



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended June 30, 2022

CITY OF GARDENA, CALIFORNIA





# ANNUAL COMPREHENSIVE FINANCIAL REPORT

**FISCAL YEAR ENDED JUNE 30, 2022**

**CITY OF GARDENA, CALIFORNIA**



PREPARED BY

THE ADMINISTRATIVE SERVICES DEPARTMENT

**Clint Osorio  
City Manager**

**And**

**Raymond Beeman  
Director of Administrative Services**

\* \* \* \* \*





**City of Gardena**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2022**

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# City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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December 8, 2022

Members of the City Council,  
and Citizens of Gardena

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FISCAL YEAR 2021-2022  
LETTER OF TRANSMITTAL**

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Gardena (the City) for the fiscal year ended June 30, 2022 (FY 21-22). The report is intended to update readers on the status of the City's financial position and results of operations for the past fiscal year.

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

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

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

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2022, 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, 2022, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the ACFR. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.



## **PROFILE OF THE GOVERNMENT**

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

Gardena has the singular distinction of having within its borders both the first legal card club licensed in the State of California, granted in 1936, and the newest club in the state, which opened in 2000. At one time only five-card draw and lowball poker could be played. During the 1960s, Gardena was the only City in Los Angeles County to have legal gambling. In the mid-1980s, a tremendous Asian influence arrived with the introduction of a number of California games. A complete listing is contained in the City of Gardena Resolution No. 6581.

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

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

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

## **LOCAL ECONOMIC CONDITIONS AND OUTLOOK**

As we come out of the COVID-19 pandemic, the City of Gardena is very fortunate to have a stable and diverse economic base, in addition to a forward-thinking City leadership who took the necessary actions to protect the community from the most devastating effects of the COVID-19 crisis.

When the City first adopted the budget for fiscal year 2021-2022 back in June 2020, the City was forecasting sharp declines in all the major revenue categories, as a result of the COVID-19 pandemic, except for sales tax, and adopted a \$330k budget deficit for the first time in over two decades. During fiscal year 2020-2021, it became apparent that due to the City leadership and their foresight to tirelessly pursue the passage of Measure G, the City was able to recognize increases compared to the adopted budget or minimal decreases. As a result of fiscal year 2020-

2021 actual results the City did a complete review of its original general fund adopted budget for 2021-2022 and revised the general fund original budget increasing revenue from \$66.9 million to \$77.6 million, an increase of around \$10.6 million and the general fund original expenditures budget from \$66.8 million to \$70.5 million, projecting a new surplus of \$6.9 million which more accurately matches the updated economic forecast.

The City's top 5 revenue sources include sales tax, card club, property tax, vehicle license fees and utility user's tax. The city is fortunate to have two card clubs within City limits, which are the Lucky Lady Casino and Larry Flynt's Hustler Casino. For the first time in over 2 years, these Casinos were operating at full capacity for the entire 2020-2021 fiscal year, previously these casinos dealt with a roof collapse and the closures related to the COVID-19 pandemic. As a result, the casinos revenue came in at \$10.5 million an increase of \$285k compared to revised adopted budget for fiscal year 2021-2022 and an increase compared to the prior year actual revenue of \$6.4 million making this once again the second largest revenue source for the city

On March 3, 2020, the City passed Measure G, which was a .75 % local sales tax measure to increase the local sales tax rate from 9.5% to 10.25%. The passage of this measure and continued thriving local economy resulted in sales tax increasing revenue generated of \$26.4 million an increase of \$1.8 million compared to the revised budget for 2021-2022 and an increase of \$3.6 million compared to 2020-2021. Thus, continuing the trend of sales tax being the number one revenue source by a significant margin for the city.

The remaining top 5 general fund revenue sources include property tax, utility users' tax and vehicle license fees. Property taxes is the number three revenue source and it came in at \$9.1 million compared to a revised budget of \$8.7 million an increase of \$400k, which was a result of the hot local real estate market and continued development, however with interest rates increasing in following fiscal years we can see this category taking a slight hit in revenue as a result. Vehicle license fees the fourth largest revenue generator showed an increase of \$30k compared to the revised budget with revenues of \$7.4. Coming in last of the top five revenue generators is utility user's tax revenue which came in at \$5.5 million compared to a budgeted amount of \$4.8 million an increase of \$603k, as businesses came back to a more normal operational schedule, which resulted in higher usage and additional revenue for the City; we anticipate this revenue source to stay flat in the future with the potential of some decreases as a result of solar and other technologies, which reduce the usage.

## **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

As a result of the City's fiscally conservative approach taken these past couple of years, the City finds itself in a financially stable position, which allowed the City in its adopted budget for fiscal year 2022-2023 and 2023-2024, to budget for and add a total of 83 additional budgeted positions to the City's staffing resources ( 42-Full Time and 40-Part Time), as well as investments in seniors, youth and community service programs and the largest budgeted Capital Improvement Program in the Cities history with over \$56 million budgeted for the next two fiscal years.



General Fund Reserve Balance for fiscal year 2021-2022 was \$41,825,774 (the total of the nonspendable, restricted, committed, assigned, and unassigned components of fund balance) or 71% of total general fund expenditures. This amount is significantly higher than the policy guidelines of 25% set by the Council for budgetary and planning purposes.

The City maintains an existing lease rating of "A+" rating from Standard & Poor's and an "A1" rating with Moody's for its general fund lease supported debt as of June 30, 2022. The City's issuer ratings are "AA- with S&P and "Aa3" with Moody's. Which is reflective of a stable fiscal outlook and the expectation that Gardena will continue to maintain balanced operational costs with substantial fiscal reserves.

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

In September 2021 the City took a proactive approach to take advantage of the historical low interest rates and used its excellent issuer credit rating of AA- with S & P to obtain a Lease Revenue Bond in the amount of \$15 Million dollars with a 20-year term at 1.98% true interest cost over the life of the bond. These bonds will be used to fund various capital projects including the Gardena Community Aquatic & Senior Center, The Community Center and various Park Improvements. If these same bonds were issued in today's interest rate climate we would have received an estimated true interest cost of around 4% , which we would have paid an additional \$4 million in interest over the life of the bond.

In November of 2022, the City of Gardena was awarded the prestigious Eddy Award for the "Most Business-Friendly City" (population over 60,000) from the Los Angeles County Economic Development Corporation (LAEDC). This was the City's third time being nominated for the award and first ever win. Since 1966, the LAEDC Eddy awards celebrate individuals, organizations, and educational institutions that demonstrate exceptional contributions to inclusive economic development in the region. LAEDC also recognizes local cities in categories based on their population size for creating environments that foster creation and growth of enterprises that provide good jobs and build wealth for our communities.

## **RELEVANT FINANCIAL POLICIES**

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

## AWARDS and ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gardena for its ACFR for the fiscal year ended June 30, 2021. This was the thirty-sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

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

Respectfully submitted,



Clint D. Osorio  
City Manager

Respectfully submitted,



Ray Beeman  
Director of Administrative Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Gardena  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

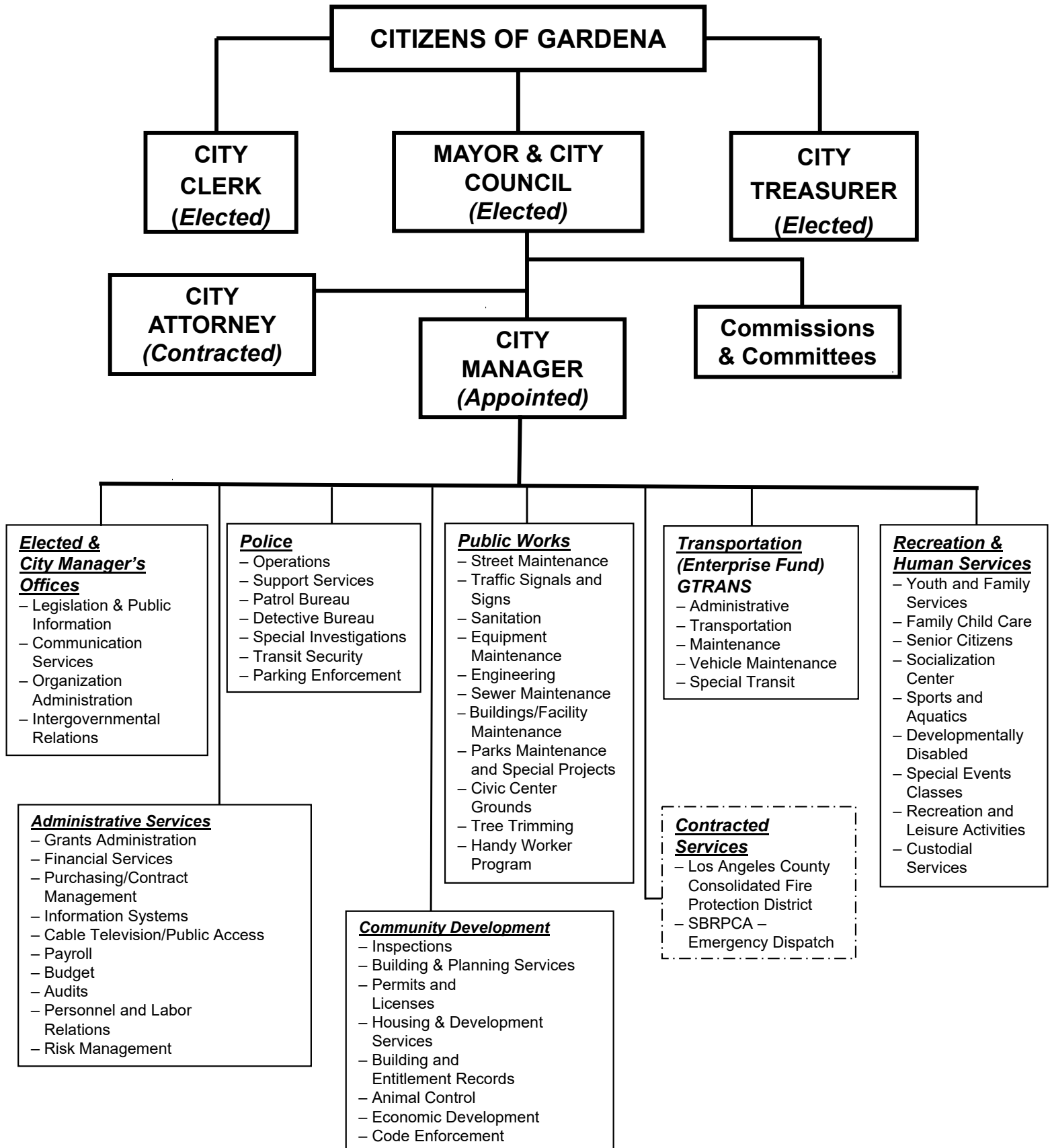
June 30, 2021

*Christopher P. Morrell*

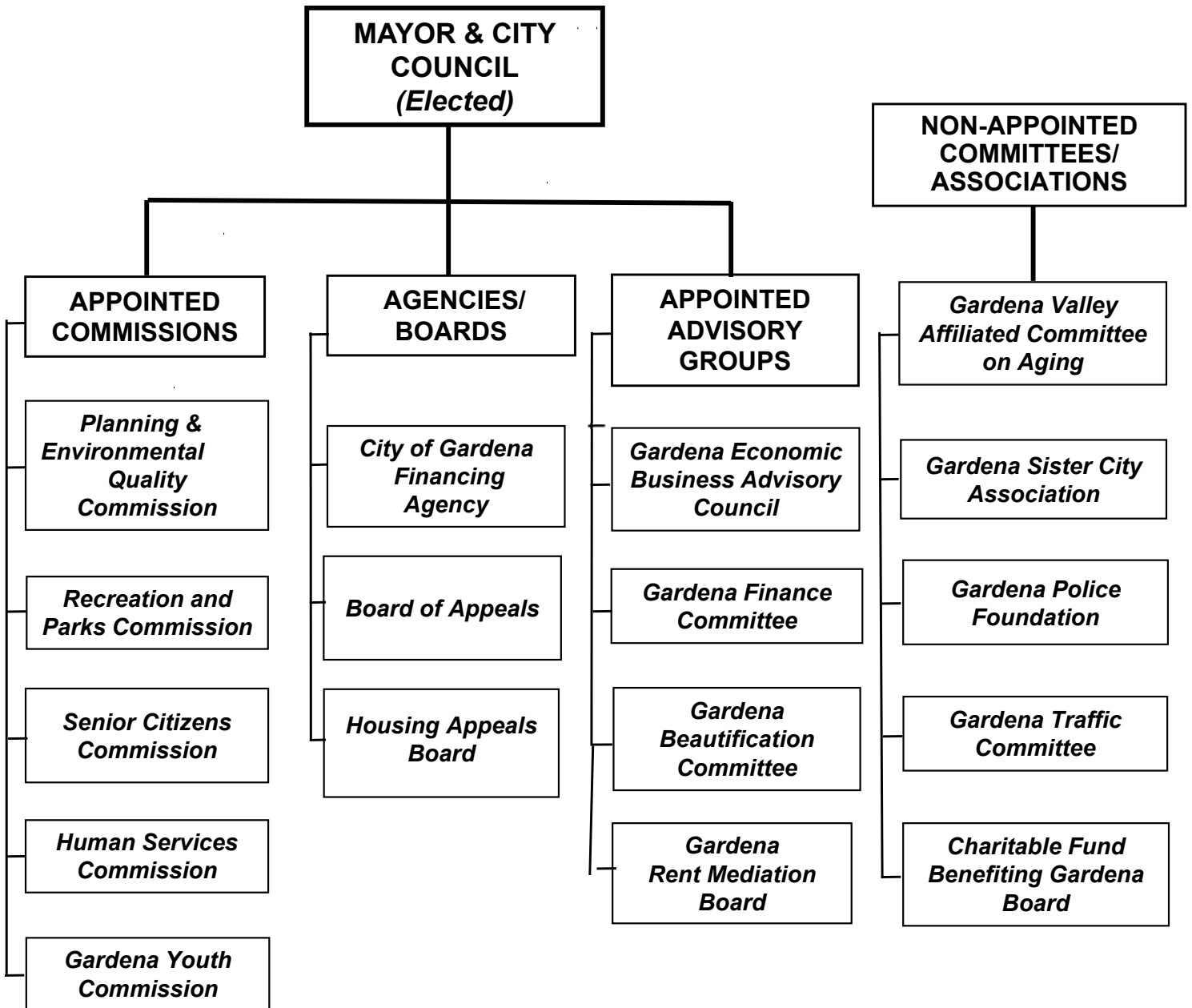
Executive Director/CEO



# CITY OF GARDENA ORGANIZATION CHART



**CITY OF GARDENA  
COMMISSIONS, BOARDS, COMMITTEES, ETC.**



# OFFICIALS OF THE CITY OF GARDENA, CALIFORNIA

FISCAL YEAR 2021 - 2022

## CITY OF GARDENA

### CITY COUNCIL

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

### Administration Officials and Department Heads

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

# City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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**INDEPENDENT AUDITORS' REPORT**[www.pungroup.cpa](http://www.pungroup.cpa)

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

**Report on the Audit of 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, 2022, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Other Matters******Change in Accounting Principle***

As described in Note 1 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

***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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 – General Fund and Major Special Revenue Funds, 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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*The PwC Group, LLP*

Santa Ana, California  
December 8, 2022

## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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## City of Gardena

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

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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, 2022. 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 2021-2022 fiscal year by \$(7,221,963), which resulted in the City having a negative net position. The negative positions were due primarily to GASB No. 75 *Accounting and Financial Reporting for Postemployment benefits other than pensions*. The Other post-employment benefits (OPEB) were included within the government-wide financial statements for both governmental and business-type financial reporting. At close of 2021-2022 fiscal year, the City's Other post-employment benefit liabilities were \$76,280,979 and \$6,448,522 for governmental and business-type activities for a total of \$82,729,501.
- ◆ The City's total net position increased by \$33,126,028 in 2021-2022. Net position of governmental activities increased by \$32,603,064 while net position of business type activities increased by \$522,964. The increase for governmental activities was due primarily to 1) Additional Sales Tax Revenue compared to the prior year in the amount of around \$3.7 Million as the economy continued to improve. 2) The American Rescue Plan Act, which was guaranteed direct relief to cities, towns and villages in the United States was passed on March 11, 2021 and the City of Gardena was allocated \$15,002,061; the City recognized \$3.5 million in additional funds for the 2021-2022 fiscal year. 3) The Cities two Card Clubs; the Hustler Casino and Lucky Lady Casino both did better than expected realizing in \$6.5 million more in revenue in 21-22 compared to 20-21 with the Casino starting to rebound from the Covid closures. 4) The City's expenses decreased by about \$11 million as a result of a decrease in pension liabilities due to the Pension Obligation Bond issued in fiscal year 2021 and the increase in the actual investment rate of return (21.3%) compared to the expected investment rate of return (7.15%) for CalPERS pension plans.
- ◆ At the close of the 2021-2022 fiscal year, the City's governmental funds reported combined fund balances of \$73,670,004, an increase of \$29,182,671 in comparison to the prior year. General Fund increased by \$13,043,546. The increase is due primarily to increases in Sales Tax Revenue for the Bradley Burns and Measure G sales tax revenue, which was higher than prior year by about \$3.7 Million. The passage of the American Rescue Plan Act, which the City recognized \$3.5 million, in revenue in 2021-2022, as well as the City's Casinos doing remarkable better than the prior year and showed an increase of \$6.4 million in Casino. The City's expenditures, in contrast, only increased by approximately \$6 million compared to the prior year as the City held the line in terms of expenditures and was under budget in the general fund by \$1.2 million. Economic development grants special revenue fund increased by \$1.7 million, as a result of the City receiving additional Park In Lieu revenue due to the increase in City projects. City Debt Service fund increased by \$11.4 million as the City issued a Lease Revenue Bond in the amount of \$13.2 million dollars and \$2M premium with a 20-year term at 1.98% true interest cost over the life of the bond.
- ◆ At the end of the 2021-2022 fiscal year, the unrestricted fund balance (the total of the nonspendable, committed, assigned, and unassigned components of fund balance) for the General Fund was \$41,825,774, or approximately 71% of total General Fund expenditures.

## City of Gardena

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

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- ◆ The City's total outstanding long-term debt increased by \$10,712,900 during the 2021-2022 fiscal year. The City's governmental long-term debt increased by \$11,552,091 or 11.4% compared to prior year due to the issuance of 2021 Lease Revenue Bond in the amount of \$13.2 million dollars with a 20-year term at 1.98% true interest cost over the life of the bond and net with the City's annual debt service principal payments made for the applicable debts during the fiscal year.

#### Overview of the Financial Statements

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

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

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

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

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

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

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

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



## City of Gardena

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

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#### Overview of the Financial Statements (Continued)

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

The City maintains thirteen (13) 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 29-32 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 34-39 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 45-93 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 liability 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 97-117 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 122-153 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 \$7,221,963 at the close of the 2021-2022 fiscal year.

CITY OF GARDENA NET POSITION						
	Governmental Activities		Business-type Activities		TOTAL	
	2022	2021	2022	2021	2022	2021
Current and Non Current assets	\$ 108,775,385	\$ 72,359,766	\$ 11,074,930	\$ 11,619,780	\$ 119,850,315	\$ 83,979,546
Aggregate net pension assets	38,527,341	-	10,712,038	-	49,239,379	-
Capital assets	54,488,904	50,331,013	59,864,535	60,030,514	114,353,439	110,361,527
Total Assets:	201,791,630	122,690,779	81,651,503	71,650,294	283,443,133	194,341,073
Deferred outflow of resources related to pensions	42,960,563	94,396,978	1,293,367	24,812,818	44,253,930	119,209,796
Deferred outflow of resources related to OPEB	13,080,884	14,774,417	1,198,735	780,373	14,279,619	15,554,790
Total deferred outflows of resources:	56,041,447	109,171,395	2,492,102	25,593,191	58,533,549	134,764,586
Current liabilities	33,278,888	21,249,985	18,174,777	17,013,122	51,453,665	38,263,107
Non-current liabilities						
Long-term liabilities-Due in more than one year	119,315,985	105,836,442	22,353,013	22,871,698	141,668,998	128,708,140
Aggregate net pension liabilities	-	85,202,345	-	23,777,439	-	108,979,784
Aggregate net other postemployment benefits liabilities	76,280,979	73,792,590	6,448,522	6,828,246	82,729,501	80,620,836
Subtotal Non-current liabilities	195,596,964	264,831,377	28,801,535	53,477,383	224,398,499	318,308,760
Total Liabilities:	228,875,852	286,081,362	46,976,312	70,490,505	275,852,164	356,571,867
Deferred inflows of resources related to pensions	57,719,674	4,961,148	9,584,820	272,184	67,304,494	5,233,332
Deferred inflows of resources related to OPEB	4,944,373	7,129,550	1,097,614	518,900	6,041,987	7,648,450
Total deferred outflows of resources:	62,664,047	12,090,698	10,682,434	791,084	73,346,481	12,881,782
Net Investment in Capital						
Assets	40,126,502	29,523,008	59,701,427	60,014,796	99,827,929	89,537,804
Restricted	21,665,716	19,325,200	-	-	21,665,716	19,325,200
Unrestricted (deficit)	(95,499,040)	(115,158,094)	(33,216,568)	(34,052,900)	(128,715,608)	(149,210,994)
Total Net Position:	\$ (33,706,822)	\$ (66,309,886)	\$ 26,484,859	\$ 25,961,896	\$ (7,221,963)	\$ (40,347,990)

## City of Gardena

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

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#### Government-wide Overall Financial Analysis (Continued)

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

The City's largest liabilities are their Long-term liabilities - Due in more than one year, which increased from \$105,836,442 in 2020-2021 to \$119,315,985 in fiscal year 2021-2022, or an increase of \$13,479,543, as a result of the City issuing a 2021 Lease Revenue Bond to take advantage of the historical low interest rates in the amount of \$13.2 million dollars with a 20-year term at 1.98% true interest cost over the life of the bond. The 2021 Lease Revenue Bond will be used to fund a portion of the new Gardena Community Aquatic & Senior Center, the cost of acquiring and renovating an existing building to be converted into a new Community Center and various park improvements. The other additional long-term liabilities are Other Post-Employment Benefits (OPEB) of \$76,280,979, an increase of \$2.5 million compared to the prior year. These two liabilities total \$91,177,636 or 39.84%, of the total liability balance of \$228,875,852 at June 30, 2022.

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 \$(95,499,040) is unrestricted and if positive, may be used to meet the government's ongoing obligations to its citizens and creditors which include the net debt, required actuarial determined contributions for pension and OPEB liabilities.

At the end of the 2021-2022 fiscal year, the City is able to report positive balances in all reported categories of net position with the exception of unrestricted, both for the government as a whole, as well as for its separate governmental and business-type activities. The negative in unrestricted net position is a result of 1) Long term pension bond debt as a result of the newly issued Pension Obligation Bond, this has been grouped in the Long-Term Liabilities-Due in more than one year category 2) GASB 75, which is for other post-employment benefit liabilities. These two items made up approximately 67% of the overall \$228,875,852 in Total Liabilities in 2021-2022 fiscal year.

The City's overall net position increased by \$33,126,028 from the prior fiscal year. The reasons for this overall increase are discussed in the below sections for governmental activities and business-type activities.

**Governmental Activities.** During 2021-2022 fiscal year, net position for governmental activities increased by \$32,603,064 from the prior fiscal year for an ending balance of \$(33,706,822). The increase in the overall net position was primarily related to: 1) Total general revenues increased by \$12.2 million or 20.2% compared to the prior year, which is due primarily to, sales tax revenue being higher than budget by about \$1.8 Million, the passage of the American Rescue Plan Act, which the City recognized \$3.5 million in 2021-2022 fiscal year, along with the overall economy rebounding and not being hit as hard from the Covid-19 pandemic as originally expected; and 2) a decrease in expenses for the governmental activities by \$11.8 million or 15% compared to the prior year; primarily as a result of the decreases in CalPERS pension liabilities (assets) as a result of the pension obligation bond issued in the prior year the increase in the actual investment rate of return (21.3%) compared to the expected investment rate of return (7.15%) for CalPERS pension plans which resulted in reporting net pension asset for the year ended June 30, 2022.

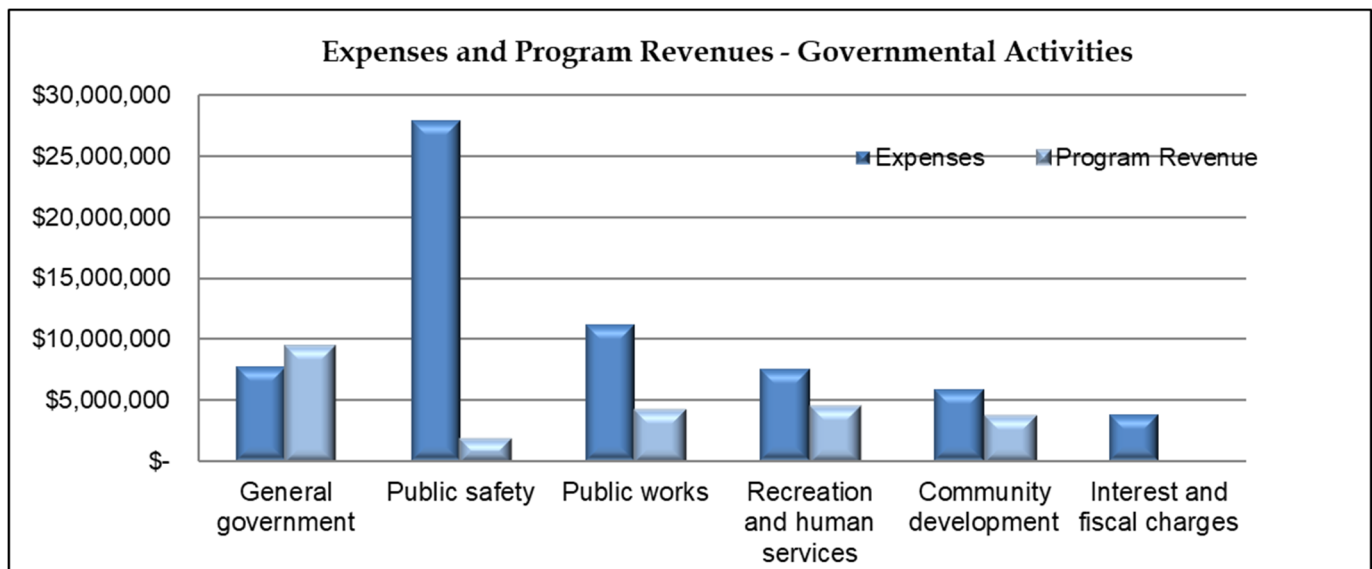
# City of Gardena

## 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	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 17,326,360	\$ 12,202,470	\$ 4,254,880	\$ 2,791,856	\$ 21,581,240	\$ 14,994,326
Operating grants and contributions	4,081,043	14,663,306	22,018,364	20,725,315	26,099,407	35,388,621
Capital grants and contributions	2,511,878	3,017,989	3,915,704	14,856,026	6,427,582	17,874,015
<i>General Revenues:</i>						
Property taxes	9,186,838	8,799,364	-	-	9,186,838	8,799,364
Sales and other taxes	61,769,481	49,015,738	-	-	61,769,481	49,015,738
Investment income and miscellaneous	1,761,008	2,673,019	68,374	125,924	1,829,382	2,798,943
Total Revenues:	96,636,608	90,371,886	30,257,322	38,499,121	126,893,930	128,871,007
<b>Expenses:</b>						
General government	7,771,663	7,807,099	-	-	7,771,663	7,807,099
Public safety	27,964,662	47,363,640	-	-	27,964,662	47,363,640
Public works	11,239,762	8,707,372	-	-	11,239,762	8,707,372
Recreation and human services	7,566,226	6,766,739	-	-	7,566,226	6,766,739
Community development	5,946,949	2,986,934	-	-	5,946,949	2,986,934
Interest and fiscal charges	3,888,463	2,532,013	-	-	3,888,463	2,532,013
Enterprise operations	-	-	29,390,177	30,696,571	29,390,177	30,696,571
Total Expenses:	64,377,725	76,163,797	29,390,177	30,696,571	93,767,902	106,860,368
Increase (decrease) in Net Position before other revenues and transfers	32,258,883	14,208,089	867,145	7,802,550	33,126,028	22,010,639
Transfers	344,181	(35,204)	(344,181)	35,204	-	-
Change in Net Position	32,603,064	14,172,885	522,964	7,837,754	33,126,028	22,010,639
Net position- beginning of year	(66,309,886)	(80,482,771)	25,961,895	18,124,142	(40,347,991)	(62,358,629)
Net position - end of year	\$ (33,706,822)	\$ (66,309,886)	\$ 26,484,859	\$ 25,961,896	\$ (7,221,963)	\$ (40,347,990)



## City of Gardena

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

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#### Government-wide Overall Financial Analysis (Continued)

**Business-type Activities.** In the 2021-2022 fiscal year, the City's *business-type activities* increased the net position by \$522,964 or 2% compared to the prior year balance for the fiscal year ended June 30, 2022. Business-type activities revenue decreased by \$8,241,799 or 21% compared to the prior year for a total \$30,257,322 in revenues at year-end. In comparison to the prior fiscal year, the charges for services increased by \$1,463,024 or 52%, due to GTrans resuming fare collection on July 1, 2021. In FY21 due to Covid-19, GTrans stopped enforcing fare collection. Operating grants and contributions increased by \$1,293,049 or 6% compared to the prior fiscal year, primarily due to GTrans restoring service in FY22 that had been reduced due to COVID-19 and higher fuel prices. Therefore, GTrans used more operating subsidies to cover the shortfall. Capital grants and contributions decreased by \$10,940,322 or 74% primarily due to the purchase of 18 CNG buses in 2021. No buses were purchased in FY22, however, there was advancement of several projects such as the scheduling and operations management software, CAD/AVL, the bus signal priority projects and the installation of the CNG station. Investment income and miscellaneous decreased \$57,550 or 46% compared to the prior year due to the significant decreases in interest rates as the federal reserve tried to keep the rates low to help stimulate the economy in response to the Covid-19 pandemic. Expenses for operations decreased by \$1,306,394 or 4% compared to prior year, which was largely due to the lower pension and other post-employment benefits expenditures.

#### Financial Analysis of Governmental Funds

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

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

On June 30, 2022, the City's governmental funds reported combined fund balances of \$73,670,004 with an increase of \$29,182,671 or 66% in comparison with the prior year. Approximately (1%) of this amount is \$114,301 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 \$682,404 ; 2) restricted for purposes \$31,699,951 ; 3) committed for purposes \$26,936,620 ; or 4) assigned for purposes \$14,236,728.

The General Fund is the chief operating fund of the City. At the end of the 2021-2022 fiscal year, the unassigned fund balance of the General Fund was \$300,001, while the total fund balance increased from \$28,782,228 to \$41,825,774, an increase of \$13,043,546 or a 45% increase from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 0.5% of total general fund expenditures, while total fund balance represents approximately 70.5% of that same amount.



## City of Gardena

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

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#### Financial Analysis of Governmental Funds (Continued)

The fund balance of the City's General Fund increased by \$13,043,546 during the 2021-2022 fiscal year. The Top 5 Revenue generators, which make up 74% of the General Fund Original Adopted Budget for Fiscal Year 2021-2022, was up \$3.1 million compared to the budgeted amount or 6% ; 1) Sales Tax revenue for the Bradley Burns 1% was up \$694,883k compared to budget and Sales Tax from Measure G .75% was up \$1.1 million compared to the budget for a total increase of overall sales tax of \$1.8 million as a majority of the sales tax generators did significantly better than expected ; 2) Card Club revenue was up \$285K compared to the budget as both casinos started to come back recover from the covid shut downs in the prior years; 3) Property Taxes were up \$398K compared to budget with the continued thriving development in the City and higher housing prices in the region; 4) Utility Users Tax increased by \$604K as more business were back open compared to the prior year covid closures ; and 5) Motor Vehicle In-Lieu increased by \$30K from the budget primarily based on updated fee rates.

The Economic Development Grants Special Revenue Fund, a major fund, had an increase of \$1.8 million in fund balance during the fiscal year primarily due to an additional park in lieu related fees for the various development projects within the city that were completed in the fiscal year.

The debt service fund, a major fund, had an increase of \$11.4 million in fund balance during the fiscal year, due to the City issuing a 2021 Lease Revenue Bond to take advantage of the historical low interest rates in the amount of \$13.2 million dollars with a 20-year term at 1.98% true interest cost over the life of the bond. The 2021 Lease Revenue Bond will be used to fund a portion of the new Gardena Community Aquatic & Senior Center, the cost of acquiring and renovating an existing building to be converted into a new Community Center and various park improvements.

**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 \$(25,133,911) and for the Sewer Fund was \$2,270,436. The total increase in net position for GTrans was \$895k and the Sewer Fund net position increased by \$908k, respectively. GTrans increase in net position was due to the increases in charges for services as Gtrans resumed collecting fares as of July 1, 2021. The Sewer Fund increase is based on the delay in starting capital projects and the expenditures savings related to that, as Covid and staffing limitations delayed project starts.

#### General Fund Budgetary Highlights

The final amended budget for revenue was amended and increased from \$64,974,874 to \$72,222,039. Actual revenue compared to the final budget was up by \$2.9 million or 4% compared to the final budget primarily increase in sales tax revenue compared to the budget of about \$1.9 million, an increase of \$603K for utility users tax compared to budget and overall, a rebound for the economy. A detailed budgetary comparison schedule for the year ended June 30, 2022, 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 slightly different than the original budget, it was less by \$ 360,105 or less than 1 percent. Actual expenditures were less than the final amended budget by around \$1.2 Million or 1% percent, which was primarily the result of filling budgeted vacancies. A detailed budgetary comparison schedule for the year ended June 30, 2022, 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, 2022, amounts to \$114,353,439 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, leased assets and highways. The total increase in capital assets compared to prior year was \$3,306,104 or 2.98%, primarily due to more capital projects being completed in 2021-2022 fiscal year.

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

	Governmental Activities		Business -type Activities		TOTAL	
	2022	2021	2022	2021	2022	2021
Non-depreciable assets:						
Land	\$ 11,544,572	\$ 9,708,520	\$ 12,956,405	\$ 12,956,405	\$ 24,500,977	\$ 22,664,925
Monuments	63,893	63,893	-	-	63,893	63,893
Construction in progress	2,247,985	3,580,865	4,870,249	1,865,040	7,118,234	5,445,905
Total Non-depreciable assets	13,856,450	13,353,278	17,826,654	14,821,445	31,683,104	28,174,723
Capital assets/lease assets, being depreciated:						
Building/structures and improvements	7,085,119	5,596,156	26,084,166	27,107,074	33,169,285	32,703,230
Buses	-	-	12,495,655	14,494,670	12,495,655	14,494,670
Machinery and equipment	2,963,820	3,646,455	2,655,548	2,951,194	5,619,368	6,597,649
Furniture and fixtures	-	-	94,586	66,572	94,586	66,572
Infrastructure	-	-	555,870	589,559	555,870	589,559
Leased Assets	323,168	381,696	152,056	304,112	475,224	685,808
Street lights network	4,458,045	301,557	-	-	4,458,045	301,557
Traffic lights network	263,956	695,316	-	-	263,956	695,316
Roadway network	25,538,346	26,738,251	-	-	25,538,346	26,738,251
Total depreciable assets (net)	40,632,454	37,359,431	42,037,881	45,513,181	82,670,335	82,872,612
Total capital assets	54,488,904	50,712,709	59,864,535	60,334,626	114,353,439	111,047,335

Major capital asset events during the 2021-2022 fiscal year included the following:

- Acquisition of Chase Property on 2501 West Rosecrans Avenue
- Completion of Western Avenue Street Improvement project
- Completion of 139<sup>th</sup> Street and Van Ness Avenue Street Improvements
- Acquisition of 2 Gtrans Trolleys

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

# City of Gardena

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

### Capital Assets and Debt Administration (Continued)

**Long-term Debt.** At the end of the 2021-2022 fiscal year, the City had total bonded debt outstanding of \$112,662,082. The City's long-term debt increased by \$10,712,900 or 9% compared to prior year due to the issuance of 2021 Lease Revenue Bonds net with the City's annual debt service principal payments made for the applicable debts below during the fiscal year.

#### CITY OF GARDENA'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		TOTAL	
	2022	2021	2022	2021	2022	2021
Refunding Revenue Bonds	\$ 10,130,000	\$ 10,310,000	\$ -	\$ -	\$ 10,130,000	\$ 10,310,000
Certificates of Participation	6,565,000	7,150,000	-	-	6,565,000	7,150,000
Direct Purchase Lease	565,000	845,000	-	-	565,000	845,000
- Bond discount	(192,173)	(206,057)	-	-	(192,173)	(206,057)
Pension Obligation Bonds	76,692,725	79,029,723	21,592,275	22,250,277	98,285,000	101,280,000
Lease Revenue Bonds	12,880,000	-	-	-	12,880,000	-
- Bond premium	2,008,657	-	-	-	2,008,657	-
SCE On-Bill Financing Loan	43,361	53,749	-	-	43,361	53,749
Loan Payable	3,632,103	3,545,880	-	-	3,632,103	3,545,880
Lease Payable	337,409	381,696	158,923	340,112	496,332	721,808
	<u>112,662,082</u>	<u>101,109,991</u>	<u>21,751,198</u>	<u>22,590,389</u>	<u>134,413,280</u>	<u>123,700,380</u>

The City maintains an existing lease rating of "A+" rating from Standard & Poor's and an "A1" rating with Moody's for its general fund lease supported debt as of June 30, 2022. The City's issuer ratings are "AA-" with S & P and "Aa3" with Moody's.

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

### Economic Factors and Next Year's Budget and Rates

As a result of the City's fiscally conservative approach taken these past couple of years, the City finds itself in a financially stable position, which allowed the City in its adopted budget for fiscal year 2022-2023 and 2023-2024, to budget for and add a total of 83 additional positions ( 42-Full Time and 40-Part Time), as well as investments in seniors, youth and community service programs and the largest budgeted Capital Improvement Program in the Cities history with over \$56 million budgeted for the next two fiscal years.

The City adopted a two year budget on June 28, 2022 for Fiscal Years 2022-2023 and Fiscal Years 2023-2024. The General Fund Revenue Budget for 2022-2023 was \$76,653,769 with expenditures of \$76,616,761 for a surplus of \$37,008. In 2023-2024 the General Fund adopted revenue budget was \$77,593,605 with expenditures of \$77,554,469 for a surplus of \$39,136 in 2023-2024.



## **City of Gardena**

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

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#### **Economic Factors and Next Year's Budget and Rates (Continued)**

In 2022-2023 the Top 5 Adopted Budgeted General Fund revenue sources, which make up 72% of the City's General Fund, include: 1) Sales and Use Tax - \$25.2 million (32%), 2) Property Taxes - \$9 million (12%), 3) Card Club Gross Revenue Fees - \$8.8 million (11%) 4) Vehicle License Fees - \$7.5 million (8%), and 5) Utility Users Tax - \$4.9 million (6%).

In 2022-2023 the Top 5 Adopted Budgeted General Fund expenditures were \$76,616,761, with the Police Department making up \$32.9 million or 43%, Non-Departmental (including the Fire Department and our South Bay Regional Public Communications Authority) \$13.5 Million or 18%, Transfers Out at \$8.7 Million or 11%, Public Works at \$6.5 Million or 9%, Recreation and Human Services at \$4.4 Million or 6%, Debt Service Payments at \$3 Million or 4%, Elected and City Managers Offices at \$2.6 Million or 3%, Community Development Department at \$ 2.5 Million or 3% and the Administrative Services Department at \$2.5 Million or 3%.

As we look to futures years the economy and threats on a recession loom, however the City is well prepared to face these events if they do occur as we are very fortunate to have a stable diverse economic base, which somewhat shields our economy from downturns in any specific category.

