977,198	34,674,068	32,542,544
Public works	8,295,254	4,012,134	4,064,485	5,584,816	5,352,388
Recreation and Human resources	5,901,411	9,194,054	8,631,034	6,498,830	6,135,402
Community development	2,382,263	2,734,299	2,757,861	2,533,734	2,594,007
Capital outlay	6,127,264	3,794,206	3,349,481	8,332,649	8,064,783
Debt service:					
Principal	902,804	627,898	2,703,105	754,158	9,228,535
Interest and fiscal charges	1,198,262	1,227,659	1,431,641	1,369,936	2,029,383
Total Expenditures:	76,595,227	64,466,611	64,829,221	64,634,658	71,055,106
Excess of Revenues over (under) Expenditures	(7,136,238)	(1,492,766)	(1,300,344)	(2,538,494)	(4,849,642)
Other Financing Sources (Uses):					
Proceeds of long-term debt	-	-	-	-	-
Proceeds from sale of assets	16,413	423,735	1,024,538	4,990,156	-
Issuance of capital leases	-	-	-	-	-
Issuance of new debt	-	-	1,635,000	-	9,110,000
Issuance discount	-	-	-	-	(297,460)
Issuance of loans	86,223	86,223	86,223	311,026	408,740
Transfers in	9,013,583	6,747,282	6,487,933	11,143,623	10,368,953
Transfers out	(8,350,155)	(6,708,650)	(6,558,966)	(9,599,678)	(11,368,107)
Total Other Financing Sources (Uses):	766,064	548,590	2,674,728	6,845,127	8,222,126
Net change in fund balances	(\$6,370,174)	(\$944,176)	\$1,374,384	\$4,306,633	\$3,372,484
Debt service as a percentage of noncapital expenditures: ⁽¹⁾	2.95%	3.00%	6.64%	3.51%	17.16%

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, 2019
(modified accrual basis of accounting)

	Fiscal Year				
	2013-14	2012-13	2011-12	2010-11	2009-10
Revenues:					
Taxes	\$43,008,547	\$40,739,594	\$38,201,922	\$36,738,257	\$35,324,406
Licenses and permits	1,023,180	915,614	948,646	722,541	756,986
Use of money and property	270,187	163,025	788,477	787,099	800,589
Intergovernmental	11,983,118	7,917,316	10,079,951	10,427,073	10,987,467
Fines, forfeitures, and penalties	1,226,243	1,629,217	4,320,435	1,635,058	1,237,986
Charges for services	4,146,210	4,087,263	4,191,605	4,021,370	3,127,169
Miscellaneous	2,754,989	2,116,705	1,721,779	1,170,066	1,772,116
Total Revenues:	64,412,474	57,568,734	60,252,815	55,501,464	54,006,719
Expenditures:					
Current:					
General government	4,938,101	6,256,927	5,637,263	4,436,711	4,818,062
Public safety	32,069,172	30,007,184	28,901,414	27,610,469	27,828,064
Public works	5,395,817	5,145,179	5,267,198	4,954,220	4,981,970
Recreation and Human resources	6,086,777	6,161,518	6,554,306	6,432,471	6,325,339
Community development	7,499,226	2,119,111	2,383,002	2,286,955	2,327,038
Capital outlay	6,075,302	5,806,502	6,368,035	4,363,450	8,448,679
Debt service:					
Principal	844,172	645,065	1,139,060	1,188,881	1,297,619
Interest and fiscal charges	1,482,716	1,518,953	1,553,458	1,590,577	1,632,255
Total Expenditures:	64,391,283	57,660,439	57,803,736	52,863,734	57,659,026
Excess of Revenues over (under) Expenditures	21,191	(91,705)	2,449,079	2,637,730	-3,652,307
Other Financing Sources (Uses):					
Proceeds of long-term debt	2,521,577	-	-	-	-
Proceeds from sale of property	-	-	-	-	-
Issuance of capital leases	201,829	-	-	-	-
Issuance of new debt	-	-	-	-	-
Issuance discount	-	-	-	-	-
Issuance of loans	-	-	-	-	-
Transfers in	7,765,591	7,379,793	8,316,550	5,875,179	11,650,983
Transfers out	(7,994,802)	(6,382,102)	(7,386,238)	(6,790,044)	(11,463,431)
Total Other Financing Sources (Uses):	2,494,195	997,691	930,312	(914,865)	187,552
Net change in fund balances	\$2,515,386	\$905,986	\$3,379,391	\$1,722,865	(\$3,464,755)
Debt service as a percentage of noncapital expenditures: ⁽¹⁾	3.81%	4.00%	4.92%	5.61%	5.29%

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

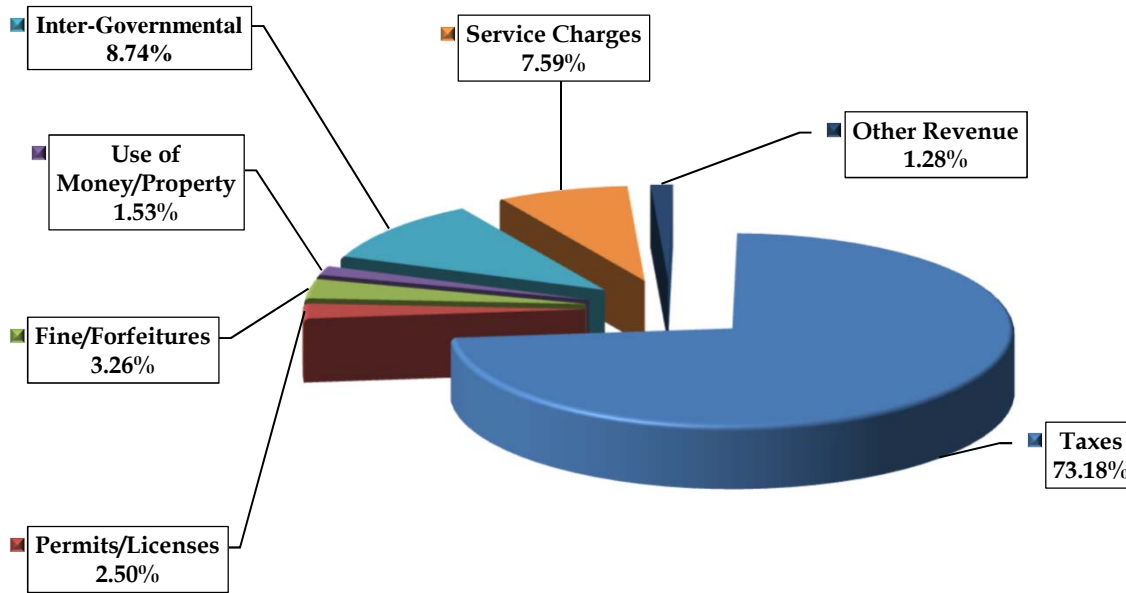
Governmental Revenues By Sources

Last Ten Fiscal Years

Fiscal Year	Taxes	Permits, Licenses and Fees	Fines and Forfeitures	Uses of Money and Property
2009-10	35,324,406	756,986	1,237,986	800,589
2010-11	36,738,257	722,541	1,635,058	787,099
2011-12	38,201,922	948,646	4,320,435	788,477
2012-13	40,739,594	915,614	1,629,217	163,025
2013-14	43,008,547	1,023,180	1,226,243	270,187
2014-15	44,488,617	1,109,169	1,433,758	248,773
2015-16	46,222,802	1,521,379	1,794,049	499,278
2016-17	46,847,209	1,800,752	1,102,235	129,186
2017-18	47,527,518	1,694,670	1,124,079	158,902
2018-19	50,827,680	1,735,711	2,261,549	1,061,734

General Revenues by Sources

Fiscal Year Ended June 30, 2019

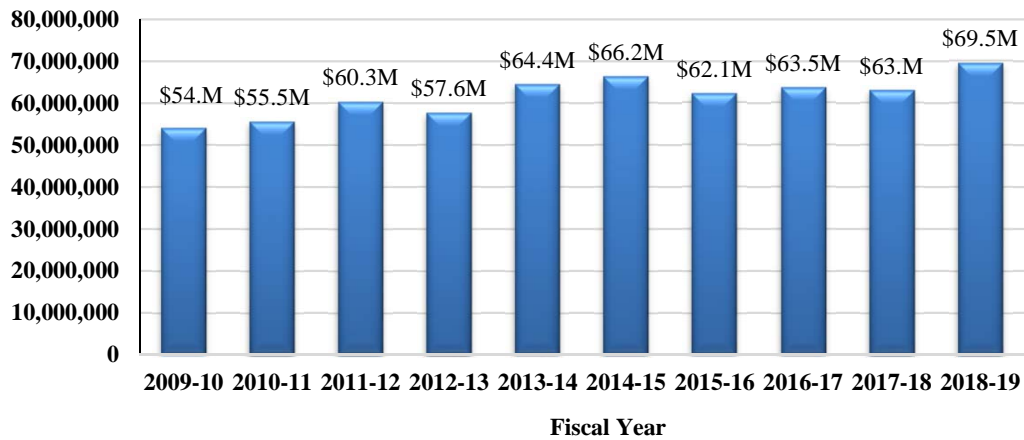


Source: City of Gardena, Administrative Services Department - Finance Division

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

Fiscal Year	Inter-Governmental	Charges for Services	Other Revenues	Total
2009-10	10,987,467	3,127,169	1,772,116	54,006,719
2010-11	10,427,073	4,021,370	1,170,066	55,501,464
2011-12	10,079,951	4,191,605	1,721,779	60,252,815
2012-13	7,917,316	4,087,263	2,116,705	57,568,734
2013-14	11,983,118	4,146,210	2,754,989	64,412,474
2014-15	11,575,383	4,208,616	3,141,148	66,205,464
2015-16	5,705,627	4,545,874	1,807,155	62,096,164
2016-17	5,549,872	5,155,573	2,944,050	63,528,877
2017-18	6,201,645	5,070,020	1,197,011	62,973,845
2018-19	7,409,245	5,270,787	892,283	69,458,989

