



City of Gardena, California



2023

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

CITY OF GARDENA, CALIFORNIA



PREPARED BY

THE ADMINISTRATIVE SERVICES DEPARTMENT

**Clint Osorio
City Manager**

And

**Raymond Beeman
Director of Administrative Services**

* * * * *

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City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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December 7, 2023

Members of the City Council,
and Citizens of Gardena

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR 2022-2023
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, 2023 (FY 22-23). 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, 2023, 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, 2023, 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.

BUDGET PROCESS

The City 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. The City of Gardena adopts biennial budget, but the second fiscal year is being adopted in the subsequent fiscal year in the same manner and process.

The City's annual budget process commences in February with the distribution of the updated Budget Manual that details the City's general budgetary policy and the specific goals and objectives for the upcoming fiscal year. Departments are given specific instructions and timelines, the City's chart of accounts, a rate schedule for apportioned costs such as liability and health insurance, and budget forms and formats.

The Director of Administrative Services, in coordination with all operating departments, provides the City Manager with proposed revenue projections. These revenue estimates are reviewed with the department budget requests to determine available funding levels for the fiscal

year. Supplemental requests for new personnel, services or capital/equipment purchases are subject to City Manager review and approval before becoming part of the proposed operating budget. This process applies to all governmental and enterprise funds.

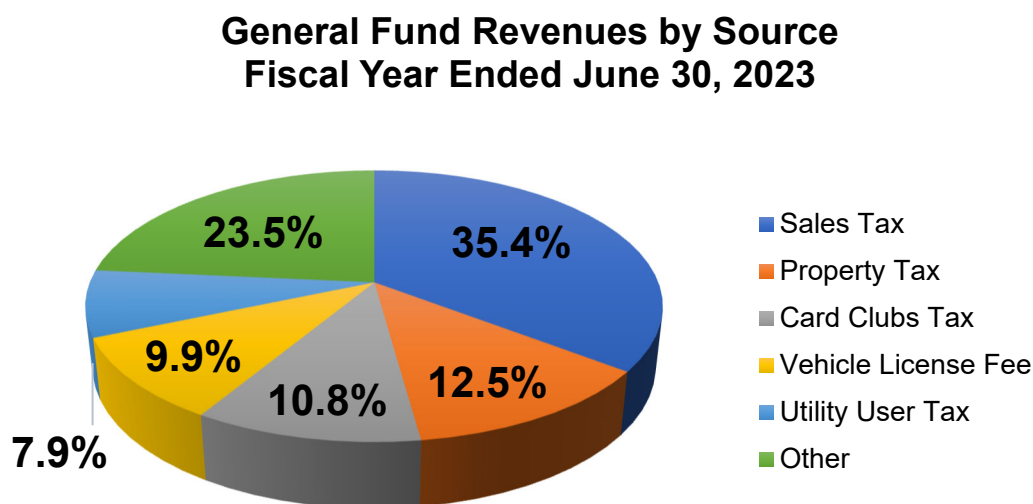
The City Manager and Director of Administrative Services meet with the Department Heads to review all operating expenditures, budget change requests, department's goals and programs for the upcoming fiscal year. After this final review and approval by the City Manager, a proposed budget will be presented to the Finance Committee for review and recommendation.

Budget study sessions and a public hearing are then presented to City Council in May. A separate community budget forum will follow to present the proposed budget and address questions from the stakeholders. Then budget is adopted by a resolution prior to June 30.

Throughout the fiscal year, actual expenditures and revenues are being presented to the Finance Committee for review on quarterly basis. The budget can be amended as necessary to meet the City's needs during the fiscal year. The City Council has the legal authority to amend the budget at any time. Department Heads may only authorize expenditures based on appropriations approved by City Council. Actual expenditures may exceed budget appropriations by line-item. However, total expenditures within each fund may not exceed the total appropriation for that fund. The City Manager has the authority and discretion to approve interdepartmental appropriation transfers if they are within the same fund.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

Top 5 sources of General Fund revenue account for 76.5% or \$61M. The remaining revenues account for 23.5% of the total and are represented by a broad range of sources.

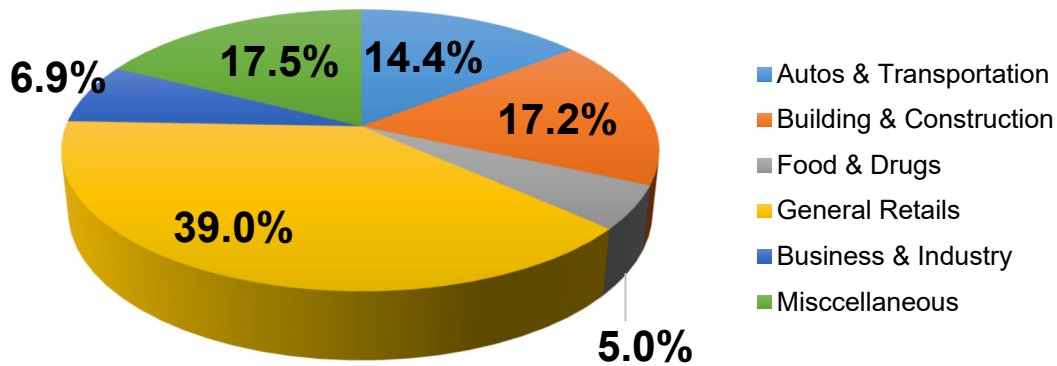


Sales Tax

Sales Tax represents the single largest source of General Fund revenue at \$28.2M or 35.4%. It is made up from the 6 categories below. The general retail category includes department stores, gas

stations, general merchandise, restaurants, and hotels. General retail is the largest economic sector which generates 39% of the sales tax for Gardena. For fiscal year 2022-23, actual sales tax exceeds budget by 12.2% or \$3M. For Measure G 0.75%, the fiscal year actual of \$12.6M includes a one-time payment. Overall, the City of Gardena's sales per capita is higher than Los Angeles County average and consistently outperforms projections, a strong indicator of a vibrant local economy and strong business support.

Sales Tax by Economic Categories Fiscal Year Ended June 30, 2023



Property Tax

Gardena has a diverse land use for its 6 square miles. The City has a total assessed valuation of \$8.65B, an increase of 7.2% over prior year. Of the City's 14,430 parcels, 87.7% are residential, 9.3% are commercial/industrial and the remaining 3% for other miscellaneous uses.

Property tax is the second highest source of General Fund revenue at 12.5% or \$9.9M. The year-over-year increase of 8.7% and 11% over the budget amount from increased assessment value and recent developments in the City. Overall, the City and the South Bay region are experiencing an increase in housing prices.

Card Club Tax

City of Gardena is fortunate to have two card clubs within the City limits, Lucky Lady Casino and Hustler Casino. The City receives 12% of the gross revenue from both casinos. For the fiscal year 2022-23, the City collected card club tax of \$8.6M or 10.8% of General Fund revenue. This reflect a decrease of 2.3% or \$200K vs the budgeted amount.

Vehicle License Fee (VLF)

The City receives \$7.9M or 9.9% of the General Fund revenue. This is the fourth largest source of General Fund revenue.

When a vehicle is registered in California, a license fee is charged by the State of California. This

fee includes a small administrative fee and a property tax in-lieu fee. The in-lieu fee is based on the depreciated value of the vehicle and declines over the useful life of the vehicle. This in-lieu fee is allocated to cities and counties based on a per capita basis.

In 2005, the VLF was permanently reduced to 0.65% from 2.0% of the vehicle's fair market value. Any loss to cities by this rate reduction at that time was made up with an allocation from the County's Educational Revenue Augmentation Fund property tax account. This allocation will grow with any corresponding growth in the City's secured property tax valuation.

Utility User Tax (UUT)

The Utility User Tax revenue received by the City is based on adopted ordinances. The current UUT rate is 5% for telecommunications (wired and wireless), electricity, gas, and water. Effective in 2016, the UUT rate for prepaid wireless is 3.5%.

For the fiscal year, the City received \$6.3M or 7.9% of the total General Fund revenue. This is an increase of \$1.4M or 28.9% when compared to the budget. The main factor for the increase is due to higher utility prices and increased usage from the recent extreme weather.

The top 5 General Fund revenue sources account for 76.5%, which is comparable to prior fiscal year. The remaining 23.5% comprise of various sources including business license tax, franchise tax, transient occupancy tax (TOT), charges, license and permits, use of money & property, miscellaneous and intergovernmental. Use of money & property revenue has increased by \$2.6M mainly due to higher interest income and the reversal of fair value market adjustment. Overall, the total General Fund revenue increased by 6.1% or \$4.6M. This modest increase is mainly attributed to the increase in sales tax revenue, indicative of a healthy local economic condition.

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 2023-2024, to budget for and add a total of 27 additional positions to the City's staffing resources (11-Full Time and 16-Part Time), as well as investments in seniors, youth and community service programs and the largest Capital Improvement Program budget in the City's history with over \$50 million.

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, 2023. 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.

Aligning with the City's vision of making Gardena as one of the most desired communities to live, do business, work, and play in the South Bay region. 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.

To further the City's vision, in 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, a multigenerational community building to provide public access and recreational activities to residents.

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.

In June 2023, the National Civic League nominated the City of Gardena as an All-America City Award finalist. Gardena was one of the 19 cities nominated for the 2023 All-American City Award. The City won the award in 1980 and was one of few cities to have received this award in California. The All-America City Award recognizes communities that leverage civic engagement, collaboration, inclusiveness, and innovation to successfully address local issues.

CAPITAL IMPROVEMENT PROJECTS

The City continues to devote significant resources to maintenance and improvement of its top rated streets and roads. Gardena’s current street pavement condition index (PCI) of 81 is one of the highest in California.

The fiscal year 2022-23 capital budget is highlighted by the two major community projects: The Community Aquatic & Senior Center and a new Mas Fukai Park building. The City is aggressively reinvesting in the community via various infrastructure projects by adopting \$40.5M CIP budget for 40 different projects. It was the single largest CIP budget to date in City history. 50% of the budget is dedicated for parks and facilities, 46.9% for road and street projects and the remaining 3.1% is for sewer and stormwater projects.

Most of the projects are multi-year projects so at the end of the fiscal year only 4 of the 40 budgeted projects were completed. Two street projects were completed; the 170th Street Improvement and Pedestrian Safety Improvements, which significantly enhanced safety for street sidewalks and ramps on various intersections in the City.

Significant progress has been made with the two community projects. The Community Aquatic & Senior Center project is moving forward to the construction phase with the target completion date of Fall 2025. As for the Mas Fukai Park building, the initial design has been presented to the City Council.

In June 2023, the City adopted its Fiscal Year 2023-24 CIP budget of \$50.9M, the single largest fiscal year CIP budget in the City’s history. With 55% or \$28M of the CIP budget for park and facility projects including the construction of the Community Aquatic & Senior Center. \$21.8M or 43% for 19 street projects; including \$3.7M for the Artesia Boulevard Traffic Signal Improvement project. This project will significantly address existing and future traffic conditions as well as improving landscape on a major City’s corridor.

PENSION & OPEB STABILIZATION FUNDS

The City issued \$101M in Taxable Pension Obligation Bonds in 2020 at 3.29% to save the City \$51M over the 19-year life of the bond. The City adopted an Unfunded Accrued Liability (UAL) Policy to address future pension liability. Under this policy, UAL Funds were created so each fiscal year the City must budget a contribution toward future pension liability. As of June 30, 2023, these funds have a balance of \$2.2M.

With the desire to address Other Post-Employment Benefits (OPEB) liability and take advantage of higher interest yields, in 2017 the City established California Employers' Retiree Benefit Trust (CERBT) accounts, IRC Section 115 Trust Accounts, with CalPERS. During the fiscal year 2022-23, the City made a \$1.75M contribution to the trust. As of June 30, 2023, the City's CERBT trust has a combined balance of \$7.2M, \$1.9M from the City and \$5.3M from GTrans' CERBT account.

CASH MANAGEMENT

The City manages a pooled investment program for all funds in which temporarily idle cash is invested in a variety of instruments. The investment program is managed in accordance with the Investment Policy approved by the City Council on an annual basis. Safety, liquidity, and yield, in that order, are the objectives of the investment program. Investments are diversified among investment tools including certificates of deposit, Federal agency securities, State of California Local Agency Investment Fund (LAIF), corporate medium-term notes, money market mutual funds, California Asset Management Program (CAMP) Pool.

At the fiscal year end on June 30, 2023, the City had a total investment portfolio of \$84.8M. Almost half of the portfolio is with CAMP, which is completely liquid and increased investment earnings substantially. The investment report is presented to City Council for review and approval monthly. It is also made available on the Financial Transparency Dashboard at www.cityofgardena.org.

RISK MANAGEMENT

The City maintains self-insurance programs for worker's compensation and general liability insurance up to a maximum of \$750,000 per occurrence. General liability claims that exceed the Self-Insured Retention (SIR) are covered by Public Risk Innovatin Solutions Management (PRISM). Worker's compensation claims that exceed the SIR are insured by the PRISM up to the California statutory limits for workers' compensation. For the City's transit department, GTrans, the SIR is \$250,000 and is being covered by California Transit Indemnity Pool (CalTIP).

The City also carries stop-loss insurance of individual health benefit claims in excess of \$75,000 for Medicare retirees and \$50,000 for all other members. The City contracts with third party administrators who manage the claims filed against the City.

RELEVANT FINANCIAL POLICIES

The City has adopted a set of financial policies. GASB Statement No. 54, titled “Fund Balance Policy for the General Fund is the policy that 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.

During the current fiscal year, the City adopted new accounting procedures and policy to comply with the new Governmental Accounting Standard Board (GASB) Statement 96 for software subscriptions. The object of this statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for software subscriptions. This Statement will enhance the relevance of consistency of information about government’s subscription activities.

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, 2022. This was the thirty-seventh 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, MPA
City Manager

Respectfully submitted,



Ray Beeman, CPA
Director of Administrative Services



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Gardena
California**

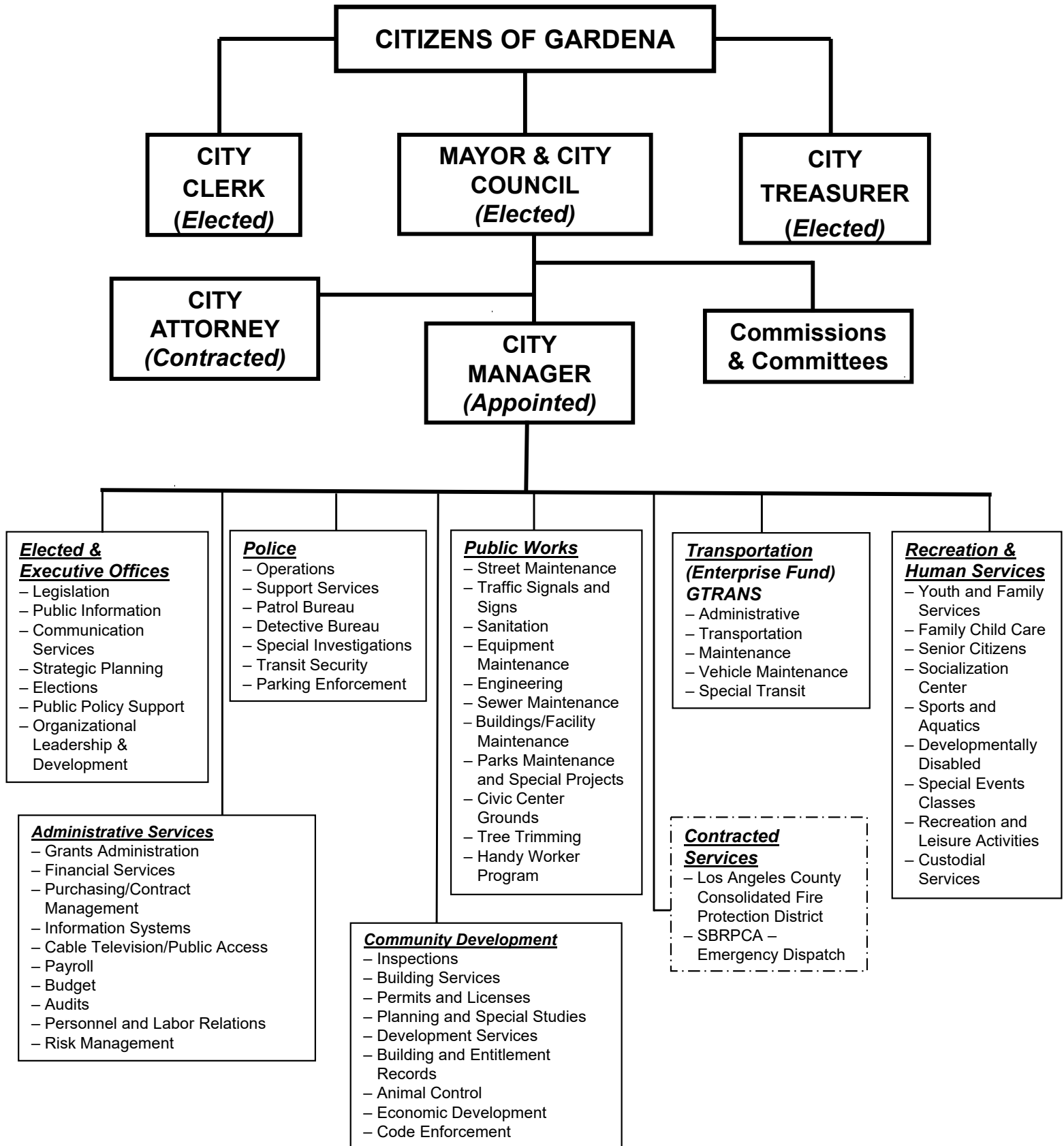
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

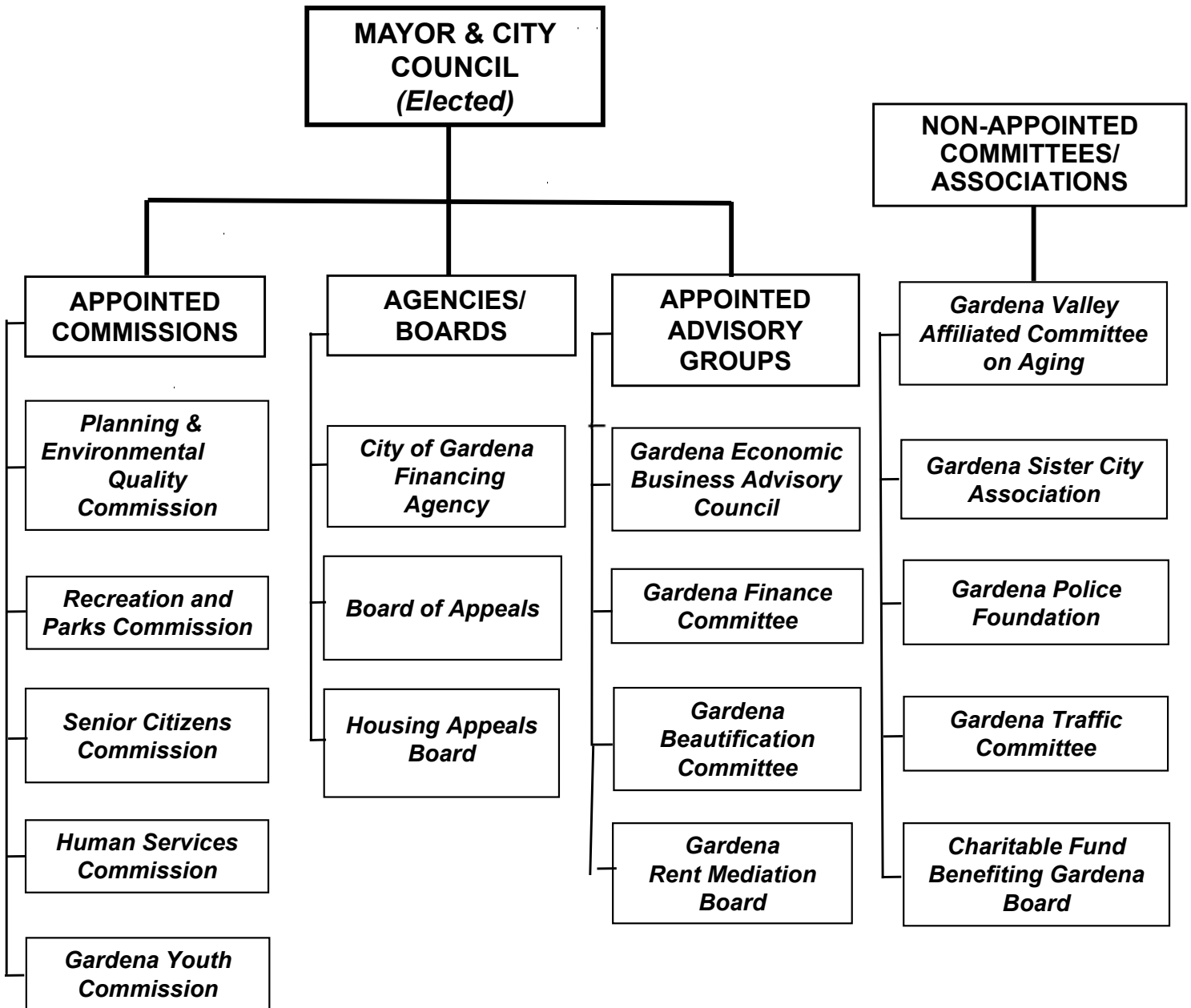
Christopher P. Morill

Executive Director/CEO

CITY OF GARDENA ORGANIZATION CHART



CITY OF GARDENA
COMMISSIONS, BOARDS, COMMITTEES, ETC.



ELECTED OFFICIALS & EXECUTIVE STAFF

FISCAL YEAR 2022 – 2023

CITY OF GARDENA

ELECTED OFFICIALS

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

City Clerk..... Mina Semenza
City Treasurer..... Guy H. Mato

EXECUTIVE STAFF & ADMINISTRATION OFFICIALS

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

**INDEPENDENT AUDITORS' REPORT**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***Opinions***

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, 2023, 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, 2023, 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 ("GAAS"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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. 96, *Subscription-based Information Technology Arrangements*. 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 GAAS 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 GAAS 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS and *Government Auditing Standards*. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and the 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.

To the Honorable Mayor and the Members of the City Council
of the City of Gardena
Gardena, California
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, 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 7, 2023

City of Gardena

Management's Discussion and Analysis (Unaudited)

As management of the City of Gardena (City), California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. 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 2022-2023 fiscal year by (\$18,994,010), which resulted in the City having a negative net position. The negative positions were due primarily to GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, GASB No. 75 *Accounting and Financial Reporting for Postemployment benefits other than pensions and Long-Term Liabilities -Due in more than one year*. The Net Pension Liabilities and Other post-employment benefits (OPEB) were included within the government-wide financial statements for both governmental and business-type financial reporting. At the close of 2022-2023 fiscal year, the City's Net Pension Liabilities were \$16,120,826 and \$3,233,030 for governmental and business-type activities for a total of \$19,353,856. The City's Other post-employment benefit liabilities were \$64,768,264 and \$8,020,898 for governmental and business-type activities for a total of \$72,789,162. The Long-Term Liabilities were \$136,971,162 and \$23,001,398 for governmental and business-type activities, respectively for a total of \$159,972,560 including the amounts both due in one year and due in more than one year. of which \$94,620,000 is for the 2020 Taxable Pension Obligation Bonds; \$73,832,926 for governmental and \$20,787,074 for business-type activities. The Long-Term Liabilities due in more than one year were of \$124,731,948 and \$21,553,550 for governmental and business-type activities, respectively for a total of \$146,285,498.
- ◆ The City's total net position decreased by \$11,722,047 in 2022-2023. Net position of governmental activities decreased by \$11,732,421 while net position of business type activities increased by \$10,374. The changes for governmental activities were due primarily to 1) Additional Sales Tax Revenue compared to the prior year in the amount of around \$3 million as the economy continued to improve. 2) The Utility User Tax increased by \$1.4 million from additional usage and higher utility prices. 3) The City's OPEB liability decreased by \$11.5 million due to higher discount rate used for the actuarial valuation. 4) The City's expenses increased by about \$46 million mainly due to the increase in pension liabilities.
- ◆ At the close of the 2022-2023 fiscal year, the City's governmental funds reported combined fund balances of \$86,505,397, an increase of \$12,835,393 in comparison to the prior year. General Fund increased by \$8,312,823. 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 \$1.7 Million. The City's Use of Money and Property, primarily its return on investments increase by \$3.4 million compared to the prior year because of higher investment returns and a greater fair market value on its investments. The City's General Fund expenditures, increased by approximately \$5.5 million compared to the prior year as the City was over budget in the general fund by \$992k. The Economic development grants special revenue fund increased by \$200k, as a result of the City receiving additional Park in Lieu revenue due to the increase in City projects. The City Capital Projects fund remained the same ending fund balance compared to the last year. The City Debt Service fund increased by \$396k as it maintained its principal and interest payments throughout the fiscal year.

City of Gardena

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

Financial Highlights (Continued)

- ◆ At the end of the 2022-2023 fiscal year, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$49,811,191 or approximately 77% of total General Fund expenditures.
- ◆ The City's long-term debt decreased by \$4,887,660 compared to prior year based on the City paying the annual debt service principal payments for the applicable debts during the fiscal year. In 2021-2022, the City issued a 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.

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.

City of Gardena

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

Overview of the Financial Statements (Continued)

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

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

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, City Debt Service Fund, and the Capital Projects Fund, which are considered to be major funds. Data from the other ten (9) governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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

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

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

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

City of Gardena

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

Overview of the Financial Statements (Continued)

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 45-97 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's funding its obligation to provide pension and OPEB benefits to its employees and includes Budgetary Comparison schedules for the General Fund and the Economic Development Grants Special Revenue Fund. Required supplementary information can be found on pages 101-123 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 130-161 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 \$18,944,010 at the close of the 2022-2023 fiscal year.

CITY OF GARDENA NET POSITION

	Governmental Activities		Business-type Activities		TOTAL	
	2023	2022*	2023	2022*	2023	2022*
Current and Non Current assets	\$ 122,943,977	\$ 108,775,385	\$ 12,305,902	\$ 11,074,930	\$ 135,249,879	\$ 119,850,315
Aggregate net pension assets	-	38,527,341	-	10,712,038	-	49,239,379
Capital assets	59,480,793	55,244,042	60,259,791	60,069,599	119,740,584	115,313,641
Total Assets:	182,424,770	202,546,768	72,565,693	81,856,567	254,990,463	284,403,335
Deferred outflow of resources related to pensions	37,950,104	42,960,563	7,455,416	1,293,367	45,405,520	44,253,930
Deferred outflow of resources related to OPEB	13,643,783	13,080,884	2,596,215	1,198,735	16,239,998	14,279,619
Total deferred outflows of resources:	51,593,887	56,041,447	10,051,631	2,492,102	61,645,518	58,533,549
Current liabilities	25,405,457	33,278,888	20,378,849	18,174,777	45,784,306	51,453,665
Non-current liabilities						
Long-term liabilities-Due in more than one year	124,731,948	120,071,123	21,553,550	22,558,077	146,285,498	142,629,200
Aggregate net pension liabilities	16,120,826	-	3,233,030	-	19,353,856	-
Aggregate net other postemployment benefits liabilities	64,768,264	76,280,979	8,020,898	6,448,522	72,789,162	82,729,501
Subtotal Non-current liabilities	205,621,038	196,352,102	32,807,478	29,006,599	238,428,516	225,358,701
Total Liabilities:	231,026,495	229,630,990	53,186,327	47,181,376	284,212,822	276,812,366
Deferred inflows of resources related to pensions	33,463,248	57,719,674	1,910,303	9,584,820	35,373,551	67,304,494
Deferred inflows of resources related to OPEB	14,968,157	4,944,373	1,025,461	1,097,614	15,993,618	6,041,987
Total deferred outflows of resources:	48,431,405	62,664,047	2,935,764	10,682,434	51,367,169	73,346,481
Net Investment in Capital						
Assets	43,557,695	40,126,502	59,138,198	59,701,427	102,695,893	99,827,929
Restricted	26,022,626	21,665,716	-	-	26,022,626	21,665,716
Unrestricted (deficit)	(115,019,564)	(95,499,040)	(32,642,965)	(33,216,568)	(147,662,529)	(128,715,608)
Total Net Position:	\$ (45,439,243)	\$ (33,706,822)	\$ 26,495,233	\$ 26,484,859	\$ (18,944,010)	\$ (7,221,963)

* 2022 balances were restated due to the implementation of GASB 96

City of Gardena

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

Government-wide Overall Financial Analysis (Continued)

By far, the largest portion of the City's net position reflects its net 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 \$120,071,123 in 2021-2022 to \$124,731,948 in fiscal year 2022-2023, or an increase of \$4,660,825, mainly from the increase in claim payables, compensated absences, and the recording of subscription liability due to the implementation of GASB 96 *Subscription-Based Information Technology Arrangements* ("SBITA"). The other additional long-term liabilities are Other Post-Employment Benefits (OPEB) of \$64,768,264, a decrease of \$11.5 million compared to the prior year; this decrease is related to the increase of actuarial discount rate from 2.16% to 3.54% for 20-year Municipal Bond Index, which helped reduce the estimated liabilities. These two liabilities total \$189,500,212 for Governmental Activities, or 82%, of the total liability balance of \$231,026,495 at June 30, 2023. The remaining noncurrent liability is the pension liability, which has an increase to \$16,120,826 from having a net pension asset in the amount of \$38,527,341 in fiscal year 2021-2022..