#### **Requests for Information**

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

## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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# **BASIC FINANCIAL STATEMENTS**

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## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**City of Gardena**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 69,098,624	\$ 18,914,863	\$ 88,013,487
Receivables, net	9,912,401	540,308	10,452,709
Due from other governments	1,249,532	3,153,122	4,402,654
Internal balances	12,426,495	(12,426,495)	-
Prepaid items	630,526	66,745	697,271
Inventories	54,334	826,387	880,721
<b>Total current assets</b>	<b>93,371,912</b>	<b>11,074,930</b>	<b>104,446,842</b>
<b>Noncurrent assets:</b>			
Restricted cash and investments:			
Cash with fiscal agent	13,436,529	-	13,436,529
Loans receivable	1,966,944	-	1,966,944
Aggregate net pension assets	38,527,341	10,712,038	49,239,379
Capital assets:			
Nondepreciable	13,856,450	17,826,654	31,683,104
Depreciable, net	40,632,454	42,037,881	82,670,335
Total capital assets	54,488,904	59,864,535	114,353,439
<b>Total noncurrent assets</b>	<b>108,419,718</b>	<b>70,576,573</b>	<b>178,996,291</b>
<b>Total assets</b>	<b>201,791,630</b>	<b>81,651,503</b>	<b>283,443,133</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	42,960,563	1,293,367	44,253,930
Deferred outflows of resources related to other postemployment benefits	13,080,884	1,198,735	14,279,619
<b>Total deferred outflows of resources</b>	<b>56,041,447</b>	<b>2,492,102</b>	<b>58,533,549</b>

**City of Gardena**  
**Statement of Net Position (Continued)**  
**June 30, 2022**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	2,724,222	1,302,373	4,026,595
Accrued liabilities	841,950	168,859	1,010,809
Salaries and benefits payable	1,726,082	724,825	2,450,907
Retention payable	37,611	4,185	41,796
Deposits payable	3,647,195	-	3,647,195
Unearned revenue	4,483,427	14,618,926	19,102,353
Accrued interest payable	909,848	-	909,848
Compensated absences - due within one year	1,751,766	391,485	2,143,251
Claims payable - due within one year	12,477,264	-	12,477,264
Long-term debt - due within one year	4,679,523	964,124	5,643,647
<b>Total current liabilities</b>	<b>33,278,888</b>	<b>18,174,777</b>	<b>51,453,665</b>
<b>Noncurrent liabilities:</b>			
Compensated absences - due in more than one year	7,007,065	1,565,939	8,573,004
Claims payable - due in more than one year	4,326,361	-	4,326,361
Long-term debt - due in more than one year	107,982,559	20,787,074	128,769,633
Aggregate net other postemployment benefits liabilities	76,280,979	6,448,522	82,729,501
<b>Total noncurrent liabilities</b>	<b>195,596,964</b>	<b>28,801,535</b>	<b>224,398,499</b>
<b>Total liabilities</b>	<b>228,875,852</b>	<b>46,976,312</b>	<b>275,852,164</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	57,719,674	9,584,820	67,304,494
Deferred inflows of resources related to other postemployment benefits	4,944,373	1,097,614	6,041,987
<b>Total deferred inflows of resources</b>	<b>62,664,047</b>	<b>10,682,434</b>	<b>73,346,481</b>
<b>NET POSITION</b>			
Net investment in capital assets	40,126,502	59,701,427	99,827,929
Restricted for:			
Law enforcement	1,459,666	-	1,459,666
Local street improvements	10,385,580	-	10,385,580
Economic development	6,914,470	-	6,914,470
Other purposes	1,014,200	-	1,014,200
Capital projects	273,887	-	273,887
Debt service	1,617,913	-	1,617,913
Total restricted	21,665,716	-	21,665,716
Unrestricted (deficit)	(95,499,040)	(33,216,568)	(128,715,608)
<b>Total net position (deficit)</b>	<b>\$ (33,706,822)</b>	<b>\$ 26,484,859</b>	<b>\$ (7,221,963)</b>

**City of Gardena**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
<b>Governmental activities:</b>					
General government	\$ 7,771,663	\$ 8,769,328	\$ 731,866	\$ -	\$ 9,501,194
Public safety	27,964,662	1,236,057	652,444	-	1,888,501
Public works	11,239,762	534,045	1,212,408	2,496,478	4,242,931
Recreation and human services	7,566,226	3,647,094	851,713	-	4,498,807
Community development	5,946,949	3,139,836	632,612	15,400	3,787,848
Interest and fiscal charges	3,888,463	-	-	-	-
<b>Total governmental activities</b>	<b>64,377,725</b>	<b>17,326,360</b>	<b>4,081,043</b>	<b>2,511,878</b>	<b>23,919,281</b>
<b>Business-type Activities:</b>					
GTrans	27,966,497	1,643,970	22,018,364	3,915,704	27,578,038
Sewer	1,423,680	2,610,910	-	-	2,610,910
<b>Total business-type activities</b>	<b>29,390,177</b>	<b>4,254,880</b>	<b>22,018,364</b>	<b>3,915,704</b>	<b>30,188,948</b>
<b>Total primary government</b>	<b>\$ 93,767,902</b>	<b>\$ 21,581,240</b>	<b>\$ 26,099,407</b>	<b>\$ 6,427,582</b>	<b>\$ 54,108,229</b>



**City of Gardena**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2022**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>			
General government	\$ 1,729,531	\$ -	\$ 1,729,531
Public safety	(26,076,161)	-	(26,076,161)
Public works	(6,996,831)	-	(6,996,831)
Recreation and human services	(3,067,419)	-	(3,067,419)
Community development	(2,159,101)	-	(2,159,101)
Interest and fiscal charges	(3,888,463)	-	(3,888,463)
<b>Total governmental activities</b>	<b>(40,458,444)</b>	<b>-</b>	<b>(40,458,444)</b>
<b>Business-type Activities:</b>			
GTrans	-	(388,459)	(388,459)
Sewer	-	1,187,230	1,187,230
<b>Total business-type activities</b>	<b>-</b>	<b>798,771</b>	<b>798,771</b>
<b>Total primary government</b>	<b>(40,458,444)</b>	<b>798,771</b>	<b>(39,659,673)</b>
<b>General revenues and transfers:</b>			
<b>General revenues:</b>			
Taxes:			
Property taxes	9,186,838	-	9,186,838
Sales taxes	27,908,699	-	27,908,699
Business license	2,647,094	-	2,647,094
Utility users taxes	5,481,395	-	5,481,395
Franchise taxes	3,075,659	-	3,075,659
Card club	10,544,947	-	10,544,947
Other taxes	4,626,009	-	4,626,009
Total taxes	63,470,641	-	63,470,641
Vehicle license - unrestricted	7,485,678	-	7,485,678
Investment income (loss)	(1,520,476)	68,374	(1,452,102)
Miscellaneous	3,281,484	-	3,281,484
<b>Total general revenues</b>	<b>72,717,327</b>	<b>68,374</b>	<b>72,785,701</b>
<b>Transfers</b>	<b>344,181</b>	<b>(344,181)</b>	<b>-</b>
<b>Changes in net position</b>	<b>32,603,064</b>	<b>522,964</b>	<b>33,126,028</b>
<b>Net position (deficit) - beginning of year</b>	<b>(66,309,886)</b>	<b>25,961,895</b>	<b>(40,347,991)</b>
<b>Net position (deficit) - end of year</b>	<b>\$ (33,706,822)</b>	<b>\$ 26,484,859</b>	<b>\$ (7,221,963)</b>

## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**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 ten funds used for housing and environmental issues. Four of the funds receive pass-through funding from the California U.S. Department of Housing and Urban Development ("HUD") or program income to assist cities and counties 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) reuse contaminated properties. Two funds receive funding from California Department of Housing and Community Development ("HCD") to assist local government for the preparation, adoption, and implementation of planning and process improvements that streamline housing approvals and accelerate housing production. One fund to account for development impact fee to provide infrastructure and facility improvements as required by City's ordinance.

**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

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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**City of Gardena**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	Major Funds				
		Economic		Nonmajor	Total
	General	Development	City	Governmental	Governmental
	Fund	Grants Special	Debt Service	Funds	Funds
		Revenue			
<b>ASSETS</b>					
Cash and investments	\$ 36,720,138	\$ 4,837,230	\$ -	\$ 17,356,019	\$ 58,913,387
Cash and investments with fiscal agents	-	-	13,436,529	-	13,436,529
Receivables:					
Accounts	2,117,745	316,908	-	1,112,027	3,546,680
Taxes	6,069,789	-	-	25,132	6,094,921
Interest	36,136	-	-	-	36,136
Employees	28,929	-	-	-	28,929
Loans	-	1,966,944	-	-	1,966,944
Inventories	54,334	-	-	-	54,334
Prepaid items and deposits	298,091	-	288,931	41,048	628,070
Due from other governments	-	-	-	1,249,532	1,249,532
Due from other funds	3,910,326	-	-	-	3,910,326
<b>Total assets</b>	<b>\$ 49,235,488</b>	<b>\$ 7,121,082</b>	<b>\$ 13,725,460</b>	<b>\$ 19,783,758</b>	<b>\$ 89,865,788</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,285,779	\$ 65,042	\$ -	\$ 1,120,613	\$ 2,471,434
Accrued liabilities	197,467	-	-	70	197,537
Salaries and benefits payable	1,645,384	-	-	80,698	1,726,082
Due to other funds	-	251,866	372,250	1,494,423	2,118,539
Unearned revenue	532,620	-	-	3,950,807	4,483,427
Retention payable	-	-	-	37,611	37,611
Deposits payable	3,647,195	-	-	-	3,647,195
<b>Total liabilities</b>	<b>7,308,445</b>	<b>316,908</b>	<b>372,250</b>	<b>6,684,222</b>	<b>14,681,825</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	101,269	301,508	-	1,111,182	1,513,959
<b>Total deferred inflows of resources</b>	<b>101,269</b>	<b>301,508</b>	<b>-</b>	<b>1,111,182</b>	<b>1,513,959</b>
<b>Fund balances:</b>					
Nonspendable	352,425	-	288,931	41,048	682,404
Restricted	-	6,502,666	13,065,376	12,131,909	31,699,951
Committed	26,936,620	-	-	-	26,936,620
Assigned	14,236,728	-	-	-	14,236,728
Unassigned (deficit)	300,001	-	(1,097)	(184,603)	114,301
<b>Total fund balances</b>	<b>41,825,774</b>	<b>6,502,666</b>	<b>13,353,210</b>	<b>11,988,354</b>	<b>73,670,004</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 49,235,488</b>	<b>\$ 7,121,082</b>	<b>\$ 13,725,460</b>	<b>\$ 19,783,758</b>	<b>\$ 89,865,788</b>

**City of Gardena**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2022**

<b>Total Fund Balances - Total Governmental Funds</b>	\$ 73,670,004
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Amounts reported for governmental activities in the statement of net position are different because:

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

Amount reported in government-wide statement of position:

Capital assets, not being depreciated	\$ 13,856,450	
Capital assets, depreciable	115,318,675	
Less accumulated depreciation	(75,009,389)	
Lease assets	531,835	
Less accumulated amortization	<u>(208,667)</u>	54,488,904

Interest is recognized when due, and therefore, interest payable is not reported in the	(909,848)
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Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds' Balance Sheet.

Long-term debt - due within one year	(4,679,523)	
Long-term debt - due in more than one year	(107,982,559)	
Compensated absences - due within one year	(1,751,766)	
Compensated absences - due in more than one year	(7,007,065)	

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	42,960,563	
Aggregate net pension liabilities	38,527,341	
Pension related deferred inflows of resources	(57,719,674)	

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	13,080,884	
Aggregate net OPEB liabilities	(76,280,979)	
OPEB related deferred inflows of resources	(4,944,373)	

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 \$10,634,708 allocated to business-type activities).

3,327,310

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

1,513,959

<b>Net position of governmental activities</b>	<b><u>\$ (33,706,822)</u></b>
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**City of Gardena**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	Major Funds				
	General	Economic Development Grants Special Revenue	City Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
	Fund				
<b>REVENUES:</b>					
Taxes	\$ 66,503,135	\$ -	\$ -	\$ 4,160,327	\$ 70,663,462
Licenses and permits	2,900,062	-	-	-	2,900,062
Intergovernmental	522,015	15,400	-	13,152,438	13,689,853
Charges for services	5,365,786	39,000	-	43,258	5,448,044
Fines, forfeitures, and penalties	923,049	2,710,489	-	27,148	3,660,686
Use of money and property	(1,607,573)	16,082	31,094	42,617	(1,517,780)
Miscellaneous	555,490	9	4,653,993	35,573	5,245,065
<b>Total revenues</b>	<b>75,161,964</b>	<b>2,780,980</b>	<b>4,685,087</b>	<b>17,461,361</b>	<b>100,089,392</b>
<b>EXPENDITURES:</b>					
Current:					
General government	5,187,813	-	-	108,848	5,296,661
Public safety	41,172,977	-	-	372,496	41,545,473
Public works	6,091,797	-	-	1,777,014	7,868,811
Recreation and human services	3,310,663	-	-	4,007,399	7,318,062
Community development	2,410,655	236,433	-	414,544	3,061,632
Capital outlay	954,834	62,734	-	7,911,539	8,929,107
Debt service:					
Principal retirement	152,428	-	3,656,998	41,559	3,850,985
Interest and fiscal charges	26,815	-	3,867,537	5,290	3,899,642
<b>Total expenditures</b>	<b>59,307,982</b>	<b>299,167</b>	<b>7,524,535</b>	<b>14,638,689</b>	<b>81,770,373</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>15,853,982</b>	<b>2,481,813</b>	<b>(2,839,448)</b>	<b>2,822,672</b>	<b>18,319,019</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	5,442,274	-	2,585,364	8,372,480	16,400,118
Transfers out	(8,513,520)	(697,700)	(3,617,687)	(8,227,030)	(21,055,937)
Proceeds from sale of assets	121,498	-	-	6,125	127,623
Proceeds from debt issuance	139,312	-	15,252,536	-	15,391,848
<b>Total other financing sources (uses)</b>	<b>(2,810,436)</b>	<b>(697,700)</b>	<b>14,220,213</b>	<b>151,575</b>	<b>10,863,652</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>13,043,546</b>	<b>1,784,113</b>	<b>11,380,765</b>	<b>2,974,247</b>	<b>29,182,671</b>
<b>FUND BALANCES:</b>					
Beginning of year	28,782,228	4,718,553	1,972,445	9,014,107	44,487,333
End of year	\$ 41,825,774	\$ 6,502,666	\$ 13,353,210	\$ 11,988,354	\$ 73,670,004

**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, 2022**

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**Net change in fund balances - total governmental funds:** \$ 29,182,671

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 (\$1,497,785 of capital outlay expenditures were for current public works expenditures for repairs and maintenance and therefore, were not capitalized). 7,431,322

The net effect of disposal of capital assets. (23,285)

Depreciation and amortization expenses on capital and lease assets were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation and amortization expenses were not reported as an expenditure in the governmental funds. (3,631,842)

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. 111,286

Long-term compensated absences expense was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the change in long-term compensated absences was not reported as an expenditure in the governmental funds. (896,819)

Other postemployment benefits and pension expenses were reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the increase in other postemployment benefits liability and net pension liabilities were not reported as an expenditure in the governmental funds.

OPEB expense net of contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as OPEB expenditures in the governmental fund in the amount of \$2,283,676. (1,996,745)

Pension credit net of contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as pension expenditures in the governmental funds in the amount of \$4,016,414. 19,534,745

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	3,850,985	
Interest accrual on loans payables	(86,223)	
Proceeds from issuance of long-term debt	(15,391,848)	
Amortization of bond discount	(13,884)	
	(11,640,970)	(11,640,970)

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 \$1,561,061 allocated to business-type activities). (1,910,177)

Unavailable revenue is not recognized as revenue in the governmental funds since the revenue is not available to fund expenditures of the current year. (3,557,122)

**Change in net position of governmental activities** **\$ 32,603,064**

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# PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

**City of Gardena**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Business-Type Activities			Governmental Activities
	GTrans	Nonmajor Sewer		Internal
	Enterprise Fund	Enterprise Fund	Total	Service Funds
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 15,340,334	\$ 3,574,529	\$ 18,914,863	\$ 10,185,237
Accounts receivable, net	324,690	215,618	540,308	205,735
Due from other governments	3,153,122	-	3,153,122	-
Inventories	826,387	-	826,387	-
Prepaid items and deposits	52,018	14,727	66,745	2,456
<b>Total current assets</b>	<b>19,696,551</b>	<b>3,804,874</b>	<b>23,501,425</b>	<b>10,393,428</b>
<b>Noncurrent assets:</b>				
Aggregate net pension assets	10,155,145	556,893	10,712,038	-
Capital assets, net	59,000,601	863,934	59,864,535	-
<b>Total noncurrent assets</b>	<b>69,155,746</b>	<b>1,420,827</b>	<b>70,576,573</b>	<b>-</b>
<b>Total assets</b>	<b>88,852,297</b>	<b>5,225,701</b>	<b>94,077,998</b>	<b>10,393,428</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	1,226,128	67,239	1,293,367	-
Deferred outflows of resources related to other postemployment benefits	1,114,456	84,279	1,198,735	-
<b>Total deferred outflows of resources</b>	<b>2,340,584</b>	<b>151,518</b>	<b>2,492,102</b>	<b>-</b>

(Continued)

**City of Gardena**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2022**

	Business-Type Activities			Governmental Activities
	GTrans	Nonmajor Sewer		Internal
	Enterprise Fund	Enterprise Fund	Total	Service Funds
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	1,290,315	12,058	1,302,373	252,788
Accrued liabilities	168,859	-	168,859	644,413
Salaries and benefits payable	688,835	35,990	724,825	-
Due to other funds	1,791,787	-	1,791,787	-
Retention payable	4,185	-	4,185	-
Unearned revenue	14,618,926	-	14,618,926	-
Compensated absences, due within one year	356,555	34,930	391,485	-
Lease payable, due within one year	158,923	-	158,923	-
Long-term debt, due within one year	769,284	35,917	805,201	-
Claims payable, due within one year	-	-	-	12,477,264
<b>Total current liabilities</b>	<b>19,847,669</b>	<b>118,895</b>	<b>19,966,564</b>	<b>13,374,465</b>
<b>Noncurrent liabilities:</b>				
Compensated absences, due in more than one year	1,426,219	139,720	1,565,939	-
Claims payable, due in more than one year	-	-	-	4,326,361
Long-term debt, due in more than one year	19,864,835	922,239	20,787,074	-
Aggregate net other postemployment benefits liabilities	5,912,424	536,098	6,448,522	-
<b>Total noncurrent liabilities</b>	<b>27,203,478</b>	<b>1,598,057</b>	<b>28,801,535</b>	<b>4,326,361</b>
<b>Total liabilities</b>	<b>47,051,147</b>	<b>1,716,952</b>	<b>48,768,099</b>	<b>17,700,826</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	9,086,528	498,292	9,584,820	-
Deferred inflows of resources related to other postemployment benefits	1,070,009	27,605	1,097,614	-
<b>Total deferred inflows of resources</b>	<b>10,156,537</b>	<b>525,897</b>	<b>10,682,434</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	58,837,493	863,934	59,701,427	-
Unrestricted (deficit)	(24,852,296)	2,270,436	(22,581,860)	(7,307,398)
<b>Total net position</b>	<b>\$ 33,985,197</b>	<b>\$ 3,134,370</b>	<b>\$ 37,119,567</b>	<b>\$ (7,307,398)</b>
<i>Net position reconciliation:</i>				
Net position of proprietary funds	\$ 33,985,197	\$ 3,134,370	\$ 37,119,567	\$ (7,307,398)
Adjustment to reflect the consolidation of internal service fund activities related to the GTrans and Sewer	(10,650,650)	15,942	(10,634,708)	10,634,708
Net position of business-type activities	<b>\$ 23,334,547</b>	<b>\$ 3,150,312</b>	<b>\$ 26,484,859</b>	
Net position related to governmental activities				<b>\$ 3,327,310</b>

(Concluded)

## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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**City of Gardena**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,380,961	\$ 2,604,435	\$ 3,985,396	\$ 10,913,022
Operating governmental grants:				
Local transportation fund	5,833,372	-	5,833,372	-
Other local assistance	11,713,377	-	11,713,377	-
Federal transit assistance	3,596,324	-	3,596,324	-
State transit assistance fund	875,291	-	875,291	-
Total operating governmental grants:	22,018,364	-		
Other	249,975	-	249,975	903,759
<b>Total operating revenues</b>	<b>23,649,300</b>	<b>2,604,435</b>	<b>26,253,735</b>	<b>11,816,781</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	13,463,944	866,671	14,330,615	-
Insurance claims	-	-	-	14,111,721
General and administrative	5,308,350	250,534	5,558,884	6,029,634
Depreciation and amortization	4,755,979	144,765	4,900,744	-
Other operating expenses	2,305,675	79,073	2,384,748	173,176
<b>Total operating expenses</b>	<b>25,833,948</b>	<b>1,341,043</b>	<b>27,174,991</b>	<b>20,314,531</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,184,648)</b>	<b>1,263,392</b>	<b>(921,256)</b>	<b>(8,497,750)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest income	57,239	11,135	68,374	26,512
Interest expense	(624,991)	(29,134)	(654,125)	-
Gain on sale of capital assets	13,034	6,475	19,509	-
<b>Total nonoperating revenues (expenses)</b>	<b>(554,718)</b>	<b>(11,524)</b>	<b>(566,242)</b>	<b>26,512</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(2,739,366)</b>	<b>1,251,868</b>	<b>(1,487,498)</b>	<b>(8,471,238)</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Capital contributions	3,915,704	-	3,915,704	-
Transfers in	-	45,275	45,275	6,604,982
Transfers out	-	(389,456)	(389,456)	(1,604,982)
<b>Total contributions and transfers</b>	<b>3,915,704</b>	<b>(344,181)</b>	<b>3,571,523</b>	<b>5,000,000</b>
<b>CHANGES IN NET POSITION</b>	<b>1,176,338</b>	<b>907,687</b>	<b>2,084,025</b>	<b>(3,471,238)</b>
<b>NET POSITION (DEFICIT):</b>				
Beginning of year	32,808,859	2,226,683	35,035,542	(3,836,160)
End of year	\$ 33,985,197	\$ 3,134,370	\$ 37,119,567	\$ (7,307,398)
<i>Change in net position reconciliation:</i>				
Change in net position of proprietary funds	\$ 1,176,338	\$ 907,687	\$ 2,084,025	\$ (3,471,238)
Adjustment to reflect the consolidation of internal service fund activities related to the GTrans and Sewer	(1,507,558)	(53,503)	(1,561,061)	1,561,061
Change in net position of business-type activities	\$ (331,220)	\$ 854,184	\$ 522,964	
Change in net position related to governmental activities				\$ (1,910,177)

See accompanying Notes to the Basic Financial Statements.

**City of Gardena**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 1,299,626	\$ 2,626,357	\$ 3,925,983	\$ 10,713,924
Receipts from claims and recoveries	-	-	-	903,759
Payments for insurance claims	-	-	-	(7,912,570)
Payments to suppliers	(7,123,741)	(321,084)	(7,444,825)	(5,418,244)
Payments to employees	(14,934,018)	(783,650)	(15,717,668)	-
Transit assistance funds received	21,678,300	-	21,678,300	-
<b>Net cash provided by (used in) operating activities</b>	<b>920,167</b>	<b>1,521,623</b>	<b>2,441,790</b>	<b>(1,713,131)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	-	45,275	45,275	6,604,982
Transfers to other funds	-	(389,456)	(389,456)	(1,604,982)
Payments made to other funds	1,022,782	-	1,022,782	-
Principal payments on long term debt	(773,840)	(29,351)	(803,191)	-
Interest paid	(624,991)	(29,134)	(654,125)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(376,049)</b>	<b>(402,666)</b>	<b>(778,715)</b>	<b>5,000,000</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(3,931,419)	(510,767)	(4,442,186)	-
Proceeds from sale of capital assets	13,034	6,475	19,509	-
Receipt from capital grants	3,915,704	-	3,915,704	-
<b>Net cash used in capital and related financing activities</b>	<b>(2,681)</b>	<b>(504,292)</b>	<b>(506,973)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	57,239	11,135	68,374	26,512
<b>Net cash provided by investing activities</b>	<b>57,239</b>	<b>11,135</b>	<b>68,374</b>	<b>26,512</b>
<b>Net change in cash and cash equivalents</b>	<b>598,676</b>	<b>625,800</b>	<b>1,224,476</b>	<b>3,313,381</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	14,741,658	2,948,729	17,690,387	6,871,856
End of year	<u>\$ 15,340,334</u>	<u>\$ 3,574,529</u>	<u>\$ 18,914,863</u>	<u>\$ 10,185,237</u>

(Continued)



**City of Gardena**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME</b>				
<b>(LOSS) TO NET CASH PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (2,184,648)	\$ 1,263,392	\$ (921,256)	\$ (8,497,750)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expenses	4,755,979	144,765	4,900,744	-
(Increase) decrease in:				
Accounts receivable	(81,335)	21,922	(59,413)	(199,098)
Due from other government	(585,727)	-	(585,727)	-
Unearned revenue	(4,312)	-	(4,312)	-
Inventory	(187,914)	-	(187,914)	-
Prepaid items and deposits	19,281	(745)	18,536	376,540
Deferred outflows of resources - pensions	22,485,440	1,034,011	23,519,451	-
Deferred outflows of resources - OPEB	(421,968)	3,606	(418,362)	-
Increase (decrease) in:				
Accounts payable	583,768	9,268	593,036	17,856
Accrued liabilities	75,149	-	75,149	405,865
Accrued payroll	122,862	8,699	131,561	-
Compensated absences	277,739	80,409	358,148	-
Net pension liability	(32,877,287)	(1,612,190)	(34,489,477)	-
Net other postemployment benefits liability	(470,030)	90,306	(379,724)	-
Deferred inflows of resources - OPEB	586,745	(8,031)	578,714	-
Deferred inflows of resources - pensions	8,826,425	486,211	9,312,636	-
Deposits payable	-	-	-	(15,695)
Claims payable	-	-	-	6,199,151
Total adjustment	3,104,815	258,231	3,363,046	6,784,619
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 920,167</b>	<b>\$ 1,521,623</b>	<b>\$ 2,441,790</b>	<b>\$ (1,713,131)</b>

(Concluded)

## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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# **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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**City of Gardena**  
**Index to the Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**City of Gardena**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**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, 2022**

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**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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Accounting and Measurement Focus (Continued)***

*Governmental Fund Financial Statements (Continued)*

The City reports the following major governmental funds:

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

*Proprietary Fund Financial Statements*

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

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

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

The City reports the following proprietary funds:

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Accounting and Measurement Focus (Continued)***

*Proprietary Fund Financial Statements (Continued)*

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

The City considers the GTrans Enterprise Fund a major fund for the year ended June 30, 2022.

***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, 2022**

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**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 a consumption of net assets that applies to future periods.

**Deferred Inflows of Resources** represent an acquisition of net assets that applies to future periods.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**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. Leases***

**Lessee**

The City has a policy to recognize a lease liability and a right-to-use asset (lease asset) in the financial statements with an initial, individual value of \$5,000 or more with a lease term greater than one year. Variable payments based on future performance or usage of the underlying assets are not included in the measurement of the lease liability.

At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the State has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***M. Leases (Continued)***

**Lessee (Continued)**

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease, plus any option periods that are reasonably certain to be exercised.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right-to-use along with other capital assets and lease liabilities are reported on the statement of net position.

***N. 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***O. Other Postemployment Benefits (“OPEB”)***

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

The following timeframes are reported OPEB reporting:

**OPEB**

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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.

***P. Claims Payable***

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

***Q. 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, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***R. 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, 2021	Unsecured, redemptions, and SB813 taxes
December 20, 2021	Homeowners' exemption, secured, and SB813 taxes
January 20, 2022	Homeowners' exemption, secured, and SB813 taxes
February 18, 2022	Redemptions, secured, and SB813 taxes
March 18, 2022	Secured and SB813 taxes
April 20, 2022	Secured and SB813 taxes
May 20, 2022	Redemptions, homeowners' exemption, secured, and SB813 taxes
June 17, 2022	Homeowners' exemption, SB813 taxes
July 20, 2022	Secured and SB813 taxes
August 20, 2022	Secured, redemptions, unsecured, and SB813 taxes

***S. 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, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***S. 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

***T. Use of Estimates***

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***U. Implementation of New GASB Pronouncements***

During the fiscal year ended June 30, 2022, the City implemented the following new GASB pronouncements:

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***U. Implementation of New GASB Pronouncements (Continued)***

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this Statement did not have a significant effect on the City's financial statements for the fiscal year ended June 30, 2022.

**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, 2022 for its governmental activities of \$(95,499,040) and business-type activities of \$(33,216,568). The deficit was mainly due to the reporting of the aggregate net OPEB liabilities. The aggregate net OPEB liabilities were \$76,280,979 and \$6,448,522 for governmental activities and business-type activities, respectively.

The following funds had a deficit fund balance/net position at June 30, 2022:

Nonmajor Governmental Funds:

Public Safety Grants Special Revenue Fund	\$ (172,103)
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Internal Service Funds:

Liability Insurance Fund	(959,836)
Workers' Compensation Fund	(10,587,033)

In addition, the GTrans Enterprise had deficit unrestricted net position of \$(24,852,296) at June 30, 2022.

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 2 – Stewardship, Compliance and Accountability (Continued)**

***B. Expenditures in Excess of Appropriations***

The following funds had expenditures in excess of appropriations:

Fund	Appropriations	Expenditures	Excess of Expenditures over Appropriations
<b>Major Governmental Funds:</b>			
General Fund			
General government:			
City clerk	\$ 584,044	\$ 667,308	\$ 83,264
City treasurer	271,815	295,387	23,572
Non-departmental	672,397	856,286	183,889
Public Safety:			
Community development	1,986,333	2,410,655	424,322
Economic Development Grants Special Revenue Fund			
Capital outlay	-	62,734	62,734
City Debt Service Funds: 2021 Lease revenue bondss Debt Service Fund			
Debt service:			
Interest and fiscal charges	331,216	573,827	242,611
<b>Nonmajor Governmental Funds:</b>			
Gas Tax Special Revenue Fund			
Public works	281,503	555,718	274,215
Public Safety Grants Special Revenue Fund			
General government	-	99,443	99,443
Public works	-	1,765	1,765
Recreation and human services	-	6,422	6,422
Community development	-	12,861	12,861
Public Works Grants Special Revenue Fund			
Public works	427,264	473,972	46,708
Recreation and human services	-	12,682	12,682
Human Services Grants Special Revenue Fund			
Recreation and human services	3,902,809	3,988,295	85,486

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**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, 2022:

	Government-Wide Financial Statement		
	Governmental Activities	Business-Type Activities	Total
Cash and investments	\$ 69,098,624	\$ 18,914,863	\$ 88,013,487
Cash and investments held by fiscal agents	13,436,529	-	13,436,529
<b>Total cash and investments</b>	<b>\$ 82,535,153</b>	<b>\$ 18,914,863</b>	<b>\$ 101,450,016</b>

The City's cash and investments at June 30, 2022, in more detail:

Cash:	
Petty cash	\$ 6,560
Demand deposits	13,727,565
Total cash and cash equivalents	13,734,125
Investments:	
Money market mutual fund	6,718,971
U.S. Treasury	14,962,709
Negotiable certificates of deposit	3,289,290
Corporate notes	5,022,901
Local Agency Investment Fund	37,221,443
U.S. Government sponsored enterprise securities	5,303,058
Foreign negotiable certificates of deposit	1,760,990
Total investments	74,279,362
Total cash and investments	88,013,487
Cash and investments with fiscal agents	13,436,529
<b>Total</b>	<b>\$ 101,450,016</b>

**A. Deposits**

The carrying amounts of the City's demand deposits were \$13,727,565 at June 30, 2022. Bank balances at that date were \$15,150,251, the total amount of which was collateralized or insured with accounts held by the pledging financial institutions in the City's name as discussed below.

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 3 – Cash and Investments (Continued)**

**A. Deposits (Continued)**

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

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

**B. Investments**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
Municipal securities	5 years	30%	5%
United states treasury obligations	5 years	No Limit	No Limit
U.S. Government sponsored enterprise securities	5 years	No Limit	25%
Bankers' acceptances	180 days	40%	5%
Commercial paper	270 days	25%	5%
Negotiable certificates of deposit	5 years	30%	5%
Federally insured time deposits	5 years	20%	Federally Insured
Collateralized time deposits	5 years	20%	Federally Insured
Certificate of deposit placement 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	N/A	20%	10%
Money market mutual funds	N/A	20%	20%
Supranationals	5 years	30%	10%
Investment Trust of California ("CalTrust")	N/A	No Limit	No Limit
N/A - Not Applicable			

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 3 – Cash and Investments (Continued)**

**B. Investments (Continued)**

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2022, 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, 2022, the City had \$37,221,443 invested in LAIF, which had invested 1.14% of the pool investment funds in Structured Notes and Asset-Backed Securities. The fair value of the City's portion in the pool is the same as the value of the pool shares and reported at amortized cost.

**C. Fair Value Measurement**

At June 30, 2022, 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, 2022:

Investment Type	Measurement Input			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized <sup>(3)</sup>	
Money market mutual fund	\$ -	\$ -	\$ 6,718,971	\$ 6,718,971
U.S. Treasury	14,962,709	-	-	14,962,709
Negotiable certificates of deposit <sup>(1)</sup>	-	3,289,290	-	3,289,290
Corporate notes <sup>(1)</sup>	-	5,022,901	-	5,022,901
Local Agency Investment Fund	-	-	37,221,443	37,221,443
U.S. Government sponsored enterprise securities <sup>(1)</sup>	5,269,397	33,661	-	5,303,058
Foreign negotiable certificates of deposit <sup>(2)</sup>	-	1,760,990	-	1,760,990
Cash and investments with fiscal agents:				
Money market mutual fund	-	-	13,436,529	13,436,529
<b>Total</b>	<b>\$ 20,232,106</b>	<b>\$ 10,106,842</b>	<b>\$ 57,376,943</b>	<b>\$ 87,715,891</b>

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

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

<sup>(3)</sup> Cash and cash equivalent.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 3 – Cash and Investments (Continued)**

**D. Risk Disclosures**

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investments to a maximum maturity of five years. At June 30, 2022, the City had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less Than 1 Year	1 to 2 Years	2 to 3 Years	3 to 4 Years	4 to 5 Years
Money market mutual fund	\$ 6,718,971	\$ 6,718,971	\$ -	\$ -	\$ -	\$ -
U.S. Treasury	14,962,709	4,105,836	4,085,805	2,764,802	2,393,970	1,612,296
Negotiable certificates of deposit	3,289,290	1,713,125	153,535	571,295	426,627	424,708
Corporate notes	5,022,901	1,401,943	2,238,328	1,261,301	84,956	36,373
Local Agency Investment Fund	37,221,443	37,221,443	-	-	-	-
U.S. Government sponsored enterprise securities	5,303,058	1,643,082	2,221,412	1,117,229	321,335	-
Foreign negotiable certificates of deposit	1,760,990	-	878,706	882,284	-	-
Cash and investments with fiscal agents:						
Money market mutual fund	13,436,529	13,436,529	-	-	-	-
<b>Total</b>	<b>\$ 87,715,891</b>	<b>\$ 66,240,929</b>	<b>\$ 9,577,786</b>	<b>\$ 6,596,911</b>	<b>\$ 3,226,888</b>	<b>\$ 2,073,377</b>

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

**Credit Risk** - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by Standard & Poor's and Moody's Investors Service. At June 30, 2022, 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	50.11%
U.S. Treasury	AAA	Not Rated	20.14%
U.S. Government sponsored enterprise securities	AAA	AA+	7.14%
Negotiable certificates of deposit	Not Rated	Not Rated	4.43%
Foreign negotiable certificates of deposit	A2	Aa	2.37%
Corporate notes	A	A	6.76%
Money market mutual fund	P-1	Aa	9.05%
<b>Total</b>			<b>100.00%</b>



**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**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 May 2022, the monthly payment was decreased from \$764 to \$71 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, 2022, future lease payments from the YMCA, including interest, were \$372,874. Since the City has not earned the revenue for the future lease payments, there was no revenue recognized or receivables reported at June 30, 2022 for these future lease payments.

**B. State Mandated Claims Reimbursement**

The City recorded an outstanding receivable of \$726,616 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 \$726,616. 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, 2022.

**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, 2021	Additions	Deletions	Allowance	Balance June 30, 2022
Home-Owner Occupied Deferred Loans					
CalHOME	\$ 399,609	\$ -	\$ (27,515)	\$ -	\$ 372,094
State HOME Loans	1,721,890	-	(127,040)	-	1,594,850
Subtotal	2,121,499	-	(154,555)	-	1,966,944
Spring Park Senior Villa Developer Loan	3,545,880	86,223	-	(3,632,103)	-
<b>Total</b>	<b>\$ 5,667,379</b>	<b>\$ 86,223</b>	<b>\$ (154,555)</b>	<b>\$ (3,632,103)</b>	<b>\$ 1,966,944</b>

**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, 2022, the outstanding loan balance is \$1,966,944.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 5 – Loans Receivable (Continued)**

**B. Spring Park Senior Villa Developer Loan**

The City entered into a development agreement on August 1, 2013, with Spring Park Senior Villa, Inc., a nonprofit organization for the development of the Spring Park Senior Villa in the City. The agreement provided funding for the development of 36 rental units and one manager unit (“the Project”) up to \$2,874,115 for construction. The loan bears 3% simple interest over a term of 55 years. The repayment of the loan is based on the residual receipts of the rental units. The affordability covenant also expires in 55 years after completion of the project. As of June 30, 2022, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$757,988 which was required by the State of California. This results the City in reporting loans receivable in the amount of \$3,632,103. 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 \$3,632,103. 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, 2022.

**Note 6 – Interfund Transactions**

**A. Government-Wide Financial Statements**

**Internal Balances** - At June 30, 2022, the City had the following internal receivable and payable, which represents internal service charges between the governmental activities and business-type activities:

<b>Internal Payable</b>	
	Business-Type Activities
<b>Internal Receivable</b>	
Governmental Activities	\$ 12,426,495

**Transfers** – For the year ended June 30, 2022, the City had the following transfers:

<b>Transfers Out</b>	
	Business-Type Activities
<b>Transfers In</b>	
Governmental Activities	\$ 344,181

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 6 – Interfund Transactions (Continued)**

**B. Fund Financial Statements**

**Due From/To Other Funds** - At June 30, 2022, the City had the following due from/to other funds:

Due To Other Funds		Due From Other Funds	
		General Fund	
Governmental Funds:			
Economic Development Grants			
Special Revenue Fund	\$		251,866
City Debt Service Fund			372,250
Nonmajor Governmental Funds			1,494,423
Proprietary Fund:			
GTrans Enterprise Fund			1,791,787
Total	\$		3,910,326

The above amounts resulted from temporary reclassifications made at June 30, 2022 to cover cash shortfalls.