General Revenues by Sources
Last Ten Fiscal Years



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

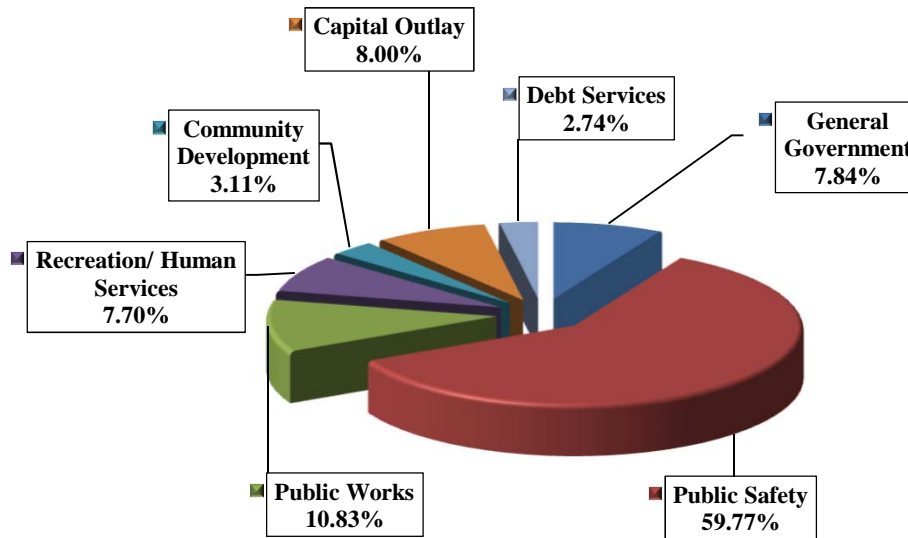
City of Gardena

General Governmental Expenditures By Function

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Recreation and Human Services
2009-10	4,818,062	27,828,064	4,981,970	6,325,339
2010-11	4,436,711	27,610,469	4,954,220	6,432,471
2011-12	5,637,263	28,901,414	5,267,198	6,554,306
2012-13	6,256,927	30,007,184	5,145,179	6,161,518
2013-14	4,938,101	32,069,172	5,395,817	6,086,777
2014-15	5,108,064	32,542,544	5,352,388	6,135,402
2015-16	4,886,467	34,674,068	5,584,816	6,498,830
2016-17	4,914,416	36,977,198	4,064,485	8,631,034
2017-18	5,025,047	37,851,314	4,012,134	9,194,054
2018-19	6,004,196	45,783,773	8,295,254	5,901,411

General Governmental Expenditures by Function Fiscal Year ended June 30, 2019



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

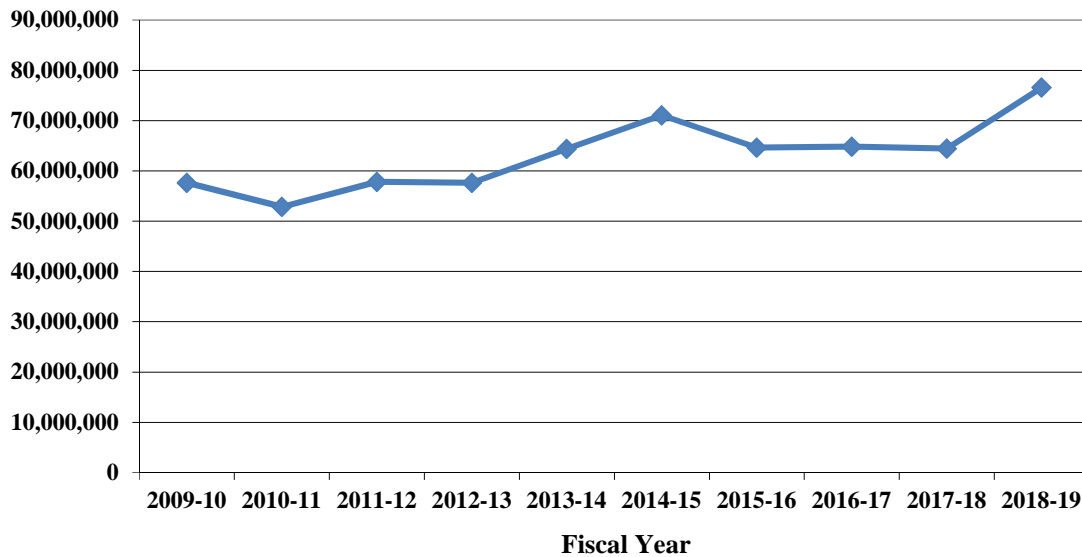
(1) These figures include Lease/Bonds, Payments for Debt Services and excluding Cost of bonds issuance and escrow payments.

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
2009-10	2,327,038	8,448,679	2,929,874	57,659,026
2010-11	2,286,955	4,363,450	2,779,458	52,863,734
2011-12	2,383,002	6,368,035	2,692,518	57,803,736
2012-13	2,119,111	5,806,502	2,164,018	57,660,439
2013-14	7,499,226	6,075,302	2,326,888	64,391,283
2014-15	2,594,007	8,064,783	11,257,918	71,055,106
2015-16	2,533,734	8,332,649	2,124,094	64,634,658
2016-17	2,757,861	3,349,481	4,134,746	64,829,221
2017-18	2,734,299	3,794,206	1,855,557	64,466,611
2018-19	2,382,263	6,127,264	2,101,066	76,595,227

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)

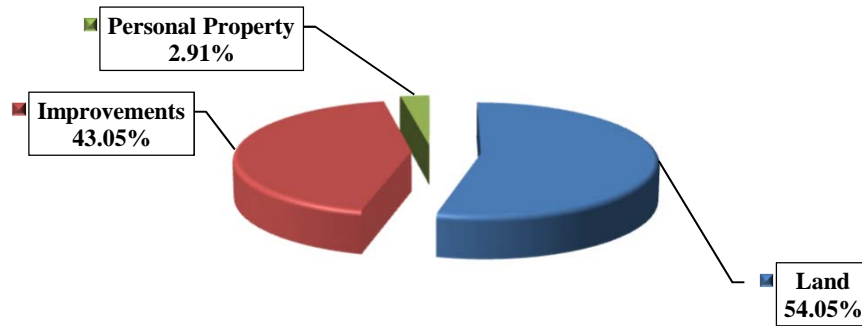
⁽¹⁾ These figures include Lease/Bonds, Payments for Debt Services and excluding Cost of bonds issuance and escrow payments.

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
2009-10	3,748,177	500	0	3,748,677	2,542,363,726	1,965,076,314	18,326,833	(92,796,442)	4,432,970,431
2010-11	3,785,148	500	0	3,785,648	2,485,326,071	1,944,955,301	18,265,803	(85,222,871)	4,363,324,304
2011-12	3,447,381	500	0	3,447,881	2,495,176,359	1,970,054,531	19,208,150	(92,371,852)	4,392,067,188
2012-13	3,447,381	500	0	3,447,881	2,523,336,461	2,007,313,501	19,615,465	(100,457,741)	4,449,807,686
2013-14	3,447,381	500	0	3,447,881	2,610,426,775	2,096,160,323	20,014,837	(93,299,293)	4,633,302,642
2014-15	3,447,381	500	0	3,447,881	2,733,522,040	2,198,829,256	21,125,783	(101,657,690)	4,851,819,389
2015-16	256,548	500	0	257,048	2,901,287,675	2,302,898,593	21,733,418	(100,791,312)	5,125,128,374
2016-17	256,548	500	0	257,048	3,059,313,278	2,408,565,245	21,982,639	(101,483,543)	5,388,377,619
2017-18	256,548	500	0	257,048	3,259,570,366	2,534,031,367	22,671,336	(97,785,800)	5,718,487,269
2018-19	256,548	500	0	257,048	3,514,987,541	2,674,639,058	22,263,329	(106,481,118)	6,105,408,810

Assessed Valuation by Categories
(Total Secured and Unsecured)
Fiscal Year Ended June 30, 2019



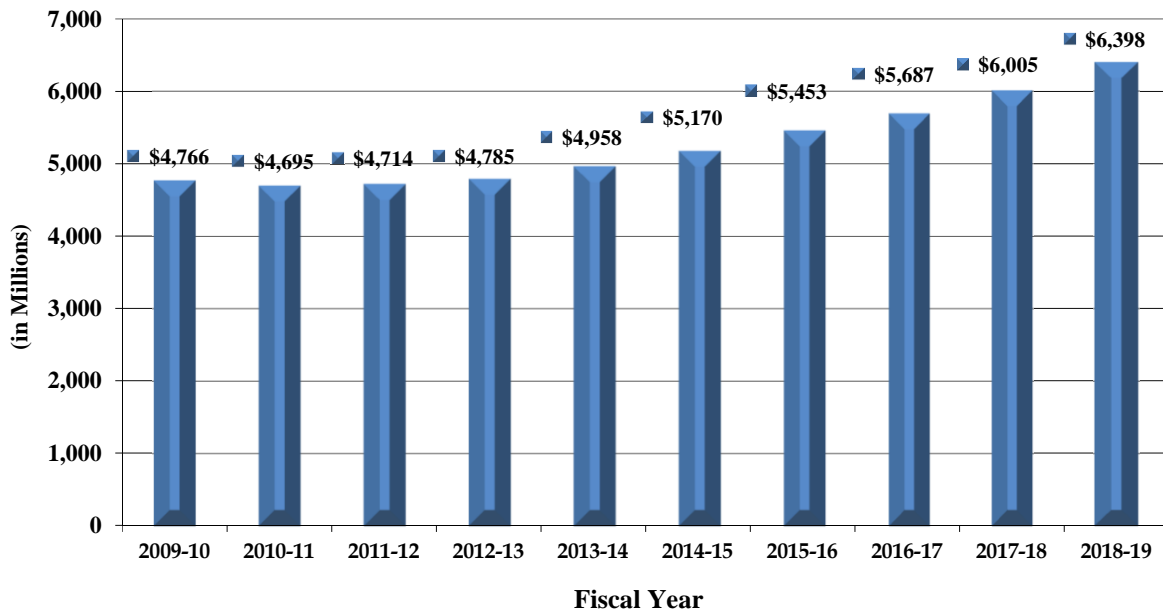
In 1978, California voters passed Proposition 13 which set the property tax at a 1.00% fixed amount. This 1.00% is shared by all the taxing agencies for which the subject property resides within. In addition to 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property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

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

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

Fiscal Year	LOCALLY ASSESSED				TOTALS				
	UNSECURED				Before Other Exemptions	Taxable Assessed Value	% INCR. (DECR.)	Total Direct Rate ⁽²⁾	Home- Owner Property Tax Relief
	Improve- ments	Personal Property	Other Exemptions	Total					
2009-10	143,615,095	185,987,533	(103,000)	329,499,628	4,859,118,178	4,766,218,736	-0.10%	0.11876%	52,462,106
2010-11	152,536,542	175,904,412	(98,000)	328,342,954	4,780,773,777	4,695,452,906	-1.48%	0.11882%	52,044,078
2011-12	148,213,077	170,398,528	(93,000)	318,518,605	4,806,498,526	4,714,033,674	0.40%	0.11884%	51,729,593
2012-13	151,830,307	179,827,045	(100,604)	331,556,748	4,885,370,660	4,784,812,315	1.50%	0.11875%	50,719,063
2013-14	145,965,185	175,158,651	(108,000)	321,015,836	5,051,173,652	4,957,766,359	3.61%	0.11856%	50,015,653
2014-15	140,748,595	174,403,010	(89,000)	315,062,605	5,272,076,565	5,170,329,875	4.29%	0.11837%	49,327,059
2015-16	149,004,701	178,788,974	(82,000)	327,711,675	5,553,970,409	5,453,097,097	5.47%	0.11809%	48,873,792
2016-17	130,722,770	167,676,863	(82,000)	298,317,633	5,788,517,843	5,686,952,300	4.29%	0.11790%	48,088,576
2017-18	125,455,566	161,242,825	(47,000)	286,651,391	6,103,228,508	6,005,395,708	5.60%	0.11766%	47,602,798
2018-19	125,099,278	166,925,685	(77,300)	291,947,663	6,504,171,939	6,397,613,521	6.53%	0.11737%	46,936,370

**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				
	2018-19	2017-18	2016-17	2015-16	2014-15
Residential	\$4,139,852,554	\$3,879,882,318	\$3,623,545,163	\$3,441,407,499	\$3,247,456,567
Commercial	888,959,749	831,348,140	791,527,339	750,255,119	715,396,379
Industrial	889,298,836	834,753,358	796,231,706	763,622,835	735,316,073
Govt. Owned	0	0	5,250,000	-	-
Recreational	39,491,086	38,342,794	38,760,141	39,348,412	38,689,706
Institutional	74,813,850	78,834,725	69,798,622	65,412,639	62,243,721
Miscellaneous	-	- 451,519	- 442,667	-	-
Vacant land	62,990,225	46,086,466	54,308,182	57,298,803	46,471,775
SBE Nonunitary	257,048	257,048	257,048	257,048	3,447,881
Possessory Int.	10,002,510	8,787,949	8,513,799	7,783,045	6,245,168
Unsecured	291,947,663	286,651,391	298,317,633	327,711,675	315,062,605
Unknown	-	-	-	22	-
	6,397,613,521	6,005,395,708	5,686,952,300	5,453,097,097	5,170,329,875
Homeowner Exemption ⁽¹⁾	-	-	-	-	-
TOTALS:	\$6,397,613,521	\$6,005,395,708	\$5,686,952,300	\$5,453,097,097	\$5,170,329,875

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.