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 \$(147,662,529) 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, net pension liabilities, and OPEB liabilities.

At the end of the 2022-2023 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 Liabilities- Due in more than one year which includes the pension bond debt as a result of the 2020 Taxable Pension Obligation Bond 2) GASB 75, which is for other post-employment benefit liabilities; 3) GASB 68, which is for pension liabilities.

The City's overall net position decreased by \$11,722,047 from the prior fiscal year. The reasons for this overall decrease are discussed in the below sections for governmental activities and business-type activities.

Governmental Activities. During 2022-2023 fiscal year, net position for governmental activities decreased by \$11,732,421 from the prior fiscal year for an ending balance of \$(45,439,243). The decrease in the overall net position was primarily related to: 1) Total public safety expenses increased by \$50.3 million compared to the prior year, which is due primarily to pension expense adjustment, lead overall expenses to increase by \$46 million or 72% compared to the prior year. Revenues were up \$1.6 million or 2% compared to the prior year.

City of Gardena

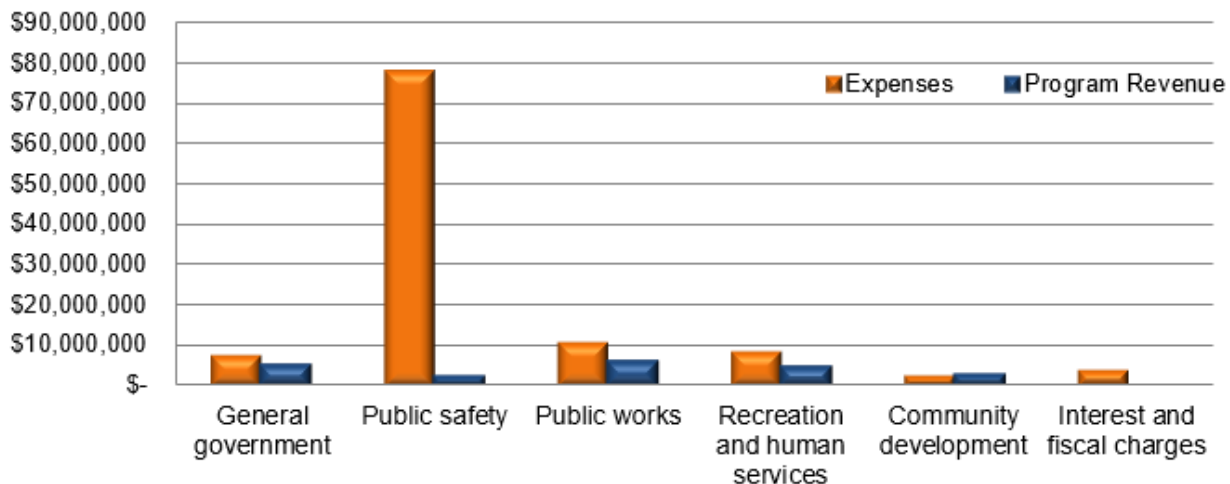
Management's Discussion and Analysis (Unaudited) (Continued)

Government-wide Overall Financial Analysis (Continued)

CITY OF GARDENA'S CHANGES IN NET POSITION

	Governmental Activities		Business -type Activities		TOTAL	
	2023	2022	2023	2022	2023	2022
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$ 11,966,318	\$ 17,326,360	\$ 4,267,081	\$ 4,254,880	\$ 16,233,399	\$ 21,581,240
Operating grants and contributions	5,814,708	4,081,043	22,744,442	22,018,364	28,559,150	26,099,407
Capital grants and contributions	3,329,828	2,511,878	3,186,920	3,915,704	6,516,748	6,427,582
<i>General Revenues:</i>						
Property taxes	9,985,883	9,186,838	-	-	9,985,883	9,186,838
Sales and other taxes	64,578,556	61,769,481	-	-	64,578,556	61,769,481
Investment income and miscellaneous	2,525,137	1,761,008	437,768	68,374	2,962,905	1,829,382
Total Revenues:	98,200,430	96,636,608	30,636,211	30,257,322	128,836,641	126,893,930
Expenses:						
General government	7,470,021	7,771,663	-	-	7,470,021	7,771,663
Public safety	77,971,300	27,964,662	-	-	77,971,300	27,964,662
Public works	10,737,606	11,239,762	-	-	10,737,606	11,239,762
Recreation and human services	8,229,820	7,566,226	-	-	8,229,820	7,566,226
Community development	2,266,794	5,946,949	-	-	2,266,794	5,946,949
Interest and fiscal charges	3,773,164	3,888,463	-	-	3,773,164	3,888,463
Enterprise operations	-	-	30,109,983	29,390,177	30,109,983	29,390,177
Total Expenses:	110,448,705	64,377,725	30,109,983	29,390,177	140,558,688	93,767,902
Increase (decrease) in Net Position before other revenues and transfers	(12,248,275)	32,258,883	526,228	867,145	(11,722,047)	33,126,028
Transfers	515,854	344,181	(515,854)	(344,181)	-	-
Change in Net Position	(11,732,421)	32,603,064	10,374	522,964	(11,722,047)	33,126,028
Net position- beginning of year	(33,706,822)	(66,309,886)	26,484,859	25,961,895	(7,221,963)	(40,347,991)
Net position - end of year	\$ (45,439,243)	\$ (33,706,822)	\$ 26,495,233	\$ 26,484,859	\$ (18,944,010)	\$ (7,221,963)

Expenses and Program Revenues - Governmental Activities



City of Gardena

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

Government-wide Overall Financial Analysis (Continued)

Business-type Activities. In the 2022-2023 fiscal year, the City's *business-type activities* increased the net position by \$10,374 compared to the prior year balance for the fiscal year ended June 30, 2023. Business-type activities revenue increased by \$379k or 1.3% compared to the prior year for a total of \$30,636,211 in revenues at year-end. In comparison to the prior fiscal year, the charges for services increased by \$12,201 or 0.3% with charges for services remaining constant with prior years. Operating grants and contributions increased by \$726,078 or 3.3% compared to the prior fiscal year, primarily due to increased liability claims and higher fuel prices. Therefore, GTrans used more operating subsidies to cover the shortfall. Capital grants and contributions decreased by \$728,784 or 18.6% primarily due higher capital related expenses incurred in fiscal year 21-22 for the installation of the CNG station; the project is nearing completion resulting a decrease in the capital grants and contributions from the fiscal year 2021-2022 to the fiscal year 2022-2023. Investment income and miscellaneous increased by \$369,394 or 540% compared to the prior year due to the City exploring additional investment options within its investment policy and earning significantly higher interest rates. Expenses for operations increased by \$719,806 or 2.4% compared to prior year, which was largely due cost of living expenses paid to employees, higher increased liability claims and higher fuel prices.

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, 2023, the City's governmental funds reported combined fund balances of \$86,503,397 an increase of \$12,835,393 or 17% in comparison with the prior year. Approximately (0.1%) of this amount is (\$47,129) 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 \$638,503; 2) restricted for purposes \$36,402,832 ; 3) committed for purposes \$26,848,674 ; or 4) assigned for purposes \$22,662,517.

The General Fund is the chief operating fund of the City. At the end of the 2022-2023 fiscal year, the unassigned fund balance of the General Fund was \$300,000, while the total fund balance increased from \$41,825,774 to \$50,138,597, an increase of \$8,312,823 or a 20% 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 77% of that same amount.

City of Gardena

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

Financial Analysis of Governmental Funds (Continued)

The fund balance of the City's General Fund increased by \$8,312,823 during the 2022-2023 fiscal year. The Top 5 Revenue generators, which make up 74% of the General Fund Original Adopted Budget for Fiscal Year 2022-2023, was up \$5.7 million compared to the budgeted amount or 10% ; 1) Sales Tax revenue for the Bradley Burns 1.0% was up \$807k compared to budget and Sales Tax from Measure G .75% was up \$2.3 million compared to the budget for a total increase of overall sales tax of \$3.1 million as a majority of the sales tax generators did significantly better than expected ; 2) Card Club revenue was down \$207k compared to the budget as mainly due to slow recovery from Lucky Lady Casino; 3) Property Taxes were up \$981k compared to budget with the continued thriving development in the City and higher housing prices in the region; 4) Utility Users Tax increased by \$1.4 million from higher utility prices; and 5) Motor Vehicle In-Lieu increased by \$443k from the budget primarily based on updated fee rates.

The Economic Development Grants Special Revenue Fund, a major fund, had an increase of \$213k 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 \$396k in fund balance during the fiscal year, due to the interest income from remaining project balance in the 2021 Lease Revenue 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 Capital Projects Fund, a major fund, had a fund balance of \$301,897. During the fiscal year, the expenditures for this fund were being reimbursed by the project funding sources such as local and state grants. Therefore, no changes in the fund balance for the fiscal year.

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 \$(24,503,020) and for the Sewer Fund was \$2,530,500. The total decrease in net position for GTrans was \$522k and the Sewer Fund net position increased by \$568k, respectively. GTrans decrease in net position was due to the increases in transit operation. The Sewer Fund increase is based on the delay in starting several capital projects and the expenditures savings related to that.

General Fund Budgetary Highlights

The final budget for revenue was not amended and stayed the same as the original adopted budget of \$72,607,910. Actual revenue compared to the final budget was up by \$7.2 million or 10% compared to the final budget. This is primarily a result of an increase in sales tax revenue compared to the budget of about \$3 million, an increase of \$1.4 million 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, 2023, 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 the same as the original budget, of \$63,812,789. Actual expenditures were more than the final budget by around \$990k or 1.6% percent, which was primarily the result of additional capital expenditures. A detailed budgetary comparison schedule for the year ended June 30, 2023, 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, 2023, amounts to \$119,740,584 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, and right to use assets – lease and SBITA assets. The total increase in capital assets compared to prior year was \$4,426,943 or 3.8%, primarily due to more capital projects being started in 2022-2023 fiscal year.

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

	Governmental Activities		Business -type Activities		TOTAL	
	2023	2022*	2023	2022*	2023	2022*
Non-depreciable assets:						
Land	\$11,820,349	\$11,544,572	\$12,956,405	\$12,956,405	\$ 24,776,754	\$ 24,500,977
Monuments	63,893	63,893	-	-	63,893	63,893
Construction in progress	6,710,764	2,247,985	7,804,434	4,870,249	14,515,198	7,118,234
Total Non-depreciable assets	18,595,006	13,856,450	20,760,839	17,826,654	39,355,845	31,683,104
Capital assets/lease assets, being depreciated:						
Building/structures and improvements	6,788,845	7,085,119	25,061,258	26,084,166	31,850,103	33,169,285
Buses	-	-	11,269,526	12,495,655	11,269,526	12,495,655
Machinery and equipment	2,534,126	2,963,820	2,265,913	2,655,548	4,800,039	5,619,368
Furniture and fixtures	-	-	64,130	94,586	64,130	94,586
Infrastructure	-	-	522,181	555,870	522,181	555,870
Street lights network	4,414,965	4,458,045	-	-	4,414,965	4,458,045
Traffic lights network	251,386	263,956	-	-	251,386	263,956
Roadway network	25,320,709	25,538,346	-	-	25,320,709	25,538,346
Total depreciable assets (net)	39,310,031	40,309,286	39,183,008	41,885,825	78,493,039	82,195,111
Intangible assets, being amortized						
Right-to-use lease assets	457,035	323,168	13,242	152,056	470,277	475,224
Right-to-use subscription assets	1,118,721	755,138	302,702	205,064	1,421,423	960,202
Total intangible assets, (net)	1,575,756	1,078,306	315,944	357,120	1,891,700	1,435,426
Total capital assets	\$59,480,793	\$55,244,042	\$60,259,791	\$60,069,599	\$ 119,740,584	\$ 115,313,641

* 2022 amounts were restated due to implementation of GASB 96

City of Gardena

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

Capital Assets and Debt Administration (Continued)

Major capital asset events during the 2022-2023 fiscal year included the following:

- Acquisition of a property locate at 1731 W 162nd Street
- Completion of 170th Street Improvement project
- Completion of Pedestrian Safety Improvement project
- Acquisition of a new street sweeper truck

Additional information on the City's capital assets can be found in Note 7 on pages 67-68 of this report.

Long-term Debt. At the end of the 2022-2023 fiscal year, the City had total bonded debt outstanding of \$130,485,822. The City's long-term debt decreased by \$4,887,660 or 3.6% compared to prior year based on the City paying the annual debt service principal payments for the applicable debts below during the fiscal year.

CITY OF GARDENA'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		TOTAL	
	2023	2022*	2023	2022*	2023	2022*
Refunding Revenue Bonds	\$ 9,945,000	\$ 10,130,000	\$ -	\$ -	\$ 9,945,000	\$ 10,130,000
Certificates of Participation	5,940,000	6,565,000	-	-	5,940,000	6,565,000
Direct Purchase Lease	285,000	565,000	-	-	285,000	565,000
- Bond discount	(178,289)	(192,173)	-	-	(178,289)	(192,173)
Pension Obligation Bonds	73,832,926	76,692,725	20,787,074	21,592,275	94,620,000	98,285,000
Lease Revenue Bonds	12,440,000	12,880,000	-	-	12,440,000	12,880,000
- Bond premium	1,902,003	2,008,657	-	-	1,902,003	2,008,657
SCE On-Bill Financing Loan	29,065	43,361	-	-	29,065	43,361
Loan Payable	3,718,327	3,632,103	-	-	3,718,327	3,632,103
Lease Payable	459,635	337,409	13,353	158,923	472,988	496,332
Subscription liabilities	1,032,161	755,138	279,567	205,064	1,311,728	960,202
	<u>\$ 109,405,828</u>	<u>\$ 113,417,220</u>	<u>\$ 21,079,994</u>	<u>\$ 21,956,262</u>	<u>\$ 130,485,822</u>	<u>\$ 135,373,482</u>

* 2022 amounts were restated due to implementation of GASB 96

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, 2023. 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 69-76 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 2023-2024, to budget for and add a total of 20 full-time equivalent (FTE) positions, as well as investments in seniors, youth and community service programs and the largest budgeted Capital Improvement Program in the Cities history with over \$50 million budgeted for the next fiscal years.

City of Gardena

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

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

The City adopted Fiscal Year 2023-2024 budget on June 27, 2023. The General Fund Revenue Budget for 2023-2024 was \$82,002,199 with expenditures of \$81,831,342 for a surplus of \$170,857.

In 2023-2024 the Top 5 Adopted Budgeted General Fund revenue sources, which make up 73% of the City's General Fund, include: 1) Sales and Use Tax - \$27.2 million (33%), 2) Property Taxes - \$9.9 million (12%), 3) Card Club Gross Revenue Fees - \$9.2 million (11%) 4) Vehicle License Fees - \$7.9 million (10%), and 5) Utility Users Tax - \$6.1 million (7%).

In 2023-2024 the General Fund expenditures were \$81,831,342, with the Police Department making up \$34.8 million or 43%, Non-Departmental (including the Fire Department and our South Bay Regional Public Communications Authority) \$14.6 million or 18%, Transfers Out at \$8.6 million or 11%, Public Works at \$7 million or 9%, Recreation and Human Services at \$5.1 million or 6%, Debt Service Payments at \$3 million or 4%, Elected and City Managers Offices at \$2.9 million or 3%, Community Development Department at \$3 million or 3% and the Administrative Services Department at \$2.7 million or 3%.

As we look to futures years the economy and threats on an economic slowdown 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. 162nd Street, Gardena, CA 90247.

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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BASIC FINANCIAL STATEMENTS

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Gardena
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 77,295,313	\$ 25,240,370	\$ 102,535,683
Receivables, net	9,828,824	465,249	10,294,073
Due from other governments	1,640,783	3,525,434	5,166,217
Internal balances	17,763,827	(17,763,827)	-
Prepaid items	611,065	94,032	705,097
Inventories	42,815	744,644	787,459
Total current assets	107,182,627	12,305,902	119,488,529
Noncurrent assets:			
Restricted cash and investments:			
Cash with fiscal agent	13,807,281	-	13,807,281
Loans receivable	1,954,069	-	1,954,069
Capital assets:			
Capital assets, not being depreciated	18,595,006	20,760,839	39,355,845
Capital assets, being depreciated	39,310,031	39,183,008	78,493,039
Intangible asset, being amortized	1,575,756	315,944	1,891,700
Total capital assets	59,480,793	60,259,791	119,740,584
Total noncurrent assets	75,242,143	60,259,791	135,501,934
Total assets	182,424,770	72,565,693	254,990,463
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	37,950,104	7,455,416	45,405,520
Deferred outflows of resources related to other postemployment benefits	13,643,783	2,596,215	16,239,998
Total deferred outflows of resources	51,593,887	10,051,631	61,645,518

City of Gardena
Statement of Net Position (Continued)
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	4,034,667	1,190,158	5,224,825
Accrued liabilities	442,528	110,148	552,676
Salaries and benefits payable	565,327	244,222	809,549
Retention payable	116,252	-	116,252
Deposits payable	3,901,464	-	3,901,464
Unearned revenue	3,167,314	17,386,473	20,553,787
Accrued interest payable	938,691	-	938,691
Compensated absences - due within one year	1,853,798	384,281	2,238,079
Claims payable - due within one year	4,811,358	-	4,811,358
Long-term debt - due within one year	5,574,058	1,063,567	6,637,625
Total current liabilities	25,405,457	20,378,849	45,784,306
Noncurrent liabilities:			
Compensated absences - due in more than one year	7,371,178	1,537,123	8,908,301
Claims payable - due in more than one year	13,529,000	-	13,529,000
Long-term debt - due in more than one year	103,831,770	20,016,427	123,848,197
Aggregate net pension liabilities	16,120,826	3,233,030	19,353,856
Aggregate net other postemployment benefits liabilities	64,768,264	8,020,898	72,789,162
Total noncurrent liabilities	205,621,038	32,807,478	238,428,516
Total liabilities	231,026,495	53,186,327	284,212,822
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	33,463,248	1,910,303	35,373,551
Deferred inflows of resources related to other postemployment benefits	14,968,157	1,025,461	15,993,618
Total deferred inflows of resources	48,431,405	2,935,764	51,367,169
NET POSITION			
Net investment in capital assets	43,557,695	59,138,198	102,695,893
Restricted for:			
Law enforcement	1,414,499	-	1,414,499
Local street improvements	14,126,722	-	14,126,722
Economic development	6,965,240	-	6,965,240
Other purposes	1,219,550	-	1,219,550
Capital projects	301,897	-	301,897
Debt service	1,994,718	-	1,994,718
Total restricted	26,022,626	-	26,022,626
Unrestricted (deficit)	(115,019,564)	(32,642,965)	(147,662,529)
Total net position (deficit)	\$ (45,439,243)	\$ 26,495,233	\$ (18,944,010)

City of Gardena
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Governmental activities:					
General government	\$ 7,470,021	\$ 4,149,501	\$ 933,906	\$ -	\$ 5,083,407
Public safety	77,971,300	1,251,096	906,496	46,616	2,204,208
Public works	10,737,606	396,408	2,608,302	3,153,416	6,158,126
Recreation and human services	8,229,820	3,647,400	1,137,758	-	4,785,158
Community development	2,266,794	2,521,913	228,246	129,796	2,879,955
Interest and fiscal charges	3,773,164	-	-	-	-
Total governmental activities	110,448,705	11,966,318	5,814,708	3,329,828	21,110,854
Business-type Activities:					
GTrans	28,643,376	1,793,580	22,744,442	3,186,920	27,724,942
Sewer	1,466,607	2,473,501	-	-	2,473,501
Total business-type activities	30,109,983	4,267,081	22,744,442	3,186,920	30,198,443
Total primary government	\$ 140,558,688	\$ 16,233,399	\$ 28,559,150	\$ 6,516,748	\$ 51,309,297

City of Gardena
Statement of Activities (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental activities:			
General government	\$ (2,386,614)	\$ -	\$ (2,386,614)
Public safety	(75,767,092)	-	(75,767,092)
Public works	(4,579,480)	-	(4,579,480)
Recreation and human services	(3,444,662)	-	(3,444,662)
Community development	613,161	-	613,161
Interest and fiscal charges	(3,773,164)	-	(3,773,164)
Total governmental activities	(89,337,851)	-	(89,337,851)
Business-type Activities:			
GTrans	-	(918,434)	(918,434)
Sewer	-	1,006,894	1,006,894
Total business-type activities	-	88,460	88,460
Total primary government	(89,337,851)	88,460	(89,249,391)
General revenues and transfers:			
General revenues:			
Taxes:			
Property taxes	9,985,883	-	9,985,883
Sales taxes	29,662,286	-	29,662,286
Business license	2,733,939	-	2,733,939
Utility users taxes	6,317,851	-	6,317,851
Franchise taxes	3,275,380	-	3,275,380
Card club	8,633,144	-	8,633,144
Other taxes	5,882,066	-	5,882,066
Total taxes	66,490,549	-	66,490,549
Vehicle license - unrestricted	8,073,890	-	8,073,890
Investment income (loss)	1,881,428	437,768	2,319,196
Miscellaneous	643,709	-	643,709
Total general revenues	77,089,576	437,768	77,527,344
Transfers	515,854	(515,854)	-
Changes in net position	(11,732,421)	10,374	(11,722,047)
Net position (deficit) - beginning of year	(33,706,822)	26,484,859	(7,221,963)
Net position (deficit) - end of year	\$ (45,439,243)	\$ 26,495,233	\$ (18,944,010)

City of Gardena

*Annual Comprehensive Financial Report
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FUND FINANCIAL STATEMENTS

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, 2023*



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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

Economic Development Grants Special Revenue Fund - To account for the fourteenth funds used for housing, environmental issues, and land use improvement. Six 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 and community projects. 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 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 the 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. One fund to account for a community project grant from the California Department of Technology (DOT).

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

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

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

City of Gardena
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds			
	General Fund	Economic Development Grants Special Revenue	City Capital Projects	City Debt Service
ASSETS				
Cash and investments	\$ 38,039,882	\$ 4,926,269	\$ 1,946,318	\$ -
Cash and investments with fiscal agents	-	-		13,807,281
Receivables:				
Accounts	928,809	216,071		-
Taxes	7,263,471	-		-
Interest	49,661	-		-
Employees	36,526	-		-
Loans	-	1,954,069		-
Inventories	42,815	-		-
Prepaid items and deposits	284,591	-		291,500
Due from other governments	-	-		-
Due from other funds	10,024,791	-		-
Total assets	<u><u>\$ 56,670,546</u></u>	<u><u>\$ 7,096,409</u></u>	<u><u>\$ 1,946,318</u></u>	<u><u>\$ 14,098,781</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,749,770	\$ 32,454	\$ 1,528,644	\$ -
Accrued liabilities	126,101	-		291
Salaries and benefits payable	542,368	-		-
Due to other funds	-	261,773		349,271
Unearned revenue	114,128	-		-
Retention payable	-	475	115,777	-
Deposits payable	3,901,464	-		-
Total liabilities	<u><u>6,433,831</u></u>	<u><u>294,702</u></u>	<u><u>1,644,421</u></u>	<u><u>349,562</u></u>
Deferred inflows of resources:				
Unavailable revenue	98,118	86,275	-	-
Total deferred inflows of resources	<u><u>98,118</u></u>	<u><u>86,275</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund balances:				
Nonspendable	327,406	-	-	291,500
Restricted	-	6,715,432	301,897	13,746,868
Committed	26,848,674	-	-	-
Assigned	22,662,517	-	-	-
Unassigned (deficit)	300,000	-	-	(289,149)
Total fund balances	<u><u>50,138,597</u></u>	<u><u>6,715,432</u></u>	<u><u>301,897</u></u>	<u><u>13,749,219</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 56,670,546</u></u>	<u><u>\$ 7,096,409</u></u>	<u><u>\$ 1,946,318</u></u>	<u><u>\$ 14,098,781</u></u>

(Continued)

City of Gardena
Balance Sheet (Continued)
Governmental Funds
June 30, 2023

	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS		
Cash and investments	\$ 19,904,788	\$ 64,817,257
Cash and investments with fiscal agents	-	13,807,281
Receivables:		
Accounts	1,177,248	2,322,128
Taxes	151,303	7,414,774
Interest	-	49,661
Employees	-	36,526
Loans	-	1,954,069
Inventories	-	42,815
Prepaid items and deposits	19,597	595,688
Due from other governments	1,640,783	1,640,783
Due from other funds	-	10,024,791
Total assets	\$ 22,893,719	\$ 102,705,773
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 627,839	\$ 3,938,707
Accrued liabilities	3,046	129,438
Salaries and benefits payable	22,959	565,327
Due to other funds	2,320,365	2,931,409
Unearned revenue	3,053,186	3,167,314
Retention payable	-	116,252
Deposits payable	-	3,901,464
Total liabilities	6,027,395	14,749,911
Deferred inflows of resources:		
Unavailable revenue	1,266,072	1,450,465
Total deferred inflows of resources	1,266,072	1,450,465
Fund balances:		
Nonspendable	19,597	638,503
Restricted	15,638,635	36,402,832
Committed	-	26,848,674
Assigned	-	22,662,517
Unassigned (deficit)	(57,980)	(47,129)
Total fund balances	15,600,252	86,505,397
Total liabilities, deferred inflows of resources, and fund balances	\$ 22,893,719	\$ 102,705,773

(Concluded)

City of Gardena

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For the Year Ended June 30, 2023*



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City of Gardena
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 86,505,397
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Amounts reported for governmental activities in the statement of net position are different because:

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

Amount reported in government-wide statement of position:

Capital assets, not being depreciated	\$ 18,595,006	
Capital assets, depreciable	117,086,015	
Less accumulated depreciation	(77,775,984)	
Right-to-use lease assets	729,511	
Right-to-use lease assets accumulated amortization	(272,476)	
Right-to-use subscription assets	1,456,363	
Right-to-use subscription assets accumulated amortization	<u>(337,642)</u>	59,480,793

Interest is recognized when due, and therefore, interest payable is not reported in the governmental funds.	(938,691)
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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	(5,574,058)	
Long-term debt - due in more than one year	(103,831,770)	
Compensated absences - due within one year	(1,853,798)	
Compensated absences - due in more than one year	(7,371,178)	

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	37,950,104	
Aggregate net pension liabilities	(16,120,826)	
Pension related deferred inflows of resources	(33,463,248)	

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	13,643,783	
Aggregate net OPEB liabilities	(64,768,264)	
OPEB related deferred inflows of resources	(14,968,157)	

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 \$10,670,445 allocated to business-type activities).