**Transfers In/Out** – During the year ended June 30, 2022, the City had the following transfers in/out, which arise in the normal course of operations:

<b>Transfers In</b>						
	<b>Governmental Funds</b>			<b>Enterprise Funds</b>		
	General Fund	City Debt Service	Nonmajor Governmental	Nonmajor Sewer Enterprise Fund	Internal Service Funds	Total
<b>Transfers Out</b>						
<b>Governmental Funds:</b>						
General Fund	\$ -	\$ 2,585,364	\$ 928,156	\$ -	\$ 5,000,000	\$ 8,513,520
Economic Development Grants						
Special Revenue Fund	-	-	697,700	-	-	697,700
Debt Service Fund			3,617,687			3,617,687
Nonmajor Governmental Funds	5,299,125	-	2,882,630	45,275	-	8,227,030
<b>Enterprise Funds:</b>						
Sewer	143,149	-	246,307	-	-	389,456
Internal Service Funds	-	-	-	-	1,604,982	1,604,982
<b>Total</b>	<b>\$ 5,442,274</b>	<b>\$ 2,585,364</b>	<b>\$ 8,372,480</b>	<b>\$ 45,275</b>	<b>\$ 6,604,982</b>	<b>\$ 23,050,375</b>

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, 2022**

**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, 2022 is as follows:

	Governmental Activities				
	Balance July 1, 2021 (As Restated)	Additions	Deletions	Transfers	Balance June 30, 2022
<b>Capital assets, not being depreciated:</b>					
Land	\$ 9,708,520	\$ 1,836,052	\$ -	\$ -	\$ 11,544,572
Monuments	63,893	-	-	-	63,893
Construction in progress	3,580,865	1,160,820	-	(2,493,700)	2,247,985
Total capital assets, not being depreciated	13,353,278	2,996,872	-	(2,493,700)	13,856,450
<b>Capital assets, being depreciated:</b>					
Buildings/structures and improvements	24,138,320	2,064,036	-	62,204	26,264,560
Machinery and equipment	12,895,648	452,203	(499,558)	-	12,848,293
Infrastructure:					
Street lights network	1,292,393	1,768,072	-	2,431,496	5,491,961
Traffic lights network	12,940,788	-	-	-	12,940,788
Roadway network	57,773,073	-	-	-	57,773,073
Total capital assets, being depreciated	109,040,222	4,284,311	(499,558)	2,493,700	115,318,675
<b>Less accumulated depreciation:</b>					
Buildings/structures and improvements	(18,542,164)	(637,277)	-	-	(19,179,441)
Machinery and equipment	(9,249,193)	(1,111,553)	476,273	-	(9,884,473)
Infrastructure:					
Street light network	(990,836)	(43,080)	-	-	(1,033,916)
Traffic lights network	(12,245,472)	(431,360)	-	-	(12,676,832)
Roadway network	(31,034,822)	(1,199,905)	-	-	(32,234,727)
Total accumulated depreciation	(72,062,487)	(3,423,175)	476,273	-	(75,009,389)
<b>Lease assets:</b>					
Buildings/structures and improvements	40,074	-	-	-	40,074
Machinery and equipment	341,622	150,139	-	-	491,761
Total lease assets	381,696	150,139	-	-	531,835
<b>Less accumulated amortization:</b>					
Buildings/structures and improvements	-	(24,328)	-	-	(24,328)
Machinery and equipment	-	(184,339)	-	-	(184,339)
Total accumulated depreciation	-	(208,667)	-	-	(208,667)
Total capital assets, being depreciated, net	37,359,431	802,608	(23,285)	2,493,700	40,632,454
<b>Governmental activities capital assets, net</b>	<b>\$ 50,712,709</b>	<b>\$ 3,799,480</b>	<b>\$ (23,285)</b>	<b>\$ -</b>	<b>\$ 54,488,904</b>

Depreciation and amortization expenses were charged to functions/programs of the governmental activities for the fiscal year ended June 30, 2022 as follows:

	Depreciation	Amortization
General government	\$ 809,141	\$ 66,919
Public safety	675,054	80,890
Public works	1,838,681	27,314
Community development	-	26,859
Recreation and human services	100,299	6,685
<b>Total depreciation expense</b>	<b>\$ 3,423,175</b>	<b>\$ 208,667</b>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 7 – Capital Assets (Continued)**

**B. Business-Type Activities**

A summary of changes in the capital assets for the business-type activities for the year ended June 30, 2022 is as follows:

	Business-Type Activities				Balance June 30, 2022
	Balance July 1, 2021 (As Restated)	Additions	Deletions	Transfers	
<b>Capital assets, not being depreciated:</b>					
Land	\$ 12,956,405	\$ -	\$ -	\$ -	\$ 12,956,405
Construction in progress	1,865,040	3,919,887	-	(914,678)	4,870,249
Total capital assets, not being depreciated	14,821,445	3,919,887	-	(914,678)	17,826,654
<b>Capital assets, being depreciated:</b>					
Buildings/structures and improvements	39,893,428	-	-	-	39,893,428
Buses	47,860,722	-	(3,429,407)	456,172	44,887,487
Machinery and equipment	11,358,302	510,766	(101,215)	385,299	12,153,152
Furniture and fixtures	1,552,314	-	-	73,207	1,625,521
Infrastructure	11,184,496	-	-	-	11,184,496
Total capital assets, being depreciated	111,849,262	510,766	(3,530,622)	914,678	109,744,084
<b>Less accumulated depreciation:</b>					
Buildings/structures and improvements	(12,786,354)	(1,022,908)	-	-	(13,809,262)
Buses	(33,366,052)	(2,455,187)	3,429,407	-	(32,391,832)
Machinery and equipment	(8,407,108)	(1,191,711)	101,215	-	(9,497,604)
Furniture and fixtures	(1,485,742)	(45,193)	-	-	(1,530,935)
Infrastructure	(10,594,937)	(33,689)	-	-	(10,628,626)
Total accumulated depreciation	(66,640,193)	(4,748,688)	3,530,622	-	(67,858,259)
Total capital assets, being depreciated, net	45,209,069	(4,237,922)	-	914,678	41,885,825
<b>Lease assets:</b>					
Machinery and equipment	304,112	-	-	-	304,112
Total lease assets	304,112	-	-	-	304,112
<b>Less accumulated amortization:</b>					
Buildings/structures and improvements	-	(152,056)	-	-	(152,056)
Total accumulated depreciation	-	(152,056)	-	-	(152,056)
Total capital assets, being depreciated, net	45,513,181	(4,389,978)	-	914,678	42,037,881
<b>Business-type activities capital assets, net</b>	<b>\$ 60,334,626</b>	<b>\$ (470,091)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,864,535</b>

Depreciation and amortization expenses for business-type activities for the year ended June 30, 2022 was charged as follows:

	Depreciation	Amortization
Gtrans major enterprise fund	\$ 4,603,923	152,056
Sewer nonmajor enterprise fund	144,765	-
<b>Total depreciation expense</b>	<b>\$ 4,748,688</b>	<b>\$ 152,056</b>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**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, 2022 is as follows:

	Balance July 1, 2021 (As Restated)	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in more One Year
2006 Refunding Certificates of Participation Series A - publicly offered	\$ 7,150,000	\$ -	\$ (585,000)	\$ 6,565,000	\$ 625,000	\$ 5,940,000
2007 Refunding Revenue Bonds, Series A - publicly offered	1,430,000	-	(115,000)	1,315,000	120,000	1,195,000
2014 Taxable Lease Revenue Refunding Bonds - publicly offered	8,880,000	-	(65,000)	8,815,000	65,000	8,750,000
Bond discount - 2014 Taxable Lease Revenue Refunding Bonds	(206,057)	-	13,884	(192,173)	(13,884)	(178,289)
2017 Direct Purchase Lease - Private placement	845,000	-	(280,000)	565,000	280,000	285,000
2016 SCE On-Bill Financing Loan - Direct borrowing	53,749	-	(10,388)	43,361	14,296	29,065
2020 Taxable Pension Obligation Bonds - publicly offered	79,029,723	-	(2,336,998)	76,692,725	2,859,800	73,832,925
2021 Lease Revenue Bonds - Publicly offered	-	13,155,000	(275,000)	12,880,000	440,000	12,440,000
Bond premium - 2021 Lease Revenue Bonds	-	2,097,536	(88,879)	2,008,657	106,654	1,902,003
Loan payable	3,545,880	86,223	-	3,632,103	-	3,632,103
Lease payable	381,696	139,312	(183,599)	337,409	182,657	154,752
Claims payable	10,604,474	6,221,285	(22,134)	16,803,625	12,477,264	4,326,361
Compensated absences	7,862,012	3,623,861	(2,727,042)	8,758,831	1,751,766	7,007,065
<b>Total</b>	<b>\$ 119,576,477</b>	<b>\$ 25,323,217</b>	<b>\$ (6,675,156)</b>	<b>\$ 138,224,538</b>	<b>\$ 18,908,553</b>	<b>\$ 119,315,985</b>

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, 2022**

**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, 2022 totaled \$6,565,000. The annual debt service requirements on these certificates are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 625,000	\$ 398,910	\$ 1,023,910
2024	665,000	357,759	1,022,759
2025	705,000	314,056	1,019,056
2026	750,000	267,641	1,017,641
2027	800,000	218,195	1,018,195
2028-2031	3,020,000	334,631	3,354,631
Total	<u>\$ 6,565,000</u>	<u>\$ 1,891,192</u>	<u>\$ 8,456,192</u>

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

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

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

The amount outstanding at June 30, 2022 totaled \$1,315,000. The annual debt service requirements on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 120,000	\$ 66,575	\$ 186,575
2024	125,000	60,575	185,575
2025	130,000	54,325	184,325
2026	135,000	47,825	182,825
2027	145,000	41,075	186,075
2028-2031	660,000	86,357	746,357
Total	<u>\$ 1,315,000</u>	<u>\$ 356,732</u>	<u>\$ 1,671,732</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**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, 2022 totaled \$8,815,000. The annual debt service requirements on these bonds as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 65,000	\$ 438,366	\$ 503,366
2024	70,000	435,799	505,799
2025	70,000	433,034	503,034
2026	75,000	429,709	504,709
2027	75,000	426,148	501,148
2028-2032	3,390,000	1,945,373	5,335,373
2033-2036	5,070,000	612,750	5,682,750
Total	\$ 8,815,000	\$ 4,721,179	\$ 13,536,179

**2017 Direct Purchase Lease**

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

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

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

The amount outstanding at June 30, 2022 totaled \$565,000. The annual debt service requirements on these bonds as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 280,000	\$ 8,798	\$ 288,798
2024	285,000	2,950	287,950
Total	\$ 565,000	\$ 11,748	\$ 576,748



**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 8 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

**2016 SCE On-Bill Financing Loan**

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

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

The amount outstanding at June 30, 2022 totaled \$43,361. The annual debt service requirements on this loan as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 14,296	\$ -	\$ 14,296
2024	14,296	-	14,296
2025	7,769	-	7,769
2026	7,000	-	7,000
Total	\$ 43,361	\$ -	\$ 43,361

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

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

The bonds accrue interest at rates between 1.081% and 3.363%. Interest on the bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2021. Principal payments are due in annual installments ranging from \$2,995,000 to \$7,525,000, commencing April 1, 2021 through April 1, 2039. The bonds are not subject to optional and mandatory redemption prior to maturity. The bond debt service payments will be made from the debt service funds.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 8 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

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

The amount outstanding for the governmental activities at June 30, 2022 totaled \$76,692,725. The annual debt service requirements for the governmental activities on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 2,859,800	\$ 2,293,263	\$ 5,153,063
2024	3,285,063	2,256,000	5,541,063
2025	3,745,440	2,206,659	5,952,099
2026	3,960,023	2,142,911	6,102,934
2027	4,038,053	2,061,097	6,099,150
2028-2032	21,844,499	8,653,120	30,497,619
2033-2037	25,433,879	5,060,959	30,494,838
2038-2039	11,525,968	670,474	12,196,442
Total	\$ 76,692,725	\$ 25,344,483	\$ 102,037,208

**2021 Lease Revenue Bonds – Original Issuance \$13,155,000**

In September 2021, the City of Gardena Financing Agency issued the Lease Revenue Bonds, Series 2021 in the amount of \$13,155,000. The purpose of the bonds was to fund various capital projects including the Gardena Community Aquatic & Senior Center, the Community Center, and various Park Improvement projects.

The bonds bear interest at rates between 3% and 5%. Interest on the bonds is payable annually on each May 1. Principal payments are due in annual installments ranging from \$275,000 to \$915,000, commencing May 1, 2022 through May 1, 2041. The bonds are subject to optional and mandatory redemption prior to maturity. The revenue bonds debt service payments will be made from the debt service funds. The unspent project fund is in the amount of \$11,447,463 at June 30, 2022.

The amount outstanding at June 30, 2022 totaled \$12,880,000. The annual debt service requirements on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 440,000	\$ 498,000	\$ 938,000
2024	465,000	476,000	941,000
2025	490,000	452,750	942,750
2026	510,000	428,250	938,250
2027	540,000	402,750	942,750
2028-2032	3,120,000	1,581,750	4,701,750
2033-2037	3,820,000	882,400	4,702,400
2038-2041	3,495,000	266,100	3,761,100
Total	\$ 12,880,000	\$ 4,988,000	\$ 17,868,000

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 8 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

**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, 2022, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$757,988. This results in the loans payable in the amount of \$3,632,103 to the California HCD. Please refer to Note 5B for additional information.

**Lease Payable**

The City has entered leases for the building, vehicle, and machine uses. The terms of the agreements range from 18 months to 60 months. The calculated interest rates used were between 0.185% to 1.705% based on the term of the agreements.

Principal and interest payments to maturity at June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 182,657	\$ 950	\$ 681,607
2024	87,834	501	564,335
2025	47,826	207	500,783
2026	19,092	33	447,375
Total	\$ 337,409	\$ 1,691	\$ 2,194,100

**Legal Debt Margin**

The City is subject to legal debt margin and the City’s legal debt limit was in the amount of \$281,569,079 at June 30, 2022.

**Compensated Absences**

The long-term portion of compensated absences payable has been accrued for the Governmental Activities on the Government-Wide Financial Statements. In prior years, the General Fund has typically been used to liquidate the liability. The balance outstanding at June 30, 2022 was \$8,758,831.

**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, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in more One Year
2020 Taxable Pension Obligation						
Bonds - publicly offered	\$ 22,250,277	\$ -	\$ (658,002)	\$ 21,592,275	\$ 805,201	\$ 20,787,074
Lease payable	304,112	-	(145,189)	158,923	158,923	-
Compensated absences	1,599,276	1,063,036	(704,888)	1,957,424	391,485	1,565,939
<b>Total</b>	<b>\$ 24,153,665</b>	<b>\$ 1,063,036</b>	<b>\$ (1,508,079)</b>	<b>\$ 23,708,622</b>	<b>\$ 1,355,609</b>	<b>\$ 22,353,013</b>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 8 – Long-Term Liabilities (Continued)**

***B. Business-Type Activities (Continued)***

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

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

The bonds accrue interest at rates between 1.081% and 3.363%. Interest on the bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2021. Principal payments are due in annual installments ranging from \$2,995,000 to \$7,525,000, commencing April 1, 2021 through April 1, 2039. The bonds are not subject to optional and mandatory redemption prior to maturity. The bond debt service payments will be made from the debt service funds.

The amount outstanding for the business-type activities at June 30, 2022 totaled \$21,592,275. The annual debt service requirements for the business-type activities on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 805,201	\$ 645,688	\$ 1,450,889
2024	924,937	635,196	1,560,133
2025	1,054,560	621,303	1,675,863
2026	1,114,978	603,355	1,718,333
2027	1,136,948	580,319	1,717,267
2028-2032	6,150,502	2,436,358	8,586,860
2033-2037	7,161,122	1,424,956	8,586,078
2038-2039	3,244,027	188,776	3,432,803
Total	<u>\$ 21,592,275</u>	<u>\$ 7,135,951</u>	<u>\$ 28,728,226</u>

**Lease Payable**

The City's business-activities have entered leases for the machine uses. The terms of the agreements range from 18 months to 60 months. The calculated interest rates used were between 0.185% to 1.705% based on the term of the agreements.

Principal and interest payments to maturity at June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 158,923	\$ 188	\$ 159,111

**Compensated Absences**

All vested vacation and compensatory leave time is recognized as an expense and as a liability in the business-type funds at the time the liability vests. GTrans and the Sewer Enterprise funds have been used to liquidate the liability. The balance outstanding at June 30, 2022 was \$1,957,424.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 9 – Self-Insurance Programs**

**A. Self-Insurance Programs of the City**

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

The City carries stop-loss insurance of individual health benefit claims in excess of \$75,000 for Medicare retirees and \$50,000 for all other members. At June 30, 2022, \$16,803,625 has been accrued for the City's self-insurance programs, of which \$12,477,264 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, 2022 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, 2022 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
2019-2020	\$ 12,238,048	\$ 368,419	\$ (3,193,864)	\$ 9,412,603	\$ 7,454,180	\$ 1,958,423
2020-2021	9,412,603	1,243,589	(51,718)	10,604,474	8,389,641	2,214,833
2021-2022	10,604,474	6,221,285	(22,134)	16,803,625	12,477,264	4,326,361

**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 Alliant Property Insurance Company. Total all-risk property insurance coverage is \$105.6 million. There is a \$10,000 per loss deductible.

Crime Insurance - The City purchases crime insurance coverage with a limit of \$2 million per occurrence. This policy provides coverage for all City employees. There is a \$2,500 per loss deductible.

**C. Adequacy of Protection**

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**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, 2022 and pension expense for the year then ended.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred outflows of resources:</b>			
Pension contribution made after measurement date:			
Miscellaneous	\$ 1,065,810	\$ 1,034,893	\$ 2,100,703
Safety	2,950,604	-	2,950,604
Total pension contribution made after measurement date	4,016,414	1,034,893	5,051,307
Differences between expected and actual experience			
Miscellaneous	266,196	258,474	524,670
Safety	3,236,902	-	3,236,902
Total differences between expected and actual experience	3,503,098	258,474	3,761,572
Adjustment due to differences in proportions:			
Safety	140,156	-	140,156
Difference between City's contribution and proportionate share of contributions:			
Safety	35,300,895	-	35,300,895
<b>Total deferred outflows of resources</b>	<b>\$ 42,960,563</b>	<b>\$ 1,293,367</b>	<b>\$ 44,253,930</b>
<b>Aggregate net pension liabilities (assets):</b>			
Miscellaneous	\$ (11,032,054)	\$ (10,712,038)	\$ (21,744,092)
Safety	(27,495,287)	-	(27,495,287)
<b>Total aggregate net pension liabilities</b>	<b>\$ (38,527,341)</b>	<b>\$ (10,712,038)</b>	<b>\$ (49,239,379)</b>
<b>Deferred inflows of resources:</b>			
Differences between expected and actual experience:			
Miscellaneous	797,814	774,673	1,572,487
Difference in projected and actual earnings on pension investments:			
Miscellaneous	9,073,348	8,810,147	17,883,495
Safety	11,276,486	-	11,276,486
Total difference in projected and actual earnings on pension investments	20,349,834	8,810,147	29,159,981
Difference between City's contribution and proportionate share of contributions:			
Safety	952,892	-	952,892
Adjustment due to differences in proportions:			
Safety	35,619,134	-	35,619,134
<b>Total deferred inflows of resources</b>	<b>\$ 57,719,674</b>	<b>\$ 9,584,820</b>	<b>\$ 67,304,494</b>
<b>Pension Expense (credit):</b>			
Miscellaneous	\$ (664,502)	\$ (622,496)	\$ (1,286,998)
Safety	(14,853,830)	-	(14,853,830)
<b>Total pension expense</b>	<b>\$ (15,518,332)</b>	<b>\$ (622,496)</b>	<b>\$ (16,140,828)</b>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 10 – Retirement Plans (Continued)**

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

**General Information about the Pension Plan**

**Plan Description**

The City contribution to the California Public Employees Retirement System ("CalPERS"), an agent multiple-employer defined benefit pension plan for miscellaneous employees and a cost-sharing multiple-employer defined benefit plan for safety employees. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**Benefit Provided**

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

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

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

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

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Retirement Plans (Continued)**

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

**General Information about the Pension Plan (Continued)**

**Benefit Provided (Continued)**

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

**Employees Covered by Benefit Terms**

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

	<b>Miscellaneous</b>	<b>Plans</b>	
		<b>Safety</b>	
		<b>Classic</b>	<b>PEPRA</b>
Active employees	331	68	17
Transferred and terminated employees	360	48	7
Retired Employees and Beneficiaries	410	241	0
Total	1,101	357	24

**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:

<b>Measurement Period June 30, 2021</b>				
	<b>Plans</b>			
	<b>Miscellaneous</b>		<b>Safety</b>	
	<b>Classic</b>	<b>PEPRA</b>	<b>Classic</b>	<b>PEPRA</b>
Employer Contribution Rate	9.362%	9.362%	25.540%	13.884%
Employee Contribution Rate	7.000%	6.750%	9.000%	12.750%
<b>Current Fiscal Year Ended June 30, 2022</b>				
	<b>Plans</b>			
	<b>Miscellaneous</b>		<b>Safety</b>	
	<b>Classic</b>	<b>PEPRA</b>	<b>Classic</b>	<b>PEPRA</b>
Employer Contribution Rate	9.250%	9.250%	25.590%	13.980%
Employee Contribution Rate	7.000%	6.750%	9.000%	13.750%



**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 10 – Retirement Plans (Continued)**

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

**Net Pension Liability**

**Actuarial Methods and Assumption Used to Determine Total Pension Liability**

The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 total pension liability, based on following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.500%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.25% includes inflation
Mortality Rate Table <sup>1</sup>	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

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

**Change of Assumptions**

There were no changes of assumptions.

**Long-term Expected Rate of Return**

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

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Retirement Plans (Continued)**

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

**Net Pension Liability (Continued)**

**Long-term Expected Rate of Return (Continued)**

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

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
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>		

<sup>1</sup> In the CalPERS ACFR, 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.

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.

**Discount Rate**

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

**Subsequent Events**

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Retirement Plans (Continued)**

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

**Changes in the Net Pension Liability**

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

<b>Miscellaneous Plan</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at June 30, 2020 (Valuation Date)	\$ 179,761,019	\$ 132,225,158	\$ 47,535,861
Changes recognized for the measurement period:			
Service Cost	3,190,091	-	3,190,091
Interest on the total pension liability	12,451,995	-	12,451,995
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,841,509)	-	(1,841,509)
Changes of assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contributions from the employer	-	46,940,155	(46,940,155)
Contributions from employees	-	1,203,298	(1,203,298)
Net investment income	-	35,069,162	(35,069,162)
Benefit payments, including refunds of employee contributions	(10,721,565)	(10,721,565)	-
Administrative expense	-	(132,085)	132,085
Other miscellaneous income/(expense)	-	-	-
Net changes during July 1, 2020 to June 30, 2021	3,079,012	72,358,965	(69,279,953)
Balance at June 30, 2021 (Measurement Date)	\$ 182,840,031	\$ 204,584,123	\$ (21,744,092)

**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.

<b>Safety Plan</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability (asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at June 30, 2020 (Valuation Date)	\$ 219,815,760	\$ 158,371,837	\$ 61,443,923
Balance at June 30, 2021 (Measurement Date)	229,573,818	257,069,105	(27,495,287)
Net Changes during 2020-2021	9,758,058	98,697,268	(88,939,210)

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**Note 10 – Retirement Plans (Continued)**

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

**Changes in the Net Pension Liability (Continued)**

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

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

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2020). 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, 2021). 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, 2021 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2020-2021).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of market value assets.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

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

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

	<u>Safety Plan</u>
June 30, 2020	0.564720%
June 30, 2021	-0.508390%
Change - Increase (Decrease)	<u><u>-1.073110%</u></u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Retirement Plans (Continued)**

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

**Changes in the Net Pension Liability (Continued)**

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

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

	<b>Plan's Net Pension Liability (asset)</b>		
	<b>Discount Rate - 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
Miscellaneous Plan	\$ 1,625,294	\$ (21,744,092)	\$ (41,050,863)
Safety Plan	\$ (55,136,714)	\$ (27,495,287)	\$ (4,791,269)

*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 (Credit) and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2022, the City recognized pension credit in the amounts of \$1,286,998 and \$14,853,830 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2021, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<b>Miscellaneous Plan</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contribution made after measurement date	\$ 2,100,703	\$ -
Changes of assumptions	-	-
Difference between expected and actual experience	524,670	(1,572,487)
Net difference between projected and actual earning on pension plan investments	-	(17,883,495)
Total	<u>\$ 2,625,373</u>	<u>\$ (19,455,982)</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**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)**

	<b>Safety Plan</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contribution made after measurement date	\$ 2,950,604	\$ -
Changes of assumptions	-	-
Difference between expected and actual experience	3,236,902	-
Difference between projected and actual earnings on pension plan investments	-	(11,276,486)
Adjustment due to differences in proportions	140,156	(35,619,134)
Difference between City contributions and proportionate share of contributions	35,300,895	(952,892)
Total	<u>\$ 41,628,557</u>	<u>\$ (47,848,512)</u>

The amounts above are net of outflows and inflows recognized in the 2020-21 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 2020-21 measurement period is 3.4 and 3.7 years, which was obtained by dividing the total service years of 3,777 and 561,622 (the sum of remaining service lifetimes of the active employees) by 1,101 and 150,648 (the total number of participants: active, inactive, and retired), respectively.

\$2,100,703 and \$2,950,604 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and collectively net pension liability, respectively, in the year ending June 30, 2022.

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

	<b>Deferred Outflows/ (Inflows) of Resources Miscellaneous Plan</b>	<b>Deferred Outflows/ (Inflows) of Resources Safety Plan</b>
Ended June 30		
2023	\$ (4,694,372)	\$ (1,682,593)
2024	(4,840,581)	(2,036,505)
2025	(4,536,984)	(2,348,328)
2026	(4,859,375)	(3,103,133)
2027	-	-
Thereafter	-	-
	<u>\$ (18,931,312)</u>	<u>\$ (9,170,559)</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 10 – Retirement Plans (Continued)**

**B. Public Agency Retirement System (“PARS”)**

*Defined Contribution Pension Plan*

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

All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5 percent to a retirement plan, and City Council resolved to match the employees’ contributions up to 3.75 percent. The City’s contributions for each employee (and interest earned by the accounts) are fully vested immediately. For the year ended June 30, 2021 the City’s payroll covered by the plan was \$165,499. The City made employer contributions in the amount of \$6,207. There were 52 participants of the Plan as of June 30, 2021.

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

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

At June 30, 2022, total OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred outflows of resources:</b>			
OPEB contribution made after measurement date	\$ 2,286,676	\$ 873,696	\$ 3,160,372
Change in assumptions	9,846,949	159,231	10,006,180
Differences between expected and actual experience	947,259	165,808	1,113,067
<b>Total deferred outflows of resources</b>	<u>\$ 13,080,884</u>	<u>\$ 1,198,735</u>	<u>\$ 14,279,619</u>
<b>Total other postemployment benefit liabilities</b>	<u>\$ 76,280,979</u>	<u>\$ 6,448,522</u>	<u>\$ 82,729,501</u>
<b>Deferred inflows of resources:</b>			
Change in assumptions	\$ 3,413,334	\$ 208,170	\$ 3,621,504
Differences between expected and actual experience	1,506,692	222,198	1,728,890
Differences in projected and actual earnings	24,347	667,246	691,593
<b>Total deferred inflows of resources</b>	<u>\$ 4,944,373</u>	<u>\$ 1,097,614</u>	<u>\$ 6,041,987</u>
<b>OPEB expense</b>	<u>\$ 4,283,421</u>	<u>\$ 654,324</u>	<u>\$ 4,937,745</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**General Information about the OPEB Plan**

**Plan Description**

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

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

The City’s health plan year runs February through January with open-enrollment every January prior to the start of the new plan year. The monthly benefits to be paid by the City are \$1,329 and \$1,167 per month for the calendar years 2022 and 2021, respectively.

**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, 2021 measurement date, the following numbers of participants were covered by the benefit terms:

	<b>Plans</b>		
	<b>Governmental Activities</b>	<b>GTrans</b>	<b>Sewer</b>
Inactives currently receiving benefits	191	43	-
Inactives entitled to benefit payments	-	-	-
Active employees	201	115	5
Total	392	158	5

**Contributions**

	<b>Fiscal Year Ended June 30, 2022</b>		
	<b>Governmental Activities</b>	<b>Gtrans</b>	<b>Total</b>
Benefit payments	\$ 2,286,676	\$ 873,696	\$ 3,160,372
Trust contributions	-	-	-
Total	\$ 2,286,676	\$ 873,696	\$ 3,160,372



**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**Net OPEB Liability**

The OPEB liability was measured as of June 30, 2021, and total liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

**Significant Actuarial Assumptions Used for Total OPEB Liability**

The total OPEB liability, measured as of June 30, 2021, was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2020
Contribution Policy	City began making contributions to CERBT#1 in 2018/19 on an ad-hoc basis
Discount Rate and Long-Term Expected Rate of Return on Assets	Governmental activities and Sewer: 2.16% at June 30, 2021 GTrans: 6.25% at June 30, 2021 Expected Agency contributions projected to keep sufficient plan assets to pay all benefits from trust.
Inflation	2.50%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2020
Salary Increases	Aggregate - 2.75% Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076. Medicare - 5.85% for 2022, decreasing to an ultimate rate of 4.0% in 2076.
Medical Plan at Retirement	Current actives pre-Medicare: 40% Kaiser, 60% City plan Current actives post-Medicare: 25% Kaiser, 75% City plan Current retirees: current election
Healthcare Participation for Future Retirees	Currently covered: retiree - 100%, spouse - 50-100% based on the City Contribution. Currently waived: 10%

**Total OPEB Liability**

**Change in Assumptions**

Discount rate changed from 2.21% at June 30, 2020 to 2.16% at June 30, 2021 for governmental activities and Sewer Enterprise’s plans. Medical plan assumption, trend rate assumption, demographic assumption and mortality improvement scale were updated.

**Discount Rate**

The discount rate used to measure the total OPEB liability for the governmental activities and Sewer Enterprise was 2.16%. This discount rate is the mid-point, rounded to five basis points, of the range of 3-20 year municipal bond rate indices; S&P Municipal bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**Total OPEB Liability (Continued)**

**Discount Rate (Continued)**

The discount rate used to measure the total OPEB liability for GTrans was 6.25% percent. The fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan assets are expected to be invested using the strategy to achieve the expected return. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**Expected Long-Term Rates of Return**

Asset Class Component	Target Allocation <sup>1</sup> CERBT Strategy	Expected Real Rate of Return
Global Equity	59.00%	4.56%
Fixed Income	25.00%	0.78%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	8.00%	4.06%
	100.00%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return, Rounded		6.25%

<sup>1</sup> Policy target effective October 1, 2018.

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

**Change in Net OPEB Liability**

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2020	\$ 73,949,668	\$ 157,078	\$ 73,792,590
Changes recognized for the measurement period:			
Service Cost	2,450,797	-	2,450,797
Interest on the total pension liability	1,663,721	-	1,663,721
Differences between expected and actual experience	-	-	-
Changes in assumptions	654,965	-	654,965
Contributions - employer	-	2,237,985	(2,237,985)
Net investment income	-	43,168	(43,168)
Benefits payments	(2,237,985)	(2,237,985)	-
Administrative expenses	-	(59)	59
Net changes during July 1, 2020 to June 30, 2021	2,531,498	43,109	2,488,389
Balance at June 30, 2021 (Measurement Date)	\$ 76,481,166	\$ 200,187	\$ 76,280,979

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**Change in Net OPEB Liability (Continued)**

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

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (c) = (a) - (b)</b>
Balance at June 30, 2020	\$ 10,865,356	\$ 4,482,902	\$ 6,382,454
Changes recognized for the measurement period:			
Service cost	340,578	-	340,578
Interest on the total OPEB liability	691,860	-	691,860
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	272,358	(272,358)
Net investment income	-	1,231,806	(1,231,806)
Benefit payments	(272,358)	(272,358)	-
Administrative expenses	-	(1,696)	1,696
Net changes during July 1, 2020 to June 30, 2021	760,080	1,230,110	(470,030)
Balance at June 30, 2021 (Measurement Date)	<u>\$ 11,625,436</u>	<u>\$ 5,713,012</u>	<u>\$ 5,912,424</u>

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

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (c) = (a) - (b)</b>
Balance at June 30, 2020	\$ 445,792	\$ -	\$ 445,792
Changes recognized for the measurement period:			
Service Cost	73,740	-	73,740
Interest on the total OPEB liability	11,482	-	11,482
Differences between expected and actual experience	-	-	-
Changes in assumptions	5,084	-	5,084
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Net changes during July 1, 2020 to June 30, 2021	90,306	-	90,306
Balance at June 30, 2021 (Measurement Date)	<u>\$ 536,098</u>	<u>\$ -</u>	<u>\$ 536,098</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

**Change in Net OPEB Liability (Continued)**

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

The following presents the net OPEB liability of the governmental activities and the Sewer’s Retiree Health Plans, as well as what the governmental activities and the Sewer Enterprise’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	<b>Plan's Net OPEB Liability</b>		
	<b>Discount Rate - 1% (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>Discount Rate + 1% (3.16%)</b>
<b>Governmental Activities</b>	\$ 91,345,230	\$ 76,280,979	\$ 64,622,898
<b>Sewer</b>	\$ 653,582	\$ 536,098	\$ 446,035

The following presents the net OPEB liability of the GTrans Enterprise Retiree Health Plan, as well as what the GTrans Enterprise Retiree Health Plan’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current discount rate:

<b>Plan's Net OPEB Liability</b>		
<b>Discount Rate - 1% (5.25%)</b>	<b>Current Discount Rate (6.25%)</b>	<b>Discount Rate + 1% (7.25%)</b>
\$ 7,527,781	\$ 5,912,424	\$ 4,583,124

*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:

	<b>Plan's Net OPEB Liability</b>		
	<b>1% Decrease</b>	<b>Current Trend</b>	<b>1% Increase</b>
<b>Governmental Activities</b>	\$ 63,070,582	\$ 76,280,979	\$ 93,812,264
<b>GTrans</b>	\$ 4,313,035	\$ 5,912,424	\$ 7,906,799
<b>Sewer</b>	\$ 422,679	\$ 536,098	\$ 694,311

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

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

For the measurement period ended June 30, 2021, the governmental activities recognized expense of \$1,996,745. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to governmental activities OPEB from the following sources:

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Difference between expected and actual experience	\$ 947,259	\$ (1,506,692)
Changes in assumptions	9,846,949	(3,413,334)
Net difference between projected and actual earnings on plan investments	-	(24,347)
Employer contributions made subsequent to the measurement date	2,286,676	-
Total	<u>\$ 13,080,884</u>	<u>\$ (4,944,373)</u>

For the measurement period ended June 30, 2021, GTrans recognized expense of \$305,253. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to GTrans OPEB from the following sources:

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Difference between expected and actual experience	\$ 152,453	\$ (221,753)
Changes in assumptions	88,307	(181,010)
Net difference between projected and actual earnings on plan investments	-	(667,246)
Employer contributions made subsequent to the measurement date	873,696	-
Total	<u>\$ 1,114,456</u>	<u>\$ (1,070,009)</u>

For the measurement period ended June 30, 2021, Sewer recognized expense of \$85,881. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to Sewer OPEB from the following sources:

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Difference between expected and actual experience	\$ 13,355	\$ (445)
Changes in assumptions	70,924	(27,160)
Net difference between projected and actual earnings on plan investments	-	-
Employer contributions made subsequent to the measurement date	-	-
Total	<u>\$ 84,279</u>	<u>\$ (27,605)</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 7.0 years, 8.2 years, and 13.3 years for the governmental activities, the GTrans, and the Sewer, respectively, which was determined as of July 1, 2020, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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

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

\$2,286,676 and \$873,696 reported as deferred outflows of resources related to OPEB under the governmental activities and GTrans, respectively resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amount reported as deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follows:

Ended June 30	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
	Governmental Activities	GTrans	Sewer
2023	\$ 178,659	\$ (185,564)	\$ 659
2024	1,177,661	(186,564)	3,659
2025	1,458,509	(191,307)	5,659
2026	1,706,408	(219,175)	5,659
2027	1,235,029	(22,573)	5,659
Thereafter	93,569	(24,066)	35,379
	<u>\$ 5,849,835</u>	<u>\$ (829,249)</u>	<u>\$ 56,674</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, 2022, the amount held by the Trustee for the City employees is \$26,776,711.

**Note 13 – Net Position and Fund Balances**

**A. Government-Wide Financial Statements**

**Net Investment in Capital Assets**

The following is the calculation of net investment in capital assets at June 30, 2022:

	Governmental Activities	Business-Type Activities	Total
Capital Assets, net of accumulated depreciation and amortization	\$ 54,488,904	\$ 59,864,535	\$ 114,353,439
Less: outstanding principal on capital related debt, net	(25,772,254)	(158,923)	(25,931,177)
Add: Unspent debt proceeds	11,447,463	-	11,447,463
Less: retention payable	(37,611)	(4,185)	(41,796)
Net investments in capital assets	<u>\$ 40,126,502</u>	<u>\$ 59,701,427</u>	<u>\$ 99,827,929</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

**Note 13 – Net Position and Fund Balances (Continued)**

**B. Fund Financial Statements**

**Fund Balance Classification:**

At June 30, 2022, 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
<b>Nonspendable:</b>					
Inventories	\$ 54,334	\$ -	\$ -	\$ -	\$ 54,334
Prepaid items and deposits	298,091	-	288,931	41,048	628,070
<b>Total nonspendable</b>	<u>352,425</u>	<u>-</u>	<u>288,931</u>	<u>41,048</u>	<u>682,404</u>
<b>Restricted:</b>					
Economic development	-	6,502,666	-	-	6,502,666
Debt service	-	-	13,065,376	-	13,065,376
Law enforcement	-	-	-	751,879	751,879
Local street improvements	-	-	-	7,384,727	7,384,727
Community development	-	-	-	76,018	76,018
Capital projects	-	-	-	3,495,362	3,495,362
Other purposes	-	-	-	423,923	423,923
<b>Total restricted</b>	<u>-</u>	<u>6,502,666</u>	<u>13,065,376</u>	<u>12,131,909</u>	<u>31,699,951</u>
<b>Committed:</b>					
Emergency contingency	13,697,606	-	-	-	13,697,606
Senior and Aquatic Center Project	10,000,000	-	-	-	10,000,000
Pension stabilization fund	2,239,014	-	-	-	2,239,014
OPEB Stabilization Fund	1,000,000	-	-	-	1,000,000
<b>Total committed</b>	<u>26,936,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,936,620</u>
<b>Assigned:</b>					
Vehicle replacement	1,298,420	-	-	-	1,298,420
Equipment replacement	4,844,596	-	-	-	4,844,596
Future debt service payments	8,093,712	-	-	-	8,093,712
<b>Total assigned</b>	<u>14,236,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,236,728</u>
<b>Unassigned:</b>	<u>300,001</u>	<u>-</u>	<u>(1,097)</u>	<u>(184,603)</u>	<u>114,301</u>
<b>Total fund balance</b>	<u>\$ 41,825,774</u>	<u>\$ 6,502,666</u>	<u>\$ 13,353,210</u>	<u>\$ 11,988,354</u>	<u>\$ 73,670,004</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2022**

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**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.

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, 2022, the City’s percentage interest is 32.08%.

As of and for the year ended June 30, 2022, the latest available information, SBRPCA’s unaudited financial information is as follows:

Total assets	\$ 13,855,876
Total deferred outflows of resources	3,432,657
Total liabilities	7,588,259
Total deferred inflows of resources	5,777,598
<b>Net position</b>	<u><u>\$ 3,922,676</u></u>
Total revenues	\$ 12,429,641
Total expenses	(11,549,971)
<b>Change in net position</b>	<u><u>\$ 879,670</u></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 \$29,699,396 as of June 30, 2022.



## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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## **REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2022**

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Taxes	\$ 55,741,766	\$ 62,939,991	\$ 66,503,135	\$ 3,563,144
Licenses and permits	1,779,976	1,995,001	2,900,062	905,061
Intergovernmental	527,500	527,500	522,015	(5,485)
Charges for services	5,079,337	4,984,384	5,365,786	381,402
Fines, forfeitures and penalties	980,000	1,080,368	923,049	(157,319)
Use of money and property	255,000	151,000	(1,607,573)	(1,758,573)
Miscellaneous	611,295	543,795	555,490	11,695
<b>Total revenues</b>	<b>64,974,874</b>	<b>72,222,039</b>	<b>75,161,964</b>	<b>2,939,925</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
City Clerk	584,044	584,044	667,308	(83,264)
City treasurer	271,815	271,815	295,387	(23,572)
Executive office	1,955,757	1,451,833	1,435,134	16,699
Administrative services	1,862,712	2,058,091	1,933,698	124,393
Non-departmental	924,484	672,397	856,286	(183,889)
Public safety:				
Police	29,900,384	29,900,384	29,100,808	799,576
L.A. County Fire District	12,018,155	12,105,043	12,072,169	32,874
Public works	6,338,125	6,338,125	6,091,797	246,328
Recreation and human services	3,397,540	3,397,540	3,310,663	86,877
Community development	1,857,031	1,986,333	2,410,655	(424,322)
Capital outlay	1,758,600	1,563,694	954,834	608,860
Debt service:				
Principal retirement	-	152,428	152,428	-
Interest and fiscal charges	-	26,815	26,815	-
<b>Total expenditures</b>	<b>60,868,647</b>	<b>60,508,542</b>	<b>59,307,982</b>	<b>1,200,560</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,106,227</b>	<b>11,713,497</b>	<b>15,853,982</b>	<b>4,140,485</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	6,752,279	13,254,862	5,442,274	(7,812,588)
Transfers out	(11,087,556)	(15,133,678)	(8,513,520)	6,620,158
Proceed from sale of assets	10,000	10,000	121,498	111,498
Proceeds from debt issuance	-	-	139,312	139,312
<b>Total other financing sources (uses)</b>	<b>(4,325,277)</b>	<b>(1,868,816)</b>	<b>(2,810,436)</b>	<b>(941,620)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (219,050)</b>	<b>\$ 9,844,681</b>	<b>13,043,546</b>	<b>\$ 3,198,865</b>
<b>FUND BALANCE:</b>				
Beginning of Year			28,782,228	
End of Year			<u>\$ 41,825,774</u>	

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule (Continued)**  
**For the Year Ended June 30, 2022**

*Economic Development Grants Special Revenue Fund*

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ 610,000	\$ 610,000	\$ 15,400	\$ (594,600)
Charges for services	-	-	39,000	39,000
Fines, forfeitures and penalties	750,000	750,000	2,710,489	1,960,489
Use of money and property	20,000	20,000	16,082	(3,918)
Miscellaneous	-	-	9	9
<b>Total revenues</b>	<u>1,380,000</u>	<u>1,380,000</u>	<u>2,780,980</u>	<u>1,400,980</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	469,006	469,006	236,433	232,573
Capital outlay	-	-	62,734	(62,734)
<b>Total expenditures</b>	<u>469,006</u>	<u>469,006</u>	<u>299,167</u>	<u>169,839</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>910,994</u>	<u>910,994</u>	<u>2,481,813</u>	<u>1,570,819</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	(1,328,952)	(1,328,952)	(697,700)	631,252
<b>Total other financing uses</b>	<u>(1,328,952)</u>	<u>(1,328,952)</u>	<u>(697,700)</u>	<u>631,252</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (417,958)</u>	<u>\$ (417,958)</u>	1,784,113	<u>\$ 2,202,071</u>
<b>FUND BALANCE:</b>				
Beginning of Year			4,718,553	
End of Year			<u>\$ 6,502,666</u>	

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Notes to the Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2022**

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**Note 1 - Budgetary Control and Accounting Policy**

The City adopts annual budgets for the General Fund, special revenue funds, and debt service funds as well as adopts project length budgets for projects within the City Capital Projects Fund. During the year ended June 30, 2022, the City did not adopt budgets for the Asset Forfeiture Special Revenue Fund.

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

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

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

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

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

Measurement period	2013-14 <sup>1</sup>	2014-15	2015-16	2016-17	2017-18
<b>Total pension liability</b>					
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)
<b>Net change in total pension liability</b>	<b>5,720,744</b>	<b>2,920,315</b>	<b>5,965,855</b>	<b>14,403,800</b>	<b>5,184,605</b>
<b>Total pension liability - beginning</b>	<b>130,287,771</b>	<b>136,008,515</b>	<b>138,928,830</b>	<b>144,894,685</b>	<b>159,298,485</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 136,008,515</b>	<b>\$ 138,928,830</b>	<b>\$ 144,894,685</b>	<b>\$ 159,298,485</b>	<b>\$ 164,483,090</b>
<b>Pension fiduciary net position</b>					
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) <sup>2</sup>	-	-	-	-	(354,176)
<b>Net change in plan fiduciary net position</b>	<b>13,622,585</b>	<b>(1,265,249)</b>	<b>(3,021,293)</b>	<b>8,411,072</b>	<b>5,422,181</b>
<b>Plan fiduciary net position - beginning<sup>3</sup></b>	<b>101,939,625</b>	<b>115,562,210</b>	<b>114,296,961</b>	<b>111,275,668</b>	<b>119,686,740</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 115,562,210</b>	<b>\$ 114,296,961</b>	<b>\$ 111,275,668</b>	<b>\$ 119,686,740</b>	<b>\$ 125,108,921</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 20,446,305</b>	<b>\$ 24,631,869</b>	<b>\$ 33,619,017</b>	<b>\$ 39,611,745</b>	<b>\$ 39,374,169</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>84.97%</b>	<b>82.27%</b>	<b>76.80%</b>	<b>75.13%</b>	<b>76.06%</b>
<b>Covered payroll<sup>4</sup></b>	<b>\$ 17,651,457</b>	<b>\$ 18,094,788</b>	<b>\$ 19,012,911</b>	<b>\$ 19,306,012</b>	<b>\$ 19,929,430</b>
<b>Plan net pension liability as a percentage of covered payroll</b>	<b>115.83%</b>	<b>136.13%</b>	<b>176.82%</b>	<b>205.18%</b>	<b>197.57%</b>

<sup>1</sup> Historical information is presented only for measurement periods for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

<sup>2</sup> 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).

<sup>3</sup> Includes any beginning of year adjustment.

<sup>4</sup> Includes one year's payroll growth using 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal year ended June 30, 2014 -17.

**Notes to Schedule:**

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

Changes of Assumptions: None in 2019 -2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2022**

Last Ten Fiscal Years

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

Measurement period	2018-19	2019-2020	2020-2021
<b>Total pension liability</b>			
Service cost	\$ 3,162,100	\$ 3,329,543	\$ 3,190,091
Interest	11,820,982	12,201,071	12,451,995
Changes of benefit terms	-	-	-
Changes of assumptions	-	-	-
Differences between expected and actual experience	3,672,690	(593,300)	(1,841,509)
Benefit payments, including refunds of employee contributions	(8,816,825)	(9,498,332)	(10,721,565)
<b>Net change in total pension liability</b>	9,838,947	5,438,982	3,079,012
<b>Total pension liability - beginning</b>	164,483,090	174,322,037	179,761,019
<b>Total pension liability - ending (a)</b>	<u>\$ 174,322,037</u>	<u>\$ 179,761,019</u>	<u>\$ 182,840,031</u>
<b>Pension fiduciary net position</b>			
Contributions - employer	\$ 3,688,807	\$ 4,397,533	\$ 46,940,155
Contributions - employee	1,457,546	1,611,737	1,203,298
Net investment income	8,130,102	6,417,192	35,069,162
Benefit payments, including refunds of employee contributions	(8,816,825)	(9,498,332)	(10,721,565)
Net plan to plan resource movement	-	-	-
Administrative expense	(89,280)	(182,534)	(132,085)
Other miscellaneous income/ (expense) <sup>2</sup>	291	-	-
<b>Net change in plan fiduciary net position</b>	4,370,641	2,745,596	72,358,965
<b>Plan fiduciary net position - beginning<sup>3</sup></b>	125,108,921	129,479,562	132,225,158
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 129,479,562</u>	<u>\$ 132,225,158</u>	<u>\$ 204,584,123</u>
<b>Plan net pension liability - ending (a) - (b)</b>	<u>\$ 44,842,475</u>	<u>\$ 47,535,861</u>	<u>\$ (21,744,092)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<u>74.28%</u>	<u>73.56%</u>	<u>111.89%</u>
<b>Covered payroll<sup>4</sup></b>	<u>\$ 20,102,352</u>	<u>\$ 21,343,226</u>	<u>\$ 20,567,963</u>
<b>Plan net pension liability as a percentage of covered payroll</b>	<u>223.07%</u>	<u>222.72%</u>	<u>-105.72%</u>



**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2022**

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**Last Ten Fiscal Years**

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

Measurement period	June 30, 2014 <sup>1</sup>	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>

<sup>1</sup> Historical information is presented only for measurement periods for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2022**

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**Last Ten Fiscal Years**

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

Measurement period	June 30, 2019	June 30, 2020	June 30, 2021
City Proportion of the Net Pension Liability	0.55899%	0.56472%	-0.50839%
City's Proportionate Share of the net Pension Liability	<u>\$ 57,280,320</u>	<u>\$ 61,443,923</u>	<u>\$ (27,495,287)</u>
City's Covered Payroll	<u>\$ 12,156,428</u>	<u>\$ 11,992,232</u>	<u>\$ 11,768,395</u>
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	<u>471.19%</u>	<u>512.36%</u>	<u>-233.64%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>72.58%</u>	<u>\$ 11,992,232</u>	<u>\$ 11,768,395</u>

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

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

	2013-14 <sup>1</sup>	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 <sup>2</sup>	(1,628,415)	(2,016,919)	(2,317,060)	(2,645,234)	(3,015,630)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll <sup>3</sup>	\$ 17,651,457	\$ 18,094,788	\$ 19,012,911	\$ 19,306,012	\$ 19,929,430
Contributions as a percentage of covered payroll <sup>3</sup>	9.23%	11.15%	12.19%	13.70%	15.13%

<sup>1</sup> Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

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

<sup>3</sup> Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-22; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	Fair value
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll Growth	2.750%
Investment rate of return	7.00% net of pension plan investment and administrative expenses; includes Inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.

The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

Mortality

**City of Gardena**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2022**

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**Last Ten Fiscal Years**

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

	2018-19	2019-20	2020-21 <sup>4</sup>	2021-22
Actuarially determined contribution	\$ 3,688,807	\$ 4,397,533	\$ 4,625,188	\$ 2,100,703
Contributions in relation to the actuarially determined contribution <sup>2</sup>	(3,688,807)	(4,397,533)	(46,940,155)	(2,100,703)
Contribution deficiency (excess)	\$ -	\$ -	\$ (42,314,967)	\$ -
Covered payroll <sup>3</sup>	\$ 20,102,352	\$ 21,343,226	\$ 20,567,963	\$ 21,133,582
Contributions as a percentage of covered payroll <sup>3</sup>	18.35%	20.60%	228.22%	9.94%

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

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

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

	2013-14 <sup>1</sup>	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 <sup>2</sup>	\$ 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%

<sup>1</sup> Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

<sup>2</sup> Payroll from 2020-21 was assumed to increase by the 2.75 percent payroll growth assumption.

**Notes to Schedule:**

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

Changes of Assumptions: None in 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2022**

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**Last Ten Fiscal Years**

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

	<u>2018-19 <sup>3</sup></u>	<u>2019-20</u>	<u>2020-21 <sup>4</sup></u>	<u>2021-22<sup>2</sup></u>
Actuarially determined contribution	\$ 6,617,559	\$ 6,185,808	\$ 8,595,603	\$ 2,950,604
Contributions in relation to the actuarially determined contribution <sup>3</sup>	<u>(12,677,559)</u>	<u>(6,185,808)</u>	<u>(60,369,859)</u>	<u>(2,950,604)</u>
Contribution deficiency (excess)	<u>\$ (6,060,000)</u>	<u>\$ -</u>	<u>\$ (51,774,256)</u>	<u>\$ -</u>
Covered payroll	<u>\$ 12,156,428</u>	<u>\$ 11,992,232</u>	<u>\$ 11,768,395</u>	<u>\$ 12,092,026</u>
Contributions as a percentage of covered payroll	104.29%	51.58%	512.98%	24.40%

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

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

## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**Governmental Activities Retiree Healthcare Plan**

Measurement period	2016-17 <sup>1</sup>	2017-18	2018-19	2019-20	2020-21
<b>Total OPEB liability</b>					
Service cost	\$ 2,001,000	\$ 1,619,506	\$ 1,649,332	\$ 1,902,932	\$ 2,450,797
Transfers to Sewer	-	(288,000)	-	-	-
Interest	1,888,000	2,141,404	2,284,925	2,265,606	1,663,721
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	(7,755,000)	(4,569,074)	3,665,059	10,099,593	654,965
Differences between expected and actual experience	-	2,253,827	-	(2,109,370)	-
Benefit payments, including refunds	(2,162,000)	(2,247,465)	(2,251,080)	(2,075,527)	(2,237,985)
Other - funding rates used by benefits paid	580,000	-	-	-	-
<b>Net change in total OPEB liability</b>	<b>(5,448,000)</b>	<b>(1,089,802)</b>	<b>5,348,236</b>	<b>10,083,234</b>	<b>2,531,498</b>
<b>Total OPEB liability - beginning of the year</b>	<b>65,056,000</b>	<b>59,608,000</b>	<b>58,518,198</b>	<b>63,866,434</b>	<b>73,949,668</b>
<b>Total OPEB liability - end of the year (a)</b>	<b>\$ 59,608,000</b>	<b>\$ 58,518,198</b>	<b>\$ 63,866,434</b>	<b>\$ 73,949,668</b>	<b>\$ 76,481,166</b>
<b>OPEB fiduciary net position</b>					
Contributions - employer	\$ -	\$ 2,247,465	\$ 2,401,080	\$ 2,075,527	\$ 2,237,985
Contributions - employee	-	-	-	-	-
Net investment income	-	-	1,792	5,361	43,168
Benefit payments, including refunds	-	(2,247,465)	(2,251,080)	(2,075,527)	(2,237,985)
Administrative expense	-	-	(1)	(74)	(59)
Other changes	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>151,791</b>	<b>5,287</b>	<b>43,109</b>
<b>Plan fiduciary net position - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,791</b>	<b>157,078</b>
<b>Plan fiduciary net position - end of year (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 151,791</b>	<b>\$ 157,078</b>	<b>\$ 200,187</b>
<b>Plan net OPEB liability - end of year (a) - (b)</b>	<b>\$ 59,608,000</b>	<b>\$ 58,518,198</b>	<b>\$ 63,714,643</b>	<b>\$ 73,792,590</b>	<b>\$ 76,280,979</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.24%</b>	<b>0.21%</b>	<b>0.26%</b>
<b>Covered payroll<sup>2</sup></b>	<b>\$ 25,500,000</b>	<b>\$ 23,523,270</b>	<b>\$ 24,650,894</b>	<b>\$ 25,558,730</b>	<b>\$ 22,948,265</b>
<b>Plan net OPEB liability as a percentage of covered payroll</b>	<b>233.76%</b>	<b>248.77%</b>	<b>258.47%</b>	<b>288.72%</b>	<b>332.40%</b>

<sup>1</sup> Historical information is presented for measurement periods after GASB 75 implementation in 2016-17. Additional years' information will be displayed as it becomes available.

**Notes to Schedule:**

Changes of assumptions: In 2020, the accounting discount rate decrease from 2.21 percent to 2.16 percent. In 2020, the accounting discount rate decreased from 3.50 percent to 2.21 percent. In 2019, the accounting discount rate increased from 3.87 percent to 3.50 percent. In 2018, the accounting discount rate increased from 3.58 percent to 3.87 percent. In 2017, the accounting discount rate increased from 2.85 percent to 3.58 percent.

Changes of benefit terms: There were no changes of benefit terms in 2020.



**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2022**

	Last Ten Fiscal Years				
	GTrans Retiree Healthcare Plan				
Measurement period	2016-17 <sup>1</sup>	2017-18	2018-19	2019-20	2020-21
<b>Total OPEB liability</b>					
Service cost	\$ 232,000	\$ 238,960	\$ 291,129	\$ 299,863	\$ 340,578
Interest	598,000	629,344	661,199	706,976	691,860
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-	(357,602)	-	117,261	-
Differences between expected and actual experience	-	301,185	-	(294,459)	-
Benefit payments, including refunds	(462,000)	(494,701)	(289,528)	(276,271)	(272,358)
Other - funding rates used by benefits paid	190,000	-	-	-	-
<b>Net change in total OPEB liability</b>	558,000	317,186	662,800	553,370	760,080
<b>Total OPEB liability - beginning of year</b>	8,774,000	9,332,000	9,649,186	10,311,986	10,865,356
<b>Total OPEB liability - end of year (a)</b>	<u>\$ 9,332,000</u>	<u>\$ 9,649,186</u>	<u>\$ 10,311,986</u>	<u>\$ 10,865,356</u>	<u>\$ 11,625,436</u>
<b>OPEB fiduciary net position</b>					
Contributions - employer	\$ 462,000	\$ 4,516,245	\$ 289,528	\$ 276,271	\$ 272,358
Contributions - employee	-	-	-	-	-
Net investment income	-	60,118	251,747	152,987	1,231,806
Benefit payments, including refunds	(462,000)	(494,701)	(289,528)	(276,271)	(272,358)
Administrative expense	-	(505)	(874)	(2,115)	(1,696)
Other changes	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	-	4,081,157	250,873	150,872	1,230,110
<b>Plan fiduciary net position - beginning of year</b>	-	-	4,081,157	4,332,030	4,482,902
<b>Plan fiduciary net position - end of year (b)</b>	<u>\$ -</u>	<u>\$ 4,081,157</u>	<u>\$ 4,332,030</u>	<u>\$ 4,482,902</u>	<u>\$ 5,713,012</u>
<b>Plan net OPEB liability - end of year (a) - (b)</b>	<u>\$ 9,332,000</u>	<u>\$ 5,568,029</u>	<u>\$ 5,979,956</u>	<u>\$ 6,382,454</u>	<u>\$ 5,912,424</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>0.00%</u>	<u>42.30%</u>	<u>42.01%</u>	<u>41.26%</u>	<u>49.14%</u>
<b>Covered payroll</b>	<u>\$ 9,759,000</u>	<u>\$ 10,316,000</u>	<u>\$ 9,798,690</u>	<u>\$ 10,811,701</u>	<u>\$ 8,791,518</u>
<b>Plan net OPEB liability as a percentage of covered payroll</b>	<u>95.62%</u>	<u>53.97%</u>	<u>61.03%</u>	<u>59.03%</u>	<u>67.25%</u>

<sup>1</sup> Historical information is presented only for measurement periods after GASB 75 implementation in 2016-17.

**Notes to Schedule:**

Changes of assumptions: In 2020, the discount rate changed from 6.75 percent to 6.25 percent and the inflation assumption was changed from 2.75 percent per year to 2.50 percent. In 2019, There were no changes in assumptions. In 2018, medical plan at retirement assumption updated, trend rate updated, demographic assumptions were updated to CalPERS 1997-2015 Experience Study, and mortality improvement scale was updated to Scale MP-2018. In 2017, there were no changes.

Changes of benefit terms: There were no changes of benefit terms in 2020.

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2022**

Last Ten Fiscal Years					
Sewer Retiree Healthcare Plan					
Measurement period	2016-17 <sup>1</sup>	2017-18	2018-19	2019-20	2020-21
<b>Total OPEB liability</b>					
Service cost	\$ -	\$ 16,001	\$ 19,620	\$ 22,199	\$ 73,740
Transfers from the Governmental Activities	-	288,000	-	-	-
Interest	-	10,883	11,678	12,351	11,482
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-	(32,020)	17,238	64,526	5,084
Differences between expected and actual experience	-	(709)	-	16,025	-
Benefit payments, including refunds	-	-	-	-	-
Other - funding rates used by benefits paid	-	-	-	-	-
<b>Net change in total OPEB liability</b>	-	282,155	48,536	115,101	90,306
<b>Total OPEB liability - beginning of year</b>	-	-	282,155	330,691	445,792
<b>Total OPEB liability - end of year (a)</b>	<u>\$ -</u>	<u>\$ 282,155</u>	<u>\$ 330,691</u>	<u>\$ 445,792</u>	<u>\$ 536,098</u>
<b>OPEB fiduciary net position</b>					
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds	-	-	-	-	-
Administrative expense	-	-	-	-	-
Other changes	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	-	-	-	-	-
<b>Plan fiduciary net position - beginning of year</b>	-	-	-	-	-
<b>Plan fiduciary net position - end of year (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan net OPEB liability - end of year (a) - (b)</b>	<u>\$ -</u>	<u>\$ 282,155</u>	<u>\$ 330,691</u>	<u>\$ 445,792</u>	<u>\$ 536,098</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>Covered payroll</b>	<u>N/A</u>	<u>\$ 388,821</u>	<u>\$ 482,665</u>	<u>\$ 515,111</u>	<u>\$ 497,972</u>
<b>Plan net OPEB liability as a percentage of covered payroll</b>	<u>N/A</u>	<u>72.57%</u>	<u>68.51%</u>	<u>86.54%</u>	<u>107.66%</u>

<sup>1</sup> Historical information is presented only for measurement periods after GASB 75 implementation in 2016-17.

**Notes to Schedule:**

Changes of assumptions: In 2020, the accounting discount rate decrease from 2.21 percent to 2.16 percent. In 2020, the accounting discount rate decreased from 3.50 percent to 2.21 percent. In 2019, the accounting discount rate increased from 3.87 percent to 3.50 percent. In 2018, the accounting discount rate increased from 3.58 percent to 3.87 percent. In 2017, the accounting discount rate increased from 2.85 percent to 3.58

Changes of benefit terms: There were no changes of benefit terms in 2020.

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Other Postemployment Benefits Plans**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**Governmental Activities Retiree Healthcare Plan**

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

<sup>1</sup> Historical information is presented only for measurement periods after GASB 75 implementation in 2016-17.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were derived from the June 30, 2020 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level % of pay
Amortization method	Level % of pay
Amortization period	17-year average remaining period for 2021/22
Asset valuation method	gains and
Discount rate	6.25%
General inflation	2.50%
Medical trend	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076. Medicare - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076.
Mortality	CalPERS 1997-2015 experience study.
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2020.

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Other Postemployment Benefits Plans (Continued)**  
**For the Year Ended June 30, 2022**

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**Last Ten Fiscal Years**

**Governmental Activities Retiree Healthcare Plan (Continued)**

	<u>2021-22</u>
Actuarially determined contribution	\$ 4,211,000
Contributions in relation to the actuarially determined contribution	<u>(2,286,676)</u>
Contribution deficiency (excess)	<u>\$ 1,924,324</u>
Covered payroll	\$ 24,154,486
Contributions as a percentage of covered payroll	9.47%

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Other Postemployment Benefits Plans (Continued)**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**GTrans Retiree Healthcare Plan**

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

<sup>1</sup> Historical information is presented only for measurement periods after GASB 75 implementation in 2016-17.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were derived from the June 30, 2020 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level % of pay
Amortization method	Level % of pay
Amortization period	17-year average remaining period for 2021/2
Asset valuation method	gains and
Discount rate	6.25%
General inflation	2.50%
Medical trend	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076. Medicare - 5.85% for 2021, decreasing to an ultimate rate of 3.75% in 2076.
Mortality	CalPERS 1997-2015 experience study.
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2020.

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Other Postemployment Benefits Plans (Continued)**  
**For the Year Ended June 30, 2022**

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Last Ten Fiscal Years

**GTrans Retiree Healthcare Plan (Continued)**

	<u>2021-22</u>
Actuarially determined contribution	\$ 899,000
Contributions in relation to	
the actuarially determined contribution	<u>(873,696)</u>
Contribution deficiency (excess)	<u>\$ 25,304</u>
Covered payroll	\$ 10,484,293
Contributions as a percentage of covered payroll	8.33%

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Other Postemployment Benefits Plans (Continued)**  
**For the Year Ended June 30, 2022**

**Last Ten Fiscal Years**

**Sewer Retiree Healthcare Plan**

	2016-17 <sup>1</sup>	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	\$ -	\$ -	\$ 25,000	\$ 26,000	\$ 46,000
Contributions in relation to the actuarially determined contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ 25,000	\$ 26,000	\$ 46,000
Covered payroll	N/A	\$ 388,821	\$ 482,665	\$ 515,111	\$ 497,972
Contributions as a percentage of covered payroll	N/A	N/A	0.00%	0.00%	0.00%

<sup>1</sup> Historical information is presented only for measurement periods after GASB 75 implementation in 2016-17.

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were derived from the June 30, 2020 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level % of pay
Amortization method	Level % of pay
Amortization period	17-year average remaining period for 2021/22
Asset valuation method	gains and
Discount rate	6.25%
General inflation	2.50%
Medical trend	Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076. Medicare - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076.
Mortality	CalPERS 1997-2015 experience study.
Mortality improvement	Post-retirement mortality projected fully generational with Scale MP-2020.

**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Other Postemployment Benefits Plans (Continued)**  
**For the Year Ended June 30, 2022**

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**Last Ten Fiscal Years**

**Sewer Retiree Healthcare Plan (Continued)**

	<u>2021-22</u>
Actuarially determined contribution	\$ 48,000
Contributions in relation to the actuarially determined contribution	<u>-</u>
Contribution deficiency (excess)	<u>\$ 48,000</u>
Covered payroll	\$ 386,578
Contributions as a percentage of covered payroll	0.00%



## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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## **SUPPLEMENTARY INFORMATION**

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## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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# NONMAJOR GOVERNMENTAL FUNDS

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***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 twenty-one 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. Two One grants 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. The Federal Emergency Management Agency ("FEMA") Coronavirus Pandemic Public Assistance Program provides support to meet emergency needs during the COVID-19 pandemic. The State Homeland Security Grant Program ("HSGP") provides funding to prevent terrorism and other catastrophic events and to prepare local governments for the threats and hazards that pose the greatest risk to the security of the community.

***Public Works Grants Special Revenue Fund*** - Represents thirteen 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 grants is received from Caltrans to implement programs that promote pedestrian friendly areas, job growth, and business retention along the Rosecrans corridor. The Measure 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 parks. The South Coast AQMD 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"). The Measure W fund is derived from Los Angeles County 2.5 cents parcel tax approved by voters in November 2018 to increase local water supply, improve water quality, and protect public health. This fund is use for Municipal Separate Storm Sewer System ("MS4") programs and projects.

***Human Services Grants Special Revenue Fund*** - Represents six 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 two Family Child Care grants are funded by the California Department of Education Social Services ("CDSS") 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.

***American Rescue Plan Special Revenue Fund*** - To account for revenues and activities for American Rescue Plan Act funding which was provided to fund additional relief for individuals and businesses affected by the coronavirus pandemic.

***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, 2022**

	Special Revenue Funds			
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture
<b>ASSETS</b>				
Cash and investments	\$ 598,999	\$ 3,402,625	\$ 3,208,903	\$ 769,662
Receivables:				
Accounts	-	-	295,725	-
Taxes	25,104	-	-	-
Prepaid items and deposits	-	-	4,818	-
Due from other governmental agencies	-	-	-	-
<b>Total assets</b>	<u>\$ 624,103</u>	<u>\$ 3,402,625</u>	<u>\$ 3,509,446</u>	<u>\$ 769,662</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 44,429	\$ -	\$ 39,186	\$ 17,783
Accrued liabilities	-	-	-	-
Salaries and benefits payable	-	1,604	4,676	-
Due to other funds	-	-	56,734	-
Retention payable	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<u>44,429</u>	<u>1,604</u>	<u>100,596</u>	<u>17,783</u>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Nonspendable	-	-	4,818	-
Restricted	579,674	3,401,021	3,404,032	751,879
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<u>579,674</u>	<u>3,401,021</u>	<u>3,408,850</u>	<u>751,879</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 624,103</u>	<u>\$ 3,402,625</u>	<u>\$ 3,509,446</u>	<u>\$ 769,662</u>

(Continued)

**City of Gardena**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue Funds			
	Public Safety Grants	Public Works Grants	Human Services Grants	Community Development Block Grant (CDBG)
<b>ASSETS</b>				
Cash and investments	\$ 520,887	\$ 3,555,951	\$ 154,646	\$ 113,806
Receivables:				
Accounts	777,937	-	2,870	35,495
Taxes	-	28	-	-
Prepaid items and deposits	12,500	19,498	4,232	-
Due from other governmental agencies	27,934	505,229	716,369	-
<b>Total assets</b>	<b>\$ 1,339,258</b>	<b>\$ 4,080,706</b>	<b>\$ 878,117</b>	<b>\$ 149,301</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 8,057	\$ 16,681	\$ 250,934	\$ 3,318
Accrued liabilities	-	-	70	-
Salaries and benefits payable	4,364	3,164	55,171	11,719
Due to other funds	791,153	485,152	137,416	23,968
Retention payable	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>803,574</b>	<b>504,997</b>	<b>443,591</b>	<b>39,005</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	707,787	362,746	6,371	34,278
<b>Total deferred inflows of resources</b>	<b>707,787</b>	<b>362,746</b>	<b>6,371</b>	<b>34,278</b>
<b>Fund Balances:</b>				
Nonspendable	12,500	19,498	4,232	-
Restricted	-	3,193,465	423,923	76,018
Unassigned (deficit)	(184,603)	-	-	-
<b>Total fund balances</b>	<b>(172,103)</b>	<b>3,212,963</b>	<b>428,155</b>	<b>76,018</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,339,258</b>	<b>\$ 4,080,706</b>	<b>\$ 878,117</b>	<b>\$ 149,301</b>

(Continued)

**City of Gardena**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	American Rescue Plan	City Capital Projects	
<b>ASSETS</b>			
Cash and investments	\$ 3,950,807	\$ 1,079,733	\$ 17,356,019
Receivables:			
Accounts	-	-	1,112,027
Taxes	-	-	25,132
Prepaid items and deposits	-	-	41,048
Due from other governmental agencies	-	-	1,249,532
<b>Total assets</b>	<b>\$ 3,950,807</b>	<b>\$ 1,079,733</b>	<b>\$ 19,783,758</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 740,225	\$ 1,120,613
Accrued liabilities	-	-	70
Salaries and benefits payable	-	-	80,698
Due to other funds	-	-	1,494,423
Retention payable	-	37,611	37,611
Unearned revenue	3,950,807	-	3,950,807
<b>Total liabilities</b>	<b>3,950,807</b>	<b>777,836</b>	<b>6,684,222</b>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	-	-	1,111,182
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,111,182</b>
<b>Fund Balances:</b>			
Nonspendable	-	-	41,048
Restricted	-	301,897	12,131,909
Unassigned (deficit)	-	-	(184,603)
<b>Total fund balances</b>	<b>-</b>	<b>301,897</b>	<b>11,988,354</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,950,807</b>	<b>\$ 1,079,733</b>	<b>\$ 19,783,758</b>

(Concluded)

**City of Gardena**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds			
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture
<b>REVENUES:</b>				
Taxes	\$ 764,029	\$ 1,276,438	\$ -	\$ -
Intergovernmental	-	-	2,685,713	29,046
Charges for services	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	2,071	10,598	9,718	2,490
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>766,100</b>	<b>1,287,036</b>	<b>2,695,431</b>	<b>31,536</b>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	9,405	-
Public safety	-	-	-	58,791
Public works	711,935	33,624	555,718	-
Recreation and human services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	10,388	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>722,323</b>	<b>33,624</b>	<b>565,123</b>	<b>58,791</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>43,777</b>	<b>1,253,412</b>	<b>2,130,308</b>	<b>(27,255)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets	-	-	-	6,125
Transfers in	-	-	-	-
Transfers out	(23,325)	(748,793)	(885,067)	-
<b>Total other financing sources (uses)</b>	<b>(23,325)</b>	<b>(748,793)</b>	<b>(885,067)</b>	<b>6,125</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>20,452</b>	<b>504,619</b>	<b>1,245,241</b>	<b>(21,130)</b>
<b>FUND BALANCES:</b>				
Beginning of year	559,222	2,896,402	2,163,609	773,009
End of year	<u>\$ 579,674</u>	<u>\$ 3,401,021</u>	<u>\$ 3,408,850</u>	<u>\$ 751,879</u>

(Continued)



**City of Gardena**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Funds			
	Public Safety Grants	Public Works Grants	Human Services Grants	Community Development Block Grant (CDBG)
<b>REVENUES:</b>				
Taxes	\$ -	\$ 2,119,860	\$ -	\$ -
Intergovernmental	317,529	1,120,714	4,100,185	1,346,667
Charges for services	-	43,258	-	-
Fines, forfeitures, and penalties	27,148	-	-	-
Use of money and property	1,538	14,605	1,462	135
Miscellaneous	-	324	35,249	-
<b>Total revenues</b>	<b>346,215</b>	<b>3,298,761</b>	<b>4,136,896</b>	<b>1,346,802</b>
<b>EXPENDITURES:</b>				
Current:				
General government	99,443	-	-	-
Public safety	313,705	-	-	-
Public works	1,765	473,972	-	-
Recreation and human services	6,422	12,682	3,988,295	-
Community development	12,861	-	-	401,683
Capital outlay	-	60,985	-	-
Debt service:				
Principal retirement	-	26,825	4,346	-
Interest and fiscal charges	-	4,893	397	-
<b>Total expenditures</b>	<b>434,196</b>	<b>579,357</b>	<b>3,993,038</b>	<b>401,683</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(87,981)</b>	<b>2,719,404</b>	<b>143,858</b>	<b>945,119</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of assets	-	-	-	-
Transfers in	331,302	12,772	177,852	-
Transfers out	-	(3,017,261)	-	-
<b>Total other financing sources (uses)</b>	<b>331,302</b>	<b>(3,004,489)</b>	<b>177,852</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>243,321</b>	<b>(285,085)</b>	<b>321,710</b>	<b>945,119</b>
<b>FUND BALANCES:</b>				
Beginning of year	(415,424)	3,498,048	106,445	(869,101)
End of year	\$ (172,103)	\$ 3,212,963	\$ 428,155	\$ 76,018

(Continued)

**City of Gardena**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	American Rescue Plan	City Capital Projects	
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ 4,160,327
Intergovernmental	3,552,584	-	13,152,438
Charges for services	-	-	43,258
Fines, forfeitures, and penalties	-	-	27,148
Use of money and property	-	-	42,617
Miscellaneous	-	-	35,573
<b>Total revenues</b>	<u>3,552,584</u>	<u>-</u>	<u>17,461,361</u>
<b>EXPENDITURES:</b>			
Current:			
General government	-	-	108,848
Public safety	-	-	372,496
Public works	-	-	1,777,014
Recreation and human services	-	-	4,007,399
Community development	-	-	414,544
Capital outlay	-	7,850,554	7,911,539
Debt service:			
Principal retirement	-	-	41,559
Interest and fiscal charges	-	-	5,290
<b>Total expenditures</b>	<u>-</u>	<u>7,850,554</u>	<u>14,638,689</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,552,584</u>	<u>(7,850,554)</u>	<u>2,822,672</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of assets	-	-	6,125
Transfers in	-	7,850,554	8,372,480
Transfers out	(3,552,584)	-	(8,227,030)
<b>Total other financing sources (uses)</b>	<u>(3,552,584)</u>	<u>7,850,554</u>	<u>151,575</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	2,974,247
<b>FUND BALANCES:</b>			
Beginning of year	-	301,897	9,014,107
End of year	<u>\$ -</u>	<u>\$ 301,897</u>	<u>\$ 11,988,354</u>

(Concluded)

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Consolidated Lighting District Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Taxes	\$ 778,181	\$ 778,181	\$ 764,029	\$ (14,152)
Use of money and property	2,500	2,500	2,071	(429)
<b>Total revenues</b>	<u>780,681</u>	<u>780,681</u>	<u>766,100</u>	<u>(14,581)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	716,831	716,831	711,935	4,896
Debt service:				
Principal retirement	13,850	13,850	10,388	3,462
<b>Total expenditures</b>	<u>730,681</u>	<u>730,681</u>	<u>722,323</u>	<u>8,358</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	50,000	50,000	43,777	(6,223)
<b>OTHER FINANCING USES:</b>				
Transfers out	(50,000)	(25,000)	(23,325)	1,675
<b>Total other financing uses</b>	<u>(50,000)</u>	<u>(25,000)</u>	<u>(23,325)</u>	<u>1,675</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 25,000</u>	20,452	<u>\$ (4,548)</u>
<b>FUND BALANCE:</b>				
Beginning of year			559,222	
End of year			<u>\$ 579,674</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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Taxes	\$ 1,020,743	\$ 1,020,743	\$ 1,276,438	\$ 255,695
Use of money and property	20,000	20,000	10,598	(9,402)
<b>Total revenues</b>	<u>1,040,743</u>	<u>1,040,743</u>	<u>1,287,036</u>	<u>246,293</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	34,103	34,103	33,624	479
<b>Total expenditures</b>	<u>34,103</u>	<u>34,103</u>	<u>33,624</u>	<u>479</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>1,006,640</u>	<u>1,006,640</u>	<u>1,253,412</u>	<u>246,772</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	(3,350,000)	(3,350,000)	(748,793)	2,601,207
<b>Total other financing uses</b>	<u>(3,350,000)</u>	<u>(3,350,000)</u>	<u>(748,793)</u>	<u>2,601,207</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,343,360)</u>	<u>\$ (2,343,360)</u>	504,619	<u>\$ 2,847,979</u>
<b>FUND BALANCE:</b>				
Beginning of year			2,896,402	
End of year			<u>\$ 3,401,021</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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ 2,818,386	\$ 2,818,386	\$ 2,685,713	\$ (132,673)
Use of money and property	22,500	22,500	9,718	(12,782)
<b>Total revenues</b>	<u>2,840,886</u>	<u>2,840,886</u>	<u>2,695,431</u>	<u>(145,455)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	14,468	14,468	9,405	5,063
Public works	281,503	281,503	555,718	(274,215)
<b>Total expenditures</b>	<u>295,971</u>	<u>295,971</u>	<u>565,123</u>	<u>(269,152)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>2,544,915</u>	<u>2,544,915</u>	<u>2,130,308</u>	<u>(414,607)</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	(3,992,047)	(4,042,047)	(885,067)	3,156,980
<b>Total other financing uses</b>	<u>(3,992,047)</u>	<u>(4,042,047)</u>	<u>(885,067)</u>	<u>3,156,980</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,447,132)</u>	<u>\$ (1,497,132)</u>	1,245,241	<u>\$ 2,742,373</u>
<b>FUND BALANCE:</b>				
Beginning of year			2,163,609	
End of year			<u>\$ 3,408,850</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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ 447,181	\$ 447,181	\$ 317,529	\$ (129,652)
Fines, forfeitures, and penalties	75,000	75,000	27,148	(47,852)
Use of money and property	1,500	1,500	1,538	38
<b>Total revenues</b>	<u>523,681</u>	<u>523,681</u>	<u>346,215</u>	<u>(177,466)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	99,443	(99,443)
Public safety	448,181	448,181	313,705	134,476
Public works	-	-	1,765	(1,765)
Recreation and human services	-	-	6,422	(6,422)
Community development	-	-	12,861	(12,861)
<b>Total expenditures</b>	<u>448,181</u>	<u>448,181</u>	<u>434,196</u>	<u>13,985</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>75,500</u>	<u>75,500</u>	<u>(87,981)</u>	<u>(163,481)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	331,302	331,302
Transfers out	<u>(75,500)</u>	<u>(75,500)</u>	<u>-</u>	<u>75,500</u>
<b>Total other financing (sources) uses</b>	<u>(75,500)</u>	<u>(75,500)</u>	<u>331,302</u>	<u>406,802</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>243,321</u>	<u>\$ 243,321</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>(415,424)</u>	
End of year			<u>\$ (172,103)</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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Taxes	\$ 1,683,087	\$ 1,683,087	\$ 2,119,860	\$ 436,773
Charges for services	-	-	43,258	43,258
Intergovernmental	6,182,760	6,182,760	1,120,714	(5,062,046)
Use of money and property	18,100	18,100	14,605	(3,495)
Miscellaneous	-	-	324	324
<b>Total revenues</b>	<u>7,883,947</u>	<u>7,883,947</u>	<u>3,298,761</u>	<u>(4,585,186)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	458,982	427,264	473,972	(46,708)
Recreation and human services	-	-	12,682	(12,682)
Capital outlay	77,000	77,000	60,985	16,015
Debt service:				
Principal retirement	-	26,825	26,825	-
Interest and fiscal charges	-	4,893	4,893	-
<b>Total expenditures</b>	<u>535,982</u>	<u>535,982</u>	<u>579,357</u>	<u>(43,375)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,347,965</u>	<u>7,347,965</u>	<u>2,719,404</u>	<u>(4,628,561)</u>
<b>OTHER FINANCING USES:</b>				
Transfers in	-	-	12,772	12,772
Transfers out	<u>(9,726,260)</u>	<u>(9,676,260)</u>	<u>(3,017,261)</u>	<u>6,658,999</u>
<b>Total other financing uses</b>	<u>(9,726,260)</u>	<u>(9,676,260)</u>	<u>(3,004,489)</u>	<u>6,671,771</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (2,378,295)</u>	<u>\$ (2,328,295)</u>	<u>(285,085)</u>	<u>\$ 2,043,210</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>3,498,048</u>	
End of year			<u>\$ 3,212,963</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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ 3,307,187	\$ 3,790,015	\$ 4,100,185	\$ 310,170
Use of money and property	4,000	4,000	1,462	(2,538)
Miscellaneous	93,500	58,500	35,249	(23,251)
<b>Total revenues</b>	<u>3,404,687</u>	<u>3,852,515</u>	<u>4,136,896</u>	<u>284,381</u>
<b>EXPENDITURES:</b>				
Current:				
Recreation and human services	3,459,724	3,902,809	3,988,295	(85,486)
Debt service:				
Principal retirement	-	4,346	4,346	-
Interest and fiscal charges	-	397	397	-
<b>Total expenditures</b>	<u>3,459,724</u>	<u>3,907,552</u>	<u>3,993,038</u>	<u>(85,486)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(55,037)</u>	<u>(55,037)</u>	<u>143,858</u>	<u>198,895</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	55,037	75,037	177,852	102,815
<b>Total other financing sources</b>	<u>55,037</u>	<u>75,037</u>	<u>177,852</u>	<u>102,815</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>321,710</u>	<u>\$ 301,710</u>
<b>FUND BALANCE:</b>				
Beginning of year			106,445	
End of year			<u>\$ 428,155</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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ 628,378	\$ 628,378	\$ 1,346,667	\$ 718,289
Use of money and property	-	-	135	135
<b>Total revenues</b>	<u>628,378</u>	<u>628,378</u>	<u>1,346,802</u>	<u>718,424</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	<u>628,378</u>	<u>628,378</u>	<u>401,683</u>	<u>226,695</u>
<b>Total expenditures</b>	<u>628,378</u>	<u>628,378</u>	<u>401,683</u>	<u>226,695</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	945,119	<u>\$ 945,119</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>(869,101)</u>	
End of year			<u>\$ 76,018</u>	

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**American Rescue Plan Special Revenue Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 7,501,031	\$ 3,552,584	\$ (3,948,447)
<b>Total revenues</b>	<u>-</u>	<u>7,501,031</u>	<u>3,552,584</u>	<u>(3,948,447)</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	-	(3,552,584)	(3,552,584)	-
<b>Total other financing uses</b>	<u>-</u>	<u>(3,552,584)</u>	<u>(3,552,584)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ 3,948,447</u>	-	<u>\$ (3,948,447)</u>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			<u>\$ -</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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>EXPENDITURES:</b>				
Capital outlay	\$ 21,608,953	\$ 23,131,484	\$ 7,850,554	\$ 15,280,930
<b>Total expenditures</b>	<u>21,608,953</u>	<u>23,131,484</u>	<u>7,850,554</u>	<u>15,280,930</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	21,608,953	19,631,484	7,850,554	(11,780,930)
<b>Total other financing sources</b>	<u>21,608,953</u>	<u>19,631,484</u>	<u>7,850,554</u>	<u>(11,780,930)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ -</u></u>	<u><u>\$ 3,500,000</u></u>	<u>-</u>	<u><u>\$ 3,500,000</u></u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>301,897</u>	
End of year			<u><u>\$ 301,897</u></u>	

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# CITY DEBT SERVICE FUNDS

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## **DEBT SERVICE FUNDS:**

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

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

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

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

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

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

***2021 Lease Revenue Bonds Fund*** - To account for the accumulated funds for the payment of interest and principal for the lease revenue bonds issued in 2021.