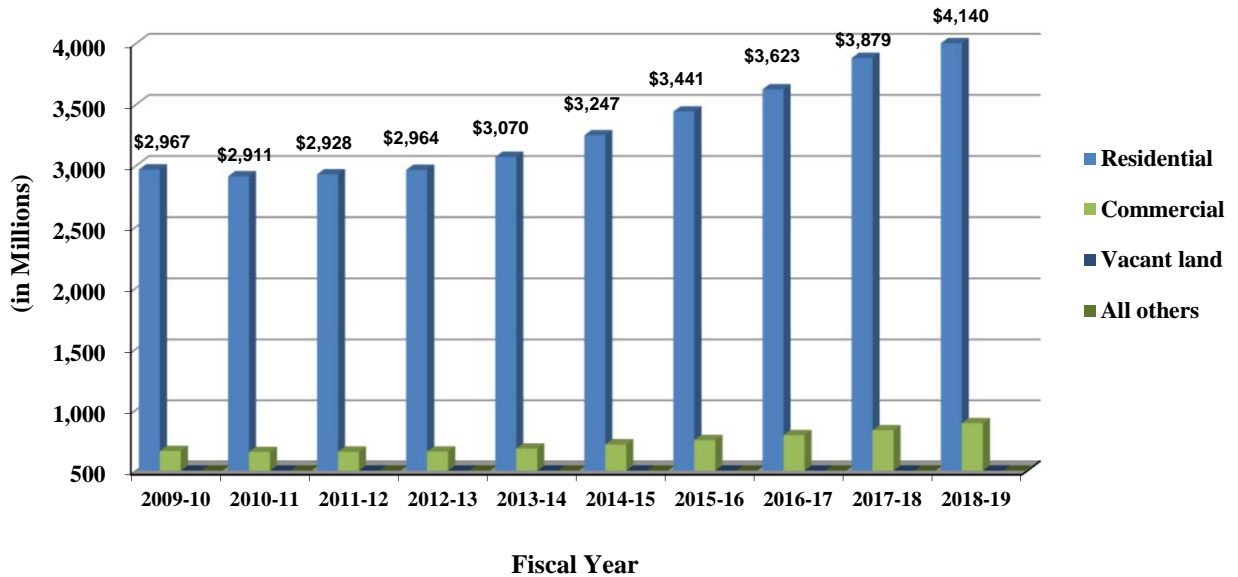
⁽¹⁾ In 2006-07 certain report formatting changes have been made to comply with GASB 44 standard reporting requirements; therefore, the net of Homeowner Exemption is separated from previous years.

Source: L.A. County Assessor 2009/10-2018/19 Combined Tax Rolls, HdL, Coren & Cone

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

CATEGORY	Fiscal Year				
	2013-14	2012-13	2011-12	2010-11	2009-10
Residential	\$3,069,926,331	\$2,964,299,525	\$2,928,170,695	\$2,911,633,835	\$2,967,752,342
Commercial	680,433,002	656,284,650	654,739,043	651,966,960	661,412,473
Industrial	726,907,557	710,111,242	685,590,136	680,070,403	671,982,631
Govt. Owned	-	-	-	-	-
Recreational	38,596,521	38,681,903	39,093,769	37,970,527	38,835,383
Institutional	68,337,737	29,057,255	33,433,960	40,203,021	35,342,641
Miscellaneous	-	-	-	-	-
Vacant land	43,043,588	45,420,007	45,486,424	36,066,401	49,773,918
SBE Nonunitary	3,447,881	3,447,881	3,447,881	3,785,648	3,748,677
Possessory Int.	6,057,906	5,953,104	5,553,161	5,413,157	7,871,043
Unsecured	321,015,836	331,556,748	318,518,605	328,342,954	329,499,628
Unknown	-	-	-	-	-
	4,957,766,359	4,784,812,315	4,714,033,674	4,695,452,906	4,766,218,736
Homeowner Exemption ⁽¹⁾	-	-	-	-	-
TOTALS:	\$4,957,766,359	\$4,784,812,315	\$4,714,033,674	\$4,695,452,906	\$4,766,218,736

Assessed Value - Taxable Property
Last Ten Fiscal Years



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

-Exempt values are not included in Total.

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

Source: L.A. County Assessor 2009/10-2018/19 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
2009-10	2,967,752	661,412	671,983	-	38,835	35,343	-	49,774
2010-11	2,911,634	651,967	680,070	-	37,970	40,203	-	36,066
2011-12	2,928,171	654,739	685,590	-	39,094	33,434	-	45,486
2012-13	2,964,300	656,285	710,111	-	38,682	29,057	-	45,420
2013-14	3,069,926	680,433	726,908	-	38,597	68,338	-	43,043
2014-15	3,247,457	715,396	735,316	-	38,690	62,244	-	46,472
2015-16	3,441,407	750,255	763,623	-	39,348	65,413	-	57,299
2016-17	3,623,545	791,527	796,232	-	38,760	69,798	5,250	54,308
2017-18	3,879,882	831,348	834,753	-	38,342	78,834	-	46,086
2018-19	4,139,853	888,960	889,299	-	39,491	74,814	-	62,990

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 2009/10-2018/19 Combined Tax Rolls, HdL, Coren & Cone

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

Fiscal						Total	Estimated	Factor of
Year	SBE	Possessory Int.	Unsecured	Misc.	TOTAL	Direct	Taxable	Taxable
	Nonunitary					Tax	Value	Assessed
						Rate ⁽¹⁾	Value ⁽²⁾	Value
2009-10	3,749	7,871	329,500	-	4,766,219	0.11876	6,356,754	1.33371
2010-11	3,786	5,413	328,343	-	4,695,452	0.11882	6,262,371	1.33371
2011-12	3,448	5,553	318,519	-	4,714,034	0.11884	6,287,154	1.33371
2012-13	3,448	5,953	331,557	-	4,784,813	0.11875	6,381,553	1.33371
2013-14	3,448	6,058	321,015	-	4,957,766	0.11856	6,612,222	1.33371
2014-15	3,448	6,245	315,062	-	5,170,330	0.11837	6,895,721	1.33371
2015-16	257	7,783	327,712	-	5,453,097	0.11809	7,272,850	1.33371
2016-17	257	8,514	298,317	442	5,686,950	0.11790	7,584,742	1.33371
2017-18	257	8,787	286,651	-	6,004,940	0.11790	8,008,849	1.33371
2018-19	257	10,002	291,948	-	6,397,614	0.11737	8,532,562	1.33371

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.

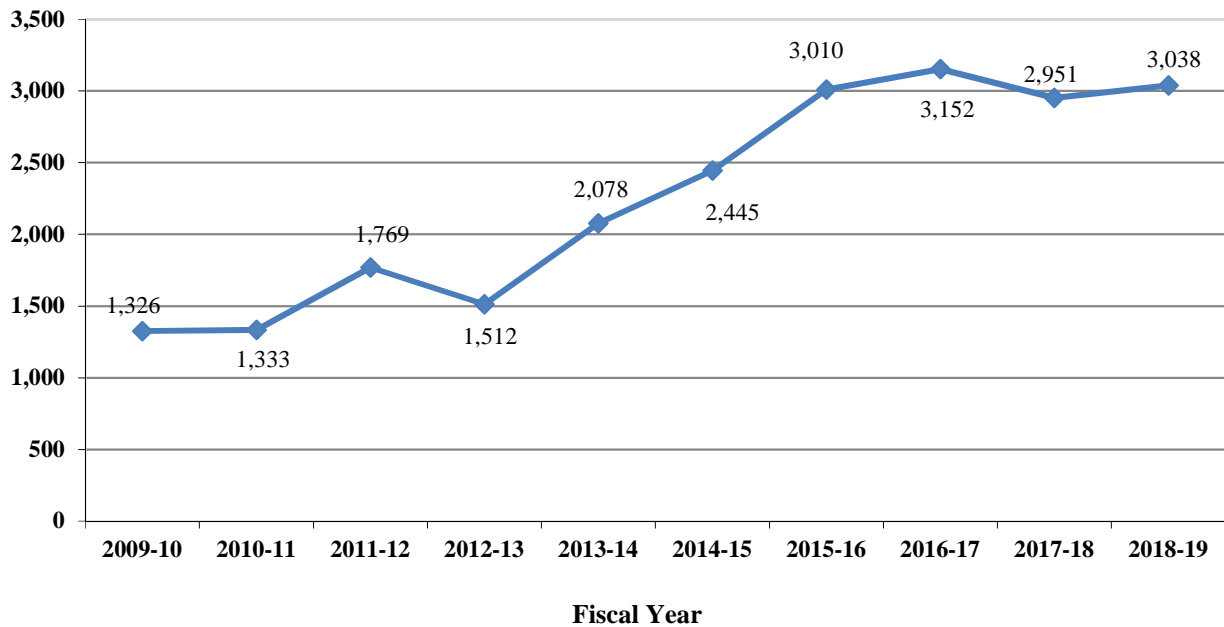
⁽²⁾ Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales price and the Factor of Taxable Assessed Value is the result. This factor is changing from year to year; however, since the previous fiscal years calculating data is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

Source: L.A. County Assessor 2009/10-2018/19 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
2009-10	365	11,835,000	206	11,286,700	13	300,865
2010-11	392	7,588,260	197	17,451,113	19	10,806,397
2011-12	497	19,524,232	250	20,810,123	7	351,358
2012-13	430	10,378,040	239	12,953,704	4	116,531
2013-14	650	11,943,363	232	10,733,859	2	225,600
2014-15	785	11,173,245	295	10,524,008	2	63,500
2015-16	1,126	18,042,192	253	12,303,725	2	26,500
2016-17	1,161	10,988,165	269	16,919,670	9	7,091,565
2017-18	964	18,379,450	264	25,034,187	15	1,069,280
2018-19	1,107	23,699,914	220	10,676,880	11	437,850