4,420,205

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

1,450,465

Net position of governmental activities	<u>\$ (45,439,243)</u>
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City of Gardena
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Major Funds			
	General Fund	Economic Development Grants Special Revenue	City Capital Projects	City Debt Service
REVENUES:				
Taxes	\$ 68,777,353	\$ -	\$ -	\$ -
Licenses and permits	2,158,749	-	-	-
Intergovernmental	689,683	275,975	-	-
Charges for services	5,659,983	64,000	-	-
Fines, forfeitures, and penalties	927,536	270,000	-	-
Use of money and property	978,751	94,535	-	416,554
Miscellaneous	613,793	54	-	-
Total revenues	79,805,848	704,564	-	416,554
EXPENDITURES:				
Current:				
General government	6,200,328	-	-	-
Public safety	42,010,381	-	-	-
Public works	6,887,999	-	-	-
Recreation and human services	4,005,992	-	-	-
Community development	2,620,660	183,002	-	-
Capital outlay	2,454,195	-	6,345,749	-
Debt service:				
Principal retirement	592,688	-	-	4,389,799
Interest and fiscal charges	32,659	-	-	3,715,933
Total expenditures	64,804,902	183,002	6,345,749	8,105,732
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,000,946	521,562	(6,345,749)	(7,689,178)
OTHER FINANCING SOURCES (USES):				
Transfers in	3,277,369	1,729	6,345,749	8,142,958
Transfers out	(11,044,788)	(310,525)	-	(57,771)
Proceeds from sale of assets	31,153	-	-	-
Issuance of debt	1,048,143	-	-	-
Total other financing sources (uses)	(6,688,123)	(308,796)	6,345,749	8,085,187
NET CHANGES IN FUND BALANCES	8,312,823	212,766	-	396,009
FUND BALANCES:				
Beginning of year	41,825,774	6,502,666	301,897	13,353,210
End of year	\$ 50,138,597	\$ 6,715,432	\$ 301,897	\$ 13,749,219

(Continued)

City of Gardena
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2023

	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:		
Taxes	\$ 5,470,185	\$ 74,247,538
Licenses and permits	-	2,158,749
Intergovernmental	11,300,325	12,265,983
Charges for services	-	5,723,983
Fines, forfeitures, and penalties	37,878	1,235,414
Use of money and property	391,591	1,881,431
Miscellaneous	106,463	720,310
Total revenues	17,306,442	98,233,408
EXPENDITURES:		
Current:		
General government	7,823	6,208,151
Public safety	317,596	42,327,977
Public works	1,547,998	8,435,997
Recreation and human services	4,215,698	8,221,690
Community development	33,446	2,837,108
Capital outlay	16,898	8,816,842
Debt service:		
Principal retirement	70,502	5,052,989
Interest and fiscal charges	2,275	3,750,867
Total expenditures	6,212,236	85,651,621
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,094,206	12,581,787
OTHER FINANCING SOURCES (USES):		
Transfers in	321,494	18,089,299
Transfers out	(7,504,845)	(18,917,929)
Proceeds from sale of assets	2,940	34,093
Issuance of debt	-	1,048,143
Total other financing sources (uses)	(7,180,411)	253,606
NET CHANGES IN FUND BALANCES	3,913,795	12,835,393
FUND BALANCES:		
Beginning of year	11,686,457	73,670,004
End of year	\$ 15,600,252	\$ 86,505,397

(Concluded)

City of Gardena
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds: \$ 12,835,393

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 (\$1,061,597) of capital outlay expenditures were for current public works expenditures for repairs and maintenance and therefore, were not capitalized). 7,755,245

The net effect of disposal of capital assets. (3,577)

Depreciation and amortization expenses on capital, lease, and subscription 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. (3,514,917)

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. (28,843)

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. (466,145)

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 funds in the amount of \$4,966,034. 2,051,830

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 \$4,130,399. (35,402,200)

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	\$ 5,052,989	
Interest accrual on loans payables	(86,224)	
Proceeds from issuance of long-term debt	(1,048,143)	
Amortization of bond premium	106,654	
Amortization of bond discount	<u>(13,884)</u>	4,011,392

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 (\$35,737) allocated to business-type activities). 1,092,895

Unavailable revenue is not recognized as revenue in the governmental funds since the revenue is not available to fund expenditures of the current year. (63,494)

Change in net position of governmental activities \$ (11,732,421)

PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

City of Gardena
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 21,522,326	\$ 3,718,044	\$ 25,240,370	\$ 12,478,056
Restricted cash	-	-	-	-
Accounts receivable, net	248,542	216,707	465,249	5,735
Due from other governments	3,525,434	-	3,525,434	-
Inventories	744,644	-	744,644	-
Prepaid items and deposits	71,866	22,166	94,032	15,377
Total current assets	26,112,812	3,956,917	30,069,729	12,499,168
Noncurrent assets:				
Capital assets, net	59,036,668	1,223,123	60,259,791	-
Total noncurrent assets	59,036,668	1,223,123	60,259,791	-
Total assets	85,149,480	5,180,040	90,329,520	12,499,168
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	7,026,121	429,295	7,455,416	-
Deferred outflows of resources related to other postemployment benefits	2,510,479	85,736	2,596,215	-
Total deferred outflows of resources	9,536,600	515,031	10,051,631	-

(Continued)

City of Gardena
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

	Business-Type Activities			Governmental Activities
	GTrans Enterprise Fund	Nonmajor Sewer Enterprise Fund	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	1,183,962	6,196	1,190,158	95,960
Accrued liabilities	109,128	1,020	110,148	313,090
Salaries and benefits payable	229,701	14,521	244,222	-
Due to other funds	7,093,382	-	7,093,382	-
Unearned revenue	17,386,473	-	17,386,473	-
Compensated absences, due within one year	360,173	24,108	384,281	-
Lease payable, due within one year	13,353	-	13,353	-
Subscription payable, due within one year	100,280	24,997	125,277	-
Long-term debt, due within one year	883,679	41,258	924,937	-
Claims payable, due within one year	-	-	-	4,811,358
Total current liabilities	27,360,131	112,100	27,472,231	5,220,408
Noncurrent liabilities:				
Compensated absences, due in more than one year	1,440,692	96,431	1,537,123	-
Claims payable, due in more than one year	-	-	-	13,529,000
Long-term debt, due in more than one year	19,109,460	906,967	20,016,427	-
Aggregate net pension liability	3,046,867	186,163	3,233,030	-
Aggregate net other postemployment benefits liabilities	7,726,172	294,726	8,020,898	-
Total noncurrent liabilities	31,323,191	1,484,287	32,807,478	13,529,000
Total liabilities	58,683,322	1,596,387	60,279,709	18,749,408
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	1,800,304	109,999	1,910,303	-
Deferred inflows of resources related to other postemployment benefits	739,416	286,045	1,025,461	-
Total deferred inflows of resources	2,539,720	396,044	2,935,764	-
NET POSITION				
Net investment in capital assets	57,966,058	1,172,140	59,138,198	-
Unrestricted (deficit)	(24,503,020)	2,530,500	(21,972,520)	(6,250,240)
Total net position	\$ 33,463,038	\$ 3,702,640	\$ 37,165,678	\$ (6,250,240)
<i>Net position reconciliation:</i>				
Net position of proprietary funds	\$ 33,463,038	\$ 3,702,640	\$ 37,165,678	\$ (6,250,240)
Adjustment to reflect the consolidation of internal service fund activities related to the GTrans and Sewer	(10,687,412)	16,967	(10,670,445)	10,670,445
Net position of business-type activities	\$ 22,775,626	\$ 3,719,607	\$ 26,495,233	
Net position related to governmental activities				\$ 4,420,205

(Concluded)

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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City of Gardena
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			Governmental Activities
	GTrans	Nonmajor Sewer		Internal
	Enterprise Fund	Enterprise Fund	Total	Service Funds
OPERATING REVENUES:				
Charges for services	\$ 1,571,058	\$ 2,473,501	\$ 4,044,559	\$ 13,692,956
Other	195,866	-	195,866	1,502,247
Total operating revenues	1,766,924	2,473,501	4,240,425	15,195,203
OPERATING EXPENSES:				
Salaries and benefits	15,950,503	873,242	16,823,745	-
Insurance claims	-	-	-	8,670,952
General and administrative	6,223,928	324,541	6,548,469	6,755,223
Depreciation and amortization	3,504,186	160,952	3,665,138	-
Other operating expenses	2,305,674	79,075	2,384,749	243,140
Total operating expenses	27,984,291	1,437,810	29,422,101	15,669,315
OPERATING INCOME (LOSS)	(26,217,367)	1,035,691	(25,181,676)	(474,112)
NONOPERATING REVENUES (EXPENSES):				
Local transportation fund	7,023,418	-	7,023,418	-
Other local assistance	10,192,921	-	10,192,921	-
Federal transit assistance	4,100,000	-	4,100,000	-
State transit assistance fund	1,428,103	-	1,428,103	-
Interest income	361,480	76,288	437,768	186,786
Interest expense	(622,323)	(29,822)	(652,145)	-
Gain on sale of capital assets	26,656	-	26,656	-
Total nonoperating revenues (expenses)	22,510,255	46,466	22,556,721	186,786
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(3,707,112)	1,082,157	(2,624,955)	(287,326)
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	3,186,920	-	3,186,920	-
Transfers in	-	49,281	49,281	2,986,852
Transfers out	(1,967)	(563,168)	(565,135)	(1,642,368)
Total contributions and transfers	3,184,953	(513,887)	2,671,066	1,344,484
CHANGES IN NET POSITION	(522,159)	568,270	46,111	1,057,158
NET POSITION (DEFICIT):				
Beginning of year	33,985,197	3,134,370	37,119,567	(7,307,398)
End of year	<u>\$ 33,463,038</u>	<u>\$ 3,702,640</u>	<u>\$ 37,165,678</u>	<u>\$ (6,250,240)</u>
<i>Change in net position reconciliation:</i>				
Change in net position of proprietary funds	\$ (522,159)	\$ 568,270	\$ 46,111	\$ 1,057,158
Adjustment to reflect the consolidation of internal service fund activities related to the GTrans and Sewer	(36,762)	1,025	(35,737)	35,737
Change in net position of business-type activities	<u>\$ (558,921)</u>	<u>\$ 569,295</u>	<u>\$ 10,374</u>	
Change in net position related to governmental activities				<u>\$ 1,092,895</u>

City of Gardena
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			Governmental Activities
	GTrans	Nonmajor Sewer		Internal
	Enterprise Fund	Enterprise Fund	Total	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 1,647,206	\$ 2,472,412	\$ 4,119,618	\$ 13,892,956
Receipts from claims and recoveries	-	-	-	1,502,247
Payments for insurance claims	-	-	-	(7,134,219)
Payments to suppliers	(8,633,791)	(415,897)	(9,049,688)	(7,499,435)
Payments to employees	(16,188,619)	(940,504)	(17,129,123)	-
Other receipts	195,866	-	195,866	-
Net cash provided by (used in) operating activities	(22,979,338)	1,116,011	(21,863,327)	761,549
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	49,281	49,281	2,986,852
Transfers to other funds	(1,967)	(563,168)	(565,135)	(1,642,368)
Payments received from other funds	5,301,595	-	5,301,595	-
Principal payments on long term debt	(1,043,788)	(61,898)	(1,105,686)	-
Interest paid	(622,323)	(29,822)	(652,145)	-
Transit assistance funds received	25,139,677	-	25,139,677	-
Net cash provided by (used in) noncapital financing activities	28,773,194	(605,607)	28,167,587	1,344,484
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(3,186,920)	(443,177)	(3,630,097)	-
Proceeds from sale of capital assets	26,656	-	26,656	-
Receipt from capital grants	3,186,920	-	3,186,920	-
Net cash provided by (used in) capital and related financing activities	26,656	(443,177)	(416,521)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	361,480	76,288	437,768	186,786
Net cash provided by investing activities	361,480	76,288	437,768	186,786
Net change in cash and cash equivalents	6,181,992	143,515	6,325,507	2,292,819
CASH AND CASH EQUIVALENTS:				
Beginning of year	15,340,334	3,574,529	18,914,863	10,185,237
End of year	<u>\$ 21,522,326</u>	<u>\$ 3,718,044</u>	<u>\$ 25,240,370</u>	<u>\$ 12,478,056</u>

(Continued)

City of Gardena
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			Governmental Activities
	GTrans	Nonmajor Sewer		Internal
	Enterprise Fund	Enterprise Fund	Total	Service Funds
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ (26,217,367)	\$ 1,035,691	\$ (25,181,676)	\$ (474,112)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expenses	3,504,186	160,952	3,665,138	-
(Increase) decrease in:				
Accounts receivable	76,148	(1,089)	75,059	200,000
Inventory	81,743	-	81,743	-
Prepaid items and deposits	(19,848)	(7,439)	(27,287)	(8,873)
Deferred outflows of resources - pensions	(5,799,993)	(362,056)	(6,162,049)	-
Deferred outflows of resources - OPEB	(1,396,023)	(1,457)	(1,397,480)	-
Increase (decrease) in:				
Accounts payable	(106,353)	(5,862)	(112,215)	(156,828)
Accrued liabilities	(59,731)	1,020	(58,711)	(319,676)
Accrued payroll	(459,134)	(21,469)	(480,603)	-
Compensated absences	18,091	(54,111)	(36,020)	-
Net pension liability	13,202,012	743,055	13,945,067	-
Net other postemployment benefits liability	1,813,748	(241,372)	1,572,376	-
Deferred inflows of resources - OPEB	(330,593)	258,440	(72,153)	-
Deferred inflows of resources - pensions	(7,286,224)	(388,292)	(7,674,516)	-
Deposits payable	-	-	-	(15,695)
Claims payable	-	-	-	1,536,733
Total adjustment	3,238,029	80,320	3,318,349	1,235,661
Net cash provided by (used in) operating activities	\$ (22,979,338)	\$ 1,116,011	\$ (21,863,327)	\$ 761,549

(Concluded)

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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City of Gardena
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City of Gardena
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City of Gardena
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

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.

Blended Component Unit

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.

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, 2023

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, 2023

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 of housing, environmental activities, and land use improvement, including funding received from the U.S. Department of Housing and Urban Development (HUD), the U.S. Environmental Protection Agency, and California Department of Housing & Community Development (HCD) and to account for fees received from developers to fund park and recreation facilities.
- City Capital Projects Fund - Represents the financial resources that are restricted, committed or assigned to expenditures for capital outlay.
- 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.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

- 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.
- 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 to be a major fund for the year ended June 30, 2023.

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, 2023

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”.

The intangible right-to-use asset includes lease assets or subscription-based information technology arrangements (“SBITA”) assets (“subscription asset”). These intangible assets are recorded at the amount of the initial measurement of the lease liabilities or SBITA liabilities (“subscription liabilities”) and adjusted by any lease made to the lessor or subscription payments to the SBITA vendor at or before the commencement of the lease or subscription term, less any incentives received from the lessor or SBITA vendor at or before the commencement of the lease or subscription term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service or subscription implementation costs. 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 City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset. Subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying Information Technology assets.

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

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Deferred Outflows and Inflows of Resources

The statement of net position and balance sheet – governmental funds 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.

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

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.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Leases (Continued)

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.

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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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, 2023

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, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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 and \$250,000 per claim for GTrans. In addition, City also self-insured for workers’ compensation for \$750,000 per claim for both the City and GTrans. Losses in excess of \$750,000 for the City and \$250,000 for GTrans, 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. Subscription Based Information Technology Arrangements Liabilities

The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more with a subscription term greater than one year in the government-wide and proprietary fund financial statements. Variable payments based on future performance of the City, usage of the underlying IT assets, or number of user seats are not included in the measurement of the subscription liability.

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

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Subscription Based Information Technology Arrangements Liabilities (Continued)

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

- The City uses the interest rate charged by the SBITA vendor 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 subscription liabilities.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure any subscription asset or liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

R. 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.

S. 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 18, 2022	Unsecured, redemptions, and SB813 taxes
December 20, 2022	Homeowners' exemption, secured, and SB813 taxes
January 20, 2023	Homeowners' exemption, secured, and SB813 taxes
February 17, 2023	Redemptions, secured, and SB813 taxes
March 18, 2023	Secured and SB813 taxes
April 20, 2023	Secured and SB813 taxes
May 19, 2023	Redemptions, homeowners' exemption, secured, and SB813 taxes
June 20, 2023	Homeowners' exemption, SB813 taxes
July 20, 2023	Secured and SB813 taxes
August 20, 2023	Secured, redemptions, unsecured, and SB813 taxes

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

T. 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 and amortization, 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.

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.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Net Position and Fund Balances (Continued)

Spending Policy (Continued)

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
- Committed
- Assigned
- Unassigned

U. 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.

V. Implementation of New GASB Pronouncements

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*, to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Implementation of this Statement did not have a significant effect to the City's financial statements for the fiscal year ended June 30, 2023.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB Statement No. 94), to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Implementation of this Statement did not have a significant effect to the City's financial statements for the fiscal year ended June 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB Statement No. 96), to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Under this Statement, a government is required to recognize a subscription liability and an intangible right-to-use subscription asset. The effective date of GASB Statement No. 96 is for fiscal years beginning after June 15, 2022. Implementation of this Statement resulted in restatement of beginning balance of capital assets (Note 7) and long-term debt liabilities (Note 8) at July 1, 2022.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

V. Implementation of New GASB Pronouncements (Continued)

In March 2022, GASB issued Statement No. 99, *Omnibus 2022*, to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Implementation of this Statement did not have a significant effect to the City's financial statements for the fiscal year ended June 30, 2023.

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, 2023 for its governmental activities of \$(115,019,564) and business-type activities of \$(32,642,965). The deficit was mainly due to the reporting of the aggregate net pension liabilities, the aggregate net OPEB liabilities and the pension obligation bonds issued to pay for the unfunded pension liabilities. The aggregate net pension liabilities reported were \$16,120,826 and \$3,233,030 for governmental activities and business-type activities, respectively. The aggregate net OPEB liabilities were \$64,768,264 and \$8,020,898 for governmental activities and business-type activities, respectively. The Pension Obligation Bonds were \$73,832,926 and \$20,787,074 for governmental activities and business-type activities, respectively.

The following funds had a deficit fund balance/net position at June 30, 2023:

Nonmajor Governmental Funds:	
Public Safety Grants Special Revenue Fund	\$ (57,980)
Internal Service Funds:	
Workers' Compensation Fund	(11,493,125)

In addition, the GTrans Enterprise had deficit unrestricted net position of \$(24,503,020) at June 30, 2023.

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

B. Expenditures in Excess of Appropriations

The following funds had expenditures in excess of appropriations:

Fund	Appropriations	Expenditures	Excess of Expenditures over Appropriations
Major Governmental Funds:			
General Fund			
General government:			
Non-departmental	\$ 1,015,399	\$ 1,488,894	\$ 473,495
Public works	6,634,386	6,887,999	253,613
Community development	2,618,308	2,620,660	2,352
Capital outlay	888,000	2,454,195	1,566,195
Debt service:			
Principal	-	592,688	592,688
Interest and fiscal charges	-	32,659	32,659

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Stewardship, Compliance and Accountability (Continued)

B. Expenditures in Excess of Appropriations (Continued)

Fund	Appropriations	Expenditures	Excess of Expenditures over Appropriations
2006 Refunding COPs, Series A Debt Service Fund			
Interest and fiscal charges	401,340	402,117	777
2014 Taxable Lease Revenue Refunding Bonds Debt Service Fund			
Debt service:			
Interest and fiscal charges	441,011	441,157	146
2020 Taxable Pension Obligation Bonds Debt Service Fund			
Debt service:			
Principal retirement	2,859,250	2,859,799	549
Nonmajor Governmental Funds:			
Gas Tax Special Revenue Fund			
Public works	565,660	597,910	32,250
Debt service:			
Principal retirement	-	19,606	19,606
Public Safety Grants Special Revenue Fund			
Public safety	276,126	303,884	27,758
Debt service:			
Principal retirement	-	4,463	4,463
Public Works Grants Special Revenue Fund			
Recreation and human services	10,000	17,910	7,910
Human Services Grants Special Revenue Fund			
Capital Outlay	-	10,000	10,000
Debt service:			
Principal retirement	4,346	10,147	5,801

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, 2023:

	Government-Wide Financial Statement		
	Governmental	Business-Type	
	Activities	Activities	Total
Cash and investments	\$ 77,295,313	\$ 25,240,370	\$ 102,535,683
Cash and investments held by fiscal agents	13,807,281	-	13,807,281
Total cash and investments	\$ 91,102,594	\$ 25,240,370	\$ 116,342,964

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Cash and Investments (Continued)

The City's cash and investments at June 30, 2023, in more detail:

Cash:	
Petty cash	\$ 7,200
Demand deposits	18,270,532
Total cash and cash equivalents	<u>18,277,732</u>
Investments:	
Money market mutual fund	48,133,970
U.S. Treasury	14,363,188
Negotiable certificates of deposit	2,632,368
Corporate notes	6,194,599
Local Agency Investment Fund	5,216,245
U.S. Government sponsored enterprise securities	5,969,728
Foreign negotiable certificates of deposit	1,747,853
Total investments	<u>84,257,951</u>
Total cash and investments	<u>102,535,683</u>
Cash and investments with fiscal agents	<u>13,807,281</u>
Total	<u><u>\$ 116,342,964</u></u>

A. Deposits

The carrying amounts of the City's demand deposits were \$18,270,532 at June 30, 2023. Bank balances at that date were \$20,193,388, the total amount of which was collateralized or insured with accounts held by the pledging financial institutions in the City's name as discussed below.

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

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

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

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Cash and Investments (Continued)

B. Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
Municipal securities	5 years	30%	5%
United States treasury obligations	5 years	No Limit	No Limit
U.S. Government sponsored enterprise securities	5 years	No Limit	25%
Bankers' acceptances	180 days	40%	5%
Commercial paper	270 days	25%	5%
Negotiable certificates of deposit	5 years	30%	5%
Federally insured time deposits	5 years	20%	Federally Insured
Collateralized time deposits	5 years	20%	Federally Insured
Certificate of deposit 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	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.

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, 2023, 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, 2023, the City had \$5,216,245 invested in LAIF, which had invested 2.78% of the pool investment funds in Structured Notes and Asset-Backed Securities. The fair value of the City's portion in the pool is the same as the value of the pool shares and reported at amortized cost.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Cash and Investments (Continued)

C. Fair Value Measurement

At June 30, 2023, 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, 2023:

Investment Type	Measurement Input			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Uncategorized ⁽³⁾	
Money market mutual fund	\$ -	\$ -	\$ 48,133,970	\$ 48,133,970
U.S. Treasury	14,363,188	-	-	14,363,188
Negotiable certificates of deposit ⁽¹⁾	-	2,632,368	-	2,632,368
Corporate notes ⁽¹⁾	-	6,194,599	-	6,194,599
Local Agency Investment Fund	-	-	5,216,245	5,216,245
U.S. Government sponsored enterprise securities ⁽¹⁾	-	5,969,728	-	5,969,728
Foreign negotiable certificates of deposit ⁽²⁾	-	1,747,853	-	1,747,853
Cash and investments with fiscal agents:				
Money market mutual fund	-	-	13,807,281	13,807,281
Total	\$ 14,363,188	\$ 16,544,548	\$ 67,157,496	\$ 98,065,232

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

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

⁽³⁾ Cash and cash equivalent.

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, 2023, 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	\$ 48,133,970	\$ 48,133,970	\$ -	\$ -	\$ -	\$ -
U.S. Treasury	14,363,188	4,541,608	2,737,475	3,405,764	1,881,690	1,796,651
Negotiable certificates of deposit	2,632,368	451,050	224,567	432,165	1,184,113	340,473
Corporate notes	6,194,599	1,771,818	1,726,336	1,047,712	640,955	1,007,778
Local Agency Investment Fund	5,216,245	5,216,245	-	-	-	-
U.S. Government sponsored enterprise securities	5,969,728	2,932,525	1,099,474	790,217	-	1,147,512
Foreign negotiable certificates of deposit	1,747,853	873,609	874,244	-	-	-
Cash and investments with fiscal agents:						
Money market mutual fund	13,807,281	13,807,281	-	-	-	-
Total	\$ 98,065,232	\$ 77,728,106	\$ 6,662,096	\$ 5,675,858	\$ 3,706,758	\$ 4,292,414

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

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by Standard & Poor's and Moody's Investors Service. At June 30, 2023, 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	6.19%
U.S. Treasury	AAA	Not Rated	17.05%
U.S. Government sponsored enterprise securities	AAA	AA+	7.09%
Negotiable certificates of deposit	Not Rated	Not Rated	3.12%
Foreign negotiable certificates of deposit	A2	Aa	2.07%
Corporate notes	A	A	7.35%
Money market mutual fund	P-1	Aa	57.13%
Total			100.00%

Concentration of Credit Risk - The City's investment policy states that no more than 5% of the City's total investment portfolio shall be invested in a single type or with a single financial institution. The only exception to these limits shall be the investment in U.S. Treasury and authorized pools. There are no investments in any one issuer than the external investment pools that represent 5% or more of total City investments.

Note 4 – Other Receivables

A. YMCA Receivables

In February 1994, the City entered into a long-term lease contract to lease land to the YMCA for construction of a new YMCA facility that would benefit the community. The facility opened on February 6, 1995 with a 30-year lease term, ending in 2024. Under the terms of the agreement, the maximum amount that the City could receive was \$1,400,000. This amount is payable in monthly payments, with annual rent adjustments over a 30-year lease term. In January 2023, the monthly payment was increased from \$71 to \$367 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, 2023, future lease payments from the YMCA, including interest, were \$369,299. Since the City has not earned the revenue for the future lease payments, there was no revenue recognized or receivables reported at June 30, 2023 for these future lease payments.

B. State Mandated Claims Reimbursement

The City recorded an outstanding receivable of \$731,858 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 \$731,858. 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, 2023.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2022	Additions	Deletions	Allowance	Balance June 30, 2023
Home-Owner Occupied Deferred Loans					
CalHOME	\$ 372,094	\$ -	\$ -	\$ -	\$ 372,094
State HOME Loans	1,594,850	-	(12,875)	-	1,581,975
Subtotal	1,966,944	-	(12,875)	-	1,954,069
Spring Park Senior Villa Developer Loan	3,632,103	86,224	-	(3,718,327)	-
Total	\$ 5,599,047	\$ 86,224	\$ (12,875)	\$ (3,718,327)	\$ 1,954,069

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, 2023, the outstanding loan balance is \$1,954,069.

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, 2023, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$844,212 which was required by the State of California. This results the City in reporting loans receivable in the amount of \$3,718,327. 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 \$3,718,327. 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, 2023.

Note 6 – Interfund Transactions

A. Government-Wide Financial Statements

Internal Balances - At June 30, 2023, the City had the following internal receivable and payable, which represents internal service charges between the governmental activities and business-type activities:

	Internal Payable
	Business-Type Activities
Internal Receivable	
Governmental Activities	\$ 17,763,827

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Interfund Transactions (Continued)

A. Government-Wide Financial Statements (Continued)

Transfers – For the year ended June 30, 2023, the City had the following transfers:

	Transfers In	Transfers Out
		Business-Type Activities
Governmental Activities		\$ 515,854

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

B. Fund Financial Statements

Due From/To Other Funds - At June 30, 2023, 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		\$ 261,773
City Debt Service Fund		349,271
Nonmajor Governmental Funds		2,320,365
Proprietary Fund:		
GTrans Enterprise Fund		7,093,382
Total		\$ 10,024,791

The above amounts resulted from temporary reclassifications made at June 30, 2023 to cover cash shortfalls.

Transfers In/Out – During the year ended June 30, 2023, the City had the following transfers in/out, which arise in the normal course of operations:

Transfers In								
	Governmental Funds					Enterprise Funds		Total
	General Fund	Economic Development Grants Special Revenue	City Capital Projects Fund	City Debt Service	Nonmajor Governmental	Nonmajor Sewer Enterprise Fund	Internal Service Funds	
Transfers Out								
Governmental Funds:								
General Fund	\$ -	\$ 1,729	\$ 854,898	\$ 8,018,634	\$ 319,527	\$ -	\$ 1,850,000	\$ 11,044,788
Economic Development Grants								
Special Revenue Fund	-	-	310,525	-	-	-	-	310,525
Debt Service Fund	-	-	57,771	-	-	-	-	57,771
Nonmajor Governmental Funds	2,642,735	-	4,694,021	118,808	-	49,281	-	7,504,845
Enterprise Funds:								
GTrans	-	-	-	-	1,967	-	-	1,967
Sewer	134,634	-	428,534	-	-	-	-	563,168
Internal Service Funds	500,000	-	-	5,516	-	-	1,136,852	1,642,368
Total	\$ 3,277,369	\$ 1,729	\$ 6,345,749	\$ 8,142,958	\$ 321,494	\$ 49,281	\$ 2,986,852	\$ 21,125,432

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Interfund Transactions (Continued)

B. Fund Financial Statements (Continued)

Transfers In/Out (Continued)

General Fund transferred \$1,729 to Economic Development Fund to cover the unclaimed expenditures, \$854,898 to the City Capital Projects Fund to fund the deferred maintenance projects, \$8,018,634 to Debt Service Fund for debt service payments and bank admin fees, \$319,527 to Nonmajor Governmental Funds to cover deficit grants funds and FEMA 10% matching requirement, and \$1,850,000 to Internal Service Funds to pay as you go general liability and workers' compensation liability.