**City of Gardena**  
**Combining Statement of Net Position**  
**All Debt Service Funds**  
**June 30, 2022**

	2006 Refunding COPs, Series A	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	2017 Lease Financing Bonds
<b>ASSETS</b>				
Cash and investments with fiscal agents	\$ 1,775,363	\$ 213,672	\$ 5	\$ -
Prepaid items and deposits	-	1,148	1,102	285,848
<b>Total assets</b>	<u>\$ 1,775,363</u>	<u>\$ 214,820</u>	<u>\$ 1,107</u>	<u>\$ 285,848</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Due to other funds	\$ -	\$ 34,436	\$ 1,102	\$ 285,848
<b>Total liabilities</b>	<u>-</u>	<u>34,436</u>	<u>1,102</u>	<u>285,848</u>
<b>Fund Balances:</b>				
Nonspendable	-	1,148	1,102	-
Restricted	1,775,363	179,236	-	-
Unassigned	-	-	(1,097)	-
<b>Total fund balances</b>	<u>1,775,363</u>	<u>180,384</u>	<u>5</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,775,363</u>	<u>\$ 214,820</u>	<u>\$ 1,107</u>	<u>\$ 285,848</u>

**City of Gardena**  
**Combining Statement of Net Position (Continued)**  
**All Debt Service Funds**  
**June 30, 2022**

	2020 Taxable Pension Obligation Bonds	2021 Lease Obligation Bonds	Total
<b>ASSETS</b>			
Cash and investments with fiscal agents	\$ 24	\$ 11,447,465	\$ 13,436,529
Prepaid items and deposits	833	-	288,931
<b>Total assets</b>	<u>\$ 857</u>	<u>\$ 11,447,465</u>	<u>\$ 13,725,460</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Due to other funds	\$ -	\$ 50,864	\$ 372,250
<b>Total liabilities</b>	<u>-</u>	<u>50,864</u>	<u>372,250</u>
<b>Fund Balances:</b>			
Nonspendable	833	-	288,931
Restricted	24	11,396,601	13,065,376
Unassigned	<u>-</u>	<u>-</u>	<u>(1,097)</u>
<b>Total fund balances</b>	<u>857</u>	<u>11,396,601</u>	<u>13,353,210</u>
<b>Total liabilities and fund balances</b>	<u>\$ 857</u>	<u>\$ 11,447,465</u>	<u>\$ 13,725,460</u>

**City of Gardena**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**All Debt Service Funds**  
**For the Year Ended June 30, 2022**

	2006 Refunding COPs, Series A	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	2017 Lease Financing Bonds
<b>REVENUES:</b>				
Use of money and property	\$ 23,946	\$ 61	\$ 1	\$ -
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>23,946</u>	<u>61</u>	<u>1</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal retirement	585,000	115,000	65,000	280,000
Interest and fiscal charges	439,939	74,237	443,579	14,594
<b>Total expenditures</b>	<u>1,024,939</u>	<u>189,237</u>	<u>508,579</u>	<u>294,594</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,000,993)</u>	<u>(189,176)</u>	<u>(508,578)</u>	<u>(294,594)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,022,594	151,983	507,477	294,594
Transfers out	-	-	-	-
Issuance of debt	-	-	-	-
<b>Total other financing sources</b>	<u>1,022,594</u>	<u>151,983</u>	<u>507,477</u>	<u>294,594</u>
<b>CHANGES IN FUND BALANCES</b>	21,601	(37,193)	(1,101)	-
<b>NET POSITION:</b>				
Beginning of the year	<u>1,753,762</u>	<u>217,577</u>	<u>1,106</u>	<u>-</u>
End of the year	<u>\$ 1,775,363</u>	<u>\$ 180,384</u>	<u>\$ 5</u>	<u>\$ -</u>

**City of Gardena**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**All Debt Service Funds**  
**For the Year Ended June 30, 2022**

	2020 Taxable Pension Obligation Bonds	2021 Lease Revenue Bonds	Total
<b>REVENUES:</b>			
Use of money and property	\$ 2,723	\$ 4,363	\$ 31,094
Miscellaneous	4,653,993	-	4,653,993
<b>Total revenues</b>	4,656,716	4,363	4,685,087
<b>EXPENDITURES:</b>			
Debt service:			
Principal retirement	2,336,998	275,000	3,656,998
Interest and fiscal charges	2,321,361	573,827	3,867,537
<b>Total expenditures</b>	4,658,359	848,827	7,524,535
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(1,643)	(844,464)	(2,839,448)
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	2,500	606,216	2,585,364
Transfers out	-	(3,617,687)	(3,617,687)
Issuance of debt	-	15,252,536	15,252,536
<b>Total other financing sources</b>	2,500	12,241,065	14,220,213
<b>CHANGES IN FUND BALANCES</b>	857	11,396,601	11,380,765
<b>NET POSITION:</b>			
Beginning of the year	-	-	1,972,445
End of the year	\$ 857	\$ 11,396,601	\$ 13,353,210



**City of Gardena**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**2006 Refunding COPs, Series A Debt Service Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 23,946	\$ 23,946
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>23,946</u>	<u>23,946</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	585,000	585,000	585,000	-
Interest and fiscal charges	439,939	439,939	439,939	-
<b>Total expenditures</b>	<u>1,024,939</u>	<u>1,024,939</u>	<u>1,024,939</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,024,939)</u>	<u>(1,024,939)</u>	<u>(1,000,993)</u>	<u>23,946</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	1,024,939	1,024,939	1,022,594	(2,345)
<b>Total other financing sources</b>	<u>1,024,939</u>	<u>1,024,939</u>	<u>1,022,594</u>	<u>(2,345)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	21,601	<u>\$ 21,601</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,753,762</u>	
End of year			<u>\$ 1,775,363</u>	

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**2007 Refunding Revenue Bonds SBRPCA Debt Service Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 61	\$ 61
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>61</u>	<u>61</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	115,000	115,000	115,000	-
Interest and fiscal charges	<u>74,325</u>	<u>74,325</u>	<u>74,237</u>	<u>88</u>
<b>Total expenditures</b>	<u>189,325</u>	<u>189,325</u>	<u>189,237</u>	<u>88</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(189,325)</u>	<u>(189,325)</u>	<u>(189,176)</u>	<u>149</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>189,325</u>	<u>189,325</u>	<u>151,983</u>	<u>(37,342)</u>
<b>Total other financing sources</b>	<u>189,325</u>	<u>189,325</u>	<u>151,983</u>	<u>(37,342)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(37,193)</u>	<u>\$ (37,193)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>217,577</u>	
End of year			<u>\$ 180,384</u>	

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**2014 Taxable Lease Revenue Refunding Bonds Debt Service Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	65,000	65,000	65,000	-
Interest and fiscal charges	443,579	443,579	443,579	-
<b>Total expenditures</b>	<u>508,579</u>	<u>508,579</u>	<u>508,579</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(508,579)</u>	<u>(508,579)</u>	<u>(508,578)</u>	<u>1</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	508,579	508,579	507,477	(1,102)
<b>Total other financing sources</b>	<u>508,579</u>	<u>508,579</u>	<u>507,477</u>	<u>(1,102)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	(1,101)	<u>\$ (1,101)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,106</u>	
End of year			<u>\$ 5</u>	

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**2017 Lease Financing Bonds - Debt Service Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	\$ 280,000	\$ 280,000	\$ 280,000	\$ -
Interest and fiscal charges	14,594	14,594	14,594	-
<b>Total expenditures</b>	<u>294,594</u>	<u>294,594</u>	<u>294,594</u>	<u>-</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	294,594	294,594	294,594	-
<b>Total other financing sources</b>	<u>294,594</u>	<u>294,594</u>	<u>294,594</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			<u>\$ -</u>	

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**2020 Taxable Pension Obligation Bonds Debt Service Fund**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ 3,635	\$ 3,635	\$ 2,723	\$ (912)
Intra governmental reimbursements	4,671,983	4,671,983	4,653,993	(17,990)
<b>Total revenues</b>	<u>4,675,618</u>	<u>4,675,618</u>	<u>4,656,716</u>	<u>(18,902)</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	2,354,807	2,354,257	2,336,998	17,259
Interest and fiscal charges	2,320,811	2,321,361	2,321,361	-
<b>Total expenditures</b>	<u>4,675,618</u>	<u>4,675,618</u>	<u>4,658,359</u>	<u>17,259</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(1,643)</u>	<u>(1,643)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	2,500	2,500
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	857	<u>\$ 857</u>
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			<u>\$ 857</u>	

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**2021 Lease Revenue Bonds**  
**For the Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 4,363	\$ 4,363
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>4,363</u>	<u>4,363</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	-	275,000	275,000	-
Interest and fiscal charges	-	331,216	573,827	(242,611)
<b>Total expenditures</b>	<u>-</u>	<u>606,216</u>	<u>848,827</u>	<u>(242,611)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(606,216)</u>	<u>(844,464)</u>	<u>(238,248)</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	606,216	606,216	-
Transfers out	-	(1,227,625)	(3,617,687)	(2,390,062)
Issuance of debt	-	-	15,252,536	15,252,536
<b>Total other financing sources</b>	<u>-</u>	<u>(621,409)</u>	<u>12,241,065</u>	<u>12,862,474</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (1,227,625)</u>	<u>11,396,601</u>	<u>\$ 12,624,226</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>-</u>	
End of year			<u>\$ 11,396,601</u>	

## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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# INTERNAL SERVICE FUNDS

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

**Internal Service Funds include:**

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

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

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



## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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**City of Gardena**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2022**

	Liability Insurance	Workers' Compensation	Health Benefit	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 2,731,211	\$ 2,422,587	\$ 5,031,439	\$ 10,185,237
Accounts receivables	5,735	200,000	-	205,735
Prepaid items and deposits	310	2,146	-	2,456
<b>Total current assets</b>	<u>2,737,256</u>	<u>2,624,733</u>	<u>5,031,439</u>	<u>10,393,428</u>
<b>Total assets</b>	<u>2,737,256</u>	<u>2,624,733</u>	<u>5,031,439</u>	<u>10,393,428</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	245,927	6,861	-	252,788
Accrued liabilities	501,452	14,847	128,114	644,413
Claims payable - due within one year	821,695	10,991,715	663,854	12,477,264
<b>Total current liabilities</b>	<u>1,569,074</u>	<u>11,013,423</u>	<u>791,968</u>	<u>13,374,465</u>
<b>Noncurrent liabilities:</b>				
Claims payable - due in more than one year	2,128,018	2,198,343	-	4,326,361
<b>Total noncurrent liabilities</b>	<u>2,128,018</u>	<u>2,198,343</u>	<u>-</u>	<u>4,326,361</u>
<b>Total liabilities</b>	<u>3,697,092</u>	<u>13,211,766</u>	<u>791,968</u>	<u>17,700,826</u>
<b>NET POSITION</b>				
Unrestricted (deficit)	(959,836)	(10,587,033)	4,239,471	(7,307,398)
<b>Total net position</b>	<u>\$ (959,836)</u>	<u>\$ (10,587,033)</u>	<u>\$ 4,239,471</u>	<u>\$ (7,307,398)</u>

**City of Gardena**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Liability Insurance	Workers' Compensation	Health Benefit	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,050,303	\$ 1,000,769	\$ 8,861,950	\$ 10,913,022
Other	12,020	345,990	545,749	903,759
<b>Total operating revenues</b>	<u>1,062,323</u>	<u>1,346,759</u>	<u>9,407,699</u>	<u>11,816,781</u>
<b>OPERATING EXPENSES:</b>				
Insurance claims	5,178,113	6,260,687	2,672,921	14,111,721
General and administrative	768,610	465,943	4,795,081	6,029,634
Other operating expenses	34,313	34,701	104,162	173,176
<b>Total operating expenses</b>	<u>5,981,036</u>	<u>6,761,331</u>	<u>7,572,164</u>	<u>20,314,531</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(4,918,713)</u>	<u>(5,414,572)</u>	<u>1,835,535</u>	<u>(8,497,750)</u>
<b>NONOPERATING REVENUES:</b>				
Interest income	141	3,183	23,188	26,512
<b>Total nonoperating revenues</b>	<u>141</u>	<u>3,183</u>	<u>23,188</u>	<u>26,512</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(4,918,572)</u>	<u>(5,411,389)</u>	<u>1,858,723</u>	<u>(8,471,238)</u>
<b>TRANSFERS:</b>				
Transfers in	4,504,982	2,100,000	-	6,604,982
Transfers out	-	-	(1,604,982)	(1,604,982)
<b>Total transfers</b>	<u>4,504,982</u>	<u>2,100,000</u>	<u>(1,604,982)</u>	<u>5,000,000</u>
<b>CHANGES IN NET POSITION</b>	<u>(413,590)</u>	<u>(3,311,389)</u>	<u>253,741</u>	<u>(3,471,238)</u>
<b>NET POSITION:</b>				
Beginning of year	<u>(546,246)</u>	<u>(7,275,644)</u>	<u>3,985,730</u>	<u>(3,836,160)</u>
End of year	<u>\$ (959,836)</u>	<u>\$ (10,587,033)</u>	<u>\$ 4,239,471</u>	<u>\$ (7,307,398)</u>

**City of Gardena**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Liability Insurance	Workers' Compensation	Health Benefit	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from users	\$ 1,049,723	\$ 800,769	\$ 8,863,432	\$ 10,713,924
Receipts from claims recoveries	12,020	345,990	545,749	903,759
Payments for insurance claims	(3,481,300)	(1,736,215)	(2,695,055)	(7,912,570)
Payments to suppliers	(512,160)	(493,151)	(4,412,933)	(5,418,244)
<b>Net cash provided by (used in) operating activities</b>	<b>(2,931,717)</b>	<b>(1,082,607)</b>	<b>2,301,193</b>	<b>(1,713,131)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	4,504,982	2,100,000	-	6,604,982
Transfers to other funds	-	-	(1,604,982)	(1,604,982)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>4,504,982</b>	<b>2,100,000</b>	<b>(1,604,982)</b>	<b>5,000,000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	141	3,183	23,188	26,512
<b>Net cash provided by investing activities</b>	<b>141</b>	<b>3,183</b>	<b>23,188</b>	<b>26,512</b>
<b>Net change in cash and cash equivalents</b>	<b>1,573,406</b>	<b>1,020,576</b>	<b>719,399</b>	<b>3,313,381</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	1,157,805	1,402,011	4,312,040	6,871,856
End of year	<u>\$ 2,731,211</u>	<u>\$ 2,422,587</u>	<u>\$ 5,031,439</u>	<u>\$ 10,185,237</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (4,918,713)	\$ (5,414,572)	\$ 1,835,535	\$ (8,497,750)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase)decrease in accounts receivable	(580)	(200,000)	1,482	(199,098)
(Increase)decrease in prepaid items and deposits	-	-	376,540	376,540
Increase (decrease) in accounts payable	12,819	6,861	(1,824)	17,856
Increase (decrease) in accrued liabilities	277,944	632	127,289	405,865
Increase (decrease) in deposits payable	-	-	(15,695)	(15,695)
Increase (decrease) in claims payable	1,696,813	4,524,472	(22,134)	6,199,151
Total adjustment	1,986,996	4,331,965	465,658	6,784,619
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (2,931,717)</b>	<b>\$ (1,082,607)</b>	<b>\$ 2,301,193</b>	<b>\$ (1,713,131)</b>

## City of Gardena

*Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022*



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# STATISTICAL SECTION

**Fiscal Year 2021-22**



## STATISTICAL SECTION

Fiscal Year 2021-22



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# CITY OF GARDENA STATISTICAL SECTION

Fiscal Year 2021-22



This part of the City of Gardena's annual comprehensive 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<sup>(1)</sup>**  
**Last Ten Fiscal Years Ended June 30, 2022**  
**(accrual basis of accounting)**

	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18 <sup>(2)</sup>
Governmental Activities					
Net Investment in Capital Assets	\$40,126,502	\$28,550,313	\$30,055,713	\$47,404,733	\$27,748,135
Restricted for:					
Debt Service	1,617,913	1,681,507	1,708,162	1,669,313	1,916,945
Employment and Training Services	-	-	-	-	5,287
Law Enforcement	1,459,666	1,593,265	1,080,052	1,344,114	921,976
Local Street Improvements	10,385,580	9,329,940	7,956,523	7,130,678	6,060,770
Economic Development	6,914,470	5,783,794	4,393,701	5,306,507	6,006,024
Capital Projects	273,887	273,887	273,887	295,912	571,089
Other Purposes	1,014,200	662,807	689,290	657,424	633,275
Specific Projects and Programs	-	-	-	-	-
Total Restricted:	21,665,716	19,325,200	16,101,615	16,403,948	16,115,366
Unrestricted <sup>(2)</sup>	(95,499,040)	(114,185,399)	(126,640,099)	(131,787,090)	(107,886,487)
Total governmental activities net position	(\$33,706,822)	(\$66,309,886)	(\$80,482,771)	(\$67,978,409)	(\$64,022,986)
Business-type Activities					
Net Investment in Capital Assets	\$59,701,427	\$60,014,796	\$50,474,813	\$53,054,448	\$56,261,253
Unrestricted <sup>(2)</sup>	(33,216,568)	(34,052,901)	(32,350,671)	(29,646,082)	(27,969,730)
Total business-type activities net position	\$26,484,859	\$25,961,895	\$18,124,142	\$23,408,366	\$28,291,523
Primary Government					
Net Investment in Capital Assets	\$99,827,929	\$88,565,109	\$80,530,526	\$100,459,181	\$84,009,388
Restricted	21,665,716	19,325,200	16,101,615	16,403,948	16,115,366
Unrestricted <sup>(2)</sup>	(128,715,608)	(148,238,300)	(158,990,770)	(161,433,172)	(135,817,893)
Total Primary Government Net Position:	(\$7,221,963)	(\$40,347,991)	(\$62,358,629)	(\$44,570,043)	(\$35,693,139)

**NOTE:** <sup>(1)</sup> 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.

<sup>(2)</sup> 2017 balances were restated due to implementation of GASB 75

**City of Gardena**  
**Net Position by Component (Continued) <sup>(1)</sup>**  
**Last Ten Fiscal Years Ended June 30, 2022**  
**(accrual basis of accounting)**

	Fiscal Year				
	2016-17	2015-16	2014-15	2013-14	2012-13
Governmental Activities					
Net Investment in Capital Assets	\$28,138,906	\$27,897,717	\$26,430,711	\$21,675,303	\$22,478,931
Restricted for:					
Debt Service	1,924,432	2,679,363	2,965,697	3,471,506	3,458,249
Employment and Training Services	43,611	164,116	300,190	397,593	537,583
Law Enforcement	914,062	1,251,314	1,701,810	2,186,672	2,203,648
Local Street Improvements	6,205,701	7,072,378	7,930,518	7,049,906	6,020,275
Local Street Improvements	1,986,202	2,394,395	2,292,714	-	-
Economic Development	295,912	301,546	-	-	2,679,485
Other Purposes	651,830	289,859	447,605	478,453	389,852
Specific Projects and Programs	-	-	-	-	-
Total Restricted:	12,021,750	14,152,971	15,638,534	13,584,130	15,289,092
Unrestricted	(99,400,392)	(60,913,888)	(67,531,463)	(64,355,607)	(3,568,866)
Total governmental activities net position	<u>(\$59,239,736)</u>	<u>(\$18,863,200)</u>	<u>(\$25,462,218)</u>	<u>(\$29,096,174)</u>	<u>\$34,199,157</u>
Business-type Activities					
Net Investment in Capital Assets	\$60,150,166	\$62,151,750	\$67,684,810	\$70,809,060	\$75,906,094
Unrestricted	(27,390,162)	(21,068,543)	(18,107,410)	(15,654,544)	(1,617,195)
Total business-type activities net position	<u>\$32,760,004</u>	<u>\$41,083,207</u>	<u>\$49,577,400</u>	<u>\$55,154,516</u>	<u>\$74,288,899</u>
Primary Government					
Net Investment in Capital Assets	\$88,289,072	\$90,049,467	\$94,115,521	\$92,484,363	\$98,385,025
Restricted	12,021,750	14,152,971	15,638,534	13,584,130	15,289,092
Unrestricted	(126,790,554)	(81,982,431)	(85,638,873)	(79,990,151)	(5,186,061)
Total Primary Government Net Position:	<u>(\$26,479,732)</u>	<u>\$22,220,007</u>	<u>\$24,115,182</u>	<u>\$26,078,342</u>	<u>\$108,488,056</u>

**NOTE: <sup>(1)</sup>** 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, 2022**  
**(accrual basis of accounting)**

	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Expenses</b>					
Governmental Activities					
General Government	\$ 7,771,663	\$ 7,807,099	\$ 7,383,173	\$ 8,609,254	\$ 6,177,468
Public Safety	27,964,662	47,363,640	47,760,821	43,617,238	41,420,762
Public Works	11,239,762	8,516,393	10,958,845	11,717,321	7,120,106
Recreation and Human Services	7,566,226	6,766,739	6,600,989	6,395,004	9,742,993
Community Development	5,946,949	2,986,934	2,692,644	2,662,554	2,938,656
Interest and fiscal charges	3,888,463	2,532,013	1,156,041	1,191,118	1,241,054
Total governmental activities expenses:	64,377,725	75,972,818	76,552,513	74,192,489	68,641,039
Business-type Activities					
GTrans	27,966,497	29,535,221	31,024,629	28,646,739	27,804,739
Sewer	1,423,680	1,190,734	1,651,788	1,512,189	1,432,695
Total business-type activities expenses:	29,390,177	30,725,955	32,676,417	30,158,928	29,237,434
Total primary government expenses:	93,767,902	106,698,773	109,228,930	104,351,417	97,878,473
<b>Program Revenues</b>					
Governmental Activities					
Charges for services:					
General Government	8,769,328	5,333,187	4,072,004	4,107,289	3,864,795
Public Safety	1,236,057	1,240,360	1,338,121	1,862,764	1,312,945
Public Works	534,045	378,834	351,732	351,463	418,667
Recreation and Human Services	3,647,094	2,750,536	3,801,562	2,962,339	2,685,240
Community Development	3,139,836	2,499,553	2,246,297	1,687,652	1,724,501
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	4,081,043	14,663,306	3,351,864	3,142,207	3,719,048
Capital Grants and Contributions	2,511,878	3,017,989	1,621,611	2,037,030	2,002,799
Total governmental activities program revenues:	23,919,281	29,883,765	16,783,191	16,150,744	15,727,995
Business-type Activities					
Charges for services:					
GTrans	1,643,970	135,875	1,766,952	2,382,758	2,459,105
Sewer	2,610,910	2,685,365	2,323,753	2,016,346	1,790,296
Operating Grants and Contributions	22,018,364	20,725,314	21,277,188	20,612,788	19,855,368
Capital Grants and Contributions	3,915,704	14,856,026	1,962,998	1,086,741	576,031
Total business-type activities program revenues:	30,188,948	38,402,580	27,330,891	26,098,633	24,680,800
Total primary government revenues:	\$ 54,108,229	\$ 68,286,345	\$ 44,114,082	\$ 42,249,377	\$ 40,408,795

**City of Gardena**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years Ended June 30, 2022**  
**(accrual basis of accounting)**

	Fiscal Year				
	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Expenses</b>					
Governmental Activities					
General Government	\$ 5,848,247	\$ 5,730,664	\$ 6,239,825	\$ 11,808,280	\$ 11,534,998
Public Safety	38,700,824	36,304,203	35,912,110	32,551,301	31,266,838
Public Works	6,956,766	8,545,467	9,846,657	10,300,134	8,904,024
Recreation and Human Services	9,154,921	6,777,838	6,677,536	6,147,992	6,424,691
Community Development	2,796,216	2,538,835	2,675,341	7,470,002	2,153,815
Interest and fiscal charges	1,382,078	1,365,398	1,805,649	1,466,193	1,564,640
Total governmental activities expenses:	64,839,052	61,262,405	63,157,118	69,743,902	61,849,006
Business-type Activities					
GTrans	28,195,640	26,410,211	26,643,082	23,188,943	23,375,194
Sewer	1,760,303	1,046,864	1,021,131	849,779	862,965
Total business-type activities expenses:	29,955,943	27,457,075	27,664,213	24,038,722	24,238,159
Total primary government expenses:	94,794,995	88,719,480	90,821,331	93,782,624	86,087,165
<b>Program Revenues</b>					
Governmental Activities					
Charges for services:					
General Government	3,504,735	3,298,306	3,022,929	3,013,410	3,012,767
Public Safety	1,422,001	1,174,116	1,337,761	1,404,006	1,405,062
Public Works	615,289	513,495	340,541	384,600	291,644
Recreation and Human Services	2,979,625	2,315,212	2,238,445	2,092,788	1,998,540
Community Development	1,771,754	2,187,082	1,432,560	2,922,090	851,981
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	2,048,938	2,067,123	2,963,405	7,092,380	5,084,561
Capital Grants and Contributions	1,268,576	1,918,489	7,167,801	3,531,787	1,602,081
Total governmental activities program revenues:	13,610,918	13,473,823	18,503,442	20,441,061	14,246,636
Business-type Activities					
Charges for services:					
GTrans	2,482,516	2,685,573	3,346,233	3,434,257	3,410,708
Sewer	954,552	673,199	727,054	922,304	732,421
Operating Grants and Contributions	17,462,145	16,905,476	17,353,740	15,518,103	16,005,906
Capital Grants and Contributions	3,120,351	1,850,968	832,350	1,470,222	740,916
Total business-type activities program revenues:	24,019,564	22,115,216	22,259,377	21,344,886	20,889,951
Total primary government revenues:	\$ 37,630,482	\$ 35,589,039	\$ 40,762,819	\$ 41,785,947	\$ 35,136,587

**City of Gardena**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years Ended June 30, 2022**  
**(accrual basis of accounting)**

	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Net (expense)/revenue: <sup>(1)</sup></b>					
Governmental activities	\$ (40,458,444)	\$ (46,089,053)	\$ (59,769,322)	\$ (58,041,745)	\$ (52,913,044)
Business-type activities	798,771	7,676,625	(5,345,526)	(4,060,295)	(4,556,634)
Total net revenues (expenses):	<u>(39,659,673)</u>	<u>(38,412,428)</u>	<u>(65,114,848)</u>	<u>(62,102,040)</u>	<u>(57,469,678)</u>
<b>General Revenue and Other Changes in Net Position</b>					
Governmental activities					
Taxes:					
Property taxes	9,186,838	8,799,364	8,205,539	7,735,545	7,150,957
Sales tax	27,908,699	23,760,125	12,440,147	13,466,178	11,006,901
Business license	2,647,094	2,508,287	2,438,304	2,843,375	2,727,532
Utility user taxes	5,481,395	4,970,799	4,801,229	4,955,645	5,088,450
Franchise taxes	3,075,659	2,809,101	2,816,277	2,777,572	2,609,219
Card club taxes	10,544,947	3,999,147	4,874,457	8,101,583	8,071,001
Other taxes	4,626,009	3,764,716	3,920,393	4,354,725	3,985,315
Vehicle license - unrestricted	7,485,678	7,203,563	6,788,130	6,378,321	5,994,920
Investment income (loss)	(1,520,476)	(57,164)	1,036,057	1,061,732	158,902
Miscellaneous	3,281,484	2,730,183	690,353	1,384,272	1,134,729
Gain on sale of assets	-	(190,979)	(863,795)	10,622	201,560
Transfers	344,181	(35,204)	117,869	978,428	38,632
Total governmental activities	<u>73,061,508</u>	<u>60,261,938</u>	<u>47,264,960</u>	<u>54,047,998</u>	<u>48,168,118</u>
Business-type activities					
Investment income	68,374	125,924	162,760	155,566	124,243
Miscellaneous	-	-	-	-	2,542
Gain (loss) on sale of assets	-	-	16,411	-	-
Transfers	(344,181)	35,204	(117,869)	(978,428)	(38,632)
Total business-type activities:	<u>(275,807)</u>	<u>161,128</u>	<u>61,302</u>	<u>(822,862)</u>	<u>88,153</u>
Total primary government:	<u>72,785,701</u>	<u>60,423,066</u>	<u>47,326,262</u>	<u>53,225,136</u>	<u>48,256,271</u>
<b>Change in Net Position</b>					
Governmental activities	32,603,064	14,172,885	(12,504,362)	(3,993,747)	(4,744,926)
Business-type activities	<u>522,964</u>	<u>7,837,753</u>	<u>(5,284,224)</u>	<u>(4,883,157)</u>	<u>(4,468,481)</u>
Total primary government:	<u>\$ 33,126,028</u>	<u>\$ 22,010,638</u>	<u>\$ (17,788,586)</u>	<u>\$ (8,876,904)</u>	<u>\$ (9,213,407)</u>

- <sup>(1)</sup> 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.

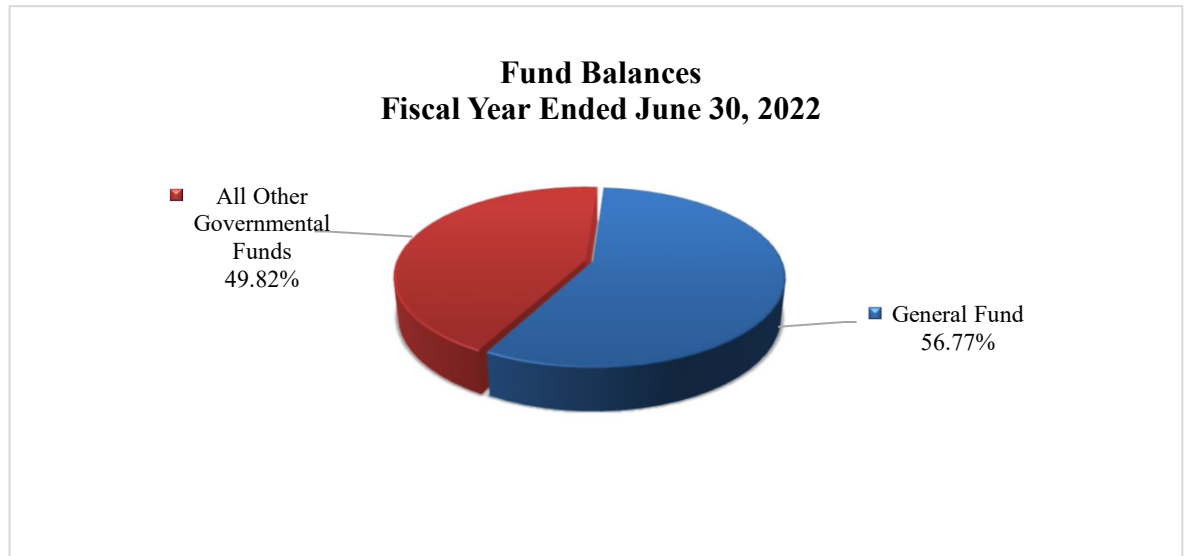
**City of Gardena**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years Ended June 30, 2022**  
**(accrual basis of accounting)**

	Fiscal Year				
	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Net (expense)/revenue: <sup>(1)</sup></b>					
Governmental activities	\$ (51,228,234)	\$ (47,788,582)	\$ (44,653,676)	\$ (49,302,841)	\$ (47,602,370)
Business-type activities	(5,936,379)	(5,341,859)	(5,404,836)	(2,693,836)	(3,348,208)
Total net revenues (expenses):	<u>(57,164,613)</u>	<u>(53,130,441)</u>	<u>(50,058,512)</u>	<u>(51,996,677)</u>	<u>(50,950,578)</u>
<b>General Revenue and Other Changes in Net Position</b>					
Governmental activities					
Taxes:					
Property taxes	7,130,426	6,729,849	6,402,520	6,192,249	5,924,450
Sales tax	11,204,697	11,227,326	9,965,476	9,472,341	9,093,802
Business license	2,606,279	2,536,438	2,547,148	2,218,097	2,224,694
Utility user taxes	5,147,736	5,212,410	5,335,375	5,383,285	5,224,829
Franchise taxes	2,440,108	2,534,820	2,417,342	2,351,576	2,311,421
Card club taxes	8,975,991	9,057,202	9,517,550	9,467,078	8,394,406
Other taxes	3,855,705	3,479,372	3,136,222	2,965,176	2,773,929
Vehicle license - unrestricted	5,677,909	5,445,385	5,166,984	4,958,745	4,792,063
Investment income (loss)	129,187	499,279	248,773	270,187	163,025
Miscellaneous	2,261,772	2,566,919	3,329,396	2,643,424	2,419,479
Gain on sale of assets	883,201	1,877,151	-	-	-
Transfers	9,898	3,221,449	200,846	408,925	1,397,691
Total governmental activities	<u>50,322,909</u>	<u>54,387,600</u>	<u>48,267,632</u>	<u>46,331,083</u>	<u>44,719,789</u>
Business-type activities					
Investment income	77,618	55,492	24,196	11,333	33,606
Miscellaneous	18,512	13,623	4,370	2,733	(45,366)
Gain (loss) on sale of assets	-	-	-	(2,600,806)	-
Transfers	(9,898)	(3,221,449)	(200,846)	(408,925)	(1,397,691)
Total business-type activities:	<u>86,232</u>	<u>(3,152,334)</u>	<u>(172,280)</u>	<u>(2,995,665)</u>	<u>(1,409,451)</u>
Total primary government:	<u>50,409,141</u>	<u>51,235,266</u>	<u>48,095,352</u>	<u>43,335,418</u>	<u>43,310,338</u>
<b>Change in Net Position</b>					
Governmental activities	(905,325)	6,599,018	3,613,956	(2,971,758)	(2,882,581)
Business-type activities	<u>(5,850,147)</u>	<u>(8,494,193)</u>	<u>(5,577,116)</u>	<u>(5,689,501)</u>	<u>(4,757,659)</u>
Total primary government:	<u>\$ (6,755,472)</u>	<u>\$ (1,895,175)</u>	<u>\$ (1,963,160)</u>	<u>\$ (8,661,259)</u>	<u>\$ (7,640,240)</u>

- <sup>(1)</sup> 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, 2022**  
**(modified accrual basis of accounting)**

		Fiscal Year				
		2021-22	2020-21	2019-20	2018-19	2017-18
General Fund						
Nonspendable	(1)	\$ 352,425	\$ 1,214,022	\$ 302,361	\$ 333,803	\$ 385,931
Restricted	(1)	-	-	-	-	5,287
Committed	(1)	26,936,620	18,697,703	7,310,676	13,287,448	19,315,675
Assigned	(1)	14,236,728	8,670,503	2,848,416	2,622,256	3,609,547
Unassigned	(1)	300,001	200,000	173,122	271,377	200,000
Total General Fund:		<u>\$41,825,774</u>	<u>\$28,782,228</u>	<u>\$10,634,575</u>	<u>\$16,514,884</u>	<u>\$23,516,440</u>
All Other Governmental Funds						
Nonspendable	(1)	\$ 329,979	\$ 342,428	\$ 350,432	\$ 308,741	\$ 16,769,655
Restricted	(1)	31,699,951	16,660,769	15,682,481	16,089,466	-
Committed	(1)	-	-	-	-	-
Assigned	(1)	-	-	-	-	-
Unassigned	(1)	(185,700)	(1,298,092)	(81,218)	-	-
Total all other governmental funds:		<u>\$31,844,230</u>	<u>\$15,705,105</u>	<u>\$15,951,695</u>	<u>\$16,398,207</u>	<u>\$16,769,655</u>



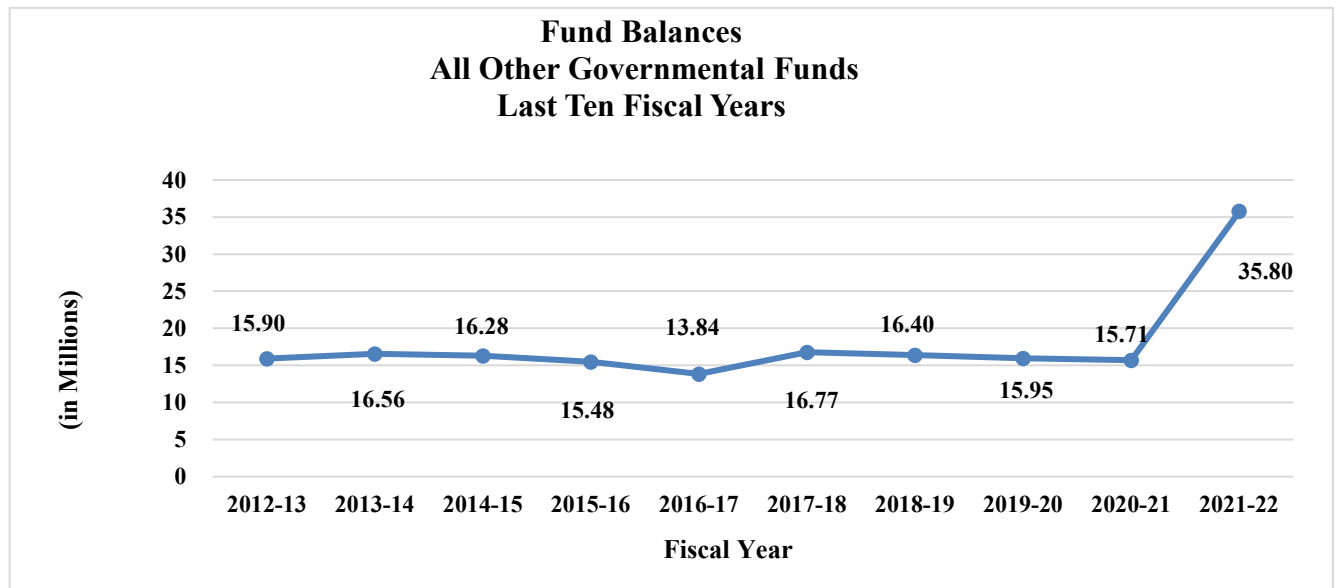
NOTES:

(1) New reporting requirements per GASB 54.