Number of Permits
Last Ten Fiscal Years

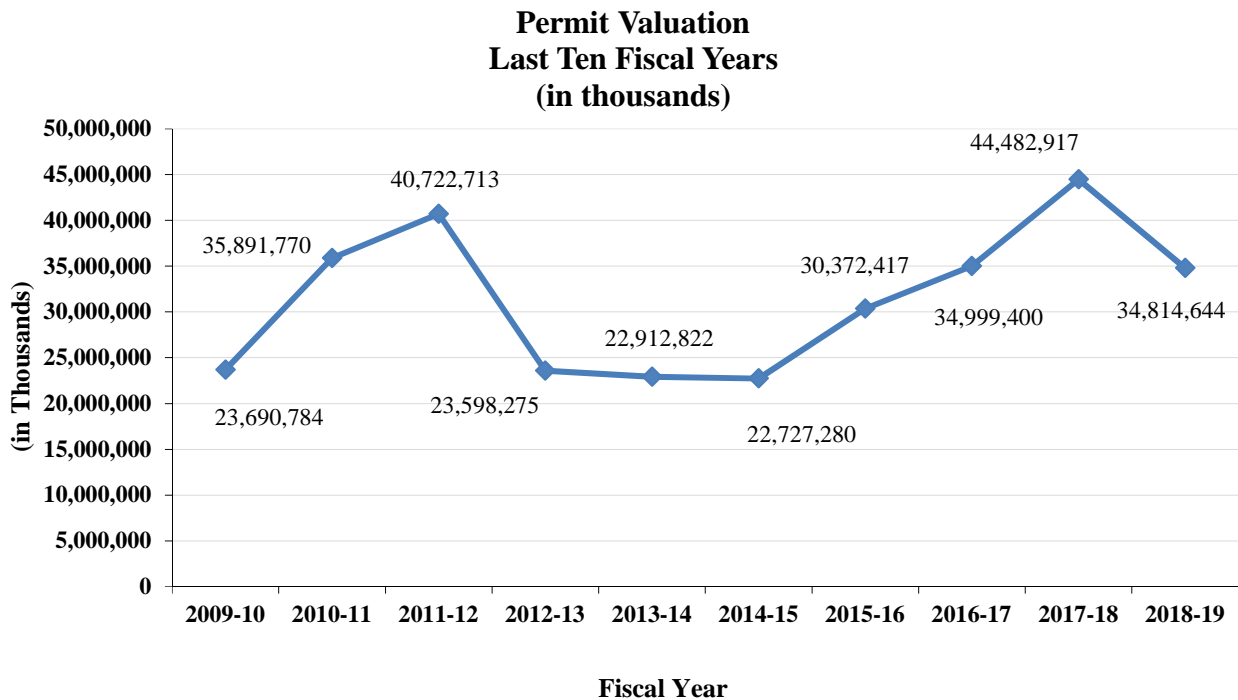


Sources: ⁽¹⁾ City of Gardena, Community Development Department.

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

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

CONSTRUCTION ⁽¹⁾					Bank Deposits ⁽²⁾ (in Thousands)
Fiscal Year	All others		Total		
	No. of Permits	Valuation	No. of Permits	Valuation	
2009-10	742	268,219	1,326	23,690,784	1,587,681
2010-11	725	46,000	1,333	35,891,770	1,535,389
2011-12	1,015	37,000	1,769	40,722,713	1,514,391
2012-13	839	150,000	1,512	23,598,275	1,609,537
2013-14	1,194	10,000	2,078	22,912,822	1,694,573
2014-15	1,363	966,527	2,445	22,727,280	1,656,979
2015-16	1,629	-	3,010	30,372,417	2,311,146
2016-17	1,713	-	3,152	34,999,400	1,913,039
2017-18	1,708	-	2,951	44,482,917	1,913,039
2018-19	1,700	-	3,038	34,814,644	1,980,803



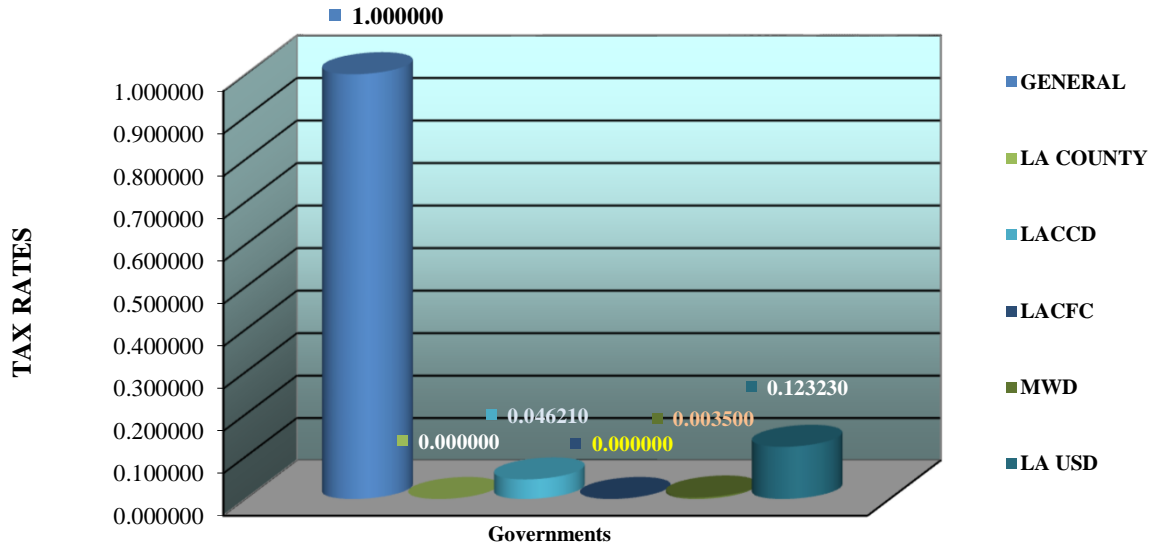
Sources: ⁽¹⁾ City of Gardena, Community Development Department.

⁽²⁾ City of Gardena-FDIC-Insured Institutions as of 06/30/2019

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>
2009-10	1.000000	0.000000	0.151810
2010-11	1.000000	0.000000	0.186950
2011-12	1.000000	0.000000	0.168190
2012-13	1.000000	0.000000	0.175610
2013-14	1.000000	0.000000	0.146440
2014-15	1.000000	0.000000	0.146880
2015-16	1.000000	0.000000	0.129710
2016-17	1.000000	0.000000	0.131100
2017-18	1.000000	0.000000	0.122190
2018-19	1.000000	0.000000	0.123230

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



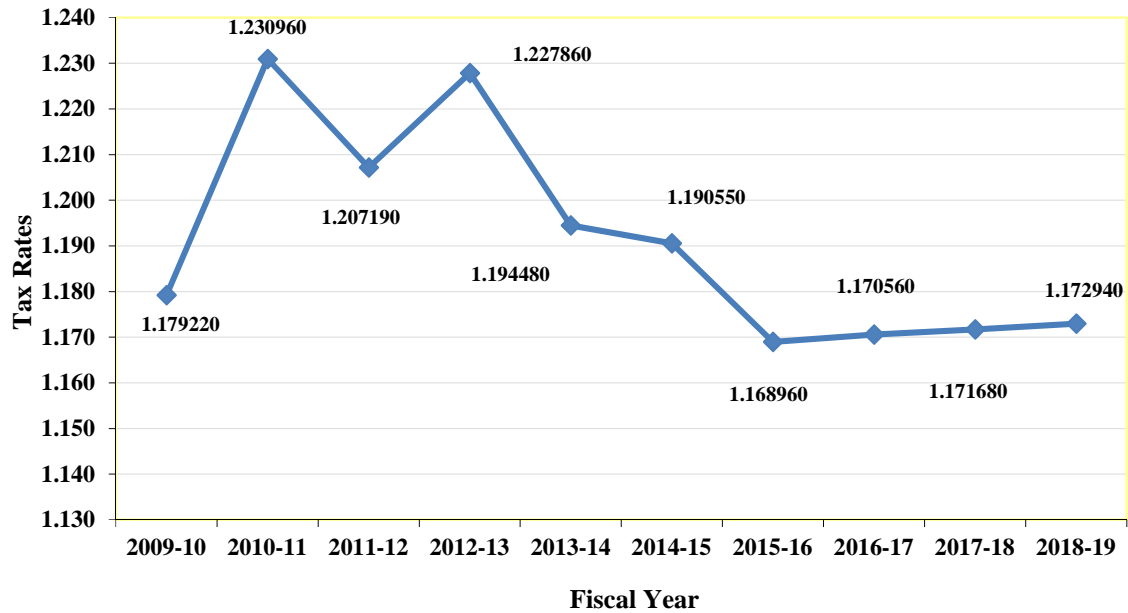
⁽¹⁾ Tax Rate Areas: TRA 000576

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

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

Fiscal Year	Los Angeles Community College District	Los Angeles County Flood Control	Metropolitan Water District	Total
2009-10	0.023110	0.000000	0.004300	1.179220
2010-11	0.040310	0.000000	0.003700	1.230960
2011-12	0.035300	0.000000	0.003700	1.207190
2012-13	0.048750	0.000000	0.003500	1.227860
2013-14	0.044540	0.000000	0.003500	1.194480
2014-15	0.040170	0.000000	0.003500	1.190550
2015-16	0.035750	0.000000	0.003500	1.168960
2016-17	0.035960	0.000000	0.003500	1.170560
2017-18	0.045990	0.000000	0.003500	1.171680
2018-19	0.046210	0.000000	0.003500	1.172940

**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				
	18-19	17-18	16-17	15-16	14-15
City of Gardena Tax District 1	0.11160 %	0.11160 %	0.11160 %	0.11160 %	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 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⁾:	0.11737 %	0.11766 %	0.11790 %	0.11809 %	0.11837 %
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 2009/10-2018/19 Combined Tax Rolls, HdL, Coren & Cone