Economic Development Grants Special Revenue funds transferred \$310,525 to Nonmajor Governmental Funds to fund capital projects.

Transfers of \$57,771 from Debt Service Fund to the City Capital Projects Fund was to fund for community projects.

Nonmajor Governmental Funds transfers to the General Fund consists of \$969,295 for fiscal year 2023 ARPA claims and qualified expenditures, \$829,080 for job costs relating capital projects, \$75,500 for police department expenditures, \$222,466 for street sweeping program, \$521,932 for tree maintenance and street maintenance program, and \$24,462 for grant reimbursements and administration. Transfers from Nonmajor Governmental Funds of \$4,694,021 to the City Capital Projects Fund are for grant funded projects, \$118,808 to Debt Service Funds are for debt service payments in lieu of PERS UAL, and \$49,281 to reimburse Nonmajor Sewer Enterprise Fund for street sweeping supplies and maintenance.

GTrans Enterprise Funds transferred \$1,967 to Nonmajor Governmental Fund to cover FEMA 10% matching requirement.

Sewer Enterprise Funds transfers consists of transfer of \$134,634 to the General Fund for job costs related to capital projects and \$428,534 to City Capital Projects Fund to fund the sewer funded capital projects.

Internal Service Funds transfers consists of transfer of \$500,000 to City OPEB fund to reduce OPEB liability, \$5,516 to Debt Service Fund for debt service payments in lieu of PERS UAL, and \$1,136,852 to Internal Service Funds to pay as you go workers' compensation liability for \$400,000 and pay as you general liability for \$736,852.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023 is as follows:

	Governmental Activities				
	Balance July 1, 2022 (As Restated)	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 11,544,572	\$ 275,777	\$ -	\$ -	\$ 11,820,349
Monuments	63,893	-	-	-	63,893
Construction in progress	2,247,985	4,582,051	-	(119,272)	6,710,764
Total capital assets, not being depreciated	13,856,450	4,857,828	-	(119,272)	18,595,006
Capital assets, being depreciated:					
Buildings/structures and improvements	26,264,560	351,949	-	-	26,616,509
Machinery and equipment	12,848,293	598,834	(190,898)	-	13,256,229
Infrastructure:					
Street lights network	5,491,961	-	-	-	5,491,961
Traffic lights network	12,940,788	-	-	-	12,940,788
Roadway network	57,773,073	888,183	-	119,272	58,780,528
Total capital assets, being depreciated	115,318,675	1,838,966	(190,898)	119,272	117,086,015
Less accumulated depreciation for:					
Buildings/structures and improvements	(19,179,441)	(648,223)	-	-	(19,827,664)
Machinery and equipment	(9,884,473)	(1,024,951)	187,321	-	(10,722,103)
Infrastructure:					
Street light network	(1,033,916)	(43,080)	-	-	(1,076,996)
Traffic lights network	(12,676,832)	(12,570)	-	-	(12,689,402)
Roadway network	(32,234,727)	(1,225,092)	-	-	(33,459,819)
Total accumulated depreciation	(75,009,389)	(2,953,916)	187,321	-	(77,775,984)
Total capital assets, being depreciated, net	40,309,286	(1,114,950)	(3,577)	119,272	39,310,031
Intangible assets, being amortized					
Right-to-use lease assets	531,835	357,226	(159,550)	-	729,511
Right-to-use subscription assets	755,138	701,225	-	-	1,456,363
Total intangible assets, being amortized	1,286,973	1,058,451	(159,550)	-	2,185,874
Less accumulated amortization for:					
Right-to-use lease assets	(208,667)	(223,359)	159,550	-	(272,476)
Right-to-use subscription assets	-	(337,642)	-	-	(337,642)
Total accumulated amortization	(208,667)	(561,001)	159,550	-	(610,118)
Total intangible assets, being amortized, net	1,078,306	497,450	-	-	1,575,756
Governmental activities capital assets, net	\$ 55,244,042	\$ 4,240,328	\$ (3,577)	\$ -	\$ 59,480,793

Depreciation and amortization expenses were charged to functions/programs of the governmental activities for the fiscal year ended June 30, 2023 as follows:

	Depreciation	Amortization
General government	\$ 823,977	\$ 224,590
Public safety	626,742	198,226
Public works	1,426,704	48,467
Community development	-	37,170
Recreation and human services	76,493	52,548
Total depreciation expense	\$ 2,953,916	\$ 561,001

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023 is as follows:

	Business-Type Activities			
	Balance July 1, 2022 (As Restated)	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 12,956,405	\$ -	\$ -	\$ 12,956,405
Construction in progress	4,870,249	3,182,735	-	7,804,434
Total capital assets, not being depreciated	17,826,654	3,182,735	-	20,760,839
Capital assets, being depreciated:				
Buildings/structures and improvements	39,893,428	-	-	39,893,428
Buses	44,887,487	-	(1,536,982)	43,375,270
Machinery and equipment	12,153,152	443,176	(30,508)	12,762,755
Furniture and fixtures	1,625,521	-	(12,482)	1,639,889
Infrastructure	11,184,496	-	-	11,184,496
Total capital assets, being depreciated	109,744,084	443,176	(1,579,972)	108,855,838
Less accumulated depreciation for:				
Buildings/structures and improvements	(13,809,262)	(1,022,908)	-	(14,832,170)
Buses	(32,391,832)	(1,250,894)	1,536,982	(32,105,744)
Machinery and equipment	(9,497,604)	(1,029,746)	30,508	(10,496,842)
Furniture and fixtures	(1,530,935)	(57,306)	12,482	(1,575,759)
Infrastructure	(10,628,626)	(33,689)	-	(10,662,315)
Total accumulated depreciation	(67,858,259)	(3,394,543)	1,579,972	(69,672,830)
Total capital assets, being depreciated, net	41,885,825	(2,951,367)	-	39,183,008
Intangible assets, being amortized				
Right-to-use lease assets	304,112	26,484	(304,112)	26,484
Right-to-use subscription assets	205,064	202,935	-	407,999
Total intangible assets, being amortized	509,176	229,419	(304,112)	434,483
Less accumulated amortization for:				
Right-to-use lease assets	(152,056)	(165,298)	304,112	(13,242)
Right-to-use subscription assets	-	(105,297)	-	(105,297)
Total accumulated amortization	(152,056)	(270,595)	304,112	(118,539)
Total intangible assets, being amortized, net	357,120	(41,176)	-	315,944
Business-type activities capital assets, net	\$ 60,069,599	\$ 190,192	\$ -	\$ 60,259,791

Depreciation and amortization expenses for business-type activities for the year ended June 30, 2023 was charged as follows:

	Depreciation	Amortization
Gtrans major enterprise fund	\$ 3,253,834	\$ 250,352
Sewer nonmajor enterprise fund	140,709	20,243
Total depreciation expense	\$ 3,394,543	\$ 270,595

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023 is as follows:

	Balance July 1, 2022 (As Restated)	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in more One Year
2006 Refunding Certificates of						
Participation Series A - publicly offered	\$ 6,565,000	\$ -	\$ (625,000)	\$ 5,940,000	\$ 665,000	\$ 5,275,000
2007 Refunding Revenue						
Bonds, Series A - publicly offered	1,315,000	-	(120,000)	1,195,000	125,000	1,070,000
2014 Taxable Lease Revenue						
Refunding Bonds - publicly offered	8,815,000	-	(65,000)	8,750,000	70,000	8,680,000
Bond discount - 2014 Taxable						
Lease Revenue Refunding Bonds	(192,173)	-	13,884	(178,289)	(13,884)	(164,405)
2017 Direct Purchase Lease						
- Private placement	565,000	-	(280,000)	285,000	285,000	-
2016 SCE On-Bill Financing Loan						
- Direct borrowing	43,361	-	(14,296)	29,065	14,296	14,769
2020 Taxable Pension Obligation						
Bonds - publicly offered	76,692,725	-	(2,859,799)	73,832,926	3,285,063	70,547,863
2021 Lease Revenue Bonds						
- Publicly offered	12,880,000	-	(440,000)	12,440,000	465,000	11,975,000
Bond premium - 2021 Lease						
Revenue Bonds	2,008,657	-	(106,654)	1,902,003	106,654	1,795,349
Loan payable	3,632,103	86,224	-	3,718,327	-	3,718,327
Lease payable	337,409	346,917	(224,691)	459,635	157,234	302,401
Subscription liabilities	755,138	701,226	(424,203)	1,032,161	414,695	617,466
Claims payable	16,803,625	8,658,461	(7,121,728)	18,340,358	4,811,358	13,529,000
Compensated absences	8,758,831	4,378,870	(3,912,725)	9,224,976	1,853,798	7,371,178
Total	\$ 138,979,676	\$ 14,171,698	\$ (16,180,212)	\$ 136,971,162	\$ 12,239,214	\$ 124,731,948

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, 2023

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, 2023 totaled \$5,940,000. The annual debt service requirements on these certificates are as follows:

Fiscal Year	Principal	Interest	Total
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	218,196	1,018,196
2028	850,000	165,561	1,015,561
2029-2031	2,170,000	169,070	2,339,070
Total	<u>\$ 5,940,000</u>	<u>\$ 1,492,283</u>	<u>\$ 7,432,283</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, 2023 totaled \$1,915,000. The annual debt service requirements on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
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	155,000	33,825	188,825
2029-2031	505,000	52,232	557,232
Total	<u>\$ 1,195,000</u>	<u>\$ 289,857</u>	<u>\$ 1,484,857</u>

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023 totaled \$8,750,000. The annual debt service requirements on these bonds as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	80,000	422,586	502,586
2029-2033	4,605,000	1,776,289	6,381,289
2034-2036	3,775,000	359,250	4,134,250
Total	<u>\$ 8,750,000</u>	<u>\$ 4,282,814</u>	<u>\$ 13,032,814</u>

2017 Direct Purchase Lease

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

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

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

The amount outstanding at June 30, 2023 totaled \$285,000. The annual debt service requirements on these bonds as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 285,000</u>	<u>\$ 2,950</u>	<u>\$ 287,950</u>

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023 totaled \$29,065. The annual debt service requirements on this loan as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 14,296	\$ -	\$ 14,296
2025	7,769	-	7,769
2026	7,000	-	7,000
Total	<u>\$ 29,065</u>	<u>\$ -</u>	<u>\$ 29,065</u>

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

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

The bonds accrue interest at rates between 1.081% and 3.363%. Interest on the bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2021. Principal payments are due in annual installments ranging from \$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, 2023

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, 2023 totaled \$73,832,926. The annual debt service requirements for the governmental activities on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
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	4,131,689	1,965,558	6,097,247
2029-2033	22,476,540	8,025,107	30,501,647
2034-2038	26,323,422	4,167,588	30,491,010
2039	5,872,696	226,300	6,098,996
Total	<u>\$ 73,832,926</u>	<u>\$ 23,051,220</u>	<u>\$ 96,884,146</u>

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 \$11,752,150 at June 30, 2023.

The amount outstanding at June 30, 2023 totaled \$12,440,000. The annual debt service requirements on these bonds as follows:

Fiscal Year	Principal	Interest	Total
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	565,000	375,750	940,750
2029-2033	3,270,000	1,432,600	4,702,600
2034-2038	3,940,000	760,650	4,700,650
2039-2041	2,660,000	161,250	2,821,250
Total	<u>\$ 12,440,000</u>	<u>\$ 4,490,000</u>	<u>\$ 16,930,000</u>

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$884,212. This results in the loans payable in the amount of \$3,718,327 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 3.305% based on the term of the agreements.

Principal and interest payments to maturity at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 157,234	\$ 9,164	\$ 166,398
2025	97,214	7,105	104,319
2026	70,105	5,307	75,412
2027	52,690	3,596	56,286
2028	46,624	1,876	48,500
2029 - 2032	35,768	2,655	38,423
Total	<u>\$ 459,635</u>	<u>\$ 29,703</u>	<u>\$ 489,338</u>

Subscription Liabilities

The City has entered into subscriptions for information technology arrangements. The terms of the arrangements range from 24 to 60 months with implicit rates used between 0.552% to of 3.305%. Principal and interest to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 414,695	\$ 24,246	\$ 438,941
2025	417,459	14,150	431,609
2026	135,589	4,183	139,772
2027	64,418	1,283	65,701
Total	<u>\$ 1,032,161</u>	<u>\$ 43,862</u>	<u>\$ 1,076,023</u>

Legal Debt Margin

The City is subject to legal debt margin and the City’s legal debt limit was in the amount of \$302,781,508 at June 30, 2023.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

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, 2023 was \$9,224,976.

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, 2023:

	Balance July 1, 2022 (As Restated)	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in more One Year
2020 Taxable Pension Obligation						
Bonds - publicly offered	\$ 21,592,275	\$ -	\$ (805,201)	\$ 20,787,074	\$ 924,937	\$ 19,862,137
Lease payable	158,923	26,483	(172,053)	13,353	13,353	-
Subscription liabilities	205,064	202,935	(128,432)	279,567	125,277	154,290
Compensated absences	1,957,424	1,091,857	(1,127,877)	1,921,404	384,281	1,537,123
Total	\$ 23,913,686	\$ 1,321,275	\$ (2,233,563)	\$ 23,001,398	\$ 1,447,848	\$ 21,553,550

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, 2023 totaled \$20,787,074. The annual debt service requirements for the business-type activities on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
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	1,163,312	553,420	1,716,732
2029-2033	6,328,459	2,259,536	8,587,995
2034-2038	7,411,575	1,173,418	8,584,993
2039	1,652,305	63,716	1,716,021
Total	\$ 20,787,074	\$ 6,490,263	\$ 27,277,337

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Lease Payable

The City's business-type 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 3.305% based on the term of the agreements.

Principal and interest payments to maturity at June 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 13,353	\$ 147	\$ 13,500

Subscription Liabilities

The City's business-type activities has entered into subscriptions for information technology arrangements. The terms of the arrangements range from 24 to 60 months with implicit rates used between 0.552% to of 3.305%. Principal and interest to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 125,277	\$ 7,145	\$ 132,422
2025	126,910	4,028	130,938
2026	16,097	850	16,947
2027	11,283	373	11,656
Total	\$ 279,567	\$ 12,396	\$ 291,963

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, 2023 was \$1,921,404.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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 \$25,000,000 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, 2023, \$18,340,358 has been accrued for the City's self-insurance programs, of which \$4,811,358 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, 2023 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 balances of claims liabilities during the past three years are as follows:

Claims Payable						
	Beginning Balance	Expenses and Changes in Estimates	Claims Payments	Ending Balance	Due within One Year	Due in more than One Year
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
2022-2023	16,803,625	8,658,461	(7,121,728)	18,340,358	4,811,358	13,529,000

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 \$100 million. There is a \$25,000 per loss deductible.

Crime Insurance - The City purchases crime insurance coverage with a limit of \$1 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, 2023

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, 2023 and pension expense for the year then ended.

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
Miscellaneous	\$ 1,003,640	\$ 931,360	\$ 1,935,000
Safety	3,126,759	-	3,126,759
Total pension contribution made after measurement date	4,130,399	931,360	5,061,759
Change in assumptions:			
Miscellaneous	1,907,975	1,770,566	3,678,541
Safety	1,274,182	-	1,274,182
Total change in assumptions	3,182,157	1,770,566	4,952,723
Difference in projected and actual earnings on pension investments:			
Miscellaneous	5,122,398	4,753,490	9,875,888
Safety	1,995,544	-	1,995,544
Total difference in projected and actual earnings on pension investments	7,117,942	4,753,490	11,871,432
Differences between expected and actual experience			
Safety	522,995	-	522,995
Adjustment due to differences in proportions:			
Safety	1,569,333	-	1,569,333
Difference between City's contribution and proportionate share of contributions:			
Safety	21,427,278	-	21,427,278
Total deferred outflows of resources	\$ 37,950,104	\$ 7,455,416	\$ 45,405,520
Aggregate net pension liabilities:			
Miscellaneous	\$ 3,483,938	\$ 3,233,030	\$ 6,716,968
Safety	12,636,888	-	12,636,888
Total aggregate net pension liabilities	\$ 16,120,826	\$ 3,233,030	\$ 19,353,856
Deferred inflows of resources:			
Differences between expected and actual experience:			
Miscellaneous	\$ 2,058,555	\$ 1,910,303	\$ 3,968,858
Safety	137,226	-	137,226
Total differences between expected and actual experience	2,195,781	1,910,303	4,106,084
Difference between City's contribution and proportionate share of contributions:			
Safety	9,613,995	-	9,613,995
Adjustment due to differences in proportions:			
Safety	21,653,472	-	21,653,472
Total deferred inflows of resources	\$ 33,463,248	\$ 1,910,303	\$ 35,373,551
Pension Expense:			
Miscellaneous	\$ 1,005,018	\$ 1,039,862	\$ 2,044,880
Safety	38,527,581	-	38,527,581
Total pension expense	\$ 39,532,599	\$ 1,039,862	\$ 40,572,461

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2021 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 PEPRSA Safety member becomes eligible for service retirement upon attainment of age 50 with at least 5 years of credited service. PEPRSA 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 PEPRSA 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 PEPRSA 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, 2023

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, 2021, the valuation date, the following employees were covered by the benefit terms:

	Miscellaneous	Plans	
		Safety	
		Classic	PEPRA
Active employees	293	59	27
Transferred and terminated employees	374	50	8
Retired Employees and Beneficiaries	420	244	0
Total	1,087	353	35

Contributions

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

Measurement Period June 30, 2022				
	Plans			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Employer Contribution Rate	9.250%	9.250%	25.590%	13.980%
Employee Contribution Rate	7.000%	6.750%	9.000%	13.750%
Current Fiscal Year Ended June 30, 2023				
	Plans			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Employer Contribution Rate	9.180%	9.180%	25.640%	13.660%
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, 2023

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, 2021 valuation was rolled forward to determine the June 30, 2022 total pension liability, based on following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.300%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

¹ The mortality table used for June 30, 2022 was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

Change of Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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 ¹	Assumed Asset Allocation	Real Return Years 1 - 10 ^{1, 2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Retirement Plans (Continued)

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

Changes in the Net Pension Liability

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

Miscellaneous Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2021 (Valuation Date)	\$ 182,840,031	\$ 204,584,123	\$ (21,744,092)
Changes recognized for the measurement period:			
Service Cost	3,211,338	-	3,211,338
Interest on the total pension liability	12,420,366	-	12,420,366
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(4,506,679)	-	(4,506,679)
Changes of assumptions	5,350,605	-	5,350,605
Plan to plan resource movement	-	-	-
Contributions from the employer	-	2,100,703	(2,100,703)
Contributions from employees	-	1,242,880	(1,242,880)
Net investment income	-	(15,201,569)	15,201,569
Benefit payments, including refunds of employee contributions	(10,568,643)	(10,568,643)	-
Administrative expense	-	(127,444)	127,444
Other miscellaneous income/(expense)	-	-	-
Net changes during July 1, 2021 to June 30, 2022	5,906,987	(22,554,073)	28,461,060
Balance at June 30, 2022 (Measurement Date)	<u>\$ 188,747,018</u>	<u>\$ 182,030,050</u>	<u>\$ 6,716,968</u>

Proportionate Share of Net Pension Liability and Pension Expense

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

Safety Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2021 (Valuation Date)	\$ 229,573,818	\$ 257,069,105	\$ (27,495,287)
Balance at June 30, 2022 (Measurement Date)	245,640,403	233,003,515	12,636,888
Net Changes during 2021-2022	16,066,585	(24,065,590)	40,132,175

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2021). 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, 2022). 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, 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-2022).
- (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:

June 30, 2021	-0.508390%
June 30, 2022	0.109403%
Change - Increase (Decrease)	<u>0.617793%</u>

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Plan's Net Pension Liability (asset)		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Miscellaneous Plan	\$ 31,558,549	\$ 6,716,968	\$ (13,690,648)
Safety Plan	\$ 46,559,444	\$ 12,636,888	\$ (138,960,837)

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, 2023, the City recognized pension expense in the amounts of \$2,044,880 and \$38,527,581 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2022, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution made after measurement date	\$ 1,935,000	\$ -
Changes of assumptions	3,678,541	-
Difference between expected and actual experience	-	(3,968,858)
Net difference between projected and actual earning on pension plan investments	9,875,888	-
Total	\$ 15,489,429	\$ (3,968,858)

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Retirement Plans (Continued)

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

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

	Safety Plan	
	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution made after measurement date	\$ 3,126,759	\$ -
Changes of assumptions	1,274,182	-
Difference between expected and actual experience	522,995	(137,226)
Difference between projected and actual earnings on pension plan investments	1,995,544	-
Adjustment due to differences in proportions	1,569,333	(21,653,472)
Difference between City contributions and proportionate share of contributions	21,427,278	(9,613,995)
Total	<u>\$ 29,916,091</u>	<u>\$ (31,404,693)</u>

The amounts above are net of outflows and inflows recognized in the 2021-22 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 2021-22 measurement period is 3.2 and 3.7 years, which was obtained by dividing the total service years of 3,447 and 574,665 (the sum of remaining service lifetimes of the active employees) by 1,087 and 153,587 (the total number of participants: active, inactive, and retired), respectively.

\$1,935,000 and \$3,126,759 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, 2024.

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

Measurement Periods	Deferred Outflows/ (Inflows) of Resources	
Ended June 30	Miscellaneous Plan	Safety Plan
2023	\$ 1,233,724	\$ (2,226,956)
2024	1,537,321	(2,068,692)
2025	1,003,948	(1,537,019)
2026	5,810,578	1,217,306
2027	-	-
Thereafter	-	-
	<u>\$ 9,585,571</u>	<u>\$ (4,615,361)</u>

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023 the City’s payroll covered by the plan was \$832,258. The City made employer contributions in the amount of \$30,431. There were 74 participants of the Plan as of June 30, 2023.

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, 2023, total OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
OPEB contribution made after measurement date	\$ 4,966,034	\$ 734,925	\$ 5,700,959
Change in assumptions	7,779,416	137,399	7,916,815
Differences between expected and actual experience	885,249	1,337,270	2,222,519
Differences in projected and actual earnings	13,084	386,621	399,705
Total deferred outflows of resources	\$ 13,643,783	\$ 2,596,215	\$ 16,239,998
Total other postemployment benefit liabilities	\$ 64,768,264	\$ 8,020,898	\$ 72,789,162
Deferred inflows of resources:			
Change in assumptions	\$ 13,762,804	\$ 639,876	\$ 14,402,680
Differences between expected and actual experience	1,205,353	385,585	1,590,938
Total deferred inflows of resources	\$ 14,968,157	\$ 1,025,461	\$ 15,993,618
OPEB expense	\$ 2,914,204	\$ 837,668	\$ 3,751,872

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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 \$1,498 and \$1,329 per month for the calendar years 2023 and 2022, 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, 2022 valuation date, the following numbers of participants were covered by the benefit terms:

	Plans		
	Governmental Activities	GTrans	Sewer
Inactives currently receiving benefits	191	43	-
Inactives entitled to benefit payments	-	-	-
Active employees	219	101	4
Total	410	144	4

Contributions

Fiscal Year Ended June 30, 2023			
	Governmental Activities	Gtrans	Total
Benefit payments	\$ 3,216,034	\$ 724,778	\$ 3,940,812
Trust contributions	1,750,000	-	1,750,000
Total	\$ 4,966,034	\$ 724,778	\$ 5,690,812

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Net OPEB Liability

The City’s Net OPEB liability was measured as of June 30, 2022, and total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Significant Actuarial Assumptions Used for Total OPEB Liability

The total OPEB liability, measured as of June 30, 2022, was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2022
Valuation of Fiduciary Net Position	Governmental Activities and Gtrans: Fair value assets. Sewer: No assets held in an irrevocable trust as of the measurement date.
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB.
Salary Increases	2.75%
Discount Rate	Governmental Activities and Sewer: 3.54% Gtrans: 6.25%
Inflation Rate	2.50%
Investment Rate of Return	6.25%, net OPEB plan investment expense
Healthcare Cost Trend Rate (City Plan)	6.50% for 2022, 6.00% for 2023, 5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069 and 4.00% for 2070 and later years.
Healthcare Cost Trend Rate (Kaiser)	6.50% for 2022, 6.00% for 2023, 5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069 and 4.00% for 2070 and later years.
Preretirement Mortality:	
Miscellaneous	Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Safety	Preretirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).
Preretirement Mortality:	
Miscellaneous	Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Safety	Post-retirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).

Actuarial assumptions used in the June 30, 2022 valuation were based on a review of the plan experience during the period June 30, 2022 to June 30, 2022.

Total OPEB Liability

Change in Assumptions

Discount rate changed from 2.16% at June 30, 2021 to 3.54% at June 30, 2022 for the governmental activities and Sewer Enterprise’s plans. No change in discount rate for GTrans Plan. Medical plan assumption, trend rate assumption, demographic assumption and mortality improvement scale were updated.

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Total OPEB Liability (Continued)

Discount Rate

a. A long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.

b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met. To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the City’s total OPEB liability is based on these requirements and the following information:

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Long-Term Expected Return of Plan Investments</u>	<u>Bond Buyer 20-Bond GO Index</u>	<u>Discount Rate</u>
June 30, 2023	June 30, 2022	6.25%	3.54%	3.54%

The discount rate used to measure total OPEB liability for Governmental Activities and Sewer was 3.54%. The discount rate used to measure the total OPEB liability for GTrans was 6.25% percent.

Investment Policy

The City’s policy regarding the allocation of the plan’s invested assets is established and may be amended by City management. The City participates in the California Employers' Retiree Benefit Trust (CERBT), a Section 115 trust fund dedicated to prefunding Other Postemployment Benefits for all eligible California public agencies.

The City has adopted the CERBT Strategy 1 portfolio with an objective to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. The portfolio is invested in various asset classes in percentages approved by the CalPERS Board.

<u>Asset Class Component</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>	<u>Benchmark</u>
Global Equity	57.00%	+/-2%	MSCI All Country World Index IMI (net)
Fixed Income	27.00%	+/-2%	Bloomberg Barclays Long Liability Index
Treasury Inflation-Protected Securities	5.00%	+/-2%	Bloomberg Barclays Barclays US TIPS Index
Real Estate Investment Trusts	8.00%	+/-2%	FTSE EPRA/NAREIT Developed Liquid Index (net)
Commodities	3.00%	+/-2%	S&P GSCI Total Return Index
Cash	0.00%	+2%	91 Day Treasury Bill
	<u>100.00%</u>		

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Total OPEB Liability (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions). Change in Net OPEB Liability.