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

**City of Gardena**  
**Fund Balances of Governmental Funds (Continued)**  
**Last Ten Fiscal Years Ended June 30, 2022**  
**(modified accrual basis of accounting)**

		Fiscal Year				
		2016-17	2015-16	2014-15	2013-14	2012-13
General Fund						
Nonspendable	(1)	\$ 294,133	\$ 189,819	\$ 179,244	\$ 181,457	\$ 198,145
Restricted	(1)	43,611	164,116	327,752	57,980	56,014
Committed	(1)	19,413,135	17,542,367	7,274,423	7,274,423	6,825,301
Assigned	(1)	3,936,266	2,773,686	7,579,856	4,357,472	2,906,950
Unassigned	(1)	200,000	200,000	400,362	238,582	274,236
Total General Fund:		<u>\$23,887,145</u>	<u>\$20,869,988</u>	<u>\$15,761,637</u>	<u>\$12,109,914</u>	<u>\$10,260,646</u>
All Other Governmental Funds						
Nonspendable	(1)	\$ -	\$ -	\$ 4,734	\$ -	\$ 8,990
Restricted	(1)	10,073,376	11,726,127	13,048,054	13,526,150	15,233,078
Committed	(1)	3,765,323	3,776,154	3,051,323	2,658,379	-
Assigned	(1)	-	(20,809)	179,079	377,900	654,243
Assigned	(1)	-	-	-	-	-
Total all other governmental funds:		<u>\$13,838,699</u>	<u>\$15,481,472</u>	<u>\$16,283,190</u>	<u>\$16,562,429</u>	<u>\$15,896,311</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, 2022**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2021-22	2020-21 <sup>(2)</sup>	2019-20	2018-19	2017-18
<b>Revenues:</b>					
Taxes	\$70,663,462	\$57,968,745	\$46,128,710	\$50,827,680	\$47,527,518
Licenses and permits	2,900,062	2,389,538	1,646,059	1,735,711	1,694,670
Use of money and property	(1,517,780)	(56,416)	1,036,059	1,061,734	158,902
Intergovernmental	13,689,853	16,142,006	7,157,208	7,409,245	6,201,645
Fines, forfeitures, and penalties	3,660,686	3,168,468	1,112,890	2,261,549	1,124,079
Charges for services	5,448,044	5,188,250	6,142,402	5,270,787	5,070,020
Miscellaneous	5,245,065	1,664,391	831,773	892,283	1,197,011
Total Revenues:	100,089,392	86,464,982	64,055,101	69,458,989	62,973,845
<b>Expenditures:</b>					
Current:					
General government	5,296,661	5,325,270	6,576,421	6,004,196	5,025,047
Public safety	41,545,473	37,558,085	41,295,066	45,783,773	37,851,314
Public works	7,868,811	6,776,073	8,372,502	8,058,427	4,012,134
Recreation and Human resources	7,318,062	6,232,436	6,155,882	6,138,238	9,194,054
Community development	3,061,632	2,789,072	2,474,928	2,382,263	2,734,299
Capital outlay	8,929,107	5,199,699	3,636,782	6,127,264	3,794,206
Debt service:					
Principal	3,850,985	1,173,158	967,696	902,804	627,898
Interest and fiscal charges	3,899,642	2,340,735	1,155,814	1,198,262	1,227,659
Total Expenditures:	81,770,373	67,394,528	70,635,091	76,595,227	64,466,611
Excess of Revenues over (under) Expenditures	18,319,019	19,070,454	(6,579,990)	(7,136,238)	(1,492,766)
<b>Other Financing Sources (Uses):</b>					
Proceeds of long-term debt	-	-	-	-	-
Proceeds from sale of assets	127,623	3,492	46,241	16,413	423,735
Proceeds from debt issuance	15,391,848	79,193,585	-	-	-
Issuance of capital leases	-	-	-	-	-
Contribution to pension trust	-	(78,731,264)	-	-	-
Issuance of new debt	-	-	-	-	-
Issuance discount	-	-	-	-	-
Issuance of loans	-	-	86,223	86,223	86,223
Transfers in	16,400,118	12,724,862	7,476,706	9,013,583	6,747,282
Transfers out	(21,055,937)	(14,360,066)	(7,356,001)	(8,350,155)	(6,708,650)
Total Other Financing Sources (Uses):	10,863,652	(1,169,391)	253,169	766,064	548,590
Net change in fund balances	\$29,182,671	\$17,901,063	(\$6,326,821)	(\$6,370,174)	(\$944,176)
Debt service as a percentage of noncapital expenditures: <sup>(1)</sup>	9.66%	5.21%	3.14%	2.87%	3.03%

NOTE:

<sup>(1)</sup> Ratio is calculated by dividing total debt service expenditures by total non-capital expenditures

(difference between total expenditures and capitalized capital outlay expenditures)

<sup>(2)</sup> 2021 cost of bond issuance was reclassified into interest and fiscal charges from other financing uses.

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, 2022**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2016-17	2015-16	2014-15	2013-14	2012-13
<b>Revenues:</b>					
Taxes	\$46,847,209	\$46,222,802	\$44,488,617	\$43,008,547	\$40,739,594
Licenses and permits	1,800,752	1,521,379	1,109,169	1,023,180	915,614
Use of money and property	129,186	499,278	248,773	270,187	163,025
Intergovernmental	5,549,872	5,705,627	11,575,383	11,983,118	7,917,316
Fines, forfeitures, and penalties	1,102,235	1,794,049	1,433,758	1,226,243	1,629,217
Charges for services	5,155,573	4,545,874	4,208,616	4,146,210	4,087,263
Miscellaneous	2,944,050	1,807,155	3,141,148	2,754,989	2,116,705
Total Revenues:	63,528,877	62,096,164	66,205,464	64,412,474	57,568,734
<b>Expenditures:</b>					
Current:					
General government	4,914,416	4,886,467	5,108,064	4,938,101	6,256,927
Public safety	36,977,198	34,674,068	32,542,544	32,069,172	30,007,184
Public works	4,064,485	5,584,816	5,352,388	5,395,817	5,145,179
Recreation and Human resources	8,631,034	6,498,830	6,135,402	6,086,777	6,161,518
Community development	2,757,861	2,533,734	2,594,007	7,499,226	2,119,111
Capital outlay	3,349,481	8,332,649	8,064,783	6,075,302	5,806,502
Debt service:					
Principal	2,703,105	754,158	9,228,535	844,172	645,065
Interest and fiscal charges	1,431,641	1,369,936	2,029,383	1,482,716	1,518,953
Total Expenditures:	64,829,221	64,634,658	71,055,106	64,391,283	57,660,439
Excess of Revenues over (under) Expenditures	(1,300,344)	(2,538,494)	(4,849,642)	21,191	(91,705)
<b>Other Financing Sources (Uses):</b>					
Proceeds of long-term debt	-	-	-	2,521,577	-
Proceeds from sale of property	1,024,538	4,990,156	-	-	-
Proceeds from debt issuance	-	-	-	-	-
Issuance of capital leases	-	-	-	201,829	-
Contribution to pension trust	-	-	-	-	-
Issuance of new debt	1,635,000	-	9,110,000	-	-
Issuance discount	-	-	(297,460)	-	-
Issuance of loans	86,223	311,026	408,740	-	-
Transfers in	6,487,933	11,143,623	10,368,953	7,765,591	7,379,793
Transfers out	(6,558,966)	(9,599,678)	(11,368,107)	(7,994,802)	(6,382,102)
Total Other Financing Sources (Uses):	2,674,728	6,845,127	8,222,126	2,494,195	997,691
Net change in fund balances	\$1,374,384	\$4,306,633	\$3,372,484	\$2,515,386	\$905,986
Debt service as a percentage of noncapital expenditures: <sup>(1)</sup>	6.64%	3.51%	17.16%	3.81%	4.00%

NOTE:

<sup>(1)</sup> Ratio is calculated by dividing total debt service expenditures by total non-capital expenditures (difference between total expenditures and capitalized capital outlay expenditures)

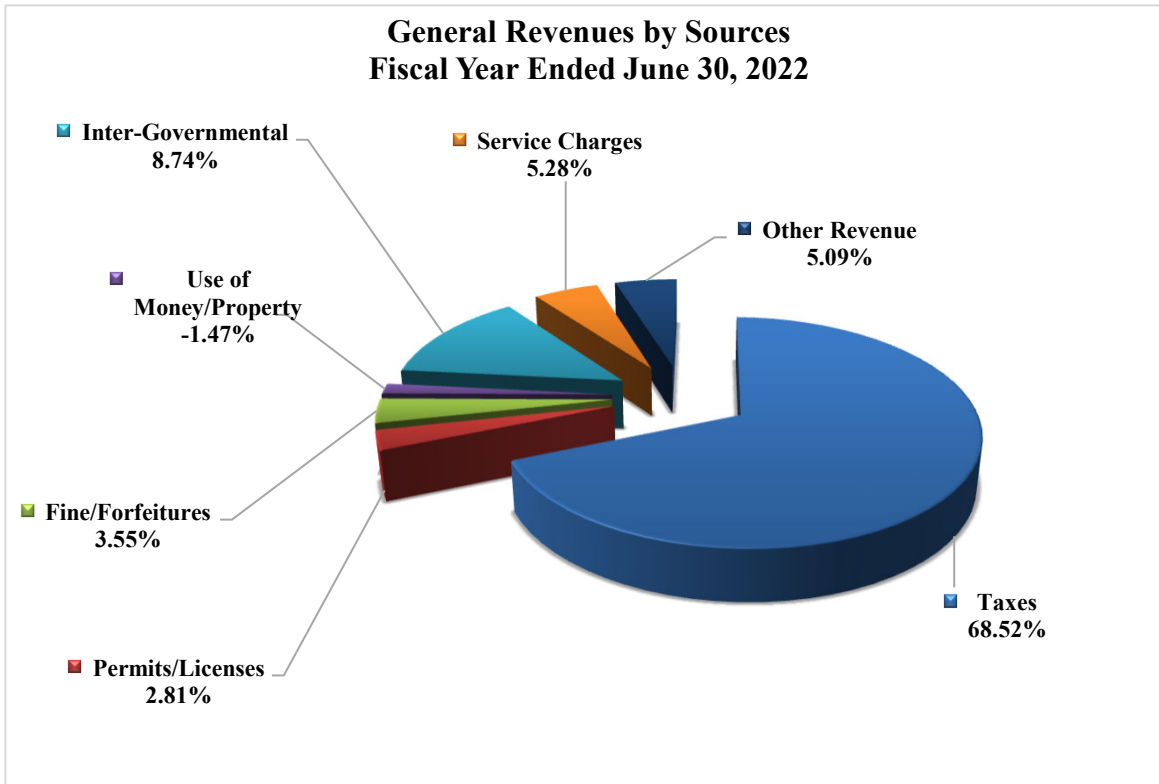
Source: City of Gardena, Administrative Services Department - Finance Division

# City of Gardena

## Governmental Revenues By Sources

### Last Ten Fiscal Years

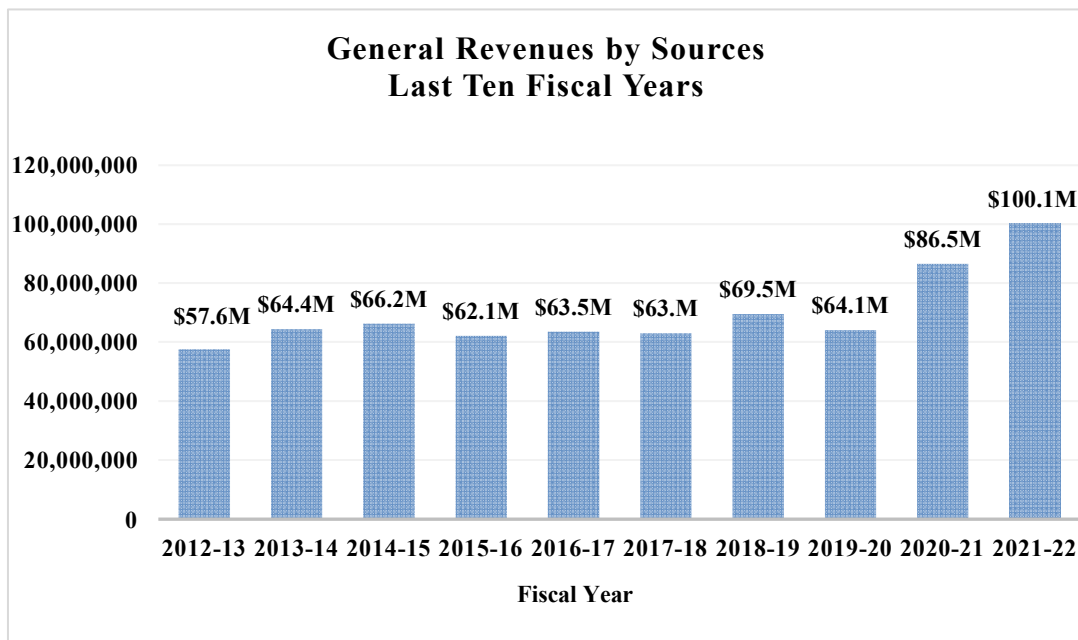
Fiscal Year	Taxes	Permits, Licenses and Fees	Fines and Forfeitures	Uses of Money and Property
2012-13	\$ 40,739,594	\$ 915,614	\$ 1,629,217	\$ 163,025
2013-14	43,008,547	1,023,180	1,226,243	270,187
2014-15	44,488,617	1,109,169	1,433,758	248,773
2015-16	46,222,802	1,521,379	1,794,049	499,278
2016-17	46,847,209	1,800,752	1,102,235	129,186
2017-18	47,527,518	1,694,670	1,124,079	158,902
2018-19	50,827,680	1,735,711	2,261,549	1,061,734
2019-20	46,128,710	1,646,059	1,112,890	1,036,059
2020-21	57,968,745	2,389,538	3,168,468	(56,416)
2021-22	70,663,462	2,900,062	3,660,686	(1,517,780)



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

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

<b>Fiscal Year</b>	<b>Inter-Governmental</b>	<b>Charges for Services</b>	<b>Other Revenues</b>	<b>Total</b>
2012-13	\$ 7,917,316	\$ 4,087,263	\$ 2,116,705	\$ 57,568,734
2013-14	11,983,118	4,146,210	2,754,989	64,412,474
2014-15	11,575,383	4,208,616	3,141,148	66,205,464
2015-16	5,705,627	4,545,874	1,807,155	62,096,164
2016-17	5,549,872	5,155,573	2,944,050	63,528,877
2017-18	6,201,645	5,070,020	1,197,011	62,973,845
2018-19	7,409,245	5,270,787	892,283	69,458,989
2019-20	7,157,208	6,142,402	831,773	64,055,101
2020-21	16,142,006	5,188,250	1,664,391	86,464,982
2021-22	13,689,853	5,448,044	5,245,065	100,089,392



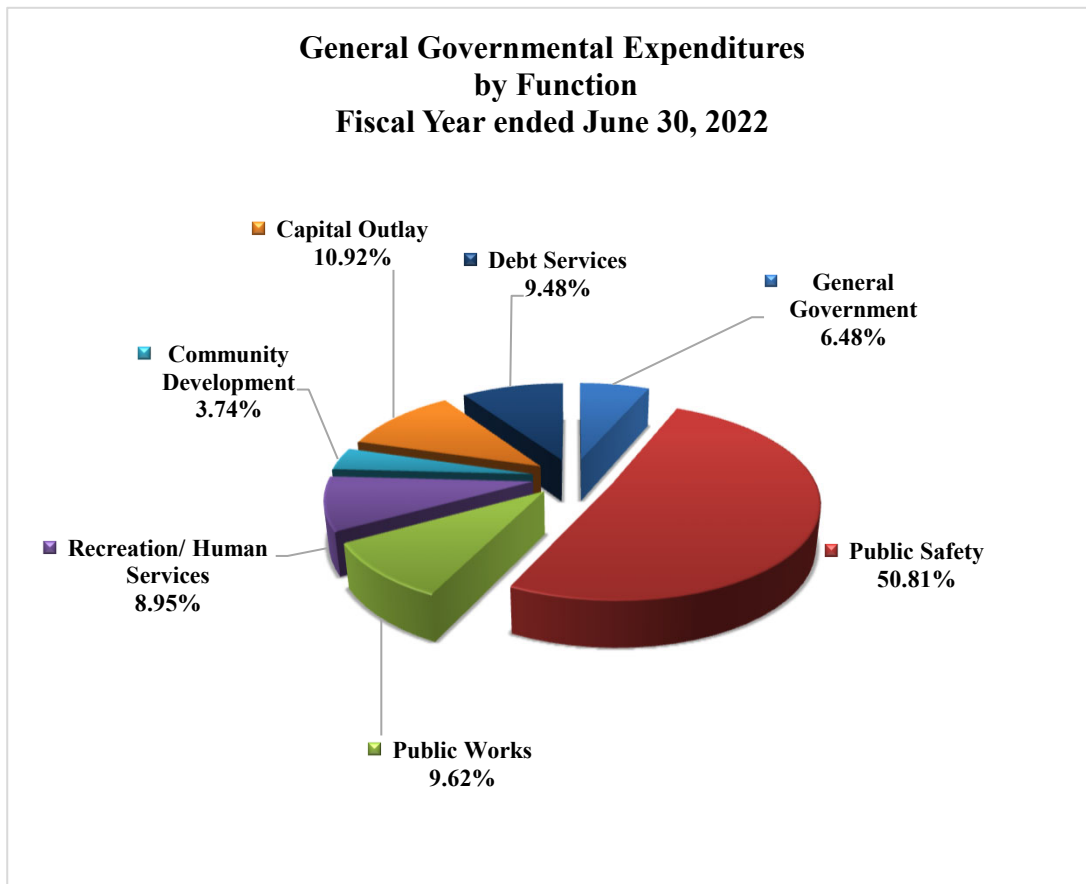
Source: City of Gardena, Administrative Services Department - Finance Division

# City of Gardena

## General Governmental Expenditures By Function

### Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Recreation and Human Services
2012-13	\$ 6,256,927	\$ 30,007,184	\$ 5,145,179	\$ 6,161,518
2013-14	4,938,101	32,069,172	5,395,817	6,086,777
2014-15	5,108,064	32,542,544	5,352,388	6,135,402
2015-16	4,886,467	34,674,068	5,584,816	6,498,830
2016-17	4,914,416	36,977,198	4,064,485	8,631,034
2017-18	5,025,047	37,851,314	4,012,134	9,194,054
2018-19	6,004,196	45,783,773	8,058,427	6,138,238
2019-20	6,576,421	41,295,066	8,372,502	6,155,882
2020-21 <sup>(2)</sup>	5,325,270	37,558,085	6,776,073	6,232,436
2021-22	5,296,661	41,545,473	7,868,811	7,318,062



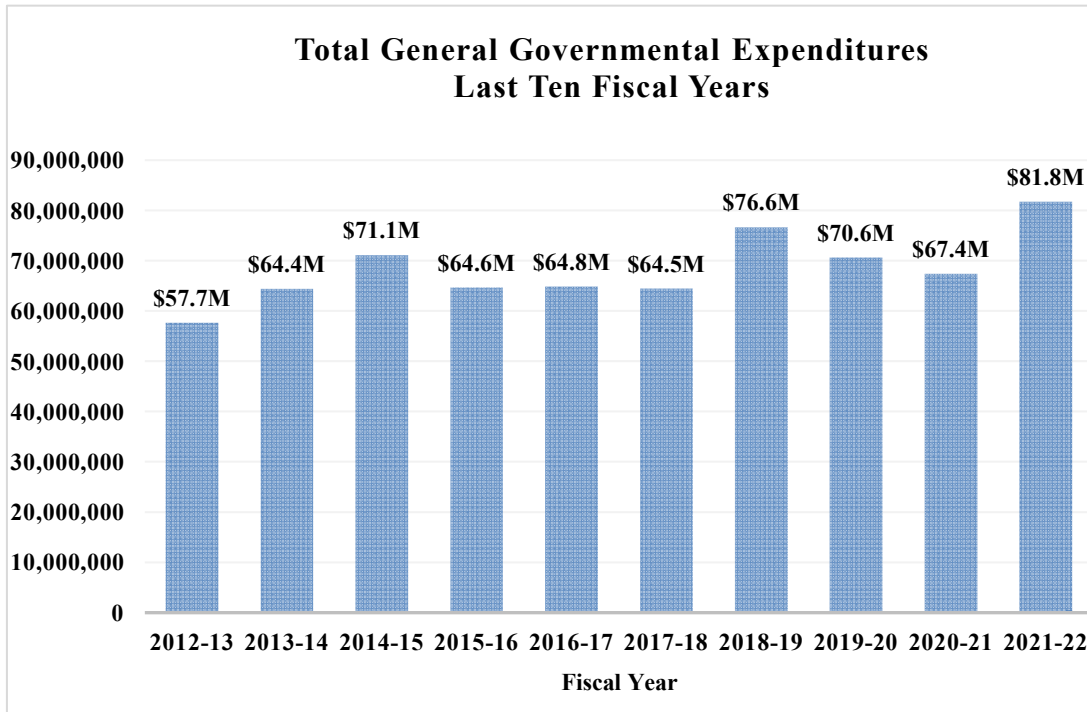
Note: These figures include all governmental fund types and exclude other financing sources (uses).  
(General, Special Revenue, Capital Projects and Debt Service Funds)

- <sup>(1)</sup> These figures include Lease/Bonds, Payments for Debt Services and excluding Cost of bonds issuance and escrow payments.
- <sup>(1)</sup> 2021 cost of bond issuance was reclassified into debt service from other financing uses.

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

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

<b>Fiscal Year</b>	<b>Community Development</b>	<b>Capital Outlay</b>	<b>Debt Service <sup>(1)(2)</sup></b>	<b>Total</b>
2012-13	\$ 2,119,111	\$ 5,806,502	\$ 2,164,018	\$ 57,660,439
2013-14	7,499,226	6,075,302	2,326,888	64,391,283
2014-15	2,594,007	8,064,783	11,257,918	71,055,106
2015-16	2,533,734	8,332,649	2,124,094	64,634,658
2016-17	2,757,861	3,349,481	4,134,746	64,829,221
2017-18	2,734,299	3,794,206	1,855,557	64,466,611
2018-19	2,382,263	6,127,264	2,101,066	76,595,227
2019-20	2,474,928	3,636,782	2,123,510	70,635,091
2020-21	2,789,072	5,199,699	3,513,803	67,394,438
2021-22	3,061,632	8,929,107	7,750,627	81,770,373



Note: These figures include all governmental fund types and exclude other financing sources (uses).  
 (General, Special Revenue, Capital Projects and Debt Service Funds)  
<sup>(1)</sup> These figures include Lease/Bonds, Payments for Debt Services and excluding Cost of bonds issuance and escrow payments.

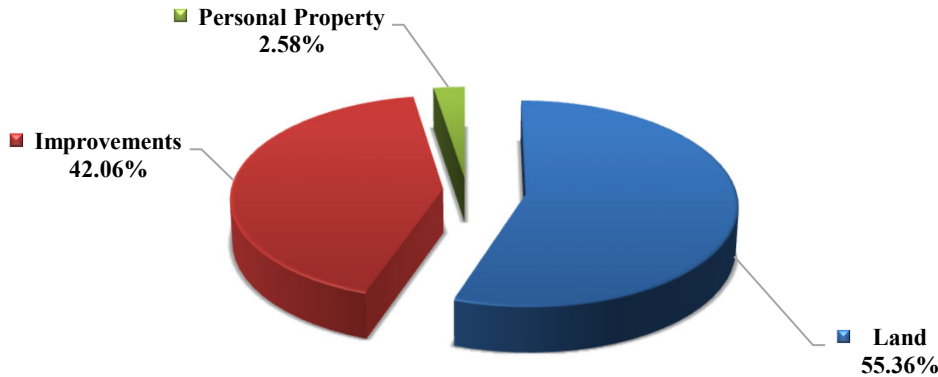
Source: City of Gardena, Administrative Services Department - Finance Division

# City of Gardena

## Assessed Valuation <sup>(1)</sup> 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
2012-13	\$ 3,447,381	\$ 500	\$ -	\$ 3,447,881	\$2,523,336,461	\$ 2,007,313,501	\$ 19,615,465	\$ (100,457,741)	\$ 4,449,807,686
2013-14	3,447,381	500	0	3,447,881	2,610,426,775	2,096,160,323	20,014,837	(93,299,293)	4,633,302,642
2014-15	3,447,381	500	0	3,447,881	2,733,522,040	2,198,829,256	21,125,783	(101,657,690)	4,851,819,389
2015-16	256,548	500	0	257,048	2,901,287,675	2,302,898,593	21,733,418	(100,791,312)	5,125,128,374
2016-17	256,548	500	0	257,048	3,059,313,278	2,408,565,245	21,982,639	(101,483,543)	5,388,377,619
2017-18	256,548	500	0	257,048	3,259,570,366	2,534,031,367	22,671,336	(97,785,800)	5,718,487,269
2018-19	256,548	500	0	257,048	3,514,987,541	2,674,639,058	22,263,329	(106,481,118)	6,105,408,810
2019-20	256,548	500	0	257,048	3,745,803,302	2,836,862,048	22,530,962	(99,222,153)	6,505,974,159
2020-21	379,899	4,167	0	384,066	4,005,949,237	3,004,367,152	24,551,498	(105,940,809)	6,928,927,078
2021-22	213,049	0	0	213,049	4,213,320,667	3,080,008,549	27,201,792	(100,843,365)	7,219,687,643

**Assessed Valuation by Categories  
(Total Secured and Unsecured)  
Fiscal Year Ended June 30, 2022**



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.

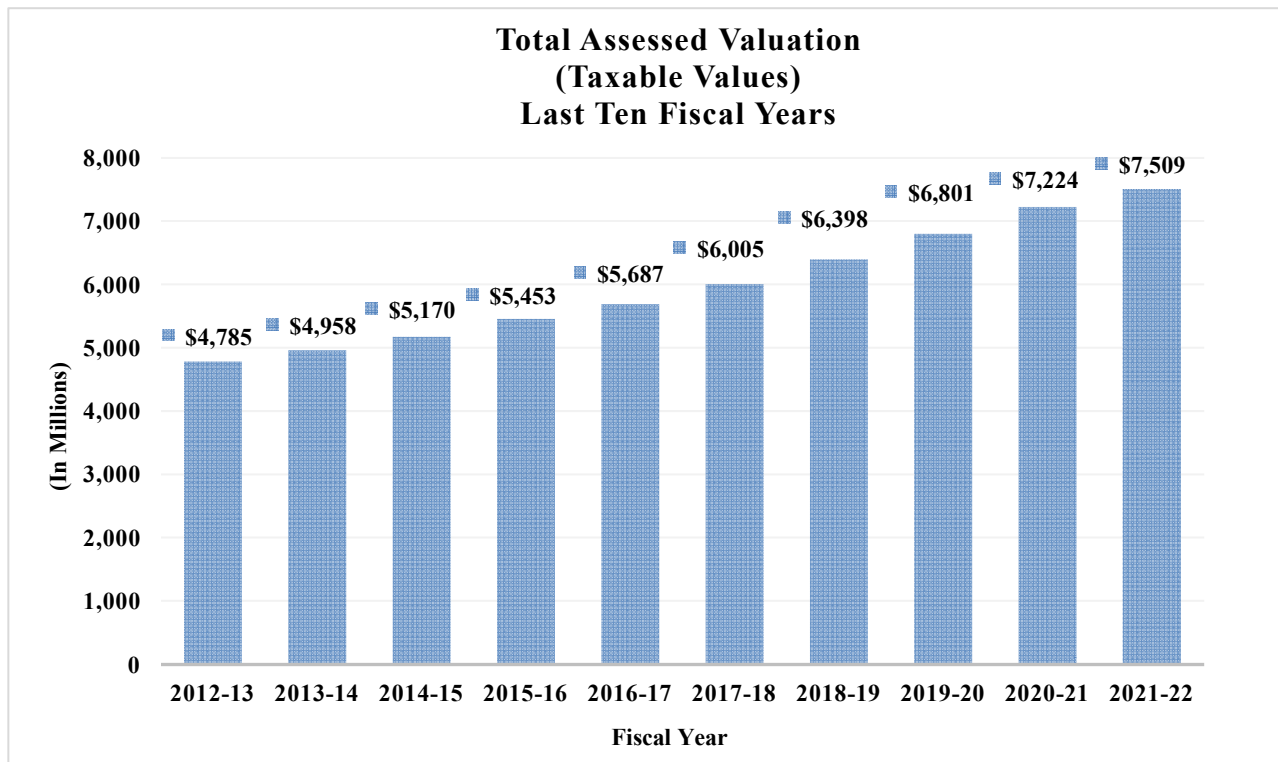
Source: <sup>(1)</sup> L.A. County Assessor 2021/22 Combined Tax Rolls  
<sup>(2)</sup> Hdl Coren & Cone.

# City of Gardena

## Assessed Valuation <sup>(1)</sup> 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 <sup>(2)</sup>	Home- Owner Property Tax Relief
	Improve- ments	Personal Property	Other Exemptions	Total					
2012-13	\$ 151,830,307	\$ 179,827,045	\$ (100,604)	\$ 331,556,748	\$4,885,370,660	\$ 4,784,812,315	1.50%	0.11875%	\$ 50,719,063
2013-14	145,965,185	175,158,651	(108,000)	321,015,836	5,051,173,652	4,957,766,359	3.61%	0.11856%	50,015,653
2014-15	140,748,595	174,403,010	(89,000)	315,062,605	5,272,076,565	5,170,329,875	4.29%	0.11837%	49,327,059
2015-16	149,004,701	178,788,974	(82,000)	327,711,675	5,553,970,409	5,453,097,097	5.47%	0.11809%	48,873,792
2016-17	130,722,770	167,676,863	(82,000)	298,317,633	5,788,517,843	5,686,952,300	4.29%	0.11790%	48,088,576
2017-18	125,455,566	161,242,825	(47,000)	286,651,391	6,103,228,508	6,005,395,708	5.60%	0.11766%	47,602,798
2018-19	125,099,278	166,925,685	(77,300)	291,947,663	6,504,171,939	6,397,613,521	6.53%	0.11737%	46,936,370
2019-20	123,980,060	170,442,727	(73,400)	294,349,387	6,899,876,147	6,800,580,594	6.30%	0.11711%	46,368,399
2020-21	119,705,782	174,999,947	(36,400)	294,669,329	7,329,957,682	7,223,980,473	6.23%	0.11685%	45,437,387
2021-22	120,700,759	169,061,580	(1,154,249)	288,608,090	7,610,506,396	7,508,508,782	3.94%	0.11672%	44,954,554



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: <sup>(1)</sup> L.A. County Assessor 2021/22 Combined Tax Rolls  
<sup>(2)</sup> HdI Coren & Cone.



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

CATEGORY	Fiscal Year				
	2021-22	2020-21	2019-20	2018-19	2017-18
Residential	\$ 4,857,419,242	\$ 4,671,664,590	\$ 4,397,530,388	\$ 4,139,852,554	\$ 3,879,882,318
Commercial	1,027,450,526	1,006,453,482	936,892,089	888,959,749	831,348,140
Industrial	1,117,152,653	1,037,251,905	964,891,072	889,298,836	834,753,358
Govt. Owned	-	-	-	-	-
Recreational	41,518,155	40,966,262	40,263,960	39,491,086	38,342,794
Institutional	94,990,583	89,836,280	76,976,001	74,813,850	78,834,725
Miscellaneous	-	-	-	-	451,519
Vacant land	66,349,257	69,851,264	75,744,666	62,990,225	46,086,466
SBE Nonunitary	213,049	384,066	257,048	257,048	257,048
Possessory Int.	14,807,227	12,903,295	13,675,983	10,002,510	8,787,949
Unsecured	288,608,090	294,669,329	294,349,387	291,947,663	286,651,391
Unknown	-	-	-	-	-
	7,508,508,782	7,223,980,473	6,800,580,594	6,397,613,521	6,005,395,708
Homeowner Exemption <sup>(1)</sup>	-	-	-	-	-
<b>TOTALS:</b>	<b>\$ 7,508,508,782</b>	<b>\$ 7,223,980,473</b>	<b>\$ 6,800,580,594</b>	<b>\$ 6,397,613,521</b>	<b>\$ 6,005,395,708</b>

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.

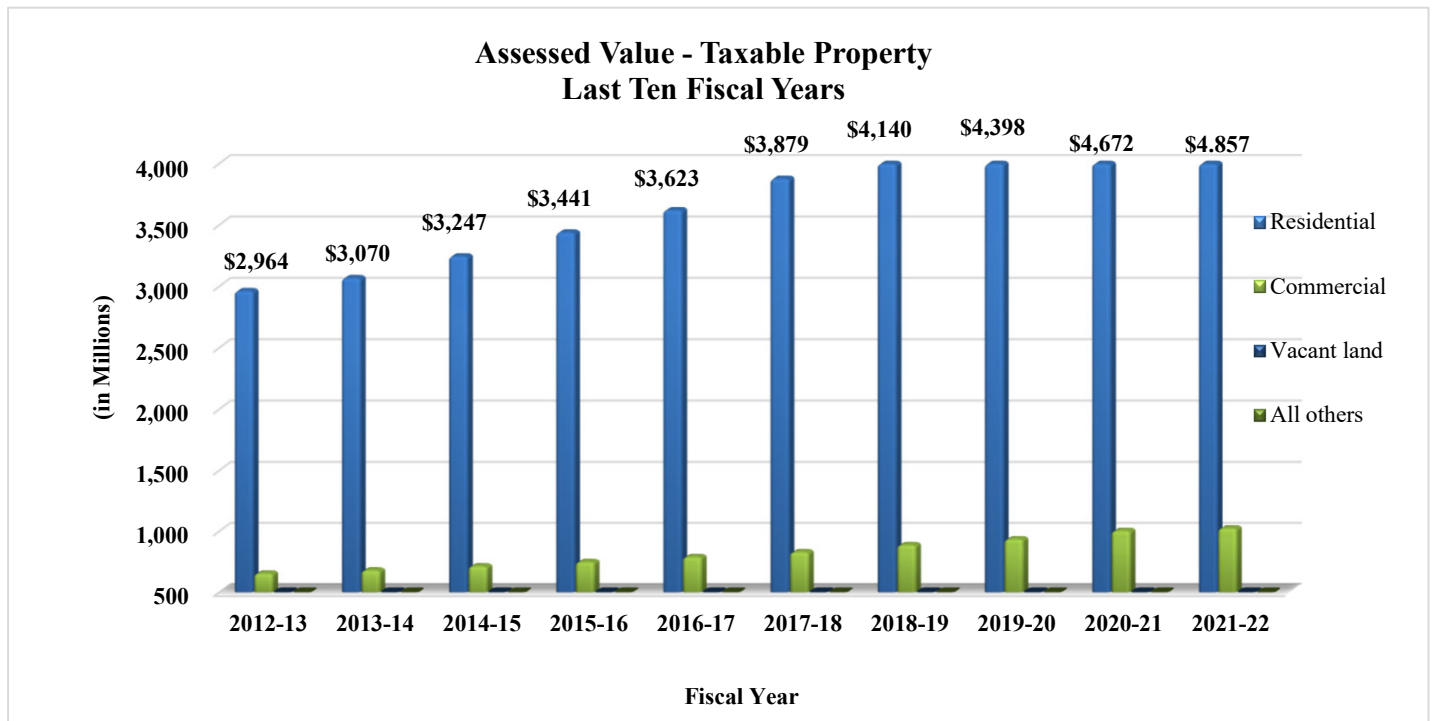
-Exempt values are not included in Total.

<sup>(1)</sup> 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 2012/13-2021/22 Combined Tax Rolls, HdL, Coren & Cone

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

CATEGORY	Fiscal Year				
	2016-17	2015-16	2014-15	2013-14	2012-13
Residential	\$ 3,623,545,163	\$ 3,441,407,499	\$ 3,247,456,567	\$ 3,069,926,331	\$ 2,964,299,525
Commercial	791,527,339	750,255,119	715,396,379	680,433,002	656,284,650
Industrial	796,231,706	763,622,835	735,316,073	726,907,557	710,111,242
Govt. Owned	5,250,000	-	-	-	-
Recreational	38,760,141	39,348,412	38,689,706	38,596,521	38,681,903
Institutional	69,798,622	65,412,639	62,243,721	68,337,737	29,057,255
Miscellaneous	442,667	-	-	-	-
Vacant land	54,308,182	57,298,803	46,471,775	43,043,588	45,420,007
SBE Nonunitary	257,048	257,048	3,447,881	3,447,881	3,447,881
Possessory Int.	8,513,799	7,783,045	6,245,168	6,057,906	5,953,104
Unsecured	298,317,633	327,711,675	315,062,605	321,015,836	331,556,748
Unknown	-	22	-	-	-
	5,686,952,300	5,453,097,097	5,170,329,875	4,957,766,359	4,784,812,315
Homeowner Exemption	(1) -	-	-	-	-
<b>TOTALS:</b>	<b>5,686,952,300</b>	<b>5,453,097,097</b>	<b>5,170,329,875</b>	<b>4,957,766,359</b>	<b>4,784,812,315</b>



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.