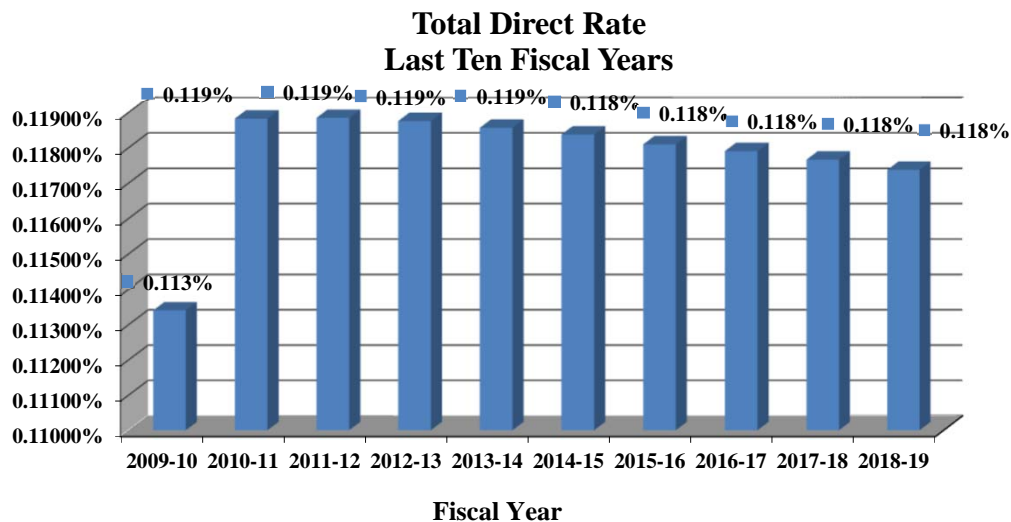
City of Gardena
Direct and Overlapping Property Tax Rates (Continued)
(rate per \$100 of assessed value)
Ten Fiscal Year Detail of Rates for Largest General Fund Tax Rates Area 00576
(Proposition 13 Rate)

Agency	FISCAL YEAR				
	13-14	12-13	11-12	10-11	09-10
City of Gardena Tax District 1	0.11157 %	0.11157 %	0.11157 %	0.11157 %	0.11157 %
Children's Institutional Tuition Fund	0.00285 %	0.00285 %	0.00285 %	0.00285 %	0.00285 %
County Sanitation District No. 5 Operations	0.01256 %	0.01256 %	0.01256 %	0.01256 %	0.01256 %
County School Services	0.00144 %	0.00144 %	0.00144 %	0.00144 %	0.00144 %
County School Service Fund of Angeles -LAUSD	0.00001 %	0.00001 %	0.00001 %	0.00001 %	0.00001 %
Development Center for Handicapped Minors -LA Unified School District	0.00127 %	0.00127 %	0.00127 %	0.00127 %	0.00127 %
Educational Augmentation Fund Impound	0.16240 %	0.16240 %	0.16240 %	0.16240 %	0.16240 %
Educational Augmentation Fund (ERAF) Impound	0.07820 %	0.07820 %	0.07827 %	0.07827 %	0.07827 %
LA County Community College District	0.03070 %	0.03070 %	0.03070 %	0.03070 %	0.03070 %
LA County Community College Children's Center Fund	0.00032 %	0.00032 %	0.00032 %	0.00032 %	0.00032 %
LA County Accumulative Capital Outlays	0.00012 %	0.00012 %	0.00012 %	0.00012 %	0.00012 %
LA County Fire - Ffw	0.00747 %	0.00747 %	0.00747 %	0.00747 %	0.00747 %
LA County Flood Control Improvement District	0.00178 %	0.00178 %	0.00178 %	0.00178 %	0.00178 %
LA County Library	0.02380 %	0.02380 %	0.02380 %	0.02380 %	0.02380 %
LA County Flood Control Maintenance	0.01007 %	0.01007 %	0.01007 %	0.01007 %	0.01007 %
Los Angeles Children's Center Fund	0.00371 %	0.00371 %	0.00371 %	0.00371 %	0.00371 %
LA County General	0.32520 %	0.32520 %	0.32520 %	0.32520 %	0.32520 %
Los Angeles Unified School District	0.22590 %	0.22590 %	0.22590 %	0.22590 %	0.22590 %
Greater L A Co Vector Control	0.00038 %	0.00038 %	0.00038 %	0.00038 %	0.00038 %
Water Replacement District of Southern California	0.00018 %	0.00018 %	0.00018 %	0.00018 %	0.00018 %
Total Prop. 13 Rate:	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %

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

County of Los Angeles ⁽¹⁾

0.11856 %	0.11875 %	0.11884 %	0.11882 %	0.11340 %
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 2018-19		Fiscal Year 2009-10	
		Total Assessed Value	Percent of Total City Assessed Value	Total Assessed Value	Percent of Total City Assessed Value
Nissin Foods Company Inc.	Manufacturing	\$58,075,580	0.91 %		
Avcorp Composite Fabrication	Manufacturing	51,731,098	0.81		
GA HC REIT II Gardena CA Hospital LLC	Hospital services	46,253,880	0.72		
Terreno 139th LLC	Non-residential property owners	37,550,000	0.59		
Hitco Carbon Composites Inc.	Manufacturing	30,724,203	0.48		
JSL Gardena I, LLC	Non-residential property owners	30,614,953	0.48		
Gardena Professional Medical Plaza LP	Property management	25,836,903	0.40		
Majestic Properties Inc.	Property management	24,131,903	0.38		
Ray Pellegrino Trust	Property management	23,558,920	0.37		
PK I Gardena Gateway Center LP	Retail sales	21,783,708	0.34		
Hitco Technologies Inc	Manufacturing			61,720,930	1.29 %
Nissin Foods Company Inc.	Manufacturing			53,586,752	1.12
Southwest Offset Printing	Manufacturing parts			46,869,288	0.98
Majestic Properties Inc.	Property management			27,754,381	0.58
JSL Gardena I, LLC	Non-residential property owners			27,050,400	0.57
Brek Manufacturing Company	Manufacturing parts			22,510,445	0.47
Dayton Hudson Corp. (Target)	Property management			19,960,463	0.42
PK I Gardena Gateway Center LP	Retail sales			19,247,399	0.40
Gramercy Properties LLC	Non-residential property owners			19,180,614	0.40
Russmar Investment Group	Property management			16,981,085	0.36
Top Ten Totals (secured and unsecured):		350,261,148	5.47 %	314,861,757	6.61 %
All Others (secured)		6,047,352,373	94.53	4,451,356,979	93.39
Total All Assessed Valuation (secured):		<u>\$6,397,613,521</u>	<u>100.00 %</u>	<u>\$4,766,218,736</u>	<u>100.00 %</u>

Source: L.A. County Assessor 2009/10-2018/19 Combined Tax Rolls and the SBE Non Unitary Tax Roll, HdL Coren & Cone

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

Fiscal Year 2018-19			Fiscal Year 2009-10		
	Tax Payers	Business Type		Tax Payers	Business Type
1	76	Service Stations	76	Service Stations	
2	A&A Chevron	Service Stations	A&A Chevron	Service Stations	
3	Arco AM PM	Service Stations	Albertsons	Grocery Stores	
4	Commercial Scaffolding Sales	Repair Shop/Equip. Rentals	City of Gardena	Government/Social Org.	
5	Crenshaw Lumber Co	Building Materials	Crenshaw Lumber Co	Building Materials	
6	Crenshaw Wholesale Electric Supply	Plumbing/Electrical Supplies	Crenshaw Wholesale Electric Supply	Plumbing/Electrical Supplies	
7	dd's Discounts	Family Apparel	CVS Pharmacy	Drug Stores	
8	Enterprise Rent A Car	Transportation/Rentals	En Pointe Technologies Sales Inc	Office Supplies/Furniture	
9	G&C Equipment	Contractors	Enterprise Rent A Car	Transportation/Rentals	
10	Gardena Honda	New Motor Vehicle Dealers	Food 4 Less	Grocery Stores	
11	Gardena Nissan	New Motor Vehicle Dealers	G&C Equipment	Contractors	
12	Honda Lease Trust	Auto Lease	Gardena Honda	New Motor Vehicle Dealers	
13	Marukai Market	Grocery Stores	Gardena Nissan	New Motor Vehicle Dealers	
14	McDonald's	Quick-Service Restaurants	Gardena Oil	Service Stations	
15	Mobil Gardena	Service Stations	Hitco Technologies	Heavy Industrial	
16	New York Times Sales	Light Industrial/Printers	Marukai Market	Grocery Stores	
17	Pacific Supply	Building Materials	McDonalds	Quick-Service Restaurants	
18	Sakara Life	Food Service Equip./Supplies	Nader's Furniture	Home Furnishings	
19	Sam's Club	Discount Dept Stores	New York Times Sales	Light Industrial/Printers	
20	Smardan Hatcher Co.	Contractors	Pacific Supply	Building Materials	
21	Target	Discount Dept Stores	Sam's Club	Discount Dept Stores	
22	United Oil	Service Stations	Smardan Hatcher Co	Contractors	
23	Vons Fuel	Service Stations	Target	Discount Dept Stores	
24	Wood Oil Company	Petroleum Prod./Equipment	United Oil Company	Service Stations	
25	Z Gallerie	Home Furnishings	Wood Oil Company	Petroleum Prod./Equipment	

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

-Account for 53%
of the total sales tax collected.

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

Source: SBOE data - HdL Companies

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

City of Gardena

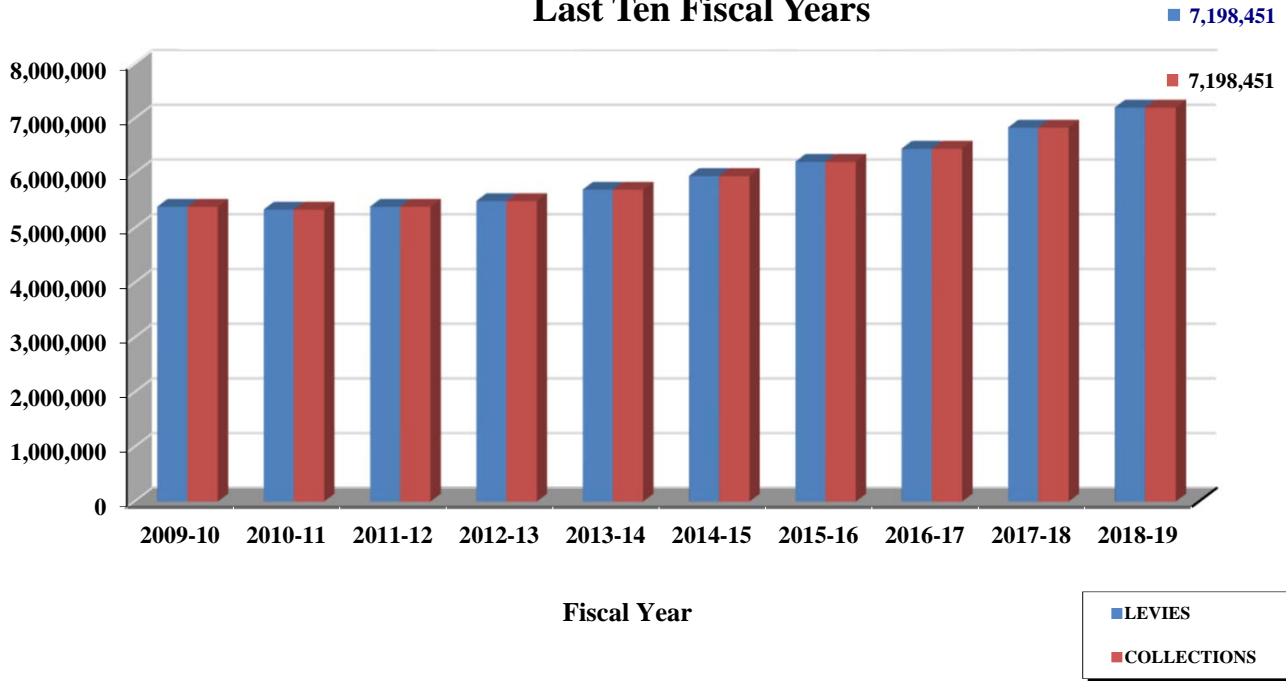
Property Tax Levies, Tax Collections, and Delinquency

Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	COLLECTED WITHIN THE FISCAL YEAR OF LEVY		Collections in Subsequent Years	TOTAL COLLECTIONS TO DATE	
		Amount	Percent of Levy		Amount	Percent of Levy
2009-10	5,386,694	5,376,995	99.82%	9,699	5,386,694	100.00%
2010-11	5,334,443	5,327,186	99.86%	7,257	5,334,443	100.00%
2011-12	5,386,423	5,386,423	100.00%	0	5,386,423	100.00%
2012-13	5,491,677	5,491,096	99.99%	581	5,491,677	100.00%
2013-14	5,698,386	5,695,450	99.95%	2,936	5,698,386	100.00%
2014-15	5,948,939	5,946,829	99.96%	2,109	5,948,939	100.00%
2015-16	6,208,056	6,192,921	99.76%	15,134	6,208,056	100.00%
2016-17	6,447,952	6,433,016	99.77%	14,936	6,447,952	100.00%
2017-18	6,832,148	6,816,038	99.76%	16,110	6,832,148	100.00%
2018-19	7,198,451	7,164,319	99.53%	34,132	7,198,451	100.00%

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

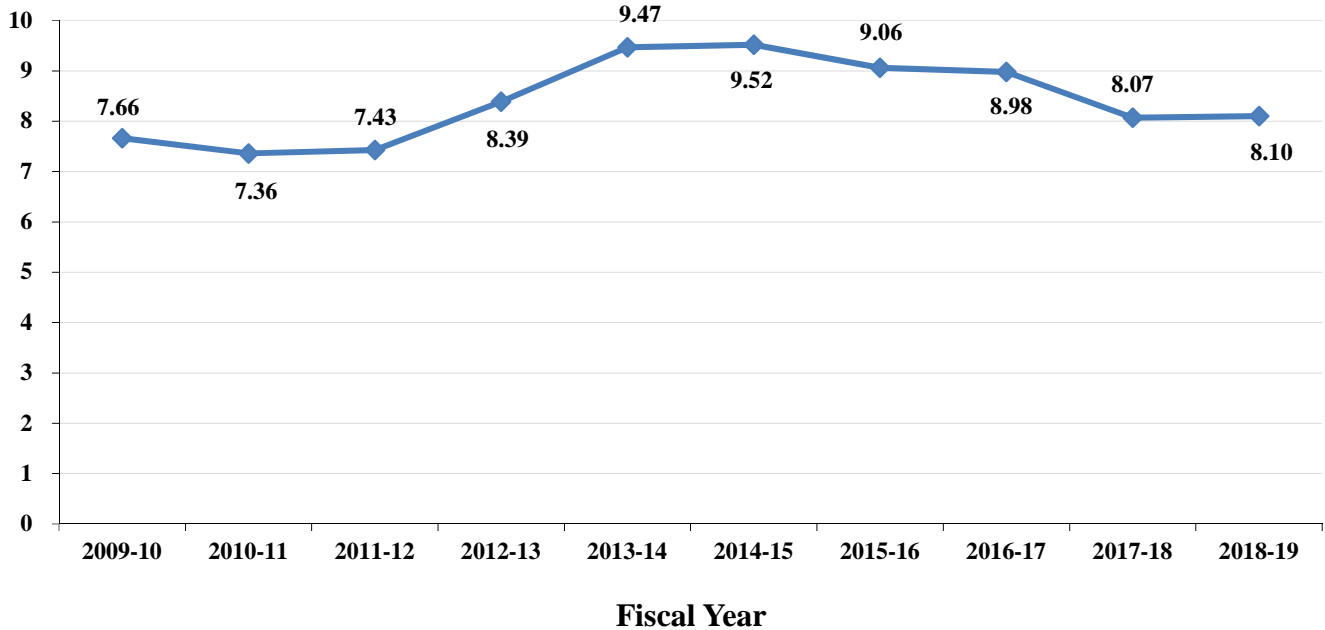
City of Gardena

Card Club Gross Revenue Fee

Last Ten Fiscal Years

Fiscal Year	Card Club Revenue ⁽¹⁾	General Fund Gross Revenue	Percent of General Fund Revenue
2009-10	7,660,557	42,209,676	18.15%
2010-11	7,365,159	43,111,283	17.08%
2011-12	7,434,236	45,813,600	16.23%
2012-13	8,394,406	47,637,218	17.62%
2013-14	9,467,078	51,004,568	18.56%
2014-15	9,517,550	54,413,202	17.49%
2015-16	9,057,202	54,092,710	16.74%
2016-17	8,975,991	56,237,621	15.96%
2017-18	8,071,001	55,972,281	14.42%
2018-19	8,101,583	60,267,575	13.44%

Card Club Gross Revenue Last Ten Fiscal Years

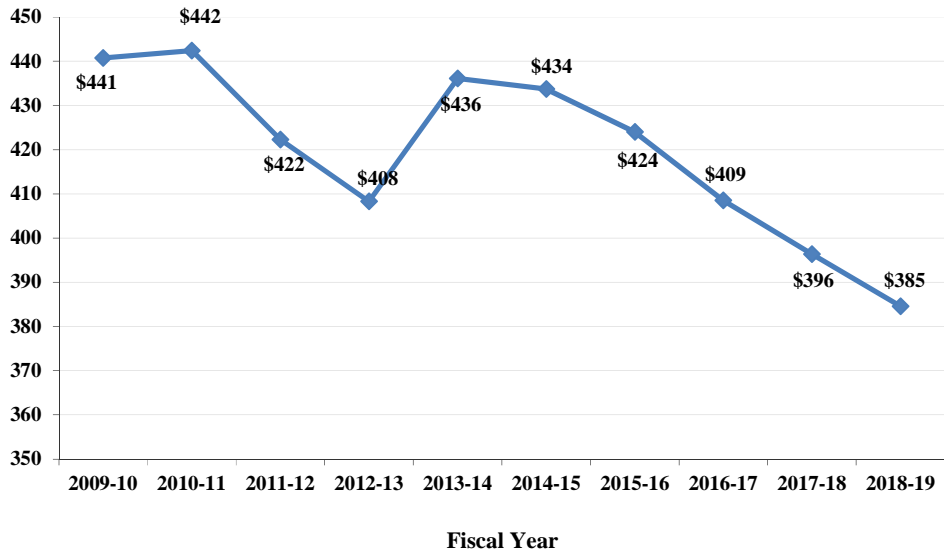


⁽¹⁾ Two card clubs: Lucky Lady Casino & Hustler Casino
City receives 12% of the total monthly gross revenue of the card game business.

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

GOVERNMENTAL ACTIVITIES									Percent	Average			
Fiscal		Certificates of	Revenue	Capital	Loan	Direct		Taxable	of	Debt	per	Percent	
Year	Population ⁽¹⁾	Participation ⁽²⁾	Bonds	Leases	Payable	Purchase	Other	Assessed	Taxable	per	Capita	of Debt by	
						Lease	Total	Value ⁽³⁾	Assessed	Assessed	Income ⁽⁴⁾	Personal	
2009-10	61,927	23,470,000	2,445,000	366,010	-	-	1,015,000	27,296,010	4,766,218,736	0.57%	441	20,827	2.12%
2010-11	59,009	23,005,000	2,320,000	262,129	-	-	520,000	26,107,129	4,695,452,906	0.56%	442	19,773	2.24%
2011-12	59,124	22,515,000	2,250,000	203,069	-	-	-	24,968,069	4,714,033,674	0.53%	422	21,468	1.97%
2012-13	59,566	21,995,000	2,175,000	153,004	-	-	-	24,323,004	4,784,812,315	0.51%	408	22,651	1.80%
2013-14	60,082	21,455,000	2,095,000	130,661	2,521,577	-	-	26,202,238	4,957,766,359	0.53%	436	23,037	1.89%
2014-15	60,414	12,370,000	10,835,639	67,125	2,930,317	-	-	26,203,081	5,170,329,875	0.51%	434	23,032	1.88%
2015-16	60,785	11,770,000	10,764,523	-	3,114,763	-	124,548	25,773,834	5,453,097,097	0.47%	424	22,808	1.86%
2016-17	60,721	9,170,000	10,688,407	-	3,200,986	1,635,000	111,443	24,805,836	5,686,952,300	0.44%	409	23,246	1.76%
2017-18	61,246	8,710,000	10,552,291	-	3,287,209	1,635,000	93,545	24,278,045	6,005,395,708	0.40%	396	23,584	1.68%
2018-19	61,042	8,220,000	10,411,175	-	3,373,432	1,390,000	80,741	23,475,348	6,397,613,521	0.37%	385	24,282	1.58%

Outstanding Debt per Capita
Last Ten Fiscal Years



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

							(1)
Fiscal Year	Revenue	Operating Expenses	Net Available Revenue	Refunding Certificates of Participation			
				Debt Service		Percent Coverage	
				Principal	Interest		
2014-15	52,812,682	47,519,284	5,293,398	85,000	105,575	27.78	
2015-16	58,533,801	54,061,516	4,472,285	90,000	101,575	23.34	
2016-17	58,337,629	55,320,472	3,017,157	95,000	97,325	15.69	
2017-18	55,972,281	56,342,986	(370,705)	95,000	92,825	(1.97)	
2018-19	60,267,575	67,269,131	(7,001,556)	100,000	88,075	(37.23)	

NOTES:

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

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

City of Gardena

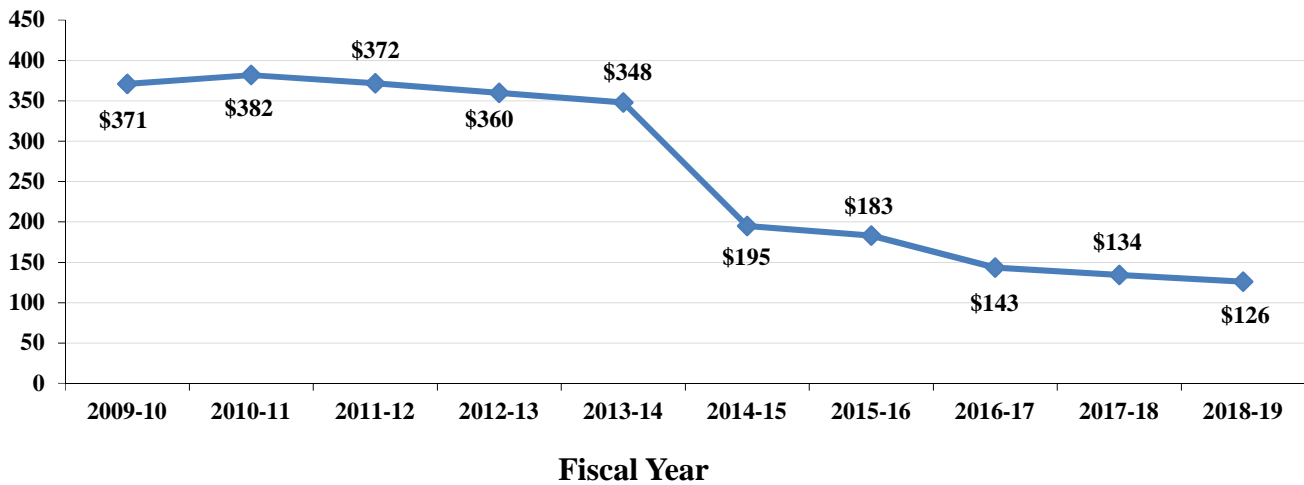
Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