Asset Class	Assumed Asset Allocation	Real Rate of Return
Global ex-U.S. Equity	59.00%	4.80%
U.S. Fixed	25.00%	1.80%
TIPS	5.00%	1.60%
Real Estate	8.00%	3.70%
Commodities	3.00%	1.90%
	<u>100.00%</u>	

Rate of Return

For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was -13.38 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

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	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2021	\$ 76,481,166	\$ 200,187	\$ 76,280,979
Changes recognized for the measurement period:			
Service Cost	2,815,579	-	2,815,579
Interest on the total pension liability	1,688,245	-	1,688,245
Differences between expected and actual experience	303,548	-	303,548
Changes in assumptions and other inputs	(14,060,251)	-	(14,060,251)
Contributions - employer	-	2,286,676	(2,286,676)
Net investment income	-	(26,789)	26,789
Benefits payments	(2,286,676)	(2,286,676)	-
Administrative expenses	-	(51)	51
Net changes during July 1, 2021 to June 30, 2022	(11,539,555)	(26,840)	(11,512,715)
Balance at June 30, 2022 (Measurement Date)	\$ 64,941,611	\$ 173,347	\$ 64,768,264

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Change in Net OPEB Liability (Continued)

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2021	\$ 11,625,436	\$ 5,713,012	\$ 5,912,424
Changes recognized for the measurement period:			
Service cost	300,182	-	300,182
Interest on the total OPEB liability	718,462	-	718,462
Differences between expected and actual experience	1,378,033	-	1,378,033
Changes in assumptions	(475,092)	-	(475,092)
Contributions - employer	-	873,696	(873,696)
Net investment income	-	(764,412)	764,412
Benefit payments	(873,696)	(873,696)	-
Administrative expenses	-	(1,447)	1,447
Net changes during July 1, 2021 to June 30, 2022	1,047,889	(765,859)	1,813,748
Balance at June 30, 2022 (Measurement Date)	\$ 12,673,325	\$ 4,947,153	\$ 7,726,172

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2021	\$ 536,098	\$ -	\$ 536,098
Changes recognized for the measurement period:			
Service Cost	32,554	-	32,554
Interest on the total OPEB liability	12,283	-	12,283
Differences between expected and actual experience	(214,606)	-	(214,606)
Changes in assumptions	(71,603)	-	(71,603)
Contributions - employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expenses	-	-	-
Net changes during July 1, 2021 to June 30, 2022	(241,372)	-	(241,372)
Balance at June 30, 2022 (Measurement Date)	\$ 294,726	\$ -	\$ 294,726

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

Change in Net OPEB Liability (Continued)

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

The following presents the net OPEB liability of the governmental activities and the Sewer’s Retiree Health Plans, as well as what the governmental activities and the Sewer Enterprise’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	Plan's Net OPEB Liability		
	Discount Rate - 1% (2.54%)	Current Discount Rate (3.54%)	Discount Rate + 1% (4.54%)
Governmental Activities	\$ 74,529,563	\$ 64,768,264	\$ 56,811,044
Sewer	\$ 345,103	\$ 294,726	\$ 253,883

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

	Plan's Net OPEB Liability		
	Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
	\$ 9,418,573	\$ 7,726,172	\$ 6,324,936

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

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

The following presents the total OPEB liability of the City, GTrans, and Sewer, as well as what the City’s, GTrans’, and Sewer’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Plan's Net OPEB Liability		
	1% Decrease	Current Trend	1% Increase
Governmental Activities	\$ 55,571,695	\$ 64,768,264	\$ 76,563,587
GTrans	\$ 6,123,471	\$ 7,726,172	\$ 9,712,583
Sewer	\$ 240,811	\$ 294,726	\$ 365,490

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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

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

For the measurement period ended June 30, 2022, the governmental activities recognized expense of \$2,914,204. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to governmental activities OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 885,249	\$ (13,762,804)
Changes in assumptions	7,779,416	(1,205,353)
Net difference between projected and actual earnings on plan investments	13,084	-
Employer contributions made subsequent to the measurement date	4,966,034	-
Total	<u>\$ 13,643,783</u>	<u>\$ (14,968,157)</u>

For the measurement period ended June 30, 2022, GTrans recognized expense of \$811,910. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to GTrans OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 1,325,250	\$ (185,400)
Changes in assumptions	73,830	(554,016)
Net difference between projected and actual earnings on plan investments	386,621	-
Employer contributions made subsequent to the measurement date	724,778	-
Total	<u>\$ 2,510,479</u>	<u>\$ (739,416)</u>

For the measurement period ended June 30, 2022, Sewer recognized expense of \$25,758. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to Sewer OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 12,020	\$ (200,185)
Changes in assumptions	63,569	(85,860)
Employer contributions made subsequent to the measurement date	10,147	-
Total	<u>\$ 85,736</u>	<u>\$ (286,045)</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 7.8 years, 8.2 years, and 14.2 years for the governmental activities, the GTrans, and the Sewer, respectively, which was determined as of June 30, 2022, 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, 2023

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

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

\$4,966,034, \$724,778, and \$10,147 reported as deferred outflows of resources related to OPEB under the governmental activities, GTrans, and Sewer, 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, 2024. Other amount reported as deferred inflows of resources related to OPEB will be recognized in the future OPEB expense as follows:

Measurement Periods Ended June 30	Deferred Outflows/(Inflows) of Resources		
	Governmental Activities	GTrans	Sewer
2023	\$ (578,159)	\$ 147,837	\$ (16,079)
2024	(297,311)	143,094	(14,079)
2025	(49,412)	115,226	(14,079)
2026	(520,792)	311,828	(14,079)
2027	(1,670,111)	88,239	(16,449)
Thereafter	(3,174,623)	240,061	(135,691)
	<u>\$ (6,290,408)</u>	<u>\$ 1,046,285</u>	<u>\$ (210,456)</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, 2023, the amount held by the Trustee for the City employees is \$29,129,835.

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, 2023:

	Governmental Activities	Business-Type Activities
Capital Assets, net of accumulated depreciation and amortization	\$ 59,480,793	\$ 60,259,791
Less: outstanding principal on capital related debt, net	(25,914,575)	(292,920)
Add: Unspent debt proceeds	11,752,150	-
Less: capital assets related accounts payable	(1,644,421)	(828,673)
Less: retention payable	(116,252)	-
Net investments in capital assets	<u>\$ 43,557,695</u>	<u>\$ 59,138,198</u>

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – Net Position and Fund Balances (Continued)

B. Fund Financial Statements

Fund Balance Classification:

At June 30, 2023, fund balances are classified in the governmental funds as follows:

	General Fund	Economic Development Grants Special Revenue Fund	City Capital Projects Fund	City Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventories	\$ 42,815	\$ -	\$ -	\$ -	\$ -	\$ 42,815
Prepaid items and deposits	284,591	-	-	291,500	19,597	595,688
Total nonspendable	<u>327,406</u>	<u>-</u>	<u>-</u>	<u>291,500</u>	<u>19,597</u>	<u>638,503</u>
Restricted:						
Economic development	-	6,715,432	-	-	-	6,715,432
Debt service	-	-	-	1,994,718	-	1,994,718
Law enforcement	-	-	-	-	752,261	752,261
Local street improvements	-	-	-	-	9,940,829	9,940,829
Community development	-	-	-	-	163,533	163,533
Capital projects	-	-	301,897	11,752,150	4,379,819	16,433,866
Other purposes	-	-	-	-	402,193	402,193
Total restricted	<u>-</u>	<u>6,715,432</u>	<u>301,897</u>	<u>13,746,868</u>	<u>15,638,635</u>	<u>36,402,832</u>
Committed:						
Emergency contingency	13,196,711	-	-	-	-	13,196,711
Senior and Aquatic Center Project	10,944,000	-	-	-	-	10,944,000
Pension stabilization fund	2,707,963	-	-	-	-	2,707,963
Total committed	<u>26,848,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,848,674</u>
Assigned:						
ERP and vehicle replacement	3,995,481	-	-	-	-	3,995,481
Equipment replacement	8,168,595	-	-	-	-	8,168,595
Future debt service payments	8,498,441	-	-	-	-	8,498,441
Benefit liability stabilization	2,000,000	-	-	-	-	2,000,000
Total assigned	<u>22,662,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,662,517</u>
Unassigned:	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>(289,149)</u>	<u>(57,980)</u>	<u>(47,129)</u>
Total fund balance	<u>\$ 50,138,597</u>	<u>\$ 6,715,432</u>	<u>\$ 301,897</u>	<u>\$ 13,749,219</u>	<u>\$ 15,600,252</u>	<u>\$ 86,505,397</u>

City of Gardena
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023, the City’s percentage interest is 32.08%.

As of and for the year ended June 30, 2023, the latest available information, SBRPCA’s audited financial information is as follows:

Total assets	\$ 14,297,651
Total deferred outflows of resources	5,674,146
Total liabilities	12,659,596
Total deferred inflows of resources	2,123,049
Net position	<u><u>\$ 5,189,152</u></u>
Total revenues	\$ 13,196,777
Total expenses	(11,930,301)
Change in net position	<u><u>\$ 1,266,476</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 \$35,243,250 as of June 30, 2023.

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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City of Gardena
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 62,775,245	\$ 62,775,245	\$ 68,777,353	\$ 6,002,108
Licenses and permits	1,875,038	1,875,038	2,158,749	283,711
Intergovernmental	532,500	532,500	689,683	157,183
Charges for services	5,407,723	5,407,723	5,659,983	252,260
Fines, forfeitures and penalties	1,185,368	1,185,368	927,536	(257,832)
Use of money and property	330,000	330,000	978,751	648,751
Miscellaneous	502,036	502,036	613,793	111,757
Total revenues	<u>72,607,910</u>	<u>72,607,910</u>	<u>79,805,848</u>	<u>7,197,938</u>
EXPENDITURES:				
Current:				
General government:				
City Clerk	555,370	555,370	501,569	53,801
City treasurer	301,534	301,534	278,342	23,192
Executive office	1,943,791	1,943,791	1,499,967	443,824
Administrative services	2,548,085	2,548,085	2,431,556	116,529
Non-departmental	1,015,399	1,015,399	1,488,894	(473,495)
Public safety:				
Police	30,237,239	30,507,239	29,755,809	751,430
L.A. County Fire District	12,854,048	12,584,048	12,254,572	329,476
Public works	6,634,386	6,634,386	6,887,999	(253,613)
Recreation and human services	4,216,629	4,216,629	4,005,992	210,637
Community development	2,618,308	2,618,308	2,620,660	(2,352)
Capital outlay	888,000	888,000	2,454,195	(1,566,195)
Debt service:				
Principal retirement	-	-	592,688	(592,688)
Interest and fiscal charges	-	-	32,659	(32,659)
Total expenditures	<u>63,812,789</u>	<u>63,812,789</u>	<u>64,804,902</u>	<u>(992,113)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,795,121</u>	<u>8,795,121</u>	<u>15,000,946</u>	<u>6,205,825</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	4,739,000	4,739,000	3,277,369	(1,461,631)
Transfers out	(10,291,664)	(10,291,664)	(11,044,788)	(753,124)
Proceed from sale of assets	10,000	10,000	31,153	21,153
Proceeds from debt issuance	-	-	1,048,143	1,048,143
Total other financing sources (uses)	<u>(5,542,664)</u>	<u>(5,542,664)</u>	<u>(6,688,123)</u>	<u>(1,145,459)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,252,457</u>	<u>\$ 3,252,457</u>	<u>8,312,823</u>	<u>\$ 5,060,366</u>
FUND BALANCE:				
Beginning of Year			41,825,774	
End of Year			<u>\$ 50,138,597</u>	

City of Gardena
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2023

Economic Development Grants Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 3,050,280	\$ 3,050,280	\$ 275,975	\$ (2,774,305)
Charges for services	-	-	64,000	64,000
Fines, forfeitures and penalties	200,000	200,000	270,000	70,000
Use of money and property	20,000	20,000	94,535	74,535
Miscellaneous	-	-	54	54
Total revenues	<u>3,270,280</u>	<u>3,270,280</u>	<u>704,564</u>	<u>(2,565,716)</u>
EXPENDITURES:				
Current:				
Community development	<u>1,340,280</u>	<u>1,340,280</u>	<u>183,002</u>	<u>1,157,278</u>
Total expenditures	<u>1,340,280</u>	<u>1,340,280</u>	<u>183,002</u>	<u>1,157,278</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,930,000</u>	<u>1,930,000</u>	<u>521,562</u>	<u>(1,408,438)</u>
OTHER FINANCINGSOURCES (USES):				
Transfers in	(3,054,730)	-	1,729	1,729
Transfers out	<u>(3,054,730)</u>	<u>(3,054,730)</u>	<u>(310,525)</u>	<u>2,744,205</u>
Total other financing sources (uses)	<u>(3,054,730)</u>	<u>(3,054,730)</u>	<u>(308,796)</u>	<u>2,745,934</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,124,730)</u>	<u>\$ (1,124,730)</u>	<u>212,766</u>	<u>\$ 1,337,496</u>
FUND BALANCE:				
Beginning of Year			<u>6,502,666</u>	
End of Year			<u>\$ 6,715,432</u>	

City of Gardena
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2023

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, 2023, the City did not adopt a budget 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 U.S. GAAP.
- 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, 2023

Last Ten Fiscal Years

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

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

¹ 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.

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

³ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

Measurement period	2018-19	2019-2020	2020-2021	2021-2022
Total pension liability				
Service cost	\$ 3,162,100	\$ 3,329,543	\$ 3,190,091	\$ 3,211,338
Interest	11,820,982	12,201,071	12,451,995	12,420,366
Changes of benefit terms	-	-	-	-
Changes of assumptions	-	-	-	5,350,605
Differences between expected and actual experience	3,672,690	(593,300)	(1,841,509)	(4,506,679)
Benefit payments, including refunds of employee contributions	(8,816,825)	(9,498,332)	(10,721,565)	(10,568,643)
Net change in total pension liability	9,838,947	5,438,982	3,079,012	5,906,987
Total pension liability - beginning	164,483,090	174,322,037	179,761,019	182,840,031
Total pension liability - ending (a)	<u>\$ 174,322,037</u>	<u>\$ 179,761,019</u>	<u>\$ 182,840,031</u>	<u>\$ 188,747,018</u>
Pension fiduciary net position				
Contributions - employer	\$ 3,688,807	\$ 4,397,533	\$ 46,940,155	\$ 2,100,703
Contributions - employee	1,457,546	1,611,737	1,203,298	1,242,880
Net investment income	8,130,102	6,417,192	35,069,162	(15,201,569)
Benefit payments, including refunds of employee contributions	(8,816,825)	(9,498,332)	(10,721,565)	(10,568,643)
Net plan to plan resource movement	-	-	-	-
Administrative expense	(89,280)	(182,534)	(132,085)	(127,444)
Other miscellaneous income/ (expense) ²	291	-	-	-
Net change in plan fiduciary net position	4,370,641	2,745,596	72,358,965	(22,554,073)
Plan fiduciary net position - beginning³	125,108,921	129,479,562	132,225,158	204,584,123
Plan fiduciary net position - ending (b)	<u>\$ 129,479,562</u>	<u>\$ 132,225,158</u>	<u>\$ 204,584,123</u>	<u>\$ 182,030,050</u>
Plan net pension liability - ending (a) - (b)	<u>\$ 44,842,475</u>	<u>\$ 47,535,861</u>	<u>\$ (21,744,092)</u>	<u>\$ 6,716,968</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>74.28%</u>	<u>73.56%</u>	<u>111.89%</u>	<u>96.44%</u>
Covered payroll¹	<u>\$ 20,102,352</u>	<u>\$ 21,343,226</u>	<u>\$ 20,567,963</u>	<u>\$ 18,319,096</u>
Plan net pension liability as a percentage of covered payroll	<u>223.07%</u>	<u>222.72%</u>	<u>-105.72%</u>	<u>36.67%</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, 2023

Last Ten Fiscal Years

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

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

¹ 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, 2023

Last Ten Fiscal Years

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

Measurement period	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
City Proportion of the Net Pension Liability	0.55899%	0.56472%	-0.50839%	0.10940%
City's Proportionate Share of the net Pension Liability	\$ 57,280,320	\$ 61,443,923	\$ (27,495,287)	\$ 12,636,888
City's Covered Payroll	\$ 12,156,428	\$ 11,992,232	\$ 11,768,395	\$ 12,233,930
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	471.19%	512.36%	-233.64%	103.29%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	72.58%	72.05%	111.98%	94.86%

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

	2013-14	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution	\$ 1,628,415	\$ 2,016,919	\$ 2,317,060	\$ 2,645,234	\$ 3,015,630
Contributions in relation to the actuarially determined contribution ¹	(1,628,415)	(2,016,919)	(2,317,060)	(2,645,234)	(3,015,630)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ⁴	\$ 17,651,457	\$ 18,094,788	\$ 19,012,911	\$ 19,306,012	\$ 19,929,430
Contributions as a percentage of covered payroll ²	9.23%	11.15%	12.19%	13.70%	15.13%

¹ 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.

² Include es o ne year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% 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 2021-22 were derived from the June 30, 2019 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
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.
Mortality	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.

City of Gardena
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

	2018-19	2019-20	2020-21 ³	2021-22	2022-23
Actuarially determined contribution	\$ 3,688,807	\$ 4,397,533	\$ 4,625,188	\$ 2,100,703	\$ 1,935,000
Contributions in relation to the actuarially determined contribution ¹	(3,688,807)	(4,397,533)	(46,940,155)	(2,100,703)	(1,935,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ (42,314,967)	\$ -	\$ -
Covered payroll ⁴	\$ 20,102,352	\$ 21,343,226	\$ 20,567,963	\$ 18,319,096	\$ 18,832,031
Contributions as a percentage of covered payroll ²	18.35%	20.60%	228.22%	11.47%	10.28%

³ 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, 2023

Last Ten Fiscal Years

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

	2013-14	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 ¹	\$ 9,078,779	\$ 9,351,143	\$ 10,491,839	\$ 10,435,515	\$ 11,232,919
Contributions as a percentage of covered payroll	43.29%	45.61%	46.87%	51.76%	54.25%

¹ Payroll from 2021-22 was assumed to increase by the 2.8 percent payroll growth assumption.

Notes to Schedule:

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

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014. 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, 2023

Last Ten Fiscal Years

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

	2018-19 ²	2019-20	2020-21 ³	2021-22	2022-23
Actuarially determined contribution	\$ 6,617,559	\$ 6,185,808	\$ 8,595,603	\$ 2,950,604	\$ 3,126,759
Contributions in relation to the actuarially determined contribution ³	(12,677,559)	(6,185,808)	(60,369,859)	(2,950,604)	(3,126,759)
Contribution deficiency (excess)	<u>\$ (6,060,000)</u>	<u>\$ -</u>	<u>\$ (51,774,256)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 12,156,428</u>	<u>\$ 11,992,232</u>	<u>\$ 11,768,395</u>	<u>\$ 12,233,930</u>	<u>\$ 12,576,480</u>
Contributions as a percentage of covered payroll	104.29%	51.58%	512.98%	24.12%	24.86%

² 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.

³ During FY2020-21, the City contributed \$51,774,256 additional funds to CalPERS via proceeds of the 2020 Taxable Pension Obligation Bonds.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Governmental Activities Retiree Healthcare Plan

Measurement period	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
Total OPEB liability					
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	-	-	-	-
Net change in total OPEB liability	(5,448,000)	(1,089,802)	5,348,236	10,083,234	2,531,498
Total OPEB liability - beginning of the year	65,056,000	59,608,000	58,518,198	63,866,434	73,949,668
Total OPEB liability - end of the year (a)	\$ 59,608,000	\$ 58,518,198	\$ 63,866,434	\$ 73,949,668	\$ 76,481,166
OPEB fiduciary net position					
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	-	-	-	-	-
Net change in plan fiduciary net position	-	-	151,791	5,287	43,109
Plan fiduciary net position - beginning of year	-	-	-	151,791	157,078
Plan fiduciary net position - end of year (b)	\$ -	\$ -	\$ 151,791	\$ 157,078	\$ 200,187
Plan net OPEB liability - end of year (a) - (b)	\$ 59,608,000	\$ 58,518,198	\$ 63,714,643	\$ 73,792,590	\$ 76,280,979
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.24%	0.21%	0.26%
Covered employee payroll	\$ 25,500,000	\$ 23,523,270	\$ 24,650,894	\$ 25,558,730	\$ 22,948,265
Plan net OPEB liability as a percentage of covered employee payroll	233.76%	248.77%	258.47%	288.72%	332.40%

¹ 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 2022, the accounting discount rate increase from 2.16 percent to 3.54 percent. In addition, the demographic assumptions and the inflation rate assumption were changed in accordance with the 2002-2019 CalPERS Experience Study and Review of Actuarial Assumptions. In 2021, 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 2022.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Governmental Activities Retiree Healthcare Plan (Continued)

Measurement period	2021-22
Total OPEB liability	
Service cost	\$ 2,815,579
Transfers to Sewer	-
Interest	1,688,245
Changes of benefit terms	-
Changes of assumptions	(14,060,251)
Differences between expected and actual experience	303,548
Benefit payments, including refunds	(2,286,676)
Other - funding rates used by benefits paid	-
Net change in total OPEB liability	(11,539,555)
Total OPEB liability - beginning of the year	76,481,166
Total OPEB liability - end of the year (a)	<u>\$ 64,941,611</u>
OPEB fiduciary net position	
Contributions - employer	\$ 2,286,676
Contributions - employee	-
Net investment income	(26,789)
Benefit payments, including refunds	(2,286,676)
Administrative expense	(51)
Other changes	-
Net change in plan fiduciary net position	(26,840)
Plan fiduciary net position - beginning of year	200,187
Plan fiduciary net position - end of year (b)	<u>\$ 173,347</u>
Plan net OPEB liability - end of year (a) - (b)	<u>\$ 64,768,264</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.27%</u>
Covered employee payroll¹	<u>\$ 24,154,486</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>268.14%</u>

¹ 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 2022, the accounting discount rate increase from 2.16 percent to 3.54 percent. In addition, the demographic assumptions and the inflation rate assumption were changed in accordance with the 2002-2019 CalPERS Experience Study and Review of Actuarial Assumptions. In 2021, 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 2022.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

	Last Ten Fiscal Years				
	GTrans Retiree Healthcare Plan				
Measurement period	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
Total OPEB liability					
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	-	-	-	-
Net change in total OPEB liability	558,000	317,186	662,800	553,370	760,080
Total OPEB liability - beginning of year	8,774,000	9,332,000	9,649,186	10,311,986	10,865,356
Total OPEB liability - end of year (a)	<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>
OPEB fiduciary net position					
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	-	-	-	-	-
Net change in plan fiduciary net position	-	4,081,157	250,873	150,872	1,230,110
Plan fiduciary net position - beginning of year	-	-	4,081,157	4,332,030	4,482,902
Plan fiduciary net position - end of year (b)	<u>\$ -</u>	<u>\$ 4,081,157</u>	<u>\$ 4,332,030</u>	<u>\$ 4,482,902</u>	<u>\$ 5,713,012</u>
Plan net OPEB liability - end of year (a) - (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>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>42.30%</u>	<u>42.01%</u>	<u>41.26%</u>	<u>49.14%</u>
Covered employee payroll	<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>
Plan net OPEB liability as a percentage of covered employee payroll	<u>95.62%</u>	<u>53.97%</u>	<u>61.03%</u>	<u>59.03%</u>	<u>67.25%</u>

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

Notes to Schedule:

Changes of assumptions: In 2022, there were no changes in discount rate; however, the demographic assumptions and the inflation rate assumption were changed in accordance with the 2002-2019 CalPERS Experience Study and Review of Actuarial 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 2022.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

GTrans Retiree Healthcare Plan (Continued)

Measurement period	2021-22
Total OPEB liability	
Service cost	\$ 300,182
Interest	718,462
Changes of benefit terms	(873,696)
Changes of assumptions	(475,092)
Differences between expected and actual experience	1,378,033
Benefit payments, including refunds	-
Other - funding rates used by benefits paid	-
Net change in total OPEB liability	1,047,889
Total OPEB liability - beginning of year	11,625,436
Total OPEB liability - end of year (a)	<u>\$ 12,673,325</u>
OPEB fiduciary net position	
Contributions - employer	\$ 873,696
Contributions - employee	-
Net investment income	357,018
Benefit payments, including refunds	(873,696)
Administrative expense	(1,447)
Other changes	(1,121,430)
Net change in plan fiduciary net position	(765,859)
Plan fiduciary net position - beginning of year	5,713,012
Plan fiduciary net position - end of year (b)	<u>\$ 4,947,153</u>
Plan net OPEB liability - end of year (a) - (b)	<u>\$ 7,726,172</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>39.04%</u>
Covered employee payroll	<u>\$ 10,652,412</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>72.53%</u>

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

Notes to Schedule:

Changes of assumptions: In 2022, there were no changes in discount rate; however, the demographic assumptions and the inflation rate assumption were changed in accordance with the 2002-2019 CalPERS Experience Study and Review of Actuarial 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 2022.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

	Last Ten Fiscal Years				
	Sewer Retiree Healthcare Plan				
Measurement period	2016-17 ¹	2017-18	2018-19	2019-20	2020-21
Total OPEB liability					
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	-	-	-	-	-
Net change in total OPEB liability	-	282,155	48,536	115,101	90,306
Total OPEB liability - beginning of year	-	-	282,155	330,691	445,792
Total OPEB liability - end of year (a)	<u>\$ -</u>	<u>\$ 282,155</u>	<u>\$ 330,691</u>	<u>\$ 445,792</u>	<u>\$ 536,098</u>
OPEB fiduciary net position					
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds	-	-	-	-	-
Administrative expense	-	-	-	-	-
Other changes	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning of year	-	-	-	-	-
Plan fiduciary net position - end of year (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan net OPEB liability - end of year (a) - (b)	<u>\$ -</u>	<u>\$ 282,155</u>	<u>\$ 330,691</u>	<u>\$ 445,792</u>	<u>\$ 536,098</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered employee payroll	<u>N/A</u>	<u>\$ 388,821</u>	<u>\$ 482,665</u>	<u>\$ 515,111</u>	<u>\$ 497,972</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>N/A</u>	<u>72.57%</u>	<u>68.51%</u>	<u>86.54%</u>	<u>107.66%</u>

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

Notes to Schedule:

Changes of assumptions: In 2022, the accounting discount rate increase from 2.16 percent to 3.54 percent. 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 2022.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Sewer Retiree Healthcare Plan (Continued)

Measurement period	2021-22
Total OPEB liability	
Service cost	\$ 32,554
Transfers from the Governmental Activities	-
Interest	12,283
Changes of benefit terms	-
Changes of assumptions	(71,603)
Differences between expected and actual experience	(214,606)
Benefit payments, including refunds	-
Other - funding rates used by benefits paid	-
Net change in total OPEB liability	(241,372)
Total OPEB liability - beginning of year	536,098
Total OPEB liability - end of year (a)	<u>\$ 294,726</u>
OPEB fiduciary net position	
Contributions - employer	\$ -
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds	-
Administrative expense	-
Other changes	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning of year	-
Plan fiduciary net position - end of year (b)	<u>\$ -</u>
Plan net OPEB liability - end of year (a) - (b)	<u>\$ 294,726</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>
Covered employee payroll	<u>\$ 386,209</u>
Plan net OPEB liability as a percentage of covered employee payroll	<u>76.31%</u>

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

Notes to Schedule:

Changes of assumptions: In 2022, the accounting discount rate increase from 2.16 percent to 3.54 percent. 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 2022.

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plans
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Governmental Activities Retiree Healthcare Plan

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

¹ 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 2022-23 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level % of pay
Discount rate:	Level % of pay
Long-term expected return	6.25%
Municipal bond index	3.54%
GASB 75	3.54%
Salary increases	2.75%
Withdrawal	Miscellaneous - Terminated Refund and Terminated Vested Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019). Safety - Terminated Refund and Terminated Vested Rates for Public Agency Police from CalPERS Experience Study (2000-2019).
Pre-retirement mortality	Miscellaneous - Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019). Safety - Preretirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).
Postretirement mortality	Miscellaneous - Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019). Safety - Post-retirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).
Retirement	Miscellaneous - Classic - Service Retirement Rates for Public Agency Miscellaneous—2.00% at 55—from CalPERS Experience Study (2000-2019). Miscellaneous - PEPRA - Service Retirement Rates for Public Agency Miscellaneous—2.00% at 62—from CalPERS Experience Study (2000-2019). Police - Classic - Service Retirement Rates for Public Agency Police—3.00% at 50—CalPERS Experience Study (2000-2019). Police - PEPRA - Service Retirement Rates for Public Agency Police—2.70% at 57—CalPERS Experience Study (2000-2019).
Medical trend	Pre-Medicare - 6.5% for 2022, decreasing on an ultimate rate of 4.00% in 2070+ Medicare City Plan - 6.0% for 2022, decreasing on an ultimate rate of 4.00% in 2070+ Medicare Kaiser - 4.5% for 2022, decreasing on an ultimate rate of 4.00% in 2070+

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plans (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Governmental Activities Retiree Healthcare Plan (Continued)

	<u>2021-22</u>	<u>2022-23</u>
Actuarially determined contribution	\$ 4,211,000	\$ 5,012,263
Contributions in relation to the actuarially determined contribution	<u>(2,286,676)</u>	<u>(4,966,034)</u>
Contribution deficiency (excess)	<u>\$ 1,924,324</u>	<u>\$ 46,229</u>
Covered employee payroll	\$ 24,154,486	\$ 24,818,734
Contributions as a percentage of covered employee payroll	9.47%	20.01%

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plans (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

	GTrans Retiree Healthcare Plan				
	2016-17¹	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 employee payroll	\$ 9,759,000	\$ 10,316,000	\$ 9,798,690	\$ 10,811,701	\$ 8,791,518
Contributions as a percentage of covered employee payroll	4.73%	43.78%	5.43%	2.56%	3.10%

¹ 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 2022-23 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level % of pay
Discount rate:	Level % of pay
Long-term expected return	6.25%
Municipal bond index	3.54%
GASB 75	6.25%
Salary increases	2.75%
Withdrawal	Miscellaneous - Terminated Refund and Terminated Vested Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Pre-retirement mortality	Miscellaneous - Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Postretirement mortality	Miscellaneous - Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).
Retirement	Miscellaneous - Classic - Service Retirement Rates for Public Agency Miscellaneous—2.00% at 55—from CalPERS Experience Study (2000-2019). Miscellaneous - PEPPRA - Service Retirement Rates for Public Agency Miscellaneous—2.00% at 62—from CalPERS Experience Study (2000-2019).