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Source: L.A. County Assessor 2012/13-2021/22 Combined Tax Rolls, HdL, Coren & Cone

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

<b>Fiscal</b>										
<b>Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Agriculture</b>	<b>Recreational</b>	<b>Institutional</b>	<b>Govt. Owned</b>	<b>Vacant land</b>		
2012-13	\$ 2,964,300	\$ 656,285	\$ 710,111	\$ -	\$ 38,682	\$ 29,057	\$ -	\$ 45,420		
2013-14	3,069,926	680,433	726,908	-	38,597	68,338	-	43,043		
2014-15	3,247,457	715,396	735,316	-	38,690	62,244	-	46,472		
2015-16	3,441,407	750,255	763,623	-	39,348	65,413	-	57,299		
2016-17	3,623,545	791,527	796,232	-	38,760	69,798	5,250	54,308		
2017-18	3,879,882	831,348	834,753	-	38,342	78,834	-	46,086		
2018-19	4,139,853	888,960	889,299	-	39,491	74,814	-	62,990		
2019-20	4,397,530	936,892	964,891	-	40,264	76,976	-	75,745		
2020-21	4,671,665	1,006,453	1,037,252	-	40,967	89,836	-	69,851		
2021-22	4,857,419	1,027,451	1,117,153	-	41,518	94,991	-	66,349		

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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 2012/13-2021/22 Combined Tax Rolls, HdL, Coren & Cone

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

<b>Fiscal</b>	<b>SBE</b>					<b>Total</b>	<b>Estimated</b>	<b>Factor of</b>
<b>Year</b>	<b>Nonunitary</b>	<b>Possessory Int.</b>	<b>Unsecured</b>	<b>Misc.</b>	<b>TOTAL</b>	<b>Direct Tax Rate <sup>(1)</sup></b>	<b>Taxable Value <sup>(2)</sup></b>	<b>Taxable Assessed Value</b>
2012-13	\$ 3,448	\$ 5,953	\$ 331,557	\$ -	\$ 4,784,813	0.11875	\$ 6,381,553	1.33371
2013-14	3,448	6,058	321,015	-	4,957,766	0.11856	6,612,222	1.33371
2014-15	3,448	6,245	315,062	-	5,170,330	0.11837	6,895,721	1.33371
2015-16	257	7,783	327,712	-	5,453,097	0.11809	7,272,850	1.33371
2016-17	257	8,514	298,317	442	5,686,950	0.11790	7,584,742	1.33371
2017-18	257	8,787	286,651	-	6,004,940	0.11790	8,008,849	1.33371
2018-19	257	10,002	291,948	-	6,397,614	0.11737	8,532,562	1.33371
2019-20	257	13,676	294,349	-	6,800,580	0.11711	9,070,002	1.33371
2020-21	384	12,903	294,669	-	7,223,980	0.11685	9,634,694	1.33371
2021-22	213	14,807	288,608	-	7,508,509	0.11672	10,014,174	1.33371

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

<sup>(1)</sup> Tax Rate Areas: TRA 000576

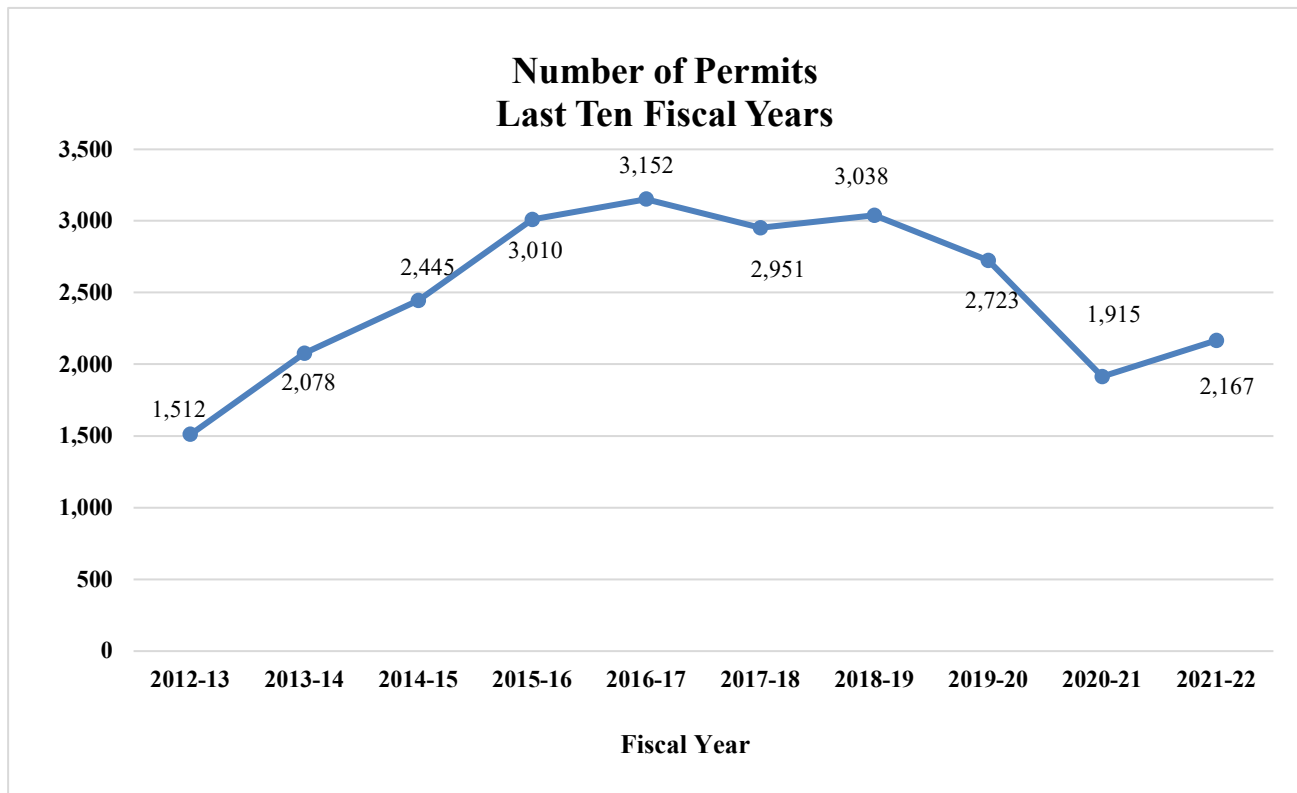
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<sup>(2)</sup> Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales price and the Factor of Taxable Assessed Value is the result. This factor is changing from year to year;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

Source: L.A. County Assessor 2012/13-2021/22 Combined Tax Rolls, HdL, Coren & Cone

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

Fiscal Year	CONSTRUCTION <sup>(1)</sup>					
	Residential		Commercial		Industrial	
	No. of Permits	Valuation	No. of Permits	Valuation	No. of Permits	Valuation
2012-13	430	\$ 10,378,040	239	\$ 12,953,704	4	\$ 116,531
2013-14	650	11,943,363	232	10,733,859	2	225,600
2014-15	785	11,173,245	295	10,524,008	2	63,500
2015-16	1,126	18,042,192	253	12,303,725	2	26,500
2016-17	1,161	10,988,165	269	16,919,670	9	7,091,565
2017-18	964	18,379,450	264	25,034,187	15	1,069,280
2018-19	1,107	23,699,914	220	10,676,880	11	437,850
2019-20	927	33,001,214	164	11,378,321	10	88,468
2020-21	737	82,991,894	105	10,605,434	5	1,712,440
2021-22	1,041	49,722,116	146	20,804,846	2	320,000

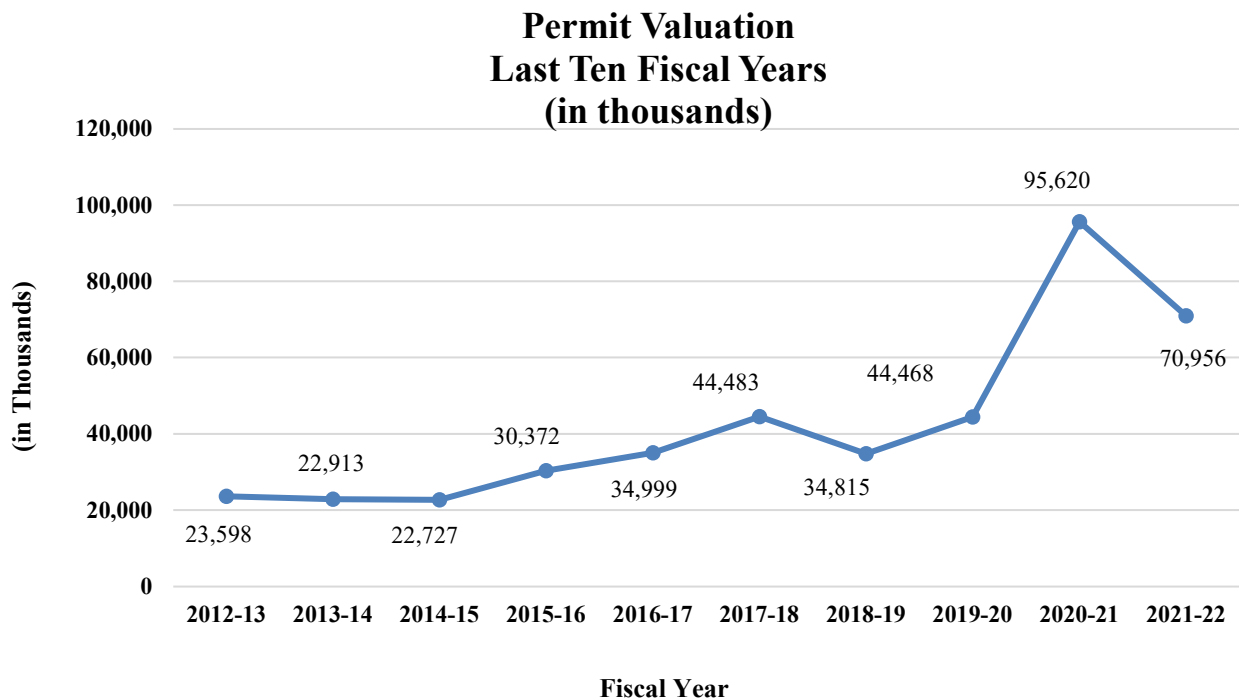


Sources: <sup>(1)</sup> City of Gardena, Community Development Department.

<sup>(2)</sup> City of Gardena-FDIC-Insured Institutions as of 06/30/2022

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

CONSTRUCTION <sup>(1)</sup>						
Fiscal Year	All others		Total		Bank Deposits <sup>(2)</sup> (in Thousands)	
	No. of Permits	Valuation	No. of Permits	Valuation		
2012-13	839	\$ 150,000	1,512	\$ 23,598,275	1,609,537	
2013-14	1,194	10,000	2,078	22,912,822	1,694,573	
2014-15	1,363	966,527	2,445	22,727,280	1,656,979	
2015-16	1,629	-	3,010	30,372,417	2,311,146	
2016-17	1,713	-	3,152	34,999,400	1,913,039	
2017-18	1,708	-	2,951	44,482,917	1,913,039	
2018-19	1,700	-	3,038	34,814,644	1,980,803	
2019-20	1,622	-	2,723	44,468,003	2,285,338	
2020-21	1,068	310,030	1,915	95,619,798	2,483,396	
2021-22	978	109,000	2,167	70,955,962	2,618,588	



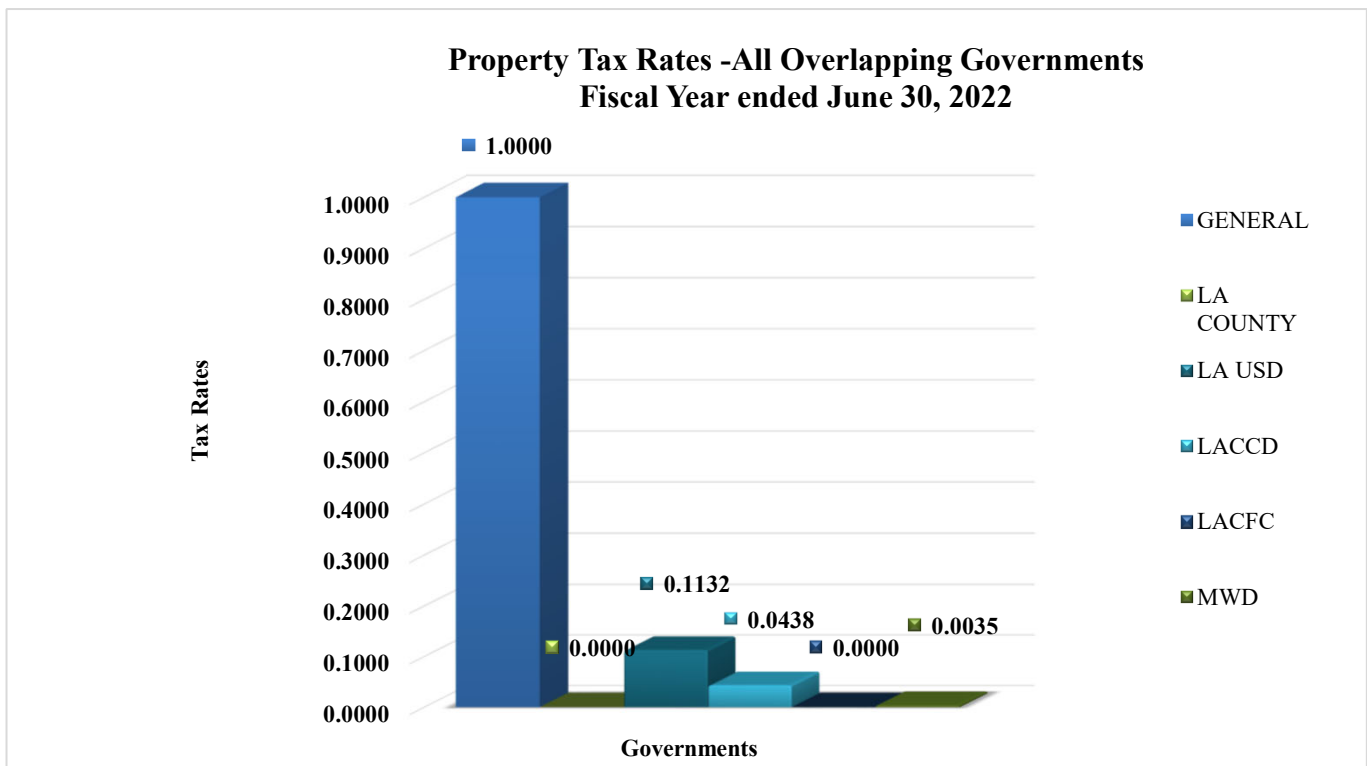
Sources: <sup>(1)</sup> City of Gardena, Community Development Department.

<sup>(2)</sup> City of Gardena-FDIC-Insured Institutions as of 06/30/2022

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

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<b>Fiscal Year</b>	<b>General</b>	<b>Los Angeles County</b>	<b>Los Angeles Unified School District</b>
2012-13	1.000000	0.000000	0.175610
2013-14	1.000000	0.000000	0.146440
2014-15	1.000000	0.000000	0.146880
2015-16	1.000000	0.000000	0.129710
2016-17	1.000000	0.000000	0.131100
2017-18	1.000000	0.000000	0.122190
2018-19	1.000000	0.000000	0.123230
2019-20	1.000000	0.000000	0.125520
2020-21	1.000000	0.000000	0.139930
2021-22	1.000000	0.000000	0.113230

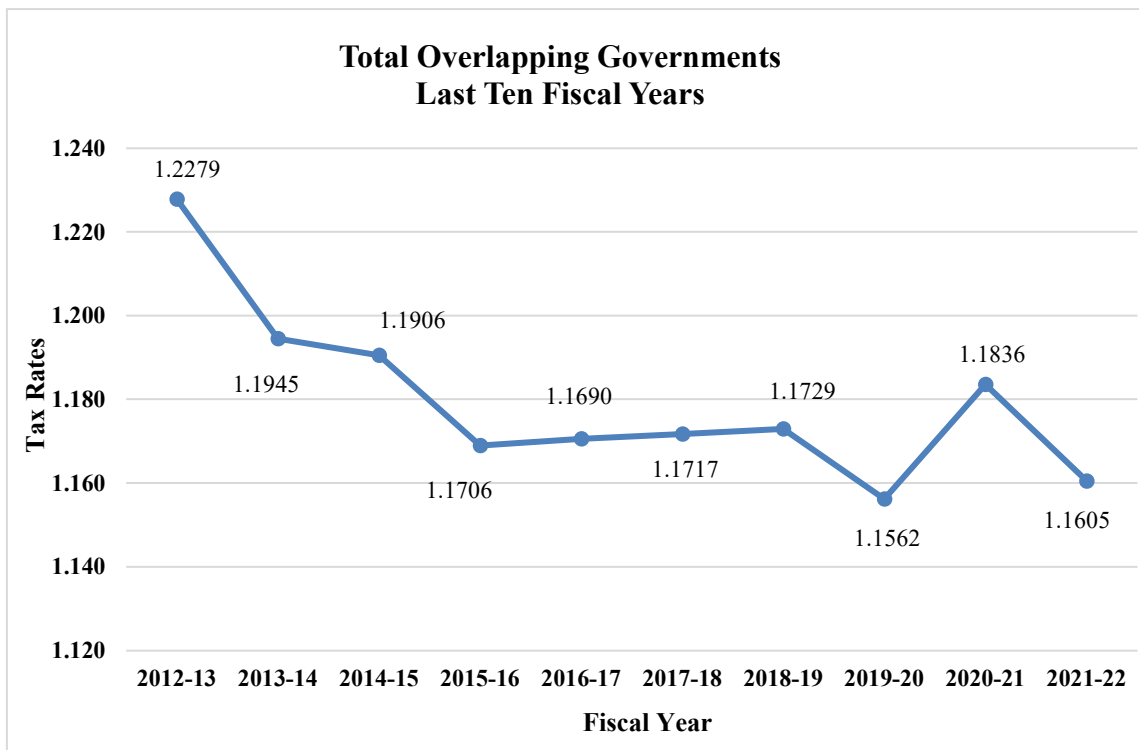


<sup>(1)</sup> Tax Rate Areas: TRA 000576

-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 <sup>(1)</sup> - All Overlapping Governments (Continued)**  
**Last Ten Fiscal Years**  
**(Rate per \$100 of Taxable Value)**

<b>Fiscal Year</b>	<b>Los Angeles Community College District</b>	<b>Los Angeles County Flood Control</b>	<b>Metropolitan Water District</b>	<b>Total</b>
2012-13	0.048750	0.000000	0.003500	1.227860
2013-14	0.044540	0.000000	0.003500	1.194480
2014-15	0.040170	0.000000	0.003500	1.190550
2015-16	0.035750	0.000000	0.003500	1.168960
2016-17	0.035960	0.000000	0.003500	1.170560
2017-18	0.045990	0.000000	0.003500	1.171680
2018-19	0.046210	0.000000	0.003500	1.172940
2019-20	0.027170	0.000000	0.003500	1.156190
2020-21	0.040160	0.000000	0.003500	1.183590
2021-22	0.043760	0.000000	0.003500	1.160490



<sup>(1)</sup> 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				
	21-22	20-21	19-20	18-19	17-18
City of Gardena Tax District I	0.11160 %	0.11160 %	0.11160 %	0.11160 %	0.11160 %
Children's Institutional Tuition Fund	0.00285 %	0.00285 %	0.00285 %	0.00285 %	0.00285 %
County Sanitation District No. 5 Operations	0.01256 %	0.01256 %	0.01256 %	0.01256 %	0.01256 %
County School Services	0.00144 %	0.00144 %	0.00144 %	0.00144 %	0.00144 %
County School Service Fund Los Angeles	0.00001 %	0.00001 %	0.00001 %	0.00001 %	0.00001 %
Development Center for Handicapped Minors -LA Unified School District	0.00127 %	0.00127 %	0.00127 %	0.00127 %	0.00127 %
Educational Augmentation Fund Impound	0.16240 %	0.16240 %	0.16240 %	0.16240 %	0.16240 %
Educational Augmentation Fund (ERAF) Impound	0.07820 %	0.07820 %	0.07820 %	0.07820 %	0.07820 %
LA City 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 %
<b>Total Prop. 13 Rate:</b>	<b>1.00000 %</b>	<b>1.00000 %</b>	<b>1.00000 %</b>	<b>1.00000 %</b>	<b>1.00000 %</b>
<b>TOTAL DIRECT RATE (Producing Revenue for The City) <sup>(1)</sup>:</b>	<b>0.11672 %</b>	<b>0.11685 %</b>	<b>0.11711</b>	<b>0.11737 %</b>	<b>0.11766 %</b>
<b>County of Los Angeles <sup>(1)</sup></b>	<b>0.00000 %</b>	<b>0.00000 %</b>	<b>0.00000</b>	<b>0.00000 %</b>	<b>0.00000 %</b>

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 <sup>(1)</sup> 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: <sup>(1)</sup> L.A. County Assessor 2012/13-2021/22 Combined Tax Rolls, HdL, Coren & Cone

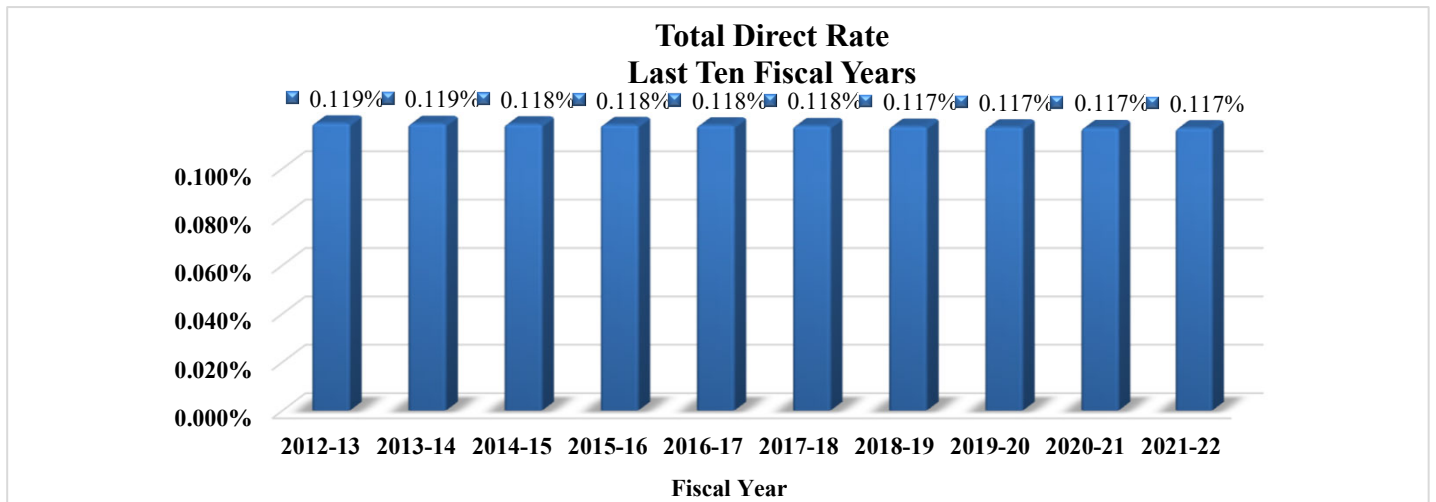
**City of Gardena**  
**Direct and Overlapping Property Tax Rates (Continued)**  
**(rate per \$100 of assessed value)**  
**Ten Fiscal Year Detail of Rates for Largest General Fund Tax Rates Area 00576**  
**(Proposition 13 Rate)**

Agency	FISCAL YEAR				
	16-17	15-16	14-15	13-14	12-13
City of Gardena Tax District 1	0.11160 %	0.11160 %	0.11157 %	0.11157 %	0.11157 %
Children's Institutional Tuition Fund	0.00285 %	0.00285 %	0.00285 %	0.00285 %	0.00285 %
County Sanitation District No. 5 Operations	0.01256 %	0.01256 %	0.01256 %	0.01256 %	0.01256 %
County School Services	0.00144 %	0.00144 %	0.00144 %	0.00144 %	0.00144 %
County School Service Fund of Angeles -LAUSD	0.00001 %	0.00001 %	0.00001 %	0.00001 %	0.00001 %
Development Center for Handicapped Minors -LA Unified School District	0.00127 %	0.00127 %	0.00127 %	0.00127 %	0.00127 %
Educational Augmentation Fund Impound	0.16240 %	0.16240 %	0.16240 %	0.16240 %	0.16240 %
Educational Augmentation Fund (ERAF) Impound	0.07820 %	0.07820 %	0.07820 %	0.07820 %	0.07820 %
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 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 %
<b>Total Prop. 13 Rate:</b>	<b>1.00000 %</b>	<b>1.00000 %</b>	<b>1.00000 %</b>	<b>1.00000 %</b>	<b>1.00000 %</b>

TOTAL DIRECT RATE (Producing Revenue for The City) <sup>(1)</sup>:

County of Los Angeles <sup>(1)</sup>

0.11790 %	0.11809 %	0.11837 %	0.11856 %	0.11875 %
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 2021-22		Fiscal Year 2012-13	
		Total Assessed Value	Percent of Total City Assessed Value	Total Assessed Value	Percent of Total City Assessed Value
Nissin Foods USA Company Inc	Manufacturing	\$56,220,281	0.75 %		
MPT of Gardena PHS LP	Hospital services	54,559,436	0.73		
Terreno 139th LLC	Non-residential property owners	39,471,753	0.53		
Avcorp Composite Fabrication	Manufacturing	32,858,149	0.44		
JSL Gardena I LLC	Non-residential property owners	32,181,779	0.43		
14215 Normandie LLC	Property management	31,651,445	0.42		
Ray Pellegrino Trust	Property management	25,986,740	0.35		
Majestic Properties Inc	Property management	25,259,140	0.34		
Target Corporation	Retail sales	23,297,718	0.31		
PK I Gardena Gateway Center LP	Retail sales	22,898,561	0.30		
Hitco Carbon Composites Inc	Manufacturing			104,587,902	2.19 %
Nissin Foods Co Inc	Manufacturing			58,707,765	1.23
JSL Gardena I LLC	Non-residential property owners			27,733,284	0.58
Brek Manufacturing Company Lessee	Manufacturing			27,685,697	0.58
Southwest Offset Printing Company Inc	Manufacturing			27,030,076	0.56
Majestic Properties Inc	Property management			25,916,271	0.54
Gramercy Properties LLC	Non-residential property owners			20,848,081	0.44
Target Corporation	Retail sales			20,190,867	0.42
Russmar Investment Group	Property management			17,693,245	0.37
New Group Gardena LLC	Non-residential property owners			16,638,680	0.35
<b>Top Ten Totals (secured and unsecured):</b>		<b>344,385,002</b>	<b>4.59 %</b>	<b>347,031,868</b>	<b>7.25 %</b>
<b>All Others (secured)</b>		<b>7,164,123,780</b>	<b>95.41</b>	<b>4,437,780,447</b>	<b>92.75</b>
<b>Total All Assessed Valuation (secured):</b>		<b>\$7,508,508,782</b>	<b>100.00 %</b>	<b>\$4,784,812,315</b>	<b>100.00 %</b>

Source: L.A. County Assessor 2012/13-2021/22 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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

Fiscal Year 2021-22			Fiscal Year 2012-13		
	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	Beacon Roofing Supply	Building Materials	
4	Beacon Roofing Supply	Building Materials	Carrows	Casual Dining	
5	Chick Fil A	Quick-Service Restaurants	Crenshaw Lumber Co	Building Materials	
6	Crenshaw Lumber Co	Building Materials	dd's Discounts	Family Apparel	
7	Crenshaw Wholesale Electric Supply	Plumbing/Electrical Supplies	Enterprise Rent A Car	Transportation/Rentals	
8	Enterprise Rent A Car	Transportation/Rentals	Food 4 Less	Grocery Stores	
9	G & C Equipment Finders Corp	Contractors	G & C Equipment Finders Corp	Contractors	
10	Gardena Electric & Lighting	Electrical Equipment	Gardena Blue Water	Service Stations	
11	Gardena Honda	New Motor Vehicle Dealers	Gardena Honda	New Motor Vehicle Dealers	
12	Gardena Nissan	New Motor Vehicle Dealers	Gardena Nissan	New Motor Vehicle Dealers	
13	Honda Lease Trust	Auto Lease	Hitco Technologies	Heavy Industrial	
14	Irg Plotters & Printers	Auto Lease	Marukai Market	Grocery Stores	
15	Marukai Market	Grocery Stores	McDonald's	Quick-Service Restaurants	
16	McDonald's	Quick-Service Restaurants	Mobil Gardena	Service Stations	
17	Nader's Furniture	Home Furnishings	New York Times Sales	Light Industrial/Printers	
18	Nissan of Gardena	New Motor Vehicle Dealers	Pam's Shell	Service Stations	
19	Raising Cane's	Quick-Service Restaurants	Sam's Club	Discount Dept Stores	
20	Ralphs	Grocery Stores	Smardan Hatcher Co	Contractors	
21	Sam's Club	Discount Dept Stores	Target	Discount Dept Stores	
22	Smardan Hatcher Co.	Contractors	United Oil Company	Service Stations	
23	Target	Discount Dept Stores	Vons Fuel	Service Stations	
24	Vons Fuel	Service Stations	Wood Oil Company	Petroleum Prod/Equipment	
25	Wood Oil Company	Petroleum Prod/Equipment	Z Gallerie	Home Furnishings	

-Account for 55.90%  
of the total sales tax collected.

-Account for 59.25%  
of the total sales tax collected.

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

Source: SBOE data - HdL Companies

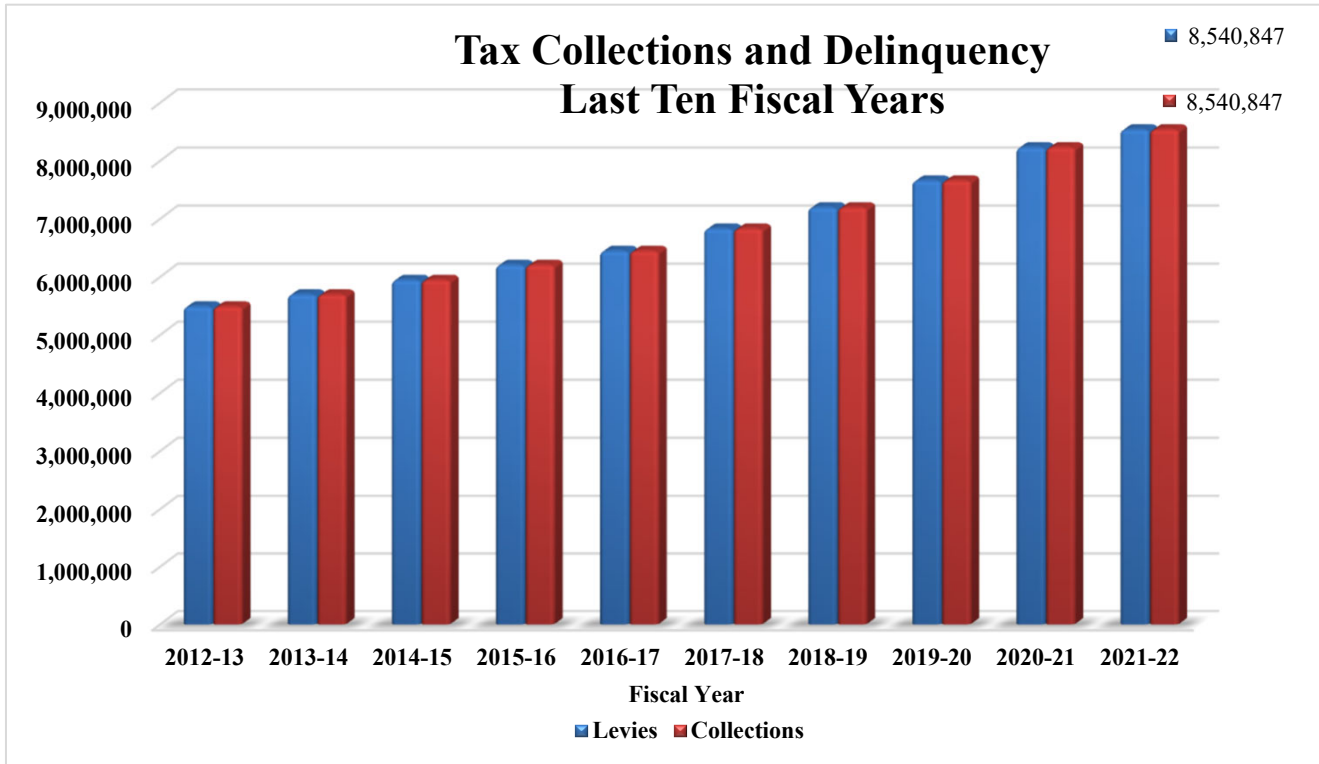
<sup>(1)</sup> Period: from July 1 to June 30

# 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
2012-13	\$ 5,491,677	\$ 5,491,096	99.99%	581	\$ 5,491,677	100.00%
2013-14	5,698,386	5,695,450	99.95%	2,936	5,698,386	100.00%
2014-15	5,948,939	5,946,829	99.96%	2,109	5,948,939	100.00%
2015-16	6,208,056	6,192,921	99.76%	15,134	6,208,056	100.00%
2016-17	6,447,952	6,433,016	99.77%	14,936	6,447,952	100.00%
2017-18	6,832,148	6,816,038	99.76%	16,110	6,832,148	100.00%
2018-19	7,198,451	7,164,319	99.53%	34,132	7,198,451	100.00%
2019-20	7,660,514	7,640,236	99.74%	20,278	7,660,514	100.00%
2020-21	8,233,669	8,207,649	99.68%	26,020	8,233,669	100.00%
2021-22	8,540,847	8,524,459	99.81%	16,388	8,540,847	100.00%



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.

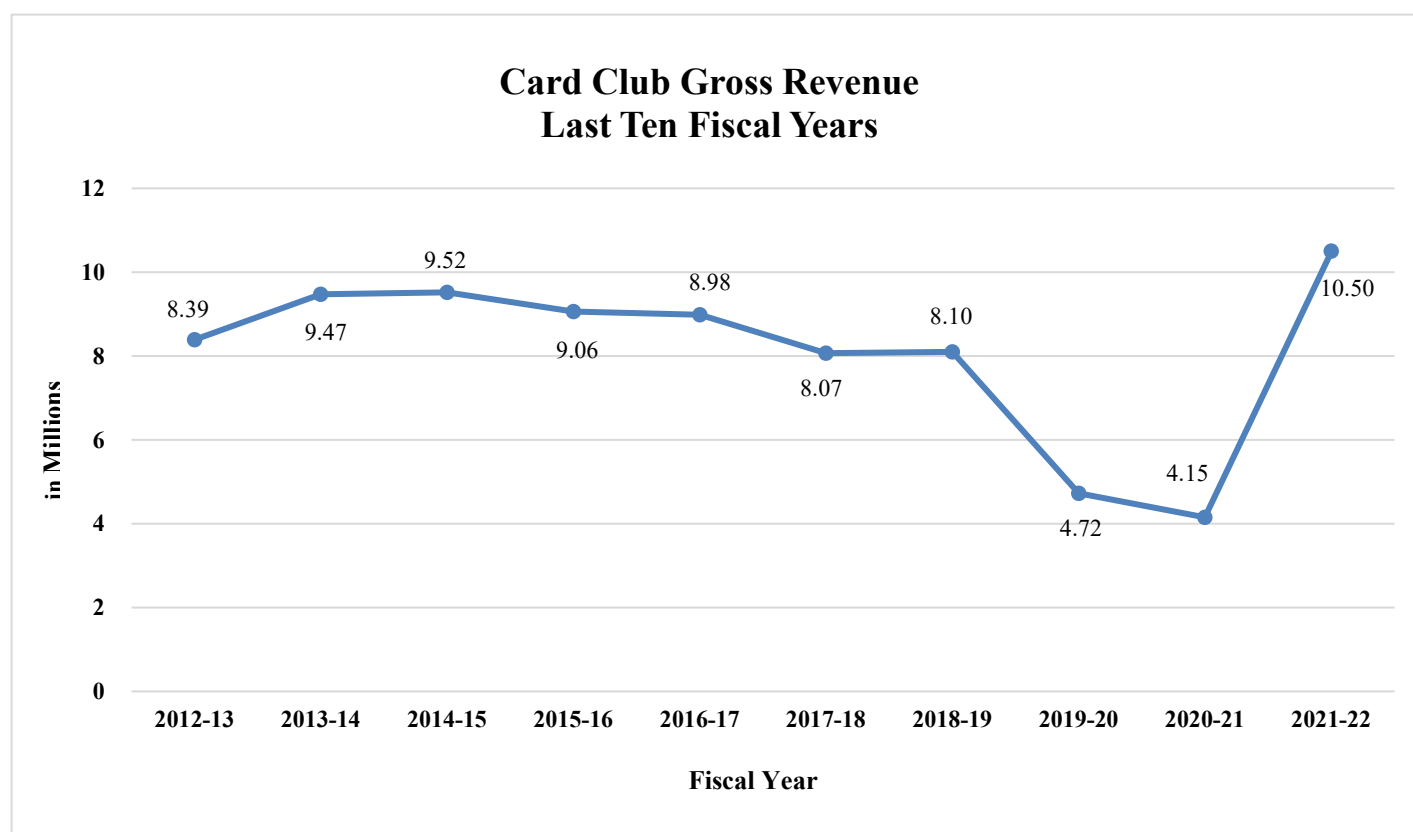
Sources: City of Gardena, Administrative Services Department - Finance Division

# 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
2012-13	\$ 8,394,406		\$ 47,637,218	17.62%
2013-14	9,467,078		51,004,568	18.56%
2014-15	9,517,550		54,413,202	17.49%
2015-16	9,057,202		54,092,710	16.74%
2016-17	8,975,991		56,237,621	15.96%
2017-18	8,071,001		55,972,281	14.42%
2018-19	8,101,583		60,267,575	13.44%
2019-20	4,718,691		55,906,560	8.44%
2020-21	4,154,913		79,772,701	5.21%
2021-22	10,544,948		80,865,048	13.04%



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

**City of Gardena**  
**Utility Users Tax Received**  
**Last Five Fiscal Years**

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	<b>Fiscal Year Ended June 30</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Utility Users Tax Electric	\$ 2,584,392	\$ 2,331,492	\$ 2,110,227	\$ 2,215,028	\$ 2,202,782
Utility Users Tax Gas	837,674	648,472	616,341	585,308	534,547
Utility Users Tax Electric Service Provider	323,978	199,496	217,700	171,490	179,887
Utility Users Tax Gas-Non Core	111,839	88,421	91,533	90,338	73,074
UUT-Mobile/Cellular Telephones	216,708	181,548	313,603	425,866	571,794
UUT-Long Distance Telephone/Non Cellular	417,966	458,602	490,588	535,347	515,858
Utility Users Tax Water	930,300	947,276	902,866	859,531	888,203
UUT-Prepaid Mobile Telephone	58,537	115,493	58,372	72,738	122,306
<b>TOTAL</b>	<b>\$ 5,481,395</b>	<b>\$ 4,970,799</b>	<b>\$ 4,801,230</b>	<b>\$ 4,955,645</b>	<b>\$ 5,088,450</b>

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

**City of Gardena**  
**Taxable Sales by Category**  
**Fiscal Years 2017 through 2021**  
**(in thousands)**

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	Fiscal Year				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Apparel Stores	\$ 13,485	\$ 9,217	\$ 12,203	\$ 11,198	\$ 10,148
General Merchandise	152,715	127,460	125,848	94,324	88,651
Food Stores	46,206	47,765	43,372	42,878	42,836
Eating and Drinking Places	207,980	168,695	193,262	177,628	166,504
Building Materials	227,448	155,871	141,356	176,282	162,453
Auto Dealers and Supplies	162,045	136,376	152,810	146,803	155,973
Service Stations	92,371	68,189	93,644	93,104	81,452
Other Retail Stores	86,316	89,396	86,793	83,225	84,618
All Other Outlets	418,638	428,278	380,353	381,836	334,355
TOTAL	<u>\$ 1,407,204</u>	<u>\$ 1,231,247</u>	<u>\$ 1,229,641</u>	<u>\$ 1,207,278</u>	<u>\$ 1,126,990</u>