OUTSTANDING GENERAL BONDED DEBT					Percent of		Debt per Capita
Fiscal Year	Population ⁽¹⁾	Certificates of Participation	Less: Amounts Available in Debt Service Fund ⁽²⁾	Total	Taxable Assessed Value	Taxable Assessed Value	
2009-10	61,927	23,470,000	465,000	23,005,000	4,766,218,736	0.48%	371
2010-11	59,009	23,005,000	490,000	22,515,000	4,695,452,906	0.48%	382
2011-12	59,124	22,515,000	520,000	21,995,000	4,714,033,674	0.47%	372
2012-13	59,566	21,995,000	540,000	21,455,000	4,784,812,315	0.45%	360
2013-14	60,082	21,455,000	570,000	20,885,000	4,957,766,359	0.42%	348
2014-15	60,414	12,370,000	600,000	11,770,000	5,170,329,875	0.23%	195
2015-16	60,785	11,770,000	640,000	11,130,000	5,453,097,097	0.20%	183
2016-17	60,721	9,170,000	460,000	8,710,000	5,686,952,300	0.15%	143
2017-18	61,246	8,710,000	490,000	8,220,000	6,005,395,708	0.14%	134
2018-19	61,042	8,220,000	520,000	7,700,000	6,397,613,521	0.12%	126

General Bonded Debt Outstanding per Capita

Last Ten Fiscal Years



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

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

City of Gardena
Direct and Overlapping Bonded Debt
June 30, 2019

	2018-19 Assessed Valuation:	\$6,397,613,521		
	2018-19 Population:	61,042		
			Percent	City's Share
		Total Debt	Applicable	of Debt
		06/30/2019	To City	06/30/2019
Direct Debt				
Ref Cops, Ref Rev & Taxable Lease Rev Ref Bonds, Direct Placement, Loans Payable and Other		20,086,540	100.000 %	20,086,540
Total Direct Debt		20,086,540		20,086,540
OVERLAPPING DEBT				
METROPOLITAN WATER DISTRICT		23,317,224	0.526 %	122,560
LA CCD DS 2003 TAXABLE SERIES 2004B		2,115,000	0.752 %	15,909
LA CCD DS 2001 TAXABLE SERIES 2004A		31,555,000	0.752 %	237,355
LA CCD DS 2008, 2009 TAXABLE SER B		75,000,000	0.752 %	564,146
LA CCD DS 2008, 2010 TAX SERIES D		125,000,000	0.752 %	940,243
LA CCD DS 2008, 2010 TAX SER E (BABS)		900,000,000	0.752 %	6,769,752
LA CCD DS 2008 2012 SERIES F		202,000,000	0.752 %	1,519,433
LA CCD DS 2013 REF BONDS		38,945,000	0.752 %	292,942
LA CCD DS 2008 SERIES G		212,070,000	0.752 %	1,595,179
LA CCD DS 2015 REF SERIES A		1,429,435,000	0.752 %	10,752,135
LA CCD DS 2015 REF SERIES B		28,830,000	0.752 %	216,858
LA CCD DS 2015 REF SERIES C		252,150,000	0.752 %	1,896,659
LA CCD DS 2008 SERIES I		210,570,000	0.752 %	1,583,896
LA CCD DS 2008 SERIES J		174,965,000	0.752 %	1,316,077
LA CCD DS 2016 REF BONDS		247,755,000	0.752 %	1,863,600
LOS ANGELES UNIF DS 2002 SERIES E		8,155,000	0.924 %	75,314
LOS ANGELES UNIF DS 2004 SERIES I		18,155,000	0.924 %	167,667
LOS ANGELES UNIF DS 2005 SERIES F		4,945,000	0.924 %	45,669
LOS ANGELES UNIF DS 2002 SERIES E		200,000,000	0.924 %	1,847,066
LOS ANGELES UNIF DS 2005 SERIES H-QSCBS		318,800,000	0.924 %	2,944,223
LOS ANGELES UNIF MEASURE R SERIES 2005		5,645,000	0.924 %	52,133
LOS ANGELES UNIF MEASURE R SERIES KRY BABS		363,005,000	0.924 %	3,352,471
LOS ANGELES UNIF MEASURE Y 2009 SERIES KRY BABS		806,795,000	0.924 %	7,451,017
LOS ANGELES UNIF DS 2009 REFUNDING PROP BB BONDS		23,635,000	0.924 %	218,277
LOS ANGELES UNIF MEASURE K 2010 SERIES KRY		145,250,000	0.924 %	1,341,431
LOS ANGELES UNIF MEASURE R 2010 SERIES KRY		152,165,000	0.924 %	1,405,294
LOS ANGELES UNIF MEASURE Y 2010 SERIES KRY		95,770,000	0.924 %	884,467
LOS ANGELES UNIF MEASURE R 2010 SERIES RY BABS		477,630,000	0.924 %	4,411,070
LOS ANGELES UNIF MEASURE Y 2010 SERIES RY BABS		772,955,000	0.924 %	7,138,494
LOS ANGELES UNIF DS 2005 2010 SERIES J-1 QSCBS		172,285,000	0.924 %	1,591,109
LOS ANGELES UNIF DS 2005 2010 SERIES J-2 QSCBS		90,580,000	0.924 %	836,536
LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES A 1		104,935,000	0.924 %	969,109
LOS ANGELES UNIF DS 2011 REFUNDING BOND SERIES A 2		142,915,000	0.924 %	1,319,867
LOS ANGELES UNIF DS 2012 REFUNDING BOND SERIES A		110,985,000	0.924 %	1,024,983
LOS ANGELES UNIF DS 2014 REF BOND SERIES A		76,285,000	0.924 %	704,517
LOS ANGELES UNIF DS 2014 REF BOND SERIES B		174,540,000	0.924 %	1,611,934
LOS ANGELES UNIF DS 2014 REF BOND SERIES C		875,070,000	0.924 %	8,081,559
LOS ANGELES UNIF DS 2014 REF BOND SERIES D		143,555,000	0.924 %	1,325,778
LOS ANGELES UNIF DS 2005 SERIES K		3,725,000	0.924 %	34,402
LOS ANGELES UNIF DS 2015 REF BONDS SERIES A		318,085,000	0.924 %	2,937,620
LOS ANGELES UNIF DS 2008 SERIES A 2016		617,295,000	0.924 %	5,700,922
LOS ANGELES UNIF DS 2016 REF BONDS SERIES A		504,630,000	0.924 %	4,660,424
LOS ANGELES UNIF DS 2016 REF BONDS SERIES B		498,240,000	0.924 %	4,601,410
LOS ANGELES UNIF DS 2017 REF BONDS SER A PROP BB		134,800,000	0.924 %	1,244,922
LOS ANGELES UNIF DS 2017 REF BONDS SER A MEAS K		921,240,000	0.924 %	8,507,954
LOS ANGELES UNIF DS 2005 SERIES M 1 2018		1,202,445,000	0.924 %	11,104,975
LOS ANGELES UNIF DS 2008 SERIES B 1 2018		594,605,000	0.924 %	5,491,373
Total Overlapping Debt		14,032,827,224		122,770,732
Total Direct and Overlapping Debt				\$ 142,857,272 ⁽²⁾

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

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

Ratios to 2018-19 Assessed Valuation		Per
		Capita
-Direct Debt (\$20,101,916).....	0.33%	329
-Overlapping Debt.....	1.92%	2,011
-Total Debt.....	2.25%	2,340

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/2019: \$0

Source: HDL Coren & Cone, Los Angeles County Assessor's Office

City of Gardena
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	18-19	17-18	16-17	15-16	14-15
Assessed valuation	\$6,397,613,521	\$6,005,395,708	\$5,686,952,300	\$5,453,097,097	\$5,170,329,875
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,599,403,380	1,501,348,927	1,421,738,075	1,363,274,274	1,292,582,469
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$239,910,507	\$225,202,339	\$213,260,711	\$204,491,141	\$193,887,370
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	\$239,910,507	\$225,202,339	\$213,260,711	\$204,491,141	\$193,887,370
Total debt applicable to the limit					
as a percentage of debt limit	- 0%	- 0%	- 0%	- 0%	- 0%

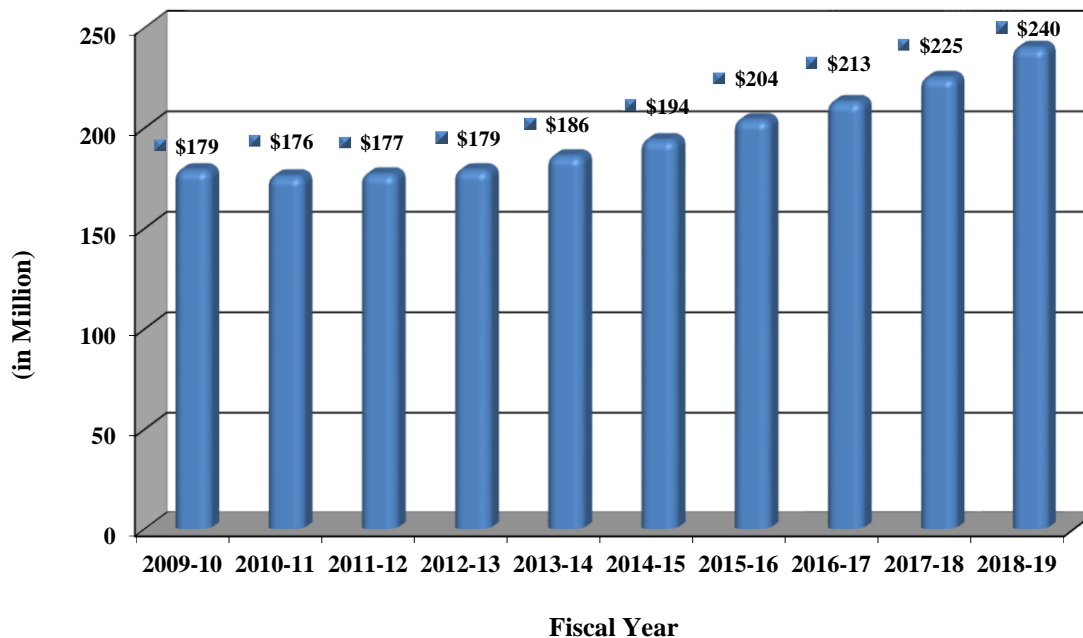
Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% OF MARKET VALUE. Effective with 1981-82 fiscal year, each parcel is now assessed at 100% of 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				
	13-14	12-13	11-12	10-11	09-10
Assessed valuation	\$4,957,766,359	\$4,784,812,315	\$4,714,033,674	\$4,695,452,906	\$4,766,218,736
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,239,441,590	1,196,203,079	1,178,508,419	1,173,863,227	1,191,554,684
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$185,916,238	\$179,430,462	\$176,776,263	\$176,079,484	\$178,733,203
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$185,916,238	\$179,430,462	\$176,776,263	\$176,079,484	\$178,733,203
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