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plans (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

GTrans Retiree Healthcare Plan (Continued)

	<u>2021-22</u>	<u>2022-23</u>
Actuarially determined contribution	\$ 899,000	\$ 954,864
Contributions in relation to the actuarially determined contribution	<u>(873,696)</u>	<u>(724,778)</u>
Contribution deficiency (excess)	<u>\$ 25,304</u>	<u>\$ 230,086</u>
Covered employee payroll	\$ 10,484,293	\$ 10,954,353
Contributions as a percentage of covered employee payroll	8.33%	6.62%

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plans (Continued)
For the Year Ended June 30, 2023

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

¹ 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 2022-23 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level % of pay
Discount rate:	Level % of pay
Long-term expected return	6.25%
Municipal bond index	3.54%
GASB 75	3.54%
Salary increases	2.75%
Withdrawal	Miscellaneous - Terminated Refund and Terminated Vested Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019). Safety - Terminated Refund and Terminated Vested Rates for Public Agency Police from CalPERS Experience Study (2000-2019).
Pre-retirement mortality	Miscellaneous - Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019). Safety - Preretirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).
Postretirement mortality	Miscellaneous - Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019). Safety - Post-retirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).
Retirement	Miscellaneous - Classic - Service Retirement Rates for Public Agency Miscellaneous—2.00% at 55—from CalPERS Experience Study (2000-2019). Miscellaneous - PEPR - Service Retirement Rates for Public Agency Miscellaneous—2.00% at 62—from CalPERS Experience Study (2000-2019). Police - Classic - Service Retirement Rates for Public Agency Police—3.00% at 50—CalPERS Experience Study (2000-2019). Police - PEPR - Service Retirement Rates for Public Agency Police—2.70% at 57—CalPERS Experience Study (2000-2019).

City of Gardena
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits Plans (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Sewer Retiree Healthcare Plan (Continued)

	<u>2021-22</u>	<u>2022-23</u>
Actuarially determined contribution	\$ 48,000	\$ 32,004
Contributions in relation to the actuarially determined contribution	<u>-</u>	<u>(10,147)</u>
Contribution deficiency (excess)	<u>\$ 48,000</u>	<u>\$ 21,857</u>
Covered employee payroll	\$ 386,578	\$ 397,209
Contributions as a percentage of covered employee payroll	0.00%	2.55%

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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SUPPLEMENTARY INFORMATION

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Capital outlay	\$ 40,504,947	\$ 41,688,130	\$ 6,345,749	\$ 35,342,381
Total expenditures	<u>40,504,947</u>	<u>41,688,130</u>	<u>6,345,749</u>	<u>35,342,381</u>
OTHER FINANCING SOURCES:				
Transfers in	40,504,947	41,688,130	6,345,749	(35,342,381)
Total other financing sources	<u>40,504,947</u>	<u>41,688,130</u>	<u>6,345,749</u>	<u>(35,342,381)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
FUND BALANCE:				
Beginning of year			<u>301,897</u>	
End of year			<u><u>\$ 301,897</u></u>	

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

Public Safety Grants Special Revenue Fund - Represents twenty-two 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 grants from the U.S. Department of Justice provides funding for technological programs and equipment to improve public safety issues. One grant from Board of State and Community Corrections (“BSCC”) for establishing officer wellness units and support. 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 fourteenth 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. Several funds to account for various grants received from the California Department of Transportation or Caltrans to implement programs that promote pedestrian friendly areas, street and signal improvements. 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 & Measure M funds are derived from Los Angeles County 1/2 cent sales tax approved by voters 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. Proposition 68 Fund to account for grant monies received from the Statewide Park Development and Community Revitalization Program (“SPP”) to create new parks and recreation opportunities in underserved communities.

Human Services Grants Special Revenue Fund - Represents seven 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. Once fund to account for the Los Angeles County Measure H Homeless grant to provide homeless prevention and referral services.

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 of Gardena
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture
ASSETS				
Cash and investments	\$ 731,524	\$ 3,981,659	\$ 4,899,333	\$ 752,261
Receivables:				
Accounts	-	-	374,611	-
Taxes	17,637	-	133,666	-
Prepaid items and deposits	-	-	4,803	-
Due from other governmental agencies	-	-	-	-
Total assets	\$ 749,161	\$ 3,981,659	\$ 5,412,413	\$ 752,261
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 52,211	\$ -	\$ 65,195	\$ -
Accrued liabilities	-	-	-	-
Salaries and benefits payable	-	530	1,553	-
Due to other funds	-	-	78,112	-
Retention payable	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	52,211	530	144,860	-
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	4,803	-
Restricted	696,950	3,981,129	5,262,750	752,261
Unassigned (deficit)	-	-	-	-
Total fund balances	696,950	3,981,129	5,267,553	752,261
Total liabilities, deferred inflows of resources, and fund balances	\$ 749,161	\$ 3,981,659	\$ 5,412,413	\$ 752,261

(Continued)

City of Gardena
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Public Safety Grants	Public Works Grants	Human Services Grants	Community Development Block Grant (CDBG)
ASSETS				
Cash and investments	\$ 598,157	\$ 4,761,665	\$ 964,687	\$ 162,316
Receivables:				
Accounts	699,080	-	102,340	1,217
Taxes	-	-	-	-
Prepaid items and deposits	-	12,610	2,184	-
Due from other governmental agencies	28,854	1,353,362	225,123	33,444
Total assets	\$ 1,326,091	\$ 6,127,637	\$ 1,294,334	\$ 196,977
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,295	\$ 25,897	\$ 479,241	\$ -
Accrued liabilities	-	-	3,046	-
Salaries and benefits payable	-	1,532	19,344	-
Due to other funds	716,538	1,222,168	270,103	33,444
Retention payable	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	721,833	1,249,597	771,734	33,444
Deferred inflows of resources:				
Unavailable revenue	662,238	485,611	118,223	-
Total deferred inflows of resources	662,238	485,611	118,223	-
Fund Balances:				
Nonspendable	-	12,610	2,184	-
Restricted	-	4,379,819	402,193	163,533
Unassigned (deficit)	(57,980)	-	-	-
Total fund balances	(57,980)	4,392,429	404,377	163,533
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,326,091	\$ 6,127,637	\$ 1,294,334	\$ 196,977

(Continued)

City of Gardena
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Fund	Total Nonmajor Governmental Funds
	American Rescue Plan	
ASSETS		
Cash and investments	\$ 3,053,186	\$ 19,904,788
Receivables:		
Accounts	-	1,177,248
Taxes	-	151,303
Prepaid items and deposits	-	19,597
Due from other governmental agencies	-	1,640,783
Total assets	\$ 3,053,186	\$ 22,893,719
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 627,839
Accrued liabilities	-	3,046
Salaries and benefits payable	-	22,959
Due to other funds	-	2,320,365
Retention payable	-	-
Unearned revenue	3,053,186	3,053,186
Total liabilities	3,053,186	6,027,395
Deferred inflows of resources:		
Unavailable revenue	-	1,266,072
Total deferred inflows of resources	-	1,266,072
Fund Balances:		
Nonspendable	-	19,597
Restricted	-	15,638,635
Unassigned (deficit)	-	(57,980)
Total fund balances	-	15,600,252
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,053,186	\$ 22,893,719

(Concluded)

City of Gardena
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture
REVENUES:				
Taxes	\$ 823,039	\$ 2,424,138	\$ -	\$ -
Intergovernmental	-	-	3,066,942	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	12,331	80,886	86,373	14,094
Miscellaneous	-	-	42,412	-
Total revenues	835,370	2,505,024	3,195,727	14,094
EXPENDITURES:				
Current:				
General government	-	-	7,823	-
Public safety	-	-	-	13,712
Public works	636,162	34,534	597,910	-
Recreation and human services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	14,296	-	19,606	-
Interest and fiscal charges	-	-	-	-
Total expenditures	650,458	34,534	625,339	13,712
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	184,912	2,470,490	2,570,388	382
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(67,636)	(1,890,382)	(711,685)	-
Total other financing sources (uses)	(67,636)	(1,890,382)	(711,685)	-
NET CHANGES IN FUND BALANCES	117,276	580,108	1,858,703	382
FUND BALANCES (DEFICIT):				
Beginning of year	579,674	3,401,021	3,408,850	751,879
End of year	<u>\$ 696,950</u>	<u>\$ 3,981,129</u>	<u>\$ 5,267,553</u>	<u>\$ 752,261</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, 2023

	Special Revenue Funds			
	Public Safety Grants	Public Works Grants	Human Services Grants	Community Development Block Grant (CDBG)
REVENUES:				
Taxes	\$ -	\$ 2,223,008	\$ -	\$ -
Intergovernmental	466,363	2,840,205	3,961,472	67,722
Fines, forfeitures, and penalties	37,878	-	-	-
Use of money and property	11,810	93,668	19,197	1,558
Miscellaneous	-	8,969	55,082	-
Total revenues	516,051	5,165,850	4,035,751	69,280
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	303,884	-	-	-
Public works	-	279,392	-	-
Recreation and human services	-	17,910	4,197,788	-
Community development	-	-	-	33,446
Capital outlay	-	6,898	10,000	-
Debt service:				
Principal retirement	4,463	21,990	10,147	-
Interest and fiscal charges	-	2,270	5	-
Total expenditures	308,347	328,460	4,217,940	33,446
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	207,704	4,837,390	(182,189)	35,834
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	2,940	-	-
Transfers in	2,881	7,973	258,959	51,681
Transfers out	(96,462)	(3,668,837)	(100,548)	-
Total other financing sources (uses)	(93,581)	(3,657,924)	158,411	51,681
NET CHANGES IN FUND BALANCES	114,123	1,179,466	(23,778)	87,515
FUND BALANCES (DEFICIT):				
Beginning of year	(172,103)	3,212,963	428,155	76,018
End of year	\$ (57,980)	\$ 4,392,429	\$ 404,377	\$ 163,533

(Continued)

City of Gardena
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Fund	Total Nonmajor Governmental Funds
	American Rescue Plan	
REVENUES:		
Taxes	\$ -	\$ 5,470,185
Intergovernmental	897,621	11,300,325
Fines, forfeitures, and penalties	-	37,878
Use of money and property	71,674	391,591
Miscellaneous	-	106,463
Total revenues	<u>969,295</u>	<u>17,306,442</u>
EXPENDITURES:		
Current:		
General government	-	7,823
Public safety	-	317,596
Public works	-	1,547,998
Recreation and human services	-	4,215,698
Community development	-	33,446
Capital outlay	-	16,898
Debt service:		
Principal retirement	-	70,502
Interest and fiscal charges	-	2,275
Total expenditures	<u>-</u>	<u>6,212,236</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>969,295</u>	<u>11,094,206</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from sale of assets	-	2,940
Transfers in	-	321,494
Transfers out	(969,295)	(7,504,845)
Total other financing sources (uses)	<u>(969,295)</u>	<u>(7,180,411)</u>
NET CHANGES IN FUND BALANCES	-	3,913,795
FUND BALANCES (DEFICIT):		
Beginning of year	-	11,686,457
End of year	<u>\$ -</u>	<u>\$ 15,600,252</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 836,545	\$ 836,545	\$ 823,039	\$ (13,506)
Use of money and property	2,500	2,500	12,331	9,831
Total revenues	<u>839,045</u>	<u>839,045</u>	<u>835,370</u>	<u>(3,675)</u>
EXPENDITURES:				
Current:				
Public works	774,749	774,749	636,162	138,587
Debt service:				
Principal retirement	14,296	14,296	14,296	-
Total expenditures	<u>789,045</u>	<u>789,045</u>	<u>650,458</u>	<u>138,587</u>
EXCESS OF REVENUES OVER EXPENDITURES	50,000	50,000	184,912	134,912
OTHER FINANCING USES:				
Transfers out	(300,000)	(300,000)	(67,636)	232,364
Total other financing uses	<u>(300,000)</u>	<u>(300,000)</u>	<u>(67,636)</u>	<u>232,364</u>
NET CHANGE IN FUND BALANCE	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	117,276	<u>\$ 367,276</u>
FUND BALANCE:				
Beginning of year			579,674	
End of year			<u>\$ 696,950</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,221,151	\$ 1,221,151	\$ 2,424,138	\$ 1,202,987
Use of money and property	20,000	20,000	80,886	60,886
Total revenues	<u>1,241,151</u>	<u>1,241,151</u>	<u>2,505,024</u>	<u>1,263,873</u>
EXPENDITURES:				
Current:				
Public works	37,947	37,947	34,534	3,413
Total expenditures	<u>37,947</u>	<u>37,947</u>	<u>34,534</u>	<u>3,413</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,203,204</u>	<u>1,203,204</u>	<u>2,470,490</u>	<u>1,267,286</u>
OTHER FINANCING USES:				
Transfers out	(4,050,000)	(4,720,000)	(1,890,382)	2,829,618
Total other financing uses	<u>(4,050,000)</u>	<u>(4,720,000)</u>	<u>(1,890,382)</u>	<u>2,829,618</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,846,796)</u>	<u>\$ (3,516,796)</u>	580,108	<u>\$ 4,096,904</u>
FUND BALANCE:				
Beginning of year			<u>3,401,021</u>	
End of year			<u>\$ 3,981,129</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 3,176,857	\$ 3,176,857	\$ 3,066,942	\$ (109,915)
Use of money and property		-	86,373	86,373
Miscellaneous	27,500	27,500	42,412	14,912
Total revenues	<u>3,204,357</u>	<u>3,204,357</u>	<u>3,195,727</u>	<u>(8,630)</u>
EXPENDITURES:				
Current:				
General government	15,140	15,140	7,823	7,317
Public works	565,660	565,660	597,910	(32,250)
Debt service:				
Principal retirement	-	-	19,606	(19,606)
Total expenditures	<u>580,800</u>	<u>580,800</u>	<u>625,339</u>	<u>(44,539)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,623,557</u>	<u>2,623,557</u>	<u>2,570,388</u>	<u>(53,169)</u>
OTHER FINANCING USES:				
Transfers out	(5,664,047)	(5,687,230)	(711,685)	4,975,545
Total other financing uses	<u>(5,664,047)</u>	<u>(5,687,230)</u>	<u>(711,685)</u>	<u>4,975,545</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,040,490)</u>	<u>\$ (3,063,673)</u>	1,858,703	<u>\$ 4,922,376</u>
FUND BALANCE:				
Beginning of year			3,408,850	
End of year			<u>\$ 5,267,553</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 276,126	\$ 276,126	\$ 466,363	\$ 190,237
Fines, forfeitures, and penalties	75,000	75,000	37,878	(37,122)
Use of money and property	500	500	11,810	11,310
Total revenues	<u>351,626</u>	<u>351,626</u>	<u>516,051</u>	<u>164,425</u>
EXPENDITURES:				
Current:				
Public safety	276,126	276,126	303,884	(27,758)
Debt service:				
Principal retirement	-	-	4,463	(4,463)
Total expenditures	<u>276,126</u>	<u>276,126</u>	<u>308,347</u>	<u>(32,221)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>75,500</u>	<u>75,500</u>	<u>207,704</u>	<u>132,204</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,881	2,881
Transfers out	(75,500)	(75,500)	(96,462)	(20,962)
Total other financing (sources) uses	<u>(75,500)</u>	<u>(75,500)</u>	<u>(93,581)</u>	<u>(18,081)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>114,123</u>	<u>\$ 114,123</u>
FUND BALANCE (DEFICIT):				
Beginning of year			(172,103)	
End of year			<u>\$ (57,980)</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 2,055,503	\$ 2,055,503	\$ 2,223,008	\$ 167,505
Intergovernmental	17,487,170	17,487,170	2,840,205	(14,646,965)
Use of money and property	23,000	23,000	93,668	70,668
Miscellaneous	-	-	8,969	8,969
Total revenues	<u>19,565,673</u>	<u>19,565,673</u>	<u>5,165,850</u>	<u>(14,399,823)</u>
EXPENDITURES:				
Current:				
Public works	675,077	643,359	279,392	363,967
Recreation and human services	10,000	10,000	17,910	(7,910)
Capital outlay	31,836	31,836	6,898	24,938
Debt service:				
Principal retirement	-	26,825	21,990	4,835
Interest and fiscal charges	-	4,893	2,270	2,623
Total expenditures	<u>716,913</u>	<u>716,913</u>	<u>328,460</u>	<u>388,453</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,848,760</u>	<u>18,848,760</u>	<u>4,837,390</u>	<u>(14,011,370)</u>
OTHER FINANCING USES:				
Proceeds from sale of assets	-	-	2,940	2,940
Transfers in	-	-	7,973	7,973
Transfers out	(19,990,670)	(20,480,670)	(3,668,837)	16,811,833
Total other financing uses	<u>(19,990,670)</u>	<u>(20,480,670)</u>	<u>(3,657,924)</u>	<u>16,822,746</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,141,910)</u>	<u>\$ (1,631,910)</u>	<u>1,179,466</u>	<u>\$ 2,811,376</u>
FUND BALANCE:				
Beginning of year			<u>3,212,963</u>	
End of year			<u>\$ 4,392,429</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 4,284,052	\$ 4,284,052	\$ 3,961,472	\$ (322,580)
Use of money and property	4,000	4,000	19,197	15,197
Miscellaneous	31,000	31,000	55,082	24,082
Total revenues	<u>4,319,052</u>	<u>4,319,052</u>	<u>4,035,751</u>	<u>(283,301)</u>
EXPENDITURES:				
Current:				
Recreation and human services	4,354,917	4,350,174	4,197,788	152,386
Capital Outlay		-	10,000	(10,000)
Debt service:				
Principal retirement	-	4,346	10,147	(5,801)
Interest and fiscal charges	-	397	5	392
Total expenditures	<u>4,354,917</u>	<u>4,354,917</u>	<u>4,217,940</u>	<u>136,977</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(35,865)</u>	<u>(35,865)</u>	<u>(182,189)</u>	<u>(146,324)</u>
OTHER FINANCING SOURCES:				
Transfers in	30,255	30,255	258,959	228,704
Transfers out	30,255	-	(100,548)	(100,548)
Total other financing sources	<u>30,255</u>	<u>30,255</u>	<u>158,411</u>	<u>128,156</u>
NET CHANGE IN FUND BALANCE	<u>\$ (5,610)</u>	<u>\$ (5,610)</u>	<u>(23,778)</u>	<u>\$ (18,168)</u>
FUND BALANCE:				
Beginning of year			<u>428,155</u>	
End of year			<u>\$ 404,377</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 980,001	\$ 980,001	\$ 67,722	\$ (912,279)
Use of money and property	-	-	1,558	1,558
Total revenues	<u>980,001</u>	<u>980,001</u>	<u>69,280</u>	<u>(910,721)</u>
EXPENDITURES:				
Current:				
Community development	980,001	980,001	33,446	946,555
Total expenditures	<u>980,001</u>	<u>980,001</u>	<u>33,446</u>	<u>946,555</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>35,834</u>	<u>35,834</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	51,681	51,681
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>51,681</u>	<u>51,681</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>87,515</u>	<u>\$ 87,515</u>
FUND BALANCE:				
Beginning of year			<u>76,018</u>	
End of year			<u>\$ 163,533</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 2,300,000	\$ 2,300,000	\$ 897,621	\$ (1,402,379)
Use of money and property	-	-	71,674	71,674
Total revenues	<u>2,300,000</u>	<u>2,300,000</u>	<u>969,295</u>	<u>(1,330,705)</u>
OTHER FINANCING USES:				
Transfers out	(2,300,000)	(2,300,000)	(969,295)	1,330,705
Total other financing uses	<u>(2,300,000)</u>	<u>(2,300,000)</u>	<u>(969,295)</u>	<u>1,330,705</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u>\$ -</u>	

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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CITY DEBT SERVICE FUNDS

DEBT SERVICE FUNDS:

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

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

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

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

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

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

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 Balance Sheet
All Debt Service Funds
June 30, 2023

	2006 Refunding COPs, Series A	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	2017 Lease Financing Bonds
ASSETS				
Cash and investments with fiscal agents	\$ 1,815,137	\$ 216,760	\$ 7	\$ -
Prepaid items and deposits	-	1,010	1,206	287,950
Total assets	<u>\$ 1,815,137</u>	<u>\$ 217,770</u>	<u>\$ 1,213</u>	<u>\$ 287,950</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 291	\$ -	\$ -	\$ -
Due to other funds	-	1,010	1,206	287,950
Total liabilities	<u>291</u>	<u>1,010</u>	<u>1,206</u>	<u>287,950</u>
Fund Balances:				
Nonspendable	-	1,010	1,206	287,950
Restricted	1,814,846	215,750	-	-
Unassigned (deficit)	-	-	(1,199)	(287,950)
Total fund balances (deficit)	<u>1,814,846</u>	<u>216,760</u>	<u>7</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,815,137</u>	<u>\$ 217,770</u>	<u>\$ 1,213</u>	<u>\$ 287,950</u>

City of Gardena
Combining Balance Sheet (Continued)
All Debt Service Funds
June 30, 2023

	2020 Taxable Pension Obligation Bonds	2021 Lease Obligation Bonds	Total
ASSETS			
Cash and investments with fiscal agents	\$ 20,974	\$ 11,754,403	\$ 13,807,281
Prepaid items and deposits	917	417	291,500
Total assets	\$ 21,891	\$ 11,754,820	\$ 14,098,781
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ 291
Due to other funds	917	58,188	349,271
Total liabilities	917	58,188	349,562
Fund Balances:			
Nonspendable	917	417	291,500
Restricted	20,057	11,696,215	13,746,868
Unassigned (deficit)	-	-	(289,149)
Total fund balances (deficit)	20,974	11,696,632	13,749,219
Total liabilities and fund balances	\$ 21,891	\$ 11,754,820	\$ 14,098,781

City of Gardena
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
All Debt Service Funds
For the Year Ended June 30, 2023

	2006 Refunding COPs, Series A	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	2017 Lease Financing Bonds
REVENUES:				
Use of money and property	\$ 32,137	\$ 5,664	\$ 2	\$ -
Total revenues	<u>32,137</u>	<u>5,664</u>	<u>2</u>	<u>-</u>
EXPENDITURES:				
Debt service:				
Principal retirement	625,000	120,000	65,000	280,000
Interest and fiscal charges	<u>402,117</u>	<u>68,138</u>	<u>441,157</u>	<u>8,508</u>
Total expenditures	<u>1,027,117</u>	<u>188,138</u>	<u>506,157</u>	<u>288,508</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(994,980)</u>	<u>(182,474)</u>	<u>(506,155)</u>	<u>(288,508)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,034,463	218,850	506,157	288,508
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>1,034,463</u>	<u>218,850</u>	<u>506,157</u>	<u>288,508</u>
CHANGES IN FUND BALANCES	39,483	36,376	2	-
FUND BALANCES:				
Beginning of the year	<u>1,775,363</u>	<u>180,384</u>	<u>5</u>	<u>-</u>
End of the year	<u>\$ 1,814,846</u>	<u>\$ 216,760</u>	<u>\$ 7</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, 2023

	2020 Taxable Pension Obligation Bonds	2021 Lease Revenue Bonds	Total
REVENUES:			
Use of money and property	\$ 20,949	\$ 357,802	\$ 416,554
Total revenues	<u>20,949</u>	<u>357,802</u>	<u>416,554</u>
EXPENDITURES:			
Debt service:			
Principal retirement	2,859,799	440,000	4,389,799
Interest and fiscal charges	<u>2,295,930</u>	<u>500,083</u>	<u>3,715,933</u>
Total expenditures	<u>5,155,729</u>	<u>940,083</u>	<u>8,105,732</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(5,134,780)</u>	<u>(582,281)</u>	<u>(7,689,178)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	5,154,897	940,083	8,142,958
Transfers out	<u>-</u>	<u>(57,771)</u>	<u>(57,771)</u>
Total other financing sources	<u>5,154,897</u>	<u>882,312</u>	<u>8,085,187</u>
CHANGES IN FUND BALANCES	20,117	300,031	396,009
FUND BALANCES:			
Beginning of the year	857	11,396,601	13,353,210
End of the year	<u>\$ 20,974</u>	<u>\$ 11,696,632</u>	<u>\$ 13,749,219</u>

City of Gardena
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2006 Refunding COPs, Series A Debt Service Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 32,137	\$ 32,137
Total revenues	<u>-</u>	<u>-</u>	<u>32,137</u>	<u>32,137</u>
EXPENDITURES:				
Debt Service:				
Principal retirement	625,000	625,000	625,000	-
Interest and fiscal charges	401,340	401,340	402,117	(777)
Total expenditures	<u>1,026,340</u>	<u>1,026,340</u>	<u>1,027,117</u>	<u>(777)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,026,340)</u>	<u>(1,026,340)</u>	<u>(994,980)</u>	<u>31,360</u>
OTHER FINANCING SOURCES:				
Transfers in	1,026,340	1,026,340	1,034,463	8,123
Total other financing sources	<u>1,026,340</u>	<u>1,026,340</u>	<u>1,034,463</u>	<u>8,123</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>39,483</u>	<u>\$ 39,483</u>
FUND BALANCE:				
Beginning of year			<u>1,775,363</u>	
End of year			<u>\$ 1,814,846</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 5,664	\$ 5,664
Total revenues	<u>-</u>	<u>-</u>	<u>5,664</u>	<u>5,664</u>
EXPENDITURES:				
Debt Service:				
Principal retirement	120,000	120,000	120,000	-
Interest and fiscal charges	68,545	68,545	68,138	407
Total expenditures	<u>188,545</u>	<u>188,545</u>	<u>188,138</u>	<u>407</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(188,545)</u>	<u>(188,545)</u>	<u>(182,474)</u>	<u>6,071</u>
OTHER FINANCING SOURCES:				
Transfers in	188,545	188,545	218,850	30,305
Total other financing sources	<u>188,545</u>	<u>188,545</u>	<u>218,850</u>	<u>30,305</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	36,376	<u>\$ 36,376</u>
FUND BALANCE:				
Beginning of year			<u>180,384</u>	
End of year			<u>\$ 216,760</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2	\$ 2
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
EXPENDITURES:				
Debt Service:				
Principal retirement	65,000	65,000	65,000	-
Interest and fiscal charges	441,011	441,011	441,157	(146)
Total expenditures	<u>506,011</u>	<u>506,011</u>	<u>506,157</u>	<u>(146)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(506,011)</u>	<u>(506,011)</u>	<u>(506,155)</u>	<u>(144)</u>
OTHER FINANCING SOURCES:				
Transfers in	506,011	506,011	506,157	146
Total other financing sources	<u>506,011</u>	<u>506,011</u>	<u>506,157</u>	<u>146</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>
FUND BALANCE:				
Beginning of year			<u>5</u>	
End of year			<u>\$ 7</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES:				
Debt Service:				
Principal retirement	\$ 280,000	\$ 280,000	\$ 280,000	\$ -
Interest and fiscal charges	8,798	8,798	8,508	290
Total expenditures	<u>288,798</u>	<u>288,798</u>	<u>288,508</u>	<u>290</u>
OTHER FINANCING SOURCES:				
Transfers in	288,798	288,798	288,508	(290)
Total other financing sources	<u>288,798</u>	<u>288,798</u>	<u>288,508</u>	<u>(290)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
FUND BALANCE:				
Beginning of year			-	
End of year			<u><u>\$ -</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ 4,020	\$ 4,020	\$ 20,949	\$ 16,929
Intra governmental reimbursements	5,151,543	5,151,543	-	(5,151,543)
Total revenues	<u>5,155,563</u>	<u>5,155,563</u>	<u>20,949</u>	<u>(5,134,614)</u>
EXPENDITURES:				
Debt Service:				
Principal retirement	2,859,800	2,859,250	2,859,799	(549)
Interest and fiscal charges	2,295,763	2,296,313	2,295,930	383
Total expenditures	<u>5,155,563</u>	<u>5,155,563</u>	<u>5,155,729</u>	<u>(166)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(5,134,780)</u>	<u>(5,134,780)</u>
OTHER FINANCING SOURCES:				
Transfers in	-	-	5,154,897	5,154,897
Total other financing sources	<u>-</u>	<u>-</u>	<u>5,154,897</u>	<u>5,154,897</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>20,117</u>	<u>\$ 20,117</u>
FUND BALANCE:				
Beginning of year			857	
End of year			<u>\$ 20,974</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 357,802	\$ 357,802
Total revenues	<u>-</u>	<u>-</u>	<u>357,802</u>	<u>357,802</u>
EXPENDITURES:				
Debt Service:				
Principal retirement	440,000	440,000	440,000	-
Interest and fiscal charges	500,500	500,500	500,083	417
Total expenditures	<u>940,500</u>	<u>940,500</u>	<u>940,083</u>	<u>417</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(940,500)</u>	<u>(940,500)</u>	<u>(582,281)</u>	<u>358,219</u>
OTHER FINANCING SOURCES:				
Transfers in	940,500	940,500	940,083	(417)
Transfers out	(6,020,000)	(6,020,000)	(57,771)	5,962,229
Total other financing sources	<u>(5,079,500)</u>	<u>(5,079,500)</u>	<u>882,312</u>	<u>5,961,812</u>
NET CHANGE IN FUND BALANCE	<u>\$ (6,020,000)</u>	<u>\$ (6,020,000)</u>	300,031	<u>\$ 6,320,031</u>
FUND BALANCE:				
Beginning of year			11,396,601	
End of year			<u>\$ 11,696,632</u>	