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, HdL Companies

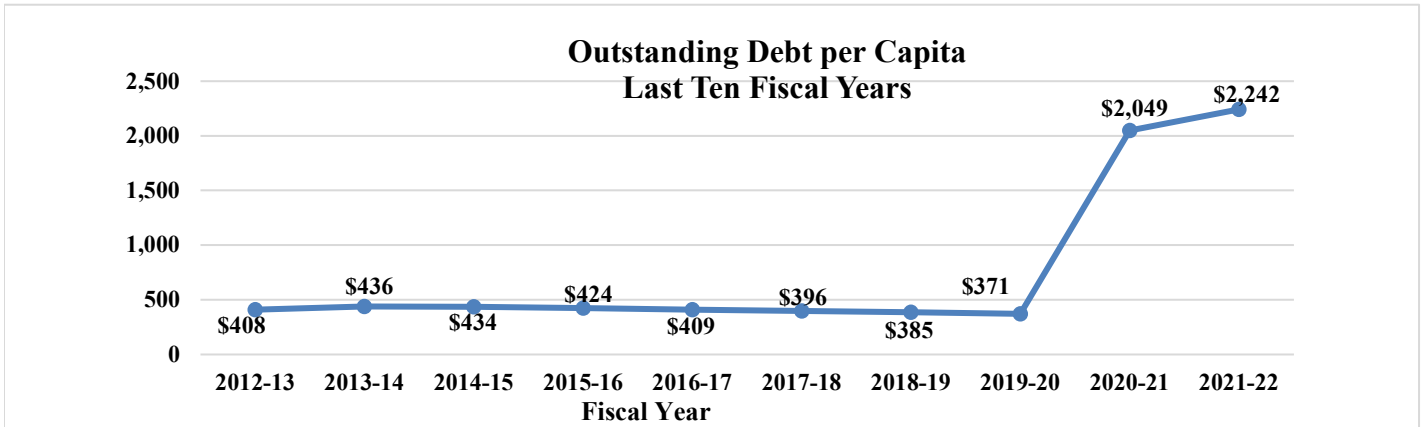


# City of Gardena

## Ratio of Outstanding Debt by Type

### Last Ten Fiscal Years

GOVERNMENTAL ACTIVITIES									
Fiscal		Certificates of	Revenue	Pension	Lease	Loan	Direct		
Year	Population <sup>(1)</sup>	Participation <sup>(2)</sup>	Bonds	Obligation Bonds	payable <sup>(3)</sup>	Payable	Purchase Lease	Other	Total
2012-13	59,566	21,995,000	2,175,000	-	153,004	-	-	-	24,323,004
2013-14	60,082	21,455,000	2,095,000	-	130,661	2,521,577	-	-	26,202,238
2014-15	60,414	12,370,000	10,835,639	-	67,125	2,930,317	-	-	26,203,081
2015-16	60,785	11,770,000	10,764,523	-	-	3,114,763	-	124,548	25,773,834
2016-17	60,721	9,170,000	10,688,407	-	-	3,200,986	1,635,000	111,443	24,805,836
2017-18	61,246	8,710,000	10,552,291	-	-	3,287,209	1,635,000	93,545	24,278,045
2018-19	61,042	8,220,000	10,411,175	-	-	3,373,432	1,390,000	80,741	23,475,348
2019-20	60,937	7,700,000	10,260,059	-	-	3,459,655	1,120,000	68,045	22,607,759
2020-21	60,344	7,150,000	10,103,943	79,029,723	381,696	3,545,880	845,000	53,749	101,109,991
2021-22	59,947	6,565,000	24,826,484	76,692,725	337,409	3,632,103	565,000	43,361	112,662,082



#### NOTES:

<sup>(1)</sup> State of California, Finance Department

<sup>(2)</sup> 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

<sup>(3)</sup> Lease payable balance as of 6/30/21 was restated due to the implementation of GASB 87

<sup>(4)</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California

<sup>(5)</sup> 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**  
**Ratio of Outstanding Debt by Type (Continued)**  
**Last Ten Fiscal Years**

Fiscal Year	BUSINESS-TYPE ACTIVITIES			Taxable Assessed	Percent of Taxable Assessed	Debt per Capita	Average per Capita Personal Income <sup>(5)</sup>	Percent of Debt by Personal Income
	Pension Obligation Bonds	Lease payable	Total	Value <sup>(4)</sup>	Value			
2012-13	\$ -		\$ -	\$ 4,784,812,315	0.51%	408	22,651	1.80%
2013-14	-		-	4,957,766,359	0.53%	436	23,037	1.89%
2014-15	-		-	5,170,329,875	0.51%	434	23,032	1.88%
2015-16	-		-	5,453,097,097	0.47%	424	22,808	1.86%
2016-17	-		-	5,686,952,300	0.44%	409	23,246	1.76%
2017-18	-		-	6,005,395,708	0.40%	396	23,584	1.68%
2018-19	-		-	6,397,613,521	0.37%	385	24,282	1.58%
2019-20	-		-	6,800,580,594	0.33%	371	25,991	1.43%
2020-21	22,250,277	304,112	22,554,389	7,223,980,473	1.71%	2,049	27,372	7.49%
2021-22	21,592,275	158,923	21,751,198	7,508,508,782	1.79%	2,242	28,211	7.95%

## STATISTICAL SECTION

Fiscal Year 2021-22



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**City of Gardena**  
**Pledged-Revenue Coverage**  
**Last Five Fiscal Years**

Fiscal Year	Revenue	Operating Expenses	Net Available Revenue	Refunding Certificates of Participation <sup>(1)</sup>		
				Debt Service		Percent Coverage
				Principal	Interest	
2017-18	55,972,281	56,342,986	(370,705)	95,000	92,825	(1.97)
2018-19	60,267,575	67,269,131	(7,001,556)	100,000	88,075	(37.23)
2019-20	55,906,560	61,786,869	(5,880,309)	105,000	83,075	(31.27)
2020-21	79,772,701	61,625,048	18,147,653	110,000	77,825	96.62
2021-22	80,865,048	67,821,502	13,043,546	115,000	72,325	69.63

**NOTES:**

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

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

# City of Gardena

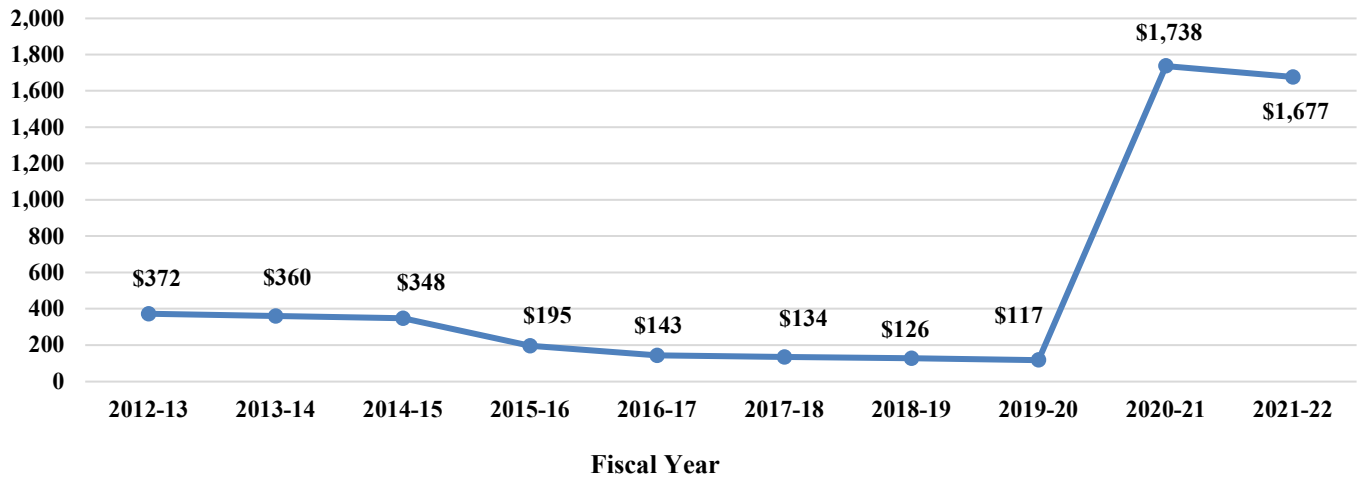
## Ratio of General Bonded Debt Outstanding

### Last Ten Fiscal Years

OUTSTANDING GENERAL BONDED DEBT							Percent of		
Fiscal Year	Population <sup>(1)</sup>	Certificates of Participation	Less: Amounts		Less: Amounts		Taxable Assessed Value	Taxable Assessed Value	Debt per Capita
			Available in Debt Service Fund <sup>(2)</sup>	Pension Obligation Bonds	Available in Debt Service Fund <sup>(3)</sup>	Total			
2012-13	59,566	21,995,000	540,000	-	-	21,455,000	4,784,812,315	0.45%	360
2013-14	60,082	21,455,000	570,000	-	-	20,885,000	4,957,766,359	0.42%	348
2014-15	60,414	12,370,000	600,000	-	-	11,770,000	5,170,329,875	0.23%	195
2015-16	60,785	11,770,000	640,000	-	-	11,130,000	5,453,097,097	0.20%	183
2016-17	60,721	9,170,000	460,000	-	-	8,710,000	5,686,952,300	0.15%	143
2017-18	61,246	8,710,000	490,000	-	-	8,220,000	6,005,395,708	0.14%	134
2018-19	61,042	8,220,000	520,000	-	-	7,700,000	6,397,613,521	0.12%	126
2019-20	60,937	7,700,000	550,000	-	-	7,150,000	6,800,580,594	0.11%	117
2020-21	60,344	7,150,000	585,000	101,280,000	2,995,000	104,850,000	7,223,980,473	1.45%	1,738
2021-22	59,947	6,565,000	625,000	98,285,000	3,665,001	100,559,999	7,508,508,782	1.34%	1,677

## General Bonded Debt Outstanding per Capita

### Last Ten Fiscal Years



Source: <sup>(1)</sup> State of California, Finance Department.

<sup>(2)</sup> This is the amount restricted for the COP debt service principal payments.

# City of Gardena

## Direct and Overlapping Bonded Debt

### June 30, 2022

	<b>2021-22 Assessed Valuation:</b>	<b>\$7,508,508,782</b>		
	<b>2021-22 Population:</b>	<b>59,947</b>		
	<b>Total Debt</b>	<b>Percent</b>	<b>City's Share</b>	
	<b>06/30/2022</b>	<b>Applicable To City</b>	<b>of Debt</b>	
			<b>(1)</b>	<b>06/30/2022</b>
<b>Direct Debt</b>				
GARDENA GENERAL FUND OBLIGATIONS	112,662,082	100.000 %		112,662,082
<b>Total Direct Debt</b>	<b>112,662,082</b>			<b>112,662,082</b>
<b>OVERLAPPING DEBT</b>				
METROPOLITAN WATER DISTRICT	9,835,780	0.454 %		44,687
LA CCD DS 2003 TAXABLE SERIES 2004B	2,115,000	0.751 %		15,874
LA CCD DS 2001 TAXABLE SERIES 2004A	31,555,000	0.751 %		236,839
LA CCD DS 2008, 2009 TAXABLE SER B	75,000,000	0.751 %		562,920
LA CCD DS 2008, 2010 TAX SERIES D	125,000,000	0.751 %		938,200
LA CCD DS 2008, 2010 TAX SER E (BABS)	900,000,000	0.751 %		6,755,043
LA CCD DS 2013	13,000,000	0.751 %		97,573
LA CCD DS 2013 REF BONDS	8,380,000	0.751 %		62,897
LA CCD DS 2008 SERIES G	30,765,000	0.751 %		230,910
LA CCD DS 2015 REF SERIES A	144,260,000	0.751 %		1,082,758
LA CCD DS 2015 REF SERIES B	14,965,000	0.751 %		112,321
LA CCD DS 2015 REF SERIES C	178,565,000	0.751 %		1,340,238
LA CCD DS 2008 SERIES I	184,220,000	0.751 %		1,382,682
LA CCD DS 2008 SERIES J	173,020,000	0.751 %		1,298,620
LA CCD DS 2016 REF BONDS	239,880,000	0.751 %		1,800,444
LA CCD DS 2020 REF BONDS	1,750,350,000	0.751 %		13,137,433
LA CCD DS 2016 SERIES C	275,440,000	0.751 %		2,067,343
LOS ANGELES UNIF DS 2002 SERIES E (BABS)	200,000,000	0.917 %		1,834,917
LOS ANGELES UNIF DS 2005 SERIES H	207,560,000	0.917 %		1,904,276
LOS ANGELES UNIF MEASURE R SERIES KRY BABS	363,005,000	0.917 %		3,330,420
LOS ANGELES UNIF MEASURE Y 2009 SERIES RY BABS	806,795,000	0.917 %		7,402,008
LOS ANGELES UNIF MEASURE R 2010 SERIES RY BABS	477,630,000	0.917 %		4,382,056
LOS ANGELES UNIF MEASURE Y 2010 SERIES RY BABS	772,955,000	0.917 %		7,091,540
LOS ANGELES UNIF DS 2005 2010 SERIES J-1 QSCBS	115,480,000	0.917 %		1,059,481
LOS ANGELES UNIF DS 2005 2010 SERIES J-2 QSCBS	60,710,000	0.917 %		556,989
LOS ANGELES UNIF DS 2012 REFUNDING BOND SERIES A	27,435,000	0.917 %		251,705
LOS ANGELES UNIF DS 2014 REF BOND SERIES A	17,090,000	0.917 %		156,794
LOS ANGELES UNIF DS 2014 REF BOND SERIES B	20,480,000	0.917 %		187,895
LOS ANGELES UNIF DS 2014 REF BOND SERIES C	100,155,000	0.917 %		918,880
LOS ANGELES UNIF DS 2014 REF BOND SERIES D	713,850,000	0.917 %		6,549,276
LOS ANGELES UNIF DS 2015 REF BONDS SERIES A	95,430,000	0.917 %		875,530
LOS ANGELES UNIF DS 2008 SERIES A 2016	164,550,000	0.917 %		1,509,678
LOS ANGELES UNIF DS 2016 REF BONDS SERIES A	359,570,000	0.917 %		3,298,905
LOS ANGELES UNIF DS 2016 REF BONDS SERIES B	238,230,000	0.917 %		2,185,661
LOS ANGELES UNIF DS 2017 REF BONDS SER A PROP BB	498,240,000	0.917 %		4,571,144
LOS ANGELES UNIF DS 2017 REF BONDS SER A MEAS K	109,935,000	0.917 %		1,008,608
LOS ANGELES UNIF DS 2005 SERIES M 1 2018	921,240,000	0.917 %		8,451,993
LOS ANGELES UNIF DS 2008 SERIES B 1 2018	108,220,000	0.917 %		992,873
LOS ANGELES UNIF DS 2019 REF 2002 SER D MEAS K	1,007,820,000	0.917 %		9,246,328
LOS ANGELES UNIF DS 2019 REF 2004 SER I MEAS R	135,105,000	0.917 %		1,239,532
LOS ANGELES UNIF DS 2019 REF 2005 SER F MEAS Y	299,825,000	0.917 %		2,750,769
LOS ANGELES UNIF MEASURE R 2020 SERIES RYQ	81,115,000	0.917 %		744,196
LOS ANGELES UNIF MEASURE Y 2020 SERIES RYQ	29,955,000	0.917 %		274,825
LOS ANGELES UNIF MEASURE Q 2020 SERIES RYQ	151,450,000	0.917 %		1,389,491
LOS ANGELES UNIF DS MEASURE Q SER C 2020	603,245,000	0.917 %		5,534,521
LOS ANGELES UNIF 2020 REF A MEAS K	108,865,000	0.917 %		998,791
LOS ANGELES UNIF 2020 REF A MEAS R	108,375,000	0.917 %		994,295
LOS ANGELES UNIF 2020 REF A MEAS Y	74,215,000	0.917 %		680,892
LOS ANGELES UNIF 2021 REF A PROP BB	893,005,000	0.917 %		8,192,949
LOS ANGELES UNIF 2020 REF A MEAS Q	673,280,000	0.917 %		6,177,063
<b>Total Overlapping Debt</b>	<b>14,701,165,780</b>	<b>0.917 %</b>		<b>127,911,066</b>
<b>Total Direct and Overlapping Debt</b>				<b>\$ 240,573,148 (2)</b>

(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.

<b>Ratios to 2020-21 Assessed Valuation</b>		<b>Per Capita</b>
-Direct Debt.....	1.50%	1,879
-Overlapping Debt.....	1.70%	2,134
-Total Debt.....	<b>3.20%</b>	<b>4,013</b>

**STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/2022: \$0**

**City of Gardena**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

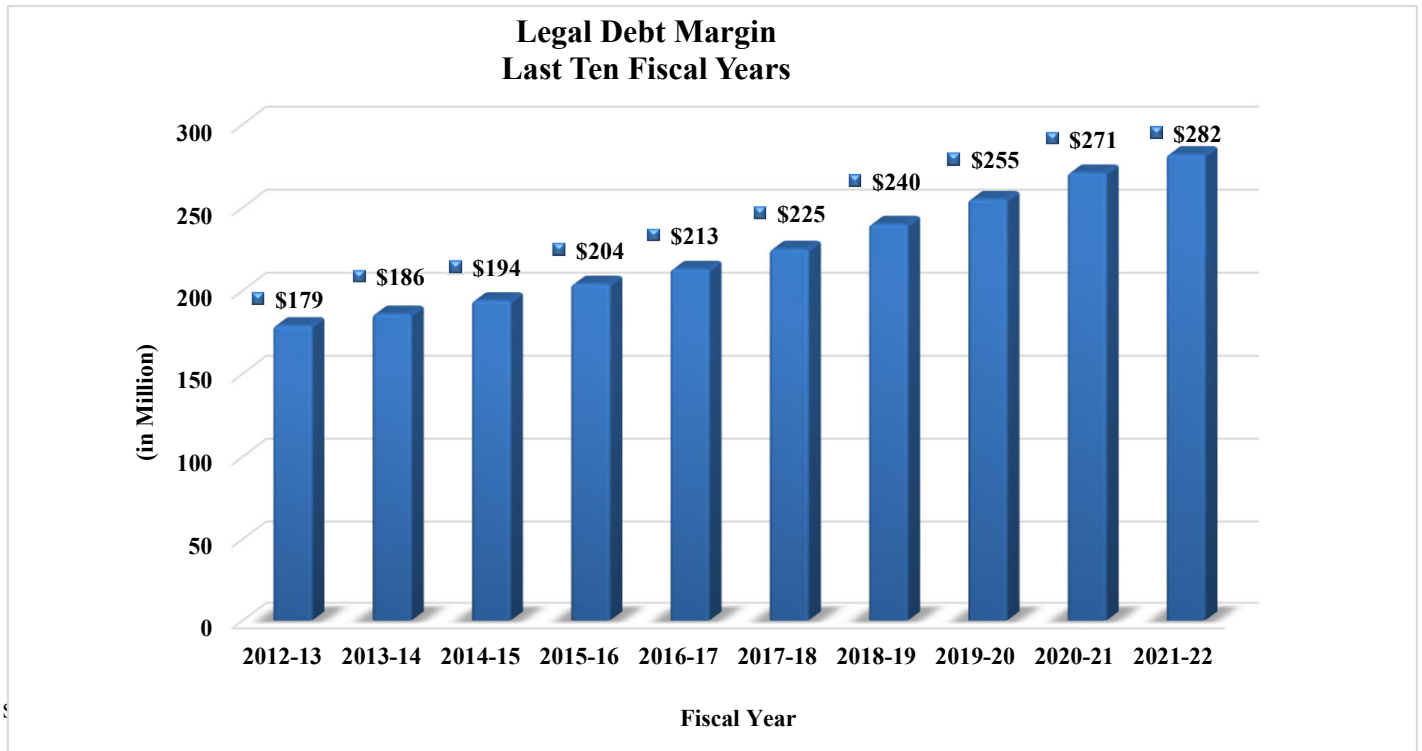
	Fiscal Year				
	21-22	20-21	19-20	18-19	17-18
Assessed valuation	\$7,508,508,782	\$7,223,980,473	\$6,800,580,594	\$6,397,613,521	\$6,005,395,708
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,877,127,196	1,805,995,118	1,700,145,149	1,599,403,380	1,501,348,927
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$281,569,079	\$270,899,268	\$255,021,772	\$239,910,507	\$225,202,339
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$281,569,079	\$270,899,268	\$255,021,772	\$239,910,507	\$225,202,339
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				
	16-17	15-16	14-15	13-14	12-13
Assessed valuation	\$5,686,952,300	\$5,453,097,097	\$5,170,329,875	\$4,957,766,359	\$4,784,812,315
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,421,738,075	1,363,274,274	1,292,582,469	1,239,441,590	1,196,203,079
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$213,260,711	\$204,491,141	\$193,887,370	\$185,916,238	\$179,430,462
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$213,260,711	\$204,491,141	\$193,887,370	\$185,916,238	\$179,430,462
Total debt applicable to the limit as a percentage of debt limit	- 0%	- 0%	- 0%	- 0%	- 0%





# City of Gardena

## Debt Service Payment Schedule

FISCAL YEAR	2006 A REF COPS			2014 TAXABLE LEASE BONDS			2007A REV REF BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2021-2022	\$ 585,000	\$ 437,509	\$ 1,022,509	\$ 65,000	\$ 440,934	\$ 505,934	\$ 115,000	\$ 72,325	\$ 187,325
2022-2023	625,000	398,910	1,023,910	65,000	438,366	503,366	120,000	66,575	186,575
2023-2024	665,000	357,759	1,022,759	70,000	435,799	505,799	125,000	60,575	185,575
2024-2025	705,000	314,056	1,019,056	70,000	433,034	503,034	130,000	54,325	184,325
2025-2026	750,000	267,641	1,017,641	75,000	429,709	504,709	135,000	47,825	182,825
2026-2027	800,000	218,196	1,018,196	75,000	426,148	501,148	145,000	41,075	186,075
2027-2028	850,000	165,561	1,015,561	80,000	422,586	502,586	155,000	33,825	188,825
2028-2029	905,000	109,577	1,014,577	85,000	418,787	503,787	160,000	25,881	185,881
2029-2030	965,000	49,924	1,014,924	815,000	414,750	1,229,750	170,000	17,681	187,681
2030-2031	300,000	9,570	309,570	1,175,000	374,000	1,549,000	175,000	8,969	183,969
2031-2032				1,235,000	315,250	1,550,250			
2032-2033				1,295,000	253,500	1,548,500			
2033-2034				1,355,000	188,750	1,543,750			
2034-2035				1,430,000	121,000	1,551,000			
2035-2036				990,000	49,500	1,039,500			
2036-2037									
2037-2038									
2038-2039									
2039-2040									
2040-2041									
<b>TOTAL</b>	<b>7,150,000</b>	<b>2,328,700</b>	<b>9,478,700</b>	<b>8,880,000</b>	<b>5,162,112</b>	<b>14,042,112</b>	<b>1,430,000</b>	<b>429,056</b>	<b>1,859,056</b>

**City of Gardena**  
**Debt Service Payment Schedule (Continued)**

FISCAL YEAR	2017 DIRECT LEASE			2020 TAXABLE PENSION OBLIGATION BONDS			2021 LEASE REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2021-2022	\$ 280,000	\$ 14,594	\$ 294,594	\$ 2,995,000	\$ 2,972,825	\$ 5,967,825	\$ 275,000	\$ 331,216	\$ 606,216
2022-2023	280,000	8,798	288,798	3,665,000	2,938,951	6,603,951	440,000	498,000	938,000
2023-2024	285,000	2,950	287,950	4,210,000	2,891,196	7,101,196	465,000	476,000	941,000
2024-2025				4,800,000	2,827,962	7,627,962	490,000	452,750	942,750
2025-2026				5,075,000	2,746,266	7,821,266	510,000	428,250	938,250
2026-2027				5,175,000	2,641,416	7,816,416	540,000	402,750	942,750
2027-2028				5,295,000	2,518,976	7,813,976	565,000	375,750	940,750
2028-2029				5,440,000	2,377,970	7,817,970	595,000	347,500	942,500
2029-2030				5,590,000	2,227,663	7,817,663	620,000	317,750	937,750
2030-2031				5,750,000	2,067,621	7,817,621	655,000	286,750	941,750
2031-2032				5,920,000	1,897,249	7,817,249	685,000	254,000	939,000
2032-2033				6,105,000	1,714,143	7,819,143	715,000	226,600	941,600
2033-2034				6,295,000	1,521,042	7,816,042	740,000	198,000	938,000
2034-2035				6,500,000	1,315,636	7,815,636	765,000	175,800	940,800
2035-2036				6,720,000	1,097,041	7,817,041	790,000	152,850	942,850
2036-2037				6,975,000	838,052	7,813,052	810,000	129,150	939,150
2037-2038				7,245,000	569,236	7,814,236	835,000	104,850	939,850
2038-2039				7,525,000	290,014	7,815,014	860,000	79,800	939,800
2039-2040							885,000	54,000	939,000
2040-2041							915,000	27,450	942,450
<b>TOTAL</b>	<b>845,000</b>	<b>26,341</b>	<b>871,341</b>	<b>101,280,000</b>	<b>35,453,259</b>	<b>136,733,259</b>	<b>13,155,000</b>	<b>5,319,216</b>	<b>18,474,216</b>

**City of Gardena**  
**Debt Service Payment Schedule (Continued)**

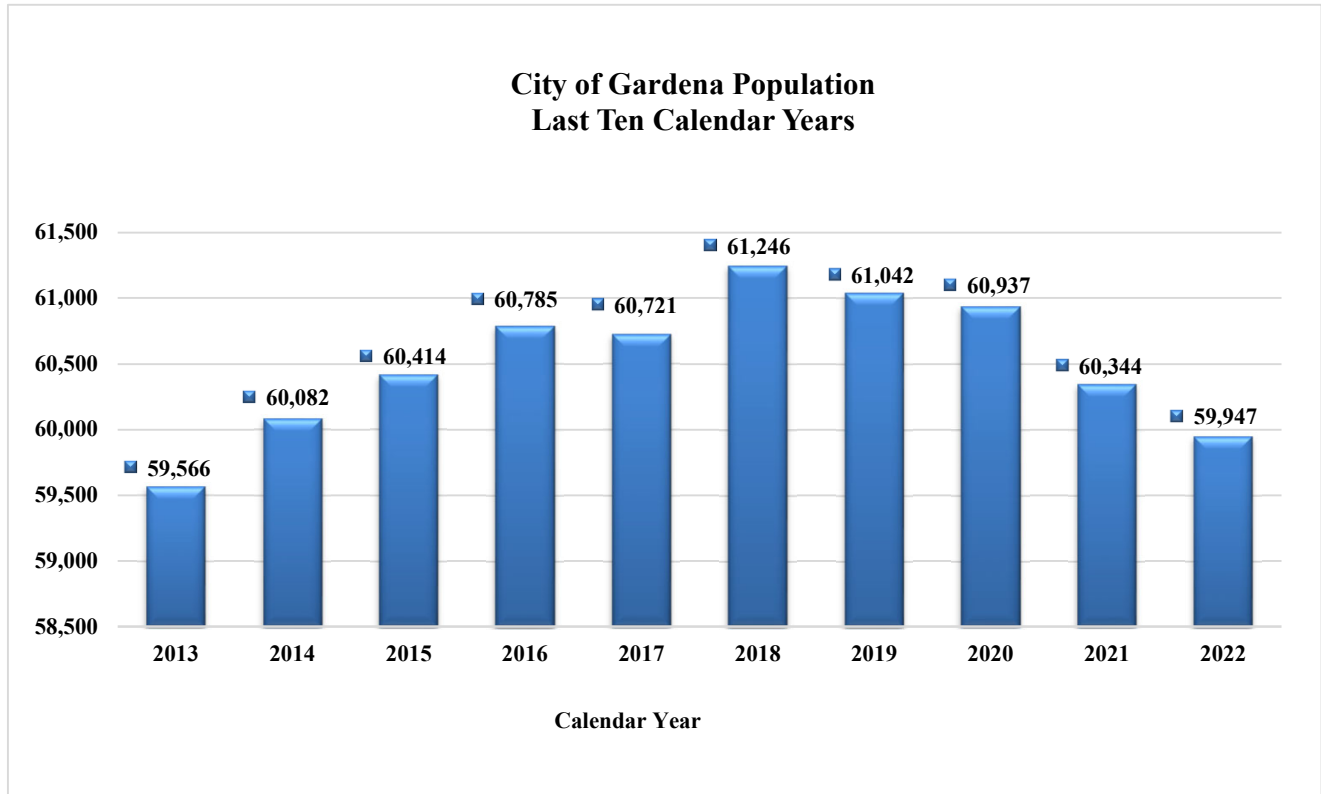
FISCAL YEAR	ANNUAL BOND OBLIGATIONS		
	PRINCIPAL	INTEREST	TOTAL
2021-2022	\$ 4,315,000	\$ 4,269,401	\$ 8,584,401
2022-2023	5,195,000	4,349,599	9,544,599
2023-2024	5,820,000	4,224,278	10,044,278
2024-2025	6,195,000	4,082,126	10,277,126
2025-2026	6,545,000	3,919,691	10,464,691
2026-2027	6,735,000	3,729,585	10,464,585
2027-2028	6,945,000	3,516,698	10,461,698
2028-2029	7,185,000	3,279,715	10,464,715
2029-2030	8,160,000	3,027,768	11,187,768
2030-2031	8,055,000	2,746,910	10,801,910
2031-2032	7,840,000	2,466,499	10,306,499
2032-2033	8,115,000	2,194,243	10,309,243
2033-2034	8,390,000	1,907,792	10,297,792
2034-2035	8,695,000	1,612,436	10,307,436
2035-2036	8,500,000	1,299,391	9,799,391
2036-2037	7,785,000	967,202	8,752,202
2037-2038	8,080,000	674,086	8,754,086
2038-2039	8,385,000	369,814	8,754,814
2039-2040	885,000	54,000	939,000
2040-2041	915,000	27,450	942,450
<b>TOTAL</b>	<b>132,740,000</b>	<b>48,718,684</b>	<b>181,458,684</b>

# City of Gardena

## Demographic and Economic Statistics

### Last Ten Calendar Years

Year	City of Gardena Housing Units	City of Gardena Population (1)	Average Annual Percentage Increase	Los Angeles County Population (1)	Average Annual Percentage Increase	Gardena Personal Income (1,000s) (2)	Per Capita Personal Income (2)	LAUSD Enrollment (3)	Gardena Employment (4)	Gardena Unemployment Rate (4)
2013	21,501	59,566	0.75%	9,958,091	0.74%	1,349,229	22,651	655,716	27,100	7.10%
2014	21,629	60,082	0.87%	10,041,797	0.84%	1,384,109	23,037	651,322	27,700	8.20%
2015	21,649	60,414	0.55%	10,136,559	0.94%	1,384,454	23,032	643,493	28,200	6.70%
2016	21,714	60,785	0.61%	10,400,000	2.60%	1,386,384	22,808	664,774	29,000	5.20%
2017	21,815	60,721	-0.11%	10,271,018	-1.24%	1,411,571	23,246	713,871	29,500	4.40%
2018	21,815	61,246	0.86%	10,163,507	-1.05%	1,444,440	23,584	694,096	29,300	4.80%
2019	22,092	61,042	-0.33%	10,105,518	-0.57%	1,482,260	24,282	673,849	29,000	4.70%
2020	22,137	60,937	-0.17%	10,079,000	-0.26%	1,583,855	25,991	464,731	24,900	4.50%
2021	22,371	60,344	-0.97%	10,044,458	-0.34%	1,651,792	27,372	628,468	27,400	9.80%
2022	22,761	59,947	-0.66%	9,861,224	-1.82%	1,691,219	28,211	565,479	27,900	4.80%



**NOTES:**

- (1) State of California, Finance Department.
- (2) Income data was provided by HDL Coren & Cone using City of Gardena Average per Capita Personal Income.
- (3) Student Enrollment is from LAUSD website. LAUSD does not have breakdown per City count.
- (4) Employment and Unemployment rates are provided by the EDD's Labor Market Information Division.

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

Employer	Business Type	2022*		2013	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
United Parcel Service Inc.	Delivery	789	2.83%		
Gardena Memorial Hospital	Hospital services	750	2.69%		
Nissin Foods Company	Manufacturing	550	1.97%		
Hustler Casino	Casino	465	1.67%		
Air Fayre	Airline caterers	289	1.04%		
Avcorp	Manufacturing parts	289	1.04%		
Larry Flynt's Lucky Lady Casino	Casino	245	0.88%		
Southwest Offset Printing	Book binding and printing	235	0.84%		
Kindred Hospital South Bay	Hospital services	225	0.81%		
Target	Retail	200	0.72%		
Gardena Memorial Hospital				735	2.71%
Hustler Casino				720	2.66%
United Parcel Service Inc.				678	2.50%
Hitco Carbon Composites, Inc.				505	1.86%
Normandie Club, LP				409	1.51%
Southwest Offset Printing				371	1.37%
Ramona's Mexican Food				240	0.89%
Nissin Foods Company				225	0.83%
Target				200	0.74%
Sam's Club				160	0.59%
Total top ten employers		4,037		4,243	
Total City Employment <sup>1</sup>		27,900		27,100	

\*Used 2020 employment data as 2022 was unavailable

NOTE: Non-Governmental Employers.

Several potential businesses that may qualify for Top 10 ranking. However, current employee counts were unattainable at the time of report preparation. Previous historical data is not available.

<sup>1</sup>Total City employment provided by EDD-Labor Market Information Division.

SOURCE: Economic Development Staff

# **City of Gardena** **Unemployment Rates** **Last Five Calendar Years**

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## Employment

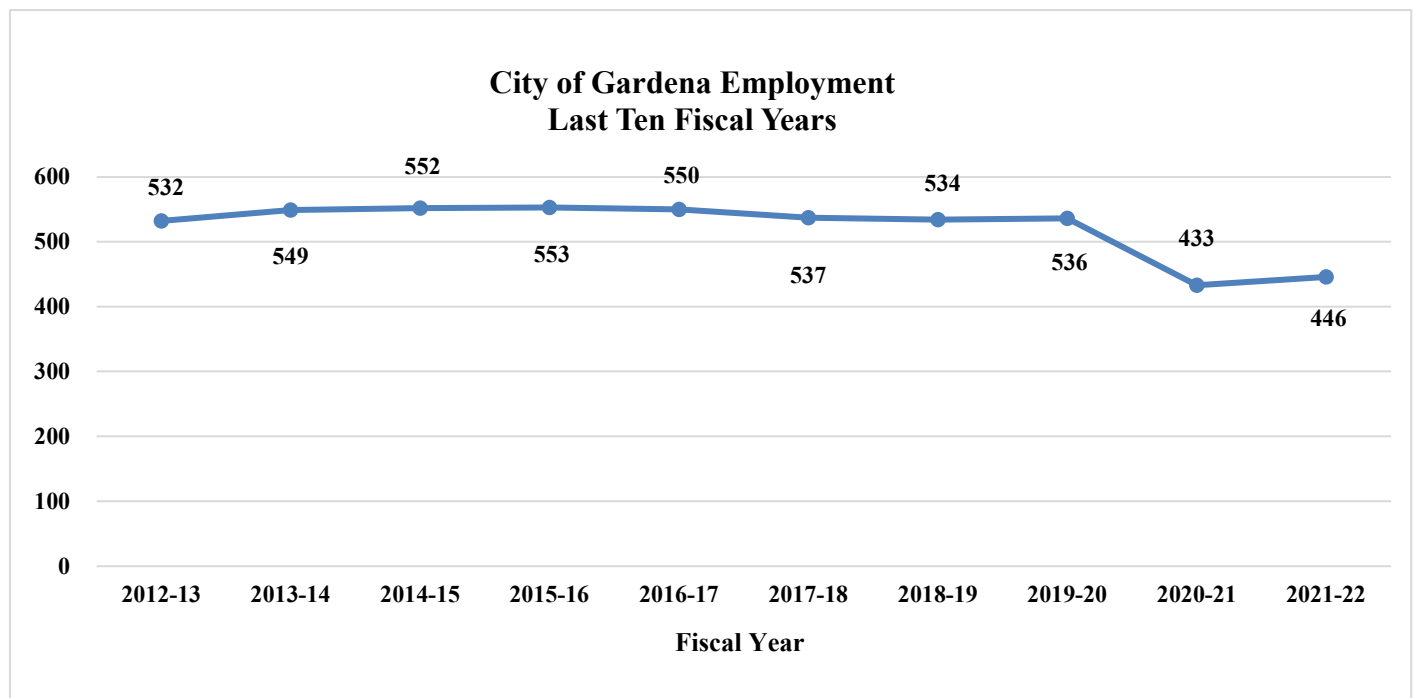
The following table shows unemployment information for the United States (the "Federal"), California (the "State"), Los Angeles County (the "County") and the City of Gardena (the "City") for calendar years 2018 through 2022.

	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Federal Unemployment Rate	3.5%	4.8%	8.4%	3.7%	4.0%
State Unemployment Rate	3.9	6.4	10.8	4.0	4.2
County Unemployment Rate	4.8	9.7	15.1	4.5	4.8
City Unemployment Rate	4.8	9.8	15.2	4.7	4.8

Source: State of California Employment Development Department; Los Angeles-Long Beach Metropolitan Statistical Area and United States Bureau of Labor Statistics.

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

Function	Fiscal Year									
	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
General government	120	115	151	181	209	186	181	181	181	168
Public safety	124	126	149	140	142	154	160	157	162	158
Public works	46	44	56	47	31	51	50	50	47	45
Community development	15	12	15	18	15	19	18	17	16	16
Transit - Bus line	141	136	165	148	140	140	144	147	143	145
Total	446	433	536	534	537	550	553	552	549	532



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

## City of Gardena Employee Union Representation

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<u>Name of Union</u>	<u>Number of Employees Represented as of June 30, 2022</u>	<u>Number of Employees Represented as of June 30, 2021</u>	<u>Number of Employees Represented as of June 30, 2020</u>	<u>Number of Employees Represented as of June 30, 2019</u>	<u>Expiration of Contract</u>
Gardena Municipal Employees Association	224	220	253	273	6/30/2025
Gardena Management Employees Organization	19	21	19	19	6/30/2025
Gardena Police Officers Association	84	86	79	76	7/31/2024
Gardena Police Executive Association	6	6	7	10	N/A
	333	333	358	378	

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Source: City of Gardena



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

Function	Fiscal Year									
	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Police:										
Arrests	1,674	1,547	1,761	2,183	2,901	2,642	2,423	4,499	3,251	3,333
Number of parking citations issued	20,293	30,000	27,568	29,868	29,254	23,145	22,665	11,203	24,622	26,615
Public works:										
Street resurfacing (miles)	3.58	2.25	5.68	19.06	0.49	4.52	2.95	7.00	3.38	5.15
Traffic lights and signals	91	91	91	91	91	91	90	89	88	88
Parks and recreation:										
Number of recreation classes	272	0	432	1,374	1,226	1,410	1,466	1,150	1,080	1,232
Number of facility rentals	584	0	53	1,977	1,112	1,222	1,221	1,164	1,072	876
Transit:										
Number of customers served <sup>(1)</sup>	1,606,377	1,203,880	2,406,910	2,943,363	3,110,354	3,094,180	3,610,718	3,687,038	3,689,142	3,761,506

NOTE:

<sup>(1)</sup> 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									
	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)										
-Two lanes street	83.0	83.0	83.0	83.0	83.0	83.0	83.0	83.0	83.0	83.0
-Four lanes street	25.0	25.0	25.0	25.0	25.0	25.0	25.0	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 <sup>(1)</sup>	3,250	3,337	3,337	3,392	3,327	3,321	3,350	3,319	3,181	3,229
-City maintenance	194	193	193	194	191	198	385	197	192	192
Traffic signals	69	69	69	69	69	69	70	69	68	68
Traffic signals (shared)	22	22	22	22	22	22	23	20	20	20
Parks and recreation:										
Number of parks	6	6	6	6	6	6	6	6	6	6
Number of parkette	1	1	1	1	1	1	1	1	1	1
Number of municipal pool	1	1	1	1	1	1	1	1	1	1
Number of gymnasiums	2	2	2	2	2	2	2	2	2	2
Community center	1	1	1	1	1	1	1	1	1	1
Transit:										
Stations	1	1	1	1	1	1	1	1	1	1
Bus stops	492	492	492	492	492	595	595	595	595	649

NOTES:

<sup>(1)</sup> Streetlights maintained by Southern California Edison Company.

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

## STATISTICAL SECTION

Fiscal Year 2021-22



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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardena, California ("City"), as of and for the year ended June 30, 2022, 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 8, 2022.

**Report on 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") as a basis for designing 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.

## **Report on 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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Santa Ana, California  
December 8, 2022