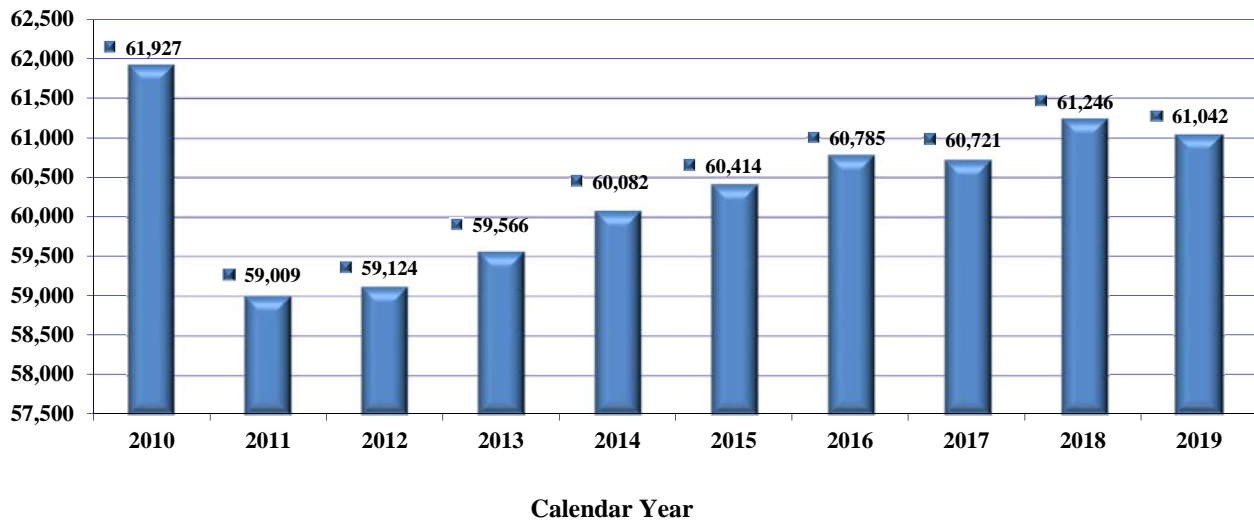
Demographic and Economic Statistics

Last Ten Calendar Years

Year	City of Gardena Housing Units	City of Gardena Population (1)	Average Annual Percentage Increase	Los Angeles County Population (2)	Average Annual Percentage Increase	Gardena Personal Income (1,000s) (2)	Per Capita Personal Income (2)	LAUSD Enrollment (3)	Gardena Employment (4)	Gardena Unemployment Rate (4)
2010	21,534	61,927	0.19%	10,441,080	0.46%	1,282,587	20,827	678,441	25,800	11.90%
2011	21,477	59,009	-4.71%	9,858,989	-5.58%	1,224,483	19,773	678,441	25,700	11.50%
2012	21,501	59,124	0.19%	9,884,632	0.26%	1,269,333	21,468	664,233	26,200	8.70%
2013	21,501	59,566	0.75%	9,958,091	0.74%	1,349,229	22,651	655,716	27,100	7.10%
2014	21,629	60,082	0.87%	10,041,797	0.84%	1,384,109	23,037	651,322	27,700	8.20%
2015	21,649	60,414	0.55%	10,136,559	0.94%	1,384,454	23,032	643,493	28,200	6.70%
2016	21,714	60,785	0.61%	10,400,000	3.57%	1,386,384	22,808	664,774	29,000	5.20%
2017	21,815	60,721	-0.11%	10,271,018	1.33%	1,411,571	23,246	713,871	29,500	4.30%
2018	21,815	61,246	0.86%	10,163,507	-2.27%	1,444,440	23,584	694,096	29,300	4.80%
2019	22,092	61,042	-0.33%	10,105,518	-1.61%	1,482,260	24,282	673,849	29,300	4.70%

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 (1)	Business Type	2019		2010	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
United Parcel Service Inc.	Delivery	784	2.68%		
Gardena Memorial Hospital	Hospital services	769	2.62%		
Hustler Casino	Casino	730	2.49%		
Larry Flynt's Lucky Lady Casino	Casino	358	1.22%		
Southwest Offset Printing	Book binding and printing	326	1.11%		
Air Fayre	Airline Caterers	325	1.11%		
Avcorp	Manufacturing parts	300	1.02%		
Kindred Hosiptal South Bay	Hospital services	210	0.72%		
PB Fastners	Manufacturing parts	204	0.70%		
Target	Retail	200	0.68%		
Hustler Casino	Casino			709	2.75%
Gardena Memorial Hospital	Hospital services			700	2.71%
United Parcel Service Inc.	Delivery			690	2.67%
Hitco Carbon Composites, Inc	Manufacturing parts			503	1.95%
Normandie Club, LP	Casino			444	1.72%
Southwest Offset Printing	Book binding and printing			436	1.69%
Target	Retail			226	0.88%
Nissin Foods Company	Manufacturing			225	0.87%
Ramona's Mexican Food	Food			215	0.83%
Chromalloy Corporation	Metal plating manufacturing			188	0.73%
Total top ten employers		4,206		4,336	
Total City Employment ⁽¹⁾		29,300		25,800	

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.

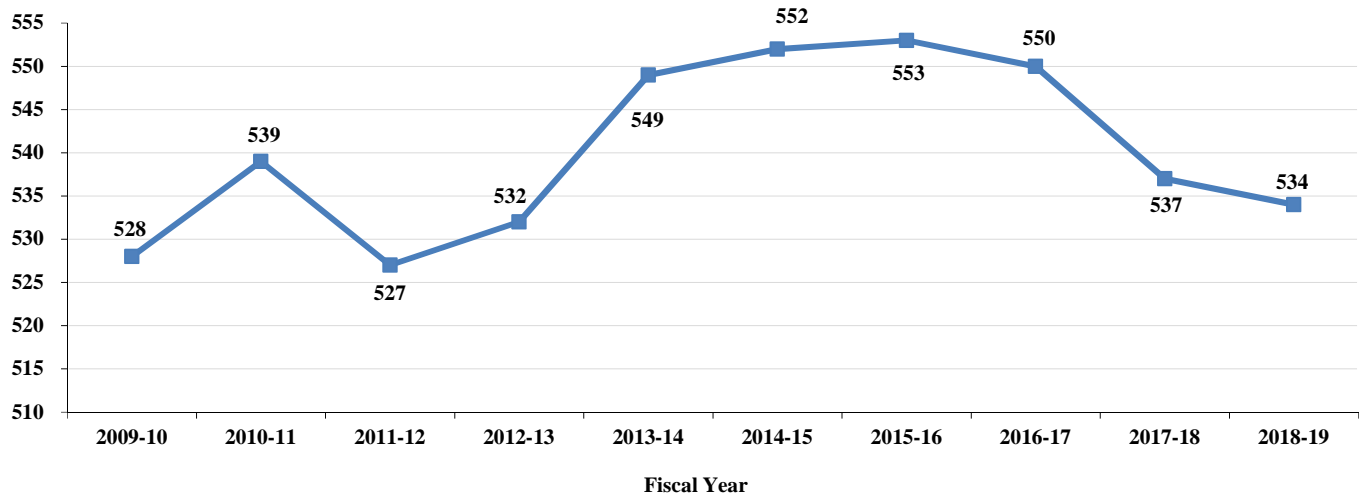
⁽¹⁾ Total City employment provided by EDD-Labor Market Information Division and 2008-2009 City CAFR.

SOURCE: Economic Development Staff

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

Function	Fiscal Year									
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
General government	181	209	186	181	181	181	168	188	206	192
Public safety	140	142	154	160	157	162	158	152	149	154
Public works	47	31	51	50	50	47	45	46	47	46
Community development	18	15	19	18	17	16	16	12	11	11
Transit - Bus line	148	140	140	144	147	143	145	129	126	125
Total	534	537	550	553	552	549	532	527	539	528

City of Gardena Employment
Last Ten Fiscal Years



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

**City of Gardena
Operating Indicators
by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Police:										
Arrests	2,183	2,901	2,642	2,423	4,499	3,251	3,333	3,421	3,159	3,892
Number of parking citations issued	29,868	29,254	23,145	22,665	11,203	24,622	26,615	25,218	21,337	19,223
Public works:										
Street resurfacing (miles)	19.06	0.49	4.52	2.95	7.00	3.38	5.15	8.42	4.83	40.00
Traffic lights and signals	91	91	91	90	89	88	88	88	88	88
Parks and recreation:										
Number of recreation classes	1,367	1,226	1,410	1,466	1,150	1,080	1,232	1,380	1,360	1,338
Number of facility rentals	1,185	1,112	1,222	1,221	1,164	1,072	876	713	1,135	1,164
Transit:										
Number of customers served ⁽¹⁾	2,943,363	3,110,354	3,094,180	3,610,718	3,687,038	3,689,142	3,761,506	3,737,640	3,487,459	3,739,114

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									
	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
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	50.0	50.0	50.0	50.0	50.0	50.0
-Alley	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
-Sidewalks	113.5	113.5	113.5	113.5	113.5	113.5	113.5	113.5	113.5	113.5
Street lights										
-Edison maintenance ⁽¹⁾	3,392	3,327	3,321	3,350	3,319	3,181	3,229	3,247	3,250	3,186
-City maintenance	194	191	198	385	197	192	192	194	194	176
Traffic signals	69	69	69	70	69	68	68	68	68	68
Traffic signals (shared)	22	22	22	23	20	20	20	20	20	20
Parks and recreation:										
Number of parks	6	6	6	6	6	6	6	6	6	6
Number of parkette	1	1	1	1	1	1	1	1	1	1
Number of municipal pool	1	1	1	1	1	1	1	1	1	1
Number of gymnasiums ⁽²⁾	2	2	2	2	2	2	2	2	2	1
Community center ⁽²⁾	1	1	1	1	1	1	1	1	1	2
Transit:										
Stations	1	1	1	1	1	1	1	1	1	1
Bus stops	492	492	595	595	595	595	649	649	609	609

NOTES:

⁽¹⁾ Streetlights maintained by Southern California Edison Company.

⁽²⁾ Corrected in Fiscal Year 2010-11 gymnasium and community center was reversed.

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardena, California (the "City"), as of and for the year ended June 30, 2019, 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 5, 2019.

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 Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
December 5, 2019