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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INTERNAL SERVICE FUNDS

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

Internal Service Funds include:

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

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

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

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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City of Gardena
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Liability Insurance	Workers' Compensation	Health Benefit	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 4,637,227	\$ 2,724,577	\$ 5,116,252	\$ 12,478,056
Accounts receivables	5,735	-	-	5,735
Prepaid items and deposits	1,625	2,146	11,606	15,377
Total current assets	<u>4,644,587</u>	<u>2,726,723</u>	<u>5,127,858</u>	<u>12,499,168</u>
Total assets	<u>4,644,587</u>	<u>2,726,723</u>	<u>5,127,858</u>	<u>12,499,168</u>
LIABILITIES				
Current liabilities:				
Accounts payable	93,410	736	1,814	95,960
Accrued liabilities	257,537	32,112	23,441	313,090
Claims payable - due within one year	1,308,000	2,827,000	676,358	4,811,358
Total current liabilities	<u>1,658,947</u>	<u>2,859,848</u>	<u>701,613</u>	<u>5,220,408</u>
Noncurrent liabilities:				
Claims payable - due in more than one year	2,169,000	11,360,000	-	13,529,000
Total noncurrent liabilities	<u>2,169,000</u>	<u>11,360,000</u>	<u>-</u>	<u>13,529,000</u>
Total liabilities	<u>3,827,947</u>	<u>14,219,848</u>	<u>701,613</u>	<u>18,749,408</u>
NET POSITION				
Unrestricted (deficit)	816,640	(11,493,125)	4,426,245	(6,250,240)
Total net position (deficit)	<u>\$ 816,640</u>	<u>\$ (11,493,125)</u>	<u>\$ 4,426,245</u>	<u>\$ (6,250,240)</u>

City of Gardena
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Liability Insurance	Workers' Compensation	Health Benefit	Total
OPERATING REVENUES:				
Charges for services	\$ 1,903,564	\$ 1,791,688	\$ 9,997,704	\$ 13,692,956
Other	1,317,192	37,837	147,218	1,502,247
Total operating revenues	3,220,756	1,829,525	10,144,922	15,195,203
OPERATING EXPENSES:				
Insurance claims	2,406,348	3,349,888	2,914,716	8,670,952
General and administrative	877,448	462,670	5,415,105	6,755,223
Other operating expenses	51,273	87,705	104,162	243,140
Total operating expenses	3,335,069	3,900,263	8,433,983	15,669,315
OPERATING INCOME (LOSS)	(114,313)	(2,070,738)	1,710,939	(474,112)
NONOPERATING REVENUES:				
Interest income	35,551	38,548	112,687	186,786
Total nonoperating revenues	35,551	38,548	112,687	186,786
INCOME (LOSS) BEFORE TRANSFERS	(78,762)	(2,032,190)	1,823,626	(287,326)
TRANSFERS:				
Transfers in	1,856,821	1,130,031	-	2,986,852
Transfers out	(1,583)	(3,933)	(1,636,852)	(1,642,368)
Total transfers	1,855,238	1,126,098	(1,636,852)	1,344,484
CHANGES IN NET POSITION	1,776,476	(906,092)	186,774	1,057,158
NET POSITION (DEFICIT):				
Beginning of year	(959,836)	(10,587,033)	4,239,471	(7,307,398)
End of year	<u>\$ 816,640</u>	<u>\$ (11,493,125)</u>	<u>\$ 4,426,245</u>	<u>\$ (6,250,240)</u>

City of Gardena
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Liability Insurance	Workers' Compensation	Health Benefit	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from users	\$ 1,903,564	\$ 1,991,688	\$ 9,997,704	\$ 13,892,956
Receipts from claims recoveries	1,317,192	37,837	147,218	1,502,247
Payments for insurance claims	(1,879,061)	(2,352,946)	(2,902,212)	(7,134,219)
Payments to suppliers	(1,326,468)	(539,235)	(5,633,732)	(7,499,435)
Net cash provided by (used in) operating activities	15,227	(862,656)	1,608,978	761,549
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	1,856,821	1,130,031	-	2,986,852
Transfers to other funds	(1,583)	(3,933)	(1,636,852)	(1,642,368)
Net cash provided by (used in) noncapital financing activities	1,855,238	1,126,098	(1,636,852)	1,344,484
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	35,551	38,548	112,687	186,786
Net cash provided by investing activities	35,551	38,548	112,687	186,786
Net change in cash and cash equivalents	1,906,016	301,990	84,813	2,292,819
CASH AND CASH EQUIVALENTS:				
Beginning of year	2,731,211	2,422,587	5,031,439	10,185,237
End of year	<u>\$ 4,637,227</u>	<u>\$ 2,724,577</u>	<u>\$ 5,116,252</u>	<u>\$ 12,478,056</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ (114,313)	\$ (2,070,738)	\$ 1,710,939	\$ (474,112)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase)decrease in accounts receivable	-	200,000	-	200,000
(Increase)decrease in prepaid items and deposits	(1,315)	-	(7,558)	(8,873)
Increase (decrease) in accounts payable	(152,517)	(6,125)	1,814	(156,828)
Increase (decrease) in accrued liabilities	(243,915)	17,265	(93,026)	(319,676)
Increase (decrease) in deposits payable	-	-	(15,695)	(15,695)
Increase (decrease) in claims payable	527,287	996,942	12,504	1,536,733
Total adjustment	129,540	1,208,082	(101,961)	1,235,661
Net cash provided by (used in) operating activities	\$ 15,227	\$ (862,656)	\$ 1,608,978	\$ 761,549

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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STATISTICAL SECTION

Fiscal Year 2022-23



STATISTICAL SECTION

Fiscal Year 2022-23



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CITY OF GARDENA STATISTICAL SECTION

Fiscal Year 2022-23



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⁽¹⁾
Last Ten Fiscal Years Ended June 30, 2023
(accrual basis of accounting)

	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
Governmental Activities					
Net Investment in Capital Assets	\$ 43,557,695	\$ 40,126,502	\$ 28,550,313	\$ 30,055,713	\$ 47,404,733
Restricted for:					
Debt Service	1,994,718	1,617,913	1,681,507	1,708,162	1,669,313
Employment and Training Services	-	-	-	-	-
Law Enforcement	1,414,499	1,459,666	1,593,265	1,080,052	1,344,114
Local Street Improvements	14,126,722	10,385,580	9,329,940	7,956,523	7,130,678
Economic Development	6,965,240	6,914,470	5,783,794	4,393,701	5,306,507
Capital Projects	301,897	273,887	273,887	273,887	295,912
Other Purposes	1,219,550	1,014,200	662,807	689,290	657,424
Specific Projects and Programs	-	-	-	-	-
Total Restricted:	26,022,626	21,665,716	19,325,200	16,101,615	16,403,948
Unrestricted ⁽²⁾	(115,019,564)	(95,499,040)	(114,185,399)	(126,640,099)	(131,787,090)
Total governmental activities net position	(\$45,439,243)	(\$33,706,822)	(\$66,309,886)	(\$80,482,771)	(\$67,978,409)
Business-type Activities					
Net Investment in Capital Assets	\$59,138,198	\$59,701,427	\$60,014,796	\$50,474,813	\$53,054,448
Unrestricted ⁽²⁾	(32,642,965)	(33,216,568)	(34,052,901)	(32,350,671)	(29,646,082)
Total business-type activities net position	\$26,495,233	\$26,484,859	\$25,961,895	\$18,124,142	\$23,408,366
Primary Government					
Net Investment in Capital Assets	\$102,695,893	\$99,827,929	\$88,565,109	\$80,530,526	\$100,459,181
Restricted	26,022,626	21,665,716	19,325,200	16,101,615	16,403,948
Unrestricted ⁽²⁾	(147,662,529)	(128,715,608)	(148,238,300)	(158,990,770)	(161,433,172)
Total Primary Government Net Position:	\$ (18,944,010)	\$ (7,221,963)	\$ (40,347,991)	\$ (62,358,629)	\$ (44,570,043)

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

City of Gardena
Net Position by Component (Continued)⁽¹⁾
Last Ten Fiscal Years Ended June 30, 2023
(accrual basis of accounting)

	Fiscal Year				
	2017-18 ⁽²⁾	2016-17	2015-16	2014-15	2013-14
Governmental Activities					
Net Investment in Capital Assets	\$ 27,748,135	\$ 28,138,906	\$ 27,897,717	\$ 26,430,711	\$ 21,675,303
Restricted for:					
Debt Service	1,916,945	1,924,432	2,679,363	2,965,697	3,471,506
Employment and Training Services	5,287	43,611	164,116	300,190	397,593
Law Enforcement	921,976	914,062	1,251,314	1,701,810	2,186,672
Local Street Improvements	6,060,770	6,205,701	7,072,378	7,930,518	7,049,906
Local Street Improvements	6,006,024	1,986,202	2,394,395	2,292,714	-
Economic Development	571,089	295,912	301,546	-	-
Other Purposes	633,275	651,830	289,859	447,605	478,453
Specific Projects and Programs	-	-	-	-	-
Total Restricted:	16,115,366	12,021,750	14,152,971	15,638,534	13,584,130
Unrestricted	(107,886,487)	(99,400,392)	(60,913,888)	(67,531,463)	(64,355,607)
Total governmental activities net position	<u>(\$64,022,986)</u>	<u>(\$59,239,736)</u>	<u>(\$18,863,200)</u>	<u>(\$25,462,218)</u>	<u>(\$29,096,174)</u>
Business-type Activities					
Net Investment in Capital Assets	\$56,261,253	\$60,150,166	\$62,151,750	\$67,684,810	\$70,809,060
Unrestricted	(27,969,730)	(27,390,162)	(21,068,543)	(18,107,410)	(15,654,544)
Total business-type activities net position	<u>\$28,291,523</u>	<u>\$32,760,004</u>	<u>\$41,083,207</u>	<u>\$49,577,400</u>	<u>\$55,154,516</u>
Primary Government					
Net Investment in Capital Assets	\$84,009,388	\$88,289,072	\$90,049,467	\$94,115,521	\$92,484,363
Restricted	16,115,366	12,021,750	14,152,971	15,638,534	13,584,130
Unrestricted	(135,817,893)	(126,790,554)	(81,982,431)	(85,638,873)	(79,990,151)
Total Primary Government Net Position:	<u>\$ (35,693,139)</u>	<u>\$ (26,479,732)</u>	<u>\$ 22,220,007</u>	<u>\$ 24,115,182</u>	<u>\$ 26,078,342</u>

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

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

City of Gardena
Changes in Net Position
Last Ten Fiscal Years Ended June 30, 2023
(accrual basis of accounting)

	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
Expenses					
Governmental Activities					
General Government	\$ 7,470,021	\$ 7,771,663	\$ 7,807,099	\$ 7,383,173	\$ 8,609,254
Public Safety	77,971,300	27,964,662	47,363,640	47,760,821	43,617,238
Public Works	10,737,606	11,239,762	7,543,698	10,958,845	11,717,321
Recreation and Human Services	8,229,820	7,566,226	6,766,739	6,600,989	6,395,004
Community Development	2,266,794	5,946,949	2,986,934	2,692,644	2,662,554
Interest and fiscal charges	3,773,164	3,888,463	2,532,013	1,156,041	1,191,118
Total governmental activities expenses:	110,448,705	64,377,725	75,000,123	76,552,513	74,192,489
Business-type Activities					
GTrans	28,643,376	27,966,497	29,505,837	31,024,629	28,646,739
Sewer	1,466,607	1,423,680	1,190,734	1,651,788	1,512,189
Total business-type activities expenses:	30,109,983	29,390,177	30,696,571	32,676,417	30,158,928
Total primary government expenses:	140,558,688	93,767,902	105,696,694	109,228,930	104,351,417
Program Revenues					
Governmental Activities					
Charges for services:					
General Government	4,149,501	8,769,328	5,333,187	4,072,004	4,107,289
Public Safety	1,251,096	1,236,057	1,240,360	1,338,121	1,862,764
Public Works	396,408	534,045	378,834	351,732	351,463
Recreation and Human Services	3,647,400	3,647,094	2,750,536	3,801,562	2,962,339
Community Development	2,521,913	3,139,836	2,499,553	2,246,297	1,687,652
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	5,814,708	4,081,043	14,663,306	3,351,864	3,142,207
Capital Grants and Contributions	3,329,828	2,511,878	3,017,989	1,621,611	2,037,030
Total governmental activities program revenues:	21,110,854	23,919,281	29,883,765	16,783,191	16,150,744
Business-type Activities					
Charges for services:					
GTrans	1,793,580	1,643,970	135,875	1,766,952	2,382,758
Sewer	2,473,501	2,610,910	2,685,365	2,323,753	2,016,346
Operating Grants and Contributions	22,744,442	22,018,364	20,725,314	21,277,188	20,612,788
Capital Grants and Contributions	3,186,920	3,915,704	14,856,026	1,962,998	1,086,741
Total business-type activities program revenues:	30,198,443	30,188,948	38,402,580	27,330,891	26,098,633
Total primary government revenues:	\$ 51,309,297	\$ 54,108,229	\$ 68,286,345	\$ 44,114,082	\$ 42,249,377

City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2023
(accrual basis of accounting)

	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Expenses					
Governmental Activities					
General Government	\$ 6,177,468	\$ 5,848,247	\$ 5,730,664	\$ 6,239,825	\$ 11,808,280
Public Safety	41,420,762	38,700,824	36,304,203	35,912,110	32,551,301
Public Works	7,120,106	6,956,766	8,545,467	9,846,657	10,300,134
Recreation and Human Services	9,742,993	9,154,921	6,777,838	6,677,536	6,147,992
Community Development	2,938,656	2,796,216	2,538,835	2,675,341	7,470,002
Interest and fiscal charges	1,241,054	1,382,078	1,365,398	1,805,649	1,466,193
Total governmental activities expenses:	68,641,039	64,839,052	61,262,405	63,157,118	69,743,902
Business-type Activities					
GTrans	27,804,739	28,195,640	26,410,211	26,643,082	23,188,943
Sewer	1,432,695	1,760,303	1,046,864	1,021,131	849,779
Total business-type activities expenses:	29,237,434	29,955,943	27,457,075	27,664,213	24,038,722
Total primary government expenses:	97,878,473	94,794,995	88,719,480	90,821,331	93,782,624
Program Revenues					
Governmental Activities					
Charges for services:					
General Government	3,864,795	3,504,735	3,298,306	3,022,929	3,013,410
Public Safety	1,312,945	1,422,001	1,174,116	1,337,761	1,404,006
Public Works	418,667	615,289	513,495	340,541	384,600
Recreation and Human Services	2,685,240	2,979,625	2,315,212	2,238,445	2,092,788
Community Development	1,724,501	1,771,754	2,187,082	1,432,560	2,922,090
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	3,719,048	2,048,938	2,067,123	2,963,405	7,092,380
Capital Grants and Contributions	2,002,799	1,268,576	1,918,489	7,167,801	3,531,787
Total governmental activities program revenues:	15,727,995	13,610,918	13,473,823	18,503,442	20,441,061
Business-type Activities					
Charges for services:					
GTrans	2,459,105	2,482,516	2,685,573	3,346,233	3,434,257
Sewer	1,790,296	954,552	673,199	727,054	922,304
Operating Grants and Contributions	19,855,368	17,462,145	16,905,476	17,353,740	15,518,103
Capital Grants and Contributions	576,031	3,120,351	1,850,968	832,350	1,470,222
Total business-type activities program revenues:	24,680,800	24,019,564	22,115,216	22,259,377	21,344,886
Total primary government revenues:	\$ 40,408,795	\$ 37,630,482	\$ 35,589,039	\$ 40,762,819	\$ 41,785,947

City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2023
(accrual basis of accounting)

	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
Net (expense)/revenue: ⁽¹⁾					
Governmental activities	(89,337,851)	(40,458,444)	(46,089,053)	(59,769,322)	(58,041,745)
Business-type activities	88,460	798,771	7,676,625	(5,345,526)	(4,060,295)
Total net revenues (expenses):	<u>(89,249,391)</u>	<u>(39,659,673)</u>	<u>(38,412,428)</u>	<u>(65,114,848)</u>	<u>(62,102,040)</u>
General Revenue and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	9,985,883	9,186,838	8,799,364	8,205,539	7,735,545
Sales tax	29,662,286	27,908,699	23,760,125	12,440,147	13,466,178
Business license	2,733,939	2,647,094	2,508,287	2,438,304	2,843,375
Utility user taxes	6,317,851	5,481,395	4,970,799	4,801,229	4,955,645
Franchise taxes	3,275,380	3,075,659	2,809,101	2,816,277	2,777,572
Card club taxes	8,633,144	10,544,947	3,999,147	4,874,457	8,101,583
Other taxes	5,882,066	4,626,009	3,764,716	3,920,393	4,354,725
Vehicle license - unrestricted	8,073,890	7,485,678	7,203,563	6,788,130	6,378,321
Investment income	1,881,428	(1,520,476)	(57,164)	1,036,057	1,061,732
Miscellaneous	643,709	3,281,484	2,730,183	690,353	1,384,272
Gain on sale of assets	-	-	(190,979)	(863,795)	10,622
Transfers	515,854	344,181	(35,204)	117,869	978,428
Total governmental activities	<u>77,605,430</u>	<u>73,061,508</u>	<u>60,261,938</u>	<u>47,264,960</u>	<u>54,047,998</u>
Business-type activities					
Investment income	437,768	68,374	125,924	162,760	155,566
Miscellaneous	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	16,411	-
Transfers	(515,854)	(344,181)	35,204	(117,869)	(978,428)
Total business-type activities:	<u>(78,086)</u>	<u>(275,807)</u>	<u>161,128</u>	<u>61,302</u>	<u>(822,862)</u>
Total primary government:	<u>77,527,344</u>	<u>72,785,701</u>	<u>60,423,066</u>	<u>47,326,262</u>	<u>53,225,136</u>
Change in Net Position					
Governmental activities	(11,732,421)	32,603,064	14,172,885	(12,504,362)	(3,993,747)
Business-type activities	10,374	522,964	7,837,753	(5,284,224)	(4,883,157)
Total primary government:	<u>\$ (11,722,047)</u>	<u>\$ 33,126,028</u>	<u>\$ 22,010,638</u>	<u>\$ (17,788,586)</u>	<u>\$ (8,876,904)</u>

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

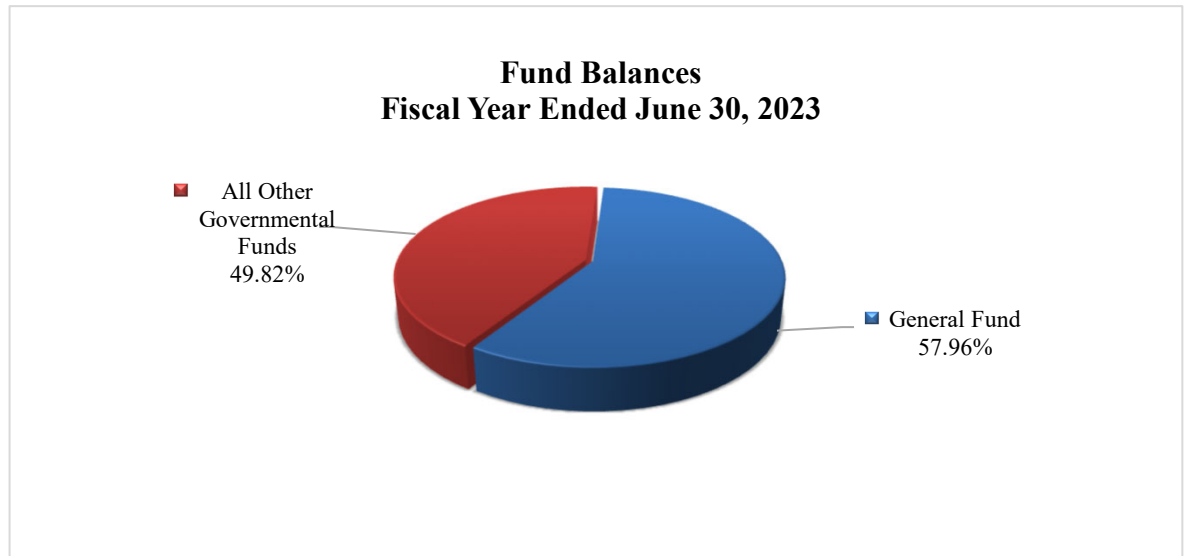
City of Gardena
Changes in Net Position (Continued)
Last Ten Fiscal Years Ended June 30, 2023
(accrual basis of accounting)

	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Net (expense)/revenue: ⁽¹⁾					
Governmental activities	(52,913,044)	(51,228,234)	(47,788,582)	(44,653,676)	(49,302,841)
Business-type activities	(4,556,634)	(5,936,379)	(5,341,859)	(5,404,836)	(2,693,836)
Total net revenues (expenses):	<u>(57,469,678)</u>	<u>(57,164,613)</u>	<u>(53,130,441)</u>	<u>(50,058,512)</u>	<u>(51,996,677)</u>
General Revenue and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	7,150,957	7,130,426	6,729,849	6,402,520	6,192,249
Sales tax	11,006,901	11,204,697	11,227,326	9,965,476	9,472,341
Business license	2,727,532	2,606,279	2,536,438	2,547,148	2,218,097
Utility user taxes	5,088,450	5,147,736	5,212,410	5,335,375	5,383,285
Franchise taxes	2,609,219	2,440,108	2,534,820	2,417,342	2,351,576
Card club taxes	8,071,001	8,975,991	9,057,202	9,517,550	9,467,078
Other taxes	3,985,315	3,855,705	3,479,372	3,136,222	2,965,176
Vehicle license - unrestricted	5,994,920	5,677,909	5,445,385	5,166,984	4,958,745
Investment income	158,902	129,187	499,279	248,773	270,187
Miscellaneous	1,134,729	2,261,772	2,566,919	3,329,396	2,643,424
Gain on sale of assets	201,560	883,201	1,877,151	-	-
Transfers	38,632	9,898	3,221,449	200,846	408,925
Total governmental activities	<u>48,168,118</u>	<u>50,322,909</u>	<u>54,387,600</u>	<u>48,267,632</u>	<u>46,331,083</u>
Business-type activities					
Investment income	124,243	77,618	55,492	24,196	11,333
Miscellaneous	2,542	18,512	13,623	4,370	2,733
Gain (loss) on sale of assets	-	-	-	-	(2,600,806)
Transfers	(38,632)	(9,898)	(3,221,449)	(200,846)	(408,925)
Total business-type activities:	<u>88,153</u>	<u>86,232</u>	<u>(3,152,334)</u>	<u>(172,280)</u>	<u>(2,995,665)</u>
Total primary government:	<u>48,256,271</u>	<u>50,409,141</u>	<u>51,235,266</u>	<u>48,095,352</u>	<u>43,335,418</u>
Change in Net Position					
Governmental activities	(4,744,926)	(905,325)	6,599,018	3,613,956	(2,971,758)
Business-type activities	(4,468,481)	(5,850,147)	(8,494,193)	(5,577,116)	(5,689,501)
Total primary government:	<u>\$ (9,213,407)</u>	<u>\$ (6,755,472)</u>	<u>\$ (1,895,175)</u>	<u>\$ (1,963,160)</u>	<u>\$ (8,661,259)</u>

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

City of Gardena
Fund Balances of Governmental Funds
Last Ten Fiscal Years Ended June 30, 2023
(modified accrual basis of accounting)

		Fiscal Year				
		2022-23	2021-22	2020-21	2019-20	2018-19
General Fund						
Nonspendable	(1)	\$ 327,406	\$ 352,425	\$ 1,214,022	\$ 302,361	\$ 333,803
Restricted	(1)	-	-	-	-	-
Committed	(1)	26,848,674	26,936,620	18,697,703	7,310,676	13,287,448
Assigned	(1)	22,662,517	14,236,728	8,670,503	2,848,416	2,622,256
Unassigned	(1)	300,000	300,001	200,000	173,122	271,377
Total General Fund:		<u>\$50,138,597</u>	<u>\$41,825,774</u>	<u>\$28,782,228</u>	<u>\$10,634,575</u>	<u>\$16,514,884</u>
All Other Governmental Funds						
Nonspendable	(1)	\$ 311,097	\$ 329,979	\$ 342,428	\$ 350,432	\$ 308,741
Restricted	(1)	36,402,832	31,699,951	16,660,769	15,682,481	16,089,466
Committed	(1)	-	-	-	-	-
Assigned	(1)	-	-	-	-	-
Unassigned	(1)	(347,129)	(185,700)	(1,298,092)	(81,218)	-
Total all other governmental funds:		<u>\$ 36,366,800</u>	<u>\$ 31,844,230</u>	<u>\$ 15,705,105</u>	<u>\$ 15,951,695</u>	<u>\$ 16,398,207</u>



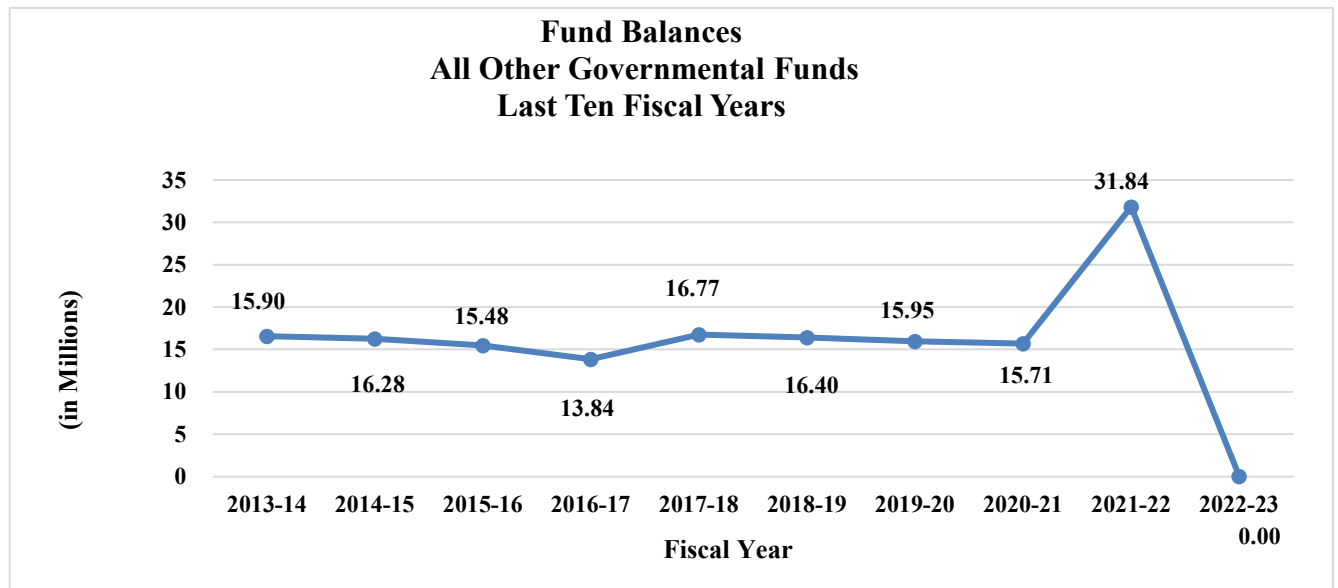
NOTES:

(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, 2023
(modified accrual basis of accounting)

		Fiscal Year				
		2017-18	2016-17	2015-16	2014-15	2013-14
General Fund						
Nonspendable	(1)	\$ 385,931	\$ 294,133	\$ 189,819	\$ 179,244	\$ 181,457
Restricted	(1)	5,287	43,611	164,116	327,752	57,980
Committed	(1)	19,315,675	19,413,135	17,542,367	7,274,423	7,274,423
Assigned	(1)	3,609,547	3,936,266	2,773,686	7,579,856	4,357,472
Unassigned	(1)	200,000	200,000	200,000	400,362	238,582
Total General Fund:		<u>\$23,516,440</u>	<u>\$23,887,145</u>	<u>\$20,869,988</u>	<u>\$15,761,637</u>	<u>\$12,109,914</u>
All Other Governmental Funds						
Nonspendable	(1)	\$ 16,769,655	\$ -	\$ -	\$ 4,734	\$ -
Restricted	(1)	-	10,073,376	11,726,127	13,048,054	13,526,150
Committed	(1)	-	3,765,323	3,776,154	3,051,323	2,658,379
Assigned	(1)	-	-	(20,809)	179,079	377,900
Assigned	(1)	-	-	-	-	-
Total all other governmental funds:		<u>\$ 16,769,655</u>	<u>\$ 13,838,699</u>	<u>\$ 15,481,472</u>	<u>\$ 16,283,190</u>	<u>\$ 16,562,429</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, 2023
(modified accrual basis of accounting)

	Fiscal Year				
	2022-23	2021-22	2020-21 ⁽²⁾	2019-20	2018-19
Revenues:					
Taxes	\$ 74,247,538	\$ 70,663,462	\$ 57,968,745	\$ 46,128,710	\$ 50,827,680
Licenses and permits	2,158,749	2,900,062	2,389,538	1,646,059	1,735,711
Use of money and property	1,881,431	(1,517,780)	(56,416)	1,036,059	1,061,734
Intergovernmental	12,265,983	13,689,853	16,142,006	7,157,208	7,409,245
Fines, forfeitures, and penalties	1,235,414	3,660,686	3,168,468	1,112,890	2,261,549
Charges for services	5,723,983	5,448,044	5,188,250	6,142,402	5,270,787
Miscellaneous	720,310	5,245,065	1,664,391	831,773	892,283
Total Revenues:	98,233,408	100,089,392	86,464,982	64,055,101	69,458,989
Expenditures:					
Current:					
General government	6,208,151	5,296,661	5,325,270	6,576,421	6,004,196
Public safety	42,327,977	41,545,473	37,558,085	41,295,066	45,783,773
Public works	8,435,997	7,868,811	6,776,073	8,372,502	8,058,427
Recreation and Human resources	8,221,690	7,318,062	6,232,436	6,155,882	6,138,238
Community development	2,837,108	3,061,632	2,789,072	2,474,928	2,382,263
Capital outlay	8,816,842	8,929,107	5,199,699	3,636,782	6,127,264
Debt service:					
Principal	5,052,989	3,850,985	1,173,158	967,696	902,804
Interest and fiscal charges	3,750,867	3,899,642	2,340,735	1,155,814	1,198,262
Total Expenditures:	85,651,621	81,770,373	67,394,528	70,635,091	76,595,227
Excess of Revenues over (under) Expenditures	12,581,787	18,319,019	19,070,454	(6,579,990)	(7,136,238)
Other Financing Sources (Uses):					
Proceeds of long-term debt	-	-	-	-	-
Proceeds from sale of assets	34,093	127,623	3,492	46,241	16,413
Proceeds from debt issuance	-	15,391,848	79,193,585	-	-
Issuance of capital leases	-	-	-	-	-
Costs of Bond issuance	-	-	-	-	-
Contribution to pension trust	-	-	(78,731,264)	-	-
Issuance of new debt	1,048,143	-	-	-	-
Issuance discount	-	-	-	-	-
Issuance of loans	-	-	-	86,223	86,223
Transfers in	18,089,299	16,400,118	12,724,862	7,476,706	9,013,583
Transfers out	(18,917,929)	(21,055,937)	(14,360,066)	(7,356,001)	(8,350,155)
Total Other Financing Sources (Uses):	253,606	10,863,652	(1,169,391)	253,169	766,064
Net change in fund balances	\$ 12,835,393	\$ 29,182,671	\$ 17,901,063	\$ (6,326,821)	\$ (6,370,174)
Debt service as a percentage of noncapital expenditures: ⁽¹⁾	10.41%	9.66%	5.39%	3.14%	2.87%

NOTE:

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

⁽²⁾ 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, 2023
(modified accrual basis of accounting)

	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Revenues:					
Taxes	\$ 47,527,518	\$ 46,847,209	\$ 46,222,802	\$ 44,488,617	\$ 43,008,547
Licenses and permits	1,694,670	1,800,752	1,521,379	1,109,169	1,023,180
Use of money and property	158,902	129,186	499,278	248,773	270,187
Intergovernmental	6,201,645	5,549,872	5,705,627	11,575,383	11,983,118
Fines, forfeitures, and penalties	1,124,079	1,102,235	1,794,049	1,433,758	1,226,243
Charges for services	5,070,020	5,155,573	4,545,874	4,208,616	4,146,210
Miscellaneous	1,197,011	2,944,050	1,807,155	3,141,148	2,754,989
Total Revenues:	62,973,845	63,528,877	62,096,164	66,205,464	64,412,474
Expenditures:					
Current:					
General government	5,025,047	4,914,416	4,886,467	5,108,064	4,938,101
Public safety	37,851,314	36,977,198	34,674,068	32,542,544	32,069,172
Public works	4,012,134	4,064,485	5,584,816	5,352,388	5,395,817
Recreation and Human resources	9,194,054	8,631,034	6,498,830	6,135,402	6,086,777
Community development	2,734,299	2,757,861	2,533,734	2,594,007	7,499,226
Capital outlay	3,794,206	3,349,481	8,332,649	8,064,783	6,075,302
Debt service:					
Principal	627,898	2,703,105	754,158	9,228,535	844,172
Interest and fiscal charges	1,227,659	1,431,641	1,369,936	2,029,383	1,482,716
Total Expenditures:	64,466,611	64,829,221	64,634,658	71,055,106	64,391,283
Excess of Revenues over (under) Expenditures	(1,492,766)	(1,300,344)	(2,538,494)	(4,849,642)	21,191
Other Financing Sources (Uses):					
Proceeds of long-term debt	-	-	-	-	2,521,577
Proceeds from sale of property	423,735	1,024,538	4,990,156	-	-
Proceeds from debt issuance	-	-	-	-	-
Issuance of capital leases	-	-	-	-	201,829
Costs of Bond issuance	-	-	-	-	-
Contribution to pension trust	-	-	-	-	-
Issuance of new debt	-	1,635,000	-	9,110,000	-
Issuance discount	-	-	-	(297,460)	-
Issuance of loans	86,223	86,223	311,026	408,740	-
Transfers in	6,747,282	6,487,933	11,143,623	10,368,953	7,765,591
Transfers out	(6,708,650)	(6,558,966)	(9,599,678)	(11,368,107)	(7,994,802)
Total Other Financing Sources (Uses):	548,590	2,674,728	6,845,127	8,222,126	2,494,195
Net change in fund balances	\$ (944,176)	\$ 1,374,384	\$ 4,306,633	\$ 3,372,484	\$ 2,515,386
Debt service as a percentage of noncapital expenditures: ⁽¹⁾	3.03%	6.64%	3.51%	17.16%	3.81%

NOTE:

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

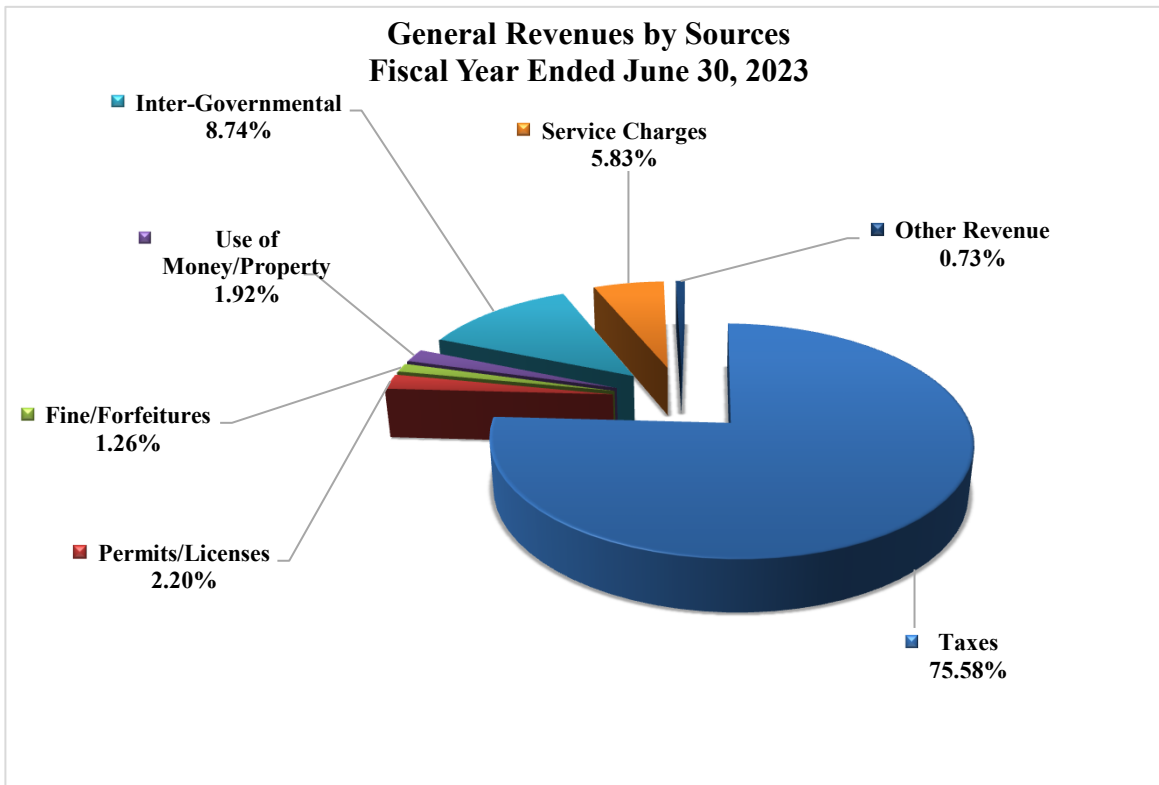
Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena

Governmental Revenues By Sources

Last Ten Fiscal Years

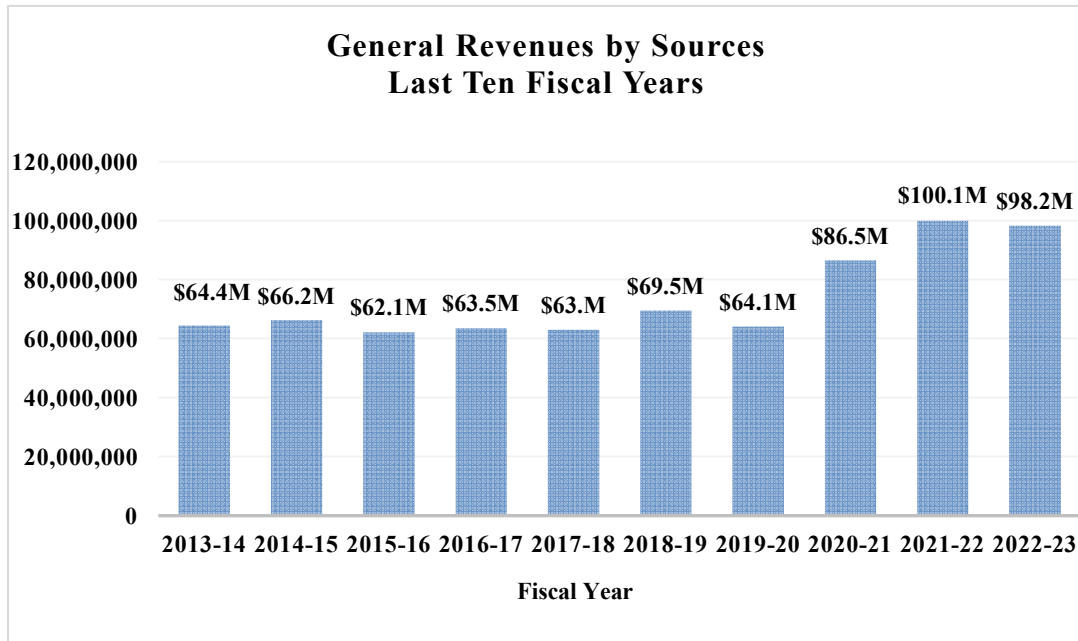
Fiscal Year	Taxes	Permits, Licenses and Fees	Fines and Forfeitures	Uses of Money and Property
2013-14	43,008,547	1,023,180	1,226,243	270,187
2014-15	44,488,617	1,109,169	1,433,758	248,773
2015-16	46,222,802	1,521,379	1,794,049	499,278
2016-17	46,847,209	1,800,752	1,102,235	129,186
2017-18	47,527,518	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)
2022-23	74,247,538	2,158,749	1,235,414	1,881,431



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

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

Fiscal Year	Inter-Governmental	Charges for Services	Other Revenues	Total
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
2022-23	12,265,983	5,723,983	720,310	98,233,408



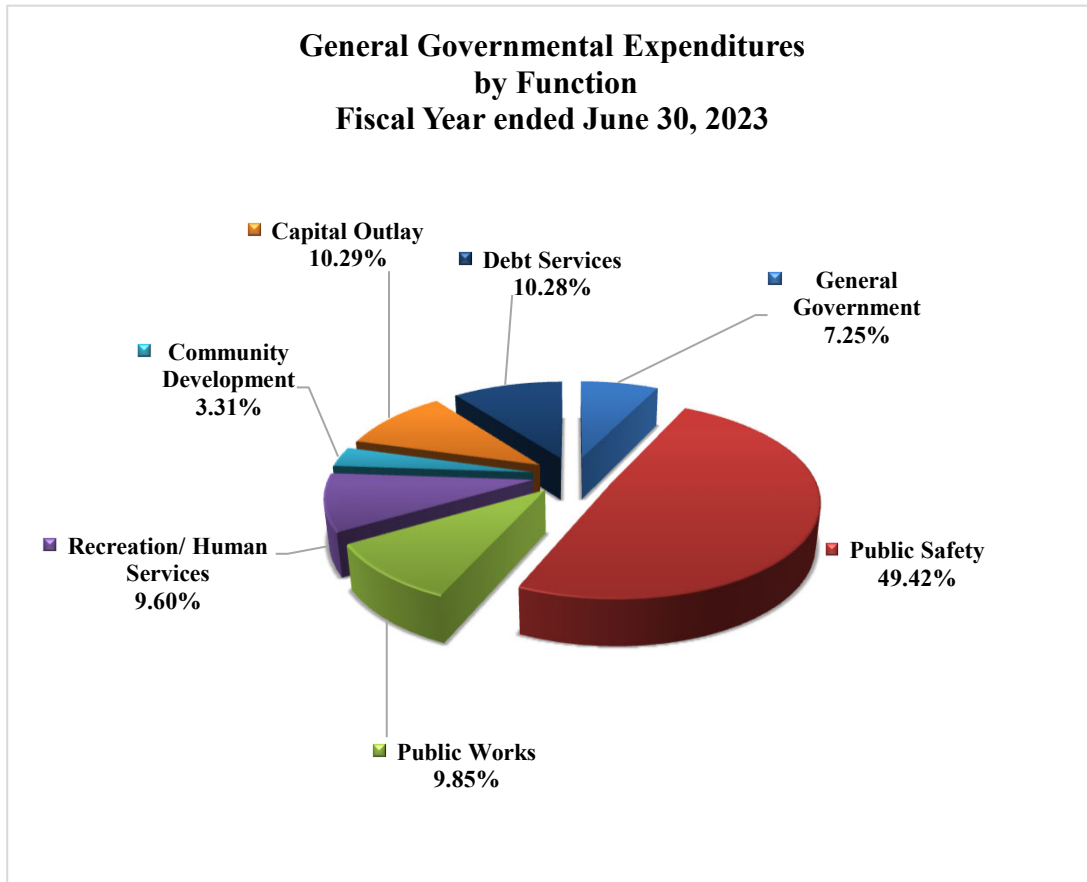
Source: City of Gardena, Administrative Services Department - Finance Division

City of Gardena

General Governmental Expenditures By Function

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Recreation and Human Services
2013-14	4,938,101	32,069,172	5,395,817	6,086,777
2014-15	5,108,064	32,542,544	5,352,388	6,135,402
2015-16	4,886,467	34,674,068	5,584,816	6,498,830
2016-17	4,914,416	36,977,198	4,064,485	8,631,034
2017-18	5,025,047	37,851,314	4,012,134	9,194,054
2018-19	6,004,196	45,783,773	8,058,427	6,138,238
2019-20	6,576,421	41,295,066	8,372,502	6,155,882
2020-21	5,325,270	37,558,085	6,776,073	6,232,436
2021-22	5,296,661	41,545,473	7,868,811	7,318,062
2022-23	6,208,151	42,327,977	8,435,997	8,221,690



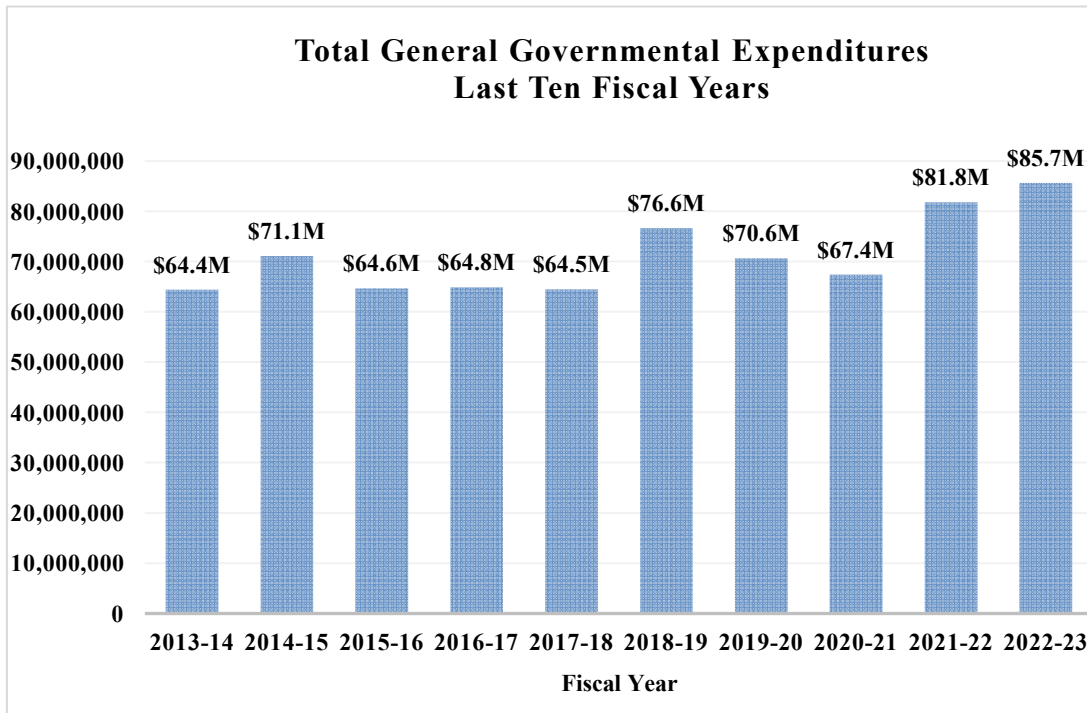
Note: These figures include all governmental fund types and exclude other financing sources (uses).
(General, Special Revenue, Capital Projects and Debt Service Funds)

- (1) These figures include Lease/Bonds, Payments for Debt Services and excluding Cost of bonds issuance and escrow payments.
- (2) 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

Fiscal Year	Community Development	Capital Outlay	Debt Service ⁽¹⁾⁽²⁾	Total
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
2022-23	2,837,108	8,816,842	8,803,856	85,651,621



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

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

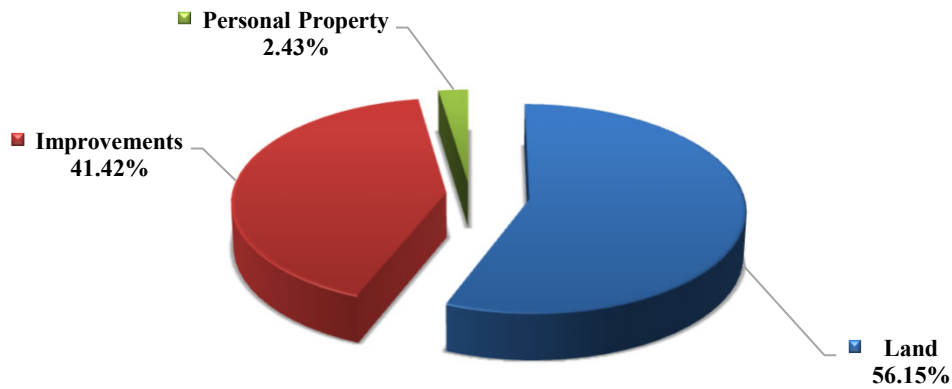
⁽²⁾ 2021 cost of bond issuance was reclassified into debt service from other financing uses

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

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

Fiscal Year	STATE ASSESSED				LOCALLY ASSESSED				
	SECURED -UTILITY				SECURED				
	Land	Improve- ments	Personal Property	Total	Land	Improve- ments	Personal Property	Other Exemptions	Total
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
2022-23	213,049	0	0	213,049	4,581,077,862	3,256,656,564	27,312,819	(83,188,820)	7,781,858,425

**Assessed Valuation by Categories
(Total Secured and Unsecured)
Fiscal Year Ended June 30, 2023**



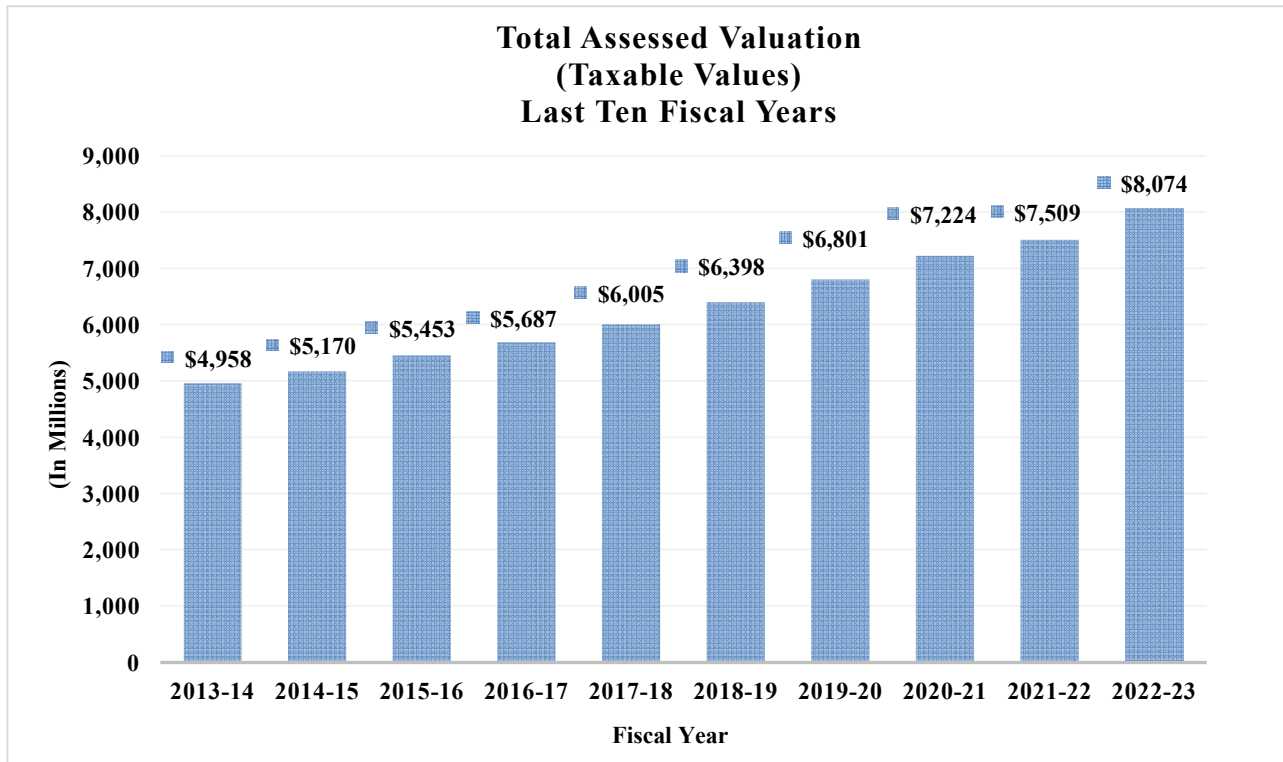
In 1978, California voters passed Proposition 13 which set the property tax at a 1.00% fixed amount. This 1.00% is shared by all the taxing agencies for which the subject property resides within. In addition to 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property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

Source: ⁽¹⁾ L.A. County Assessor 2022/23 Combined Tax Rolls

⁽²⁾ Hdl Coren & Cone.

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

Fiscal Year	LOCALLY ASSESSED				TOTALS				
	UNSECURED				Before Other Exemptions	Taxable Assessed Value	% INCR. (DECR.)	Total Direct Rate ⁽²⁾	Home- Owner Property Tax Relief
	Improve- ments	Personal Property	Other Exemptions	Total					
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
2022-23	122,253,280	171,000,192	(1,151,403)	292,102,069	8,158,513,766	8,074,173,543	7.53%	0.11644%	44,725,326



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

Source: ⁽¹⁾ L.A. County Assessor 2022/23 Combined Tax Rolls

⁽²⁾ Hdl Coren & Cone.

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

CATEGORY	Fiscal Year				
	2022-23	2021-22	2020-21	2019-20	2018-19
Residential	\$5,247,758,428	\$4,857,419,242	\$4,671,664,590	\$4,397,530,388	\$4,139,852,554
Commercial	1,074,201,133	1,027,450,526	1,006,453,482	936,892,089	888,959,749
Industrial	1,208,490,671	1,117,152,653	1,037,251,905	964,891,072	889,298,836
Govt. Owned	22	-	-	-	-
Recreational	42,678,387	41,518,155	40,966,262	40,263,960	39,491,086
Institutional	114,427,704	94,990,583	89,836,280	76,976,001	74,813,850
Miscellaneous	88	-	-	-	-
Vacant land	66,945,560	66,349,257	69,851,264	75,744,666	62,990,225
SBE Nonunitary	213,049	213,049	384,066	257,048	257,048
Possessory Int.	27,356,432	14,807,227	12,903,295	13,675,983	10,002,510
Unsecured	292,102,069	288,608,090	294,669,329	294,349,387	291,947,663
Unknown	-	-	-	-	-
	8,074,173,543	7,508,508,782	7,223,980,473	6,800,580,594	6,397,613,521
Homeowner Exemption ⁽¹⁾	-	-	-	-	-
TOTALS:	\$8,074,173,543	\$7,508,508,782	\$7,223,980,473	\$6,800,580,594	\$6,397,613,521

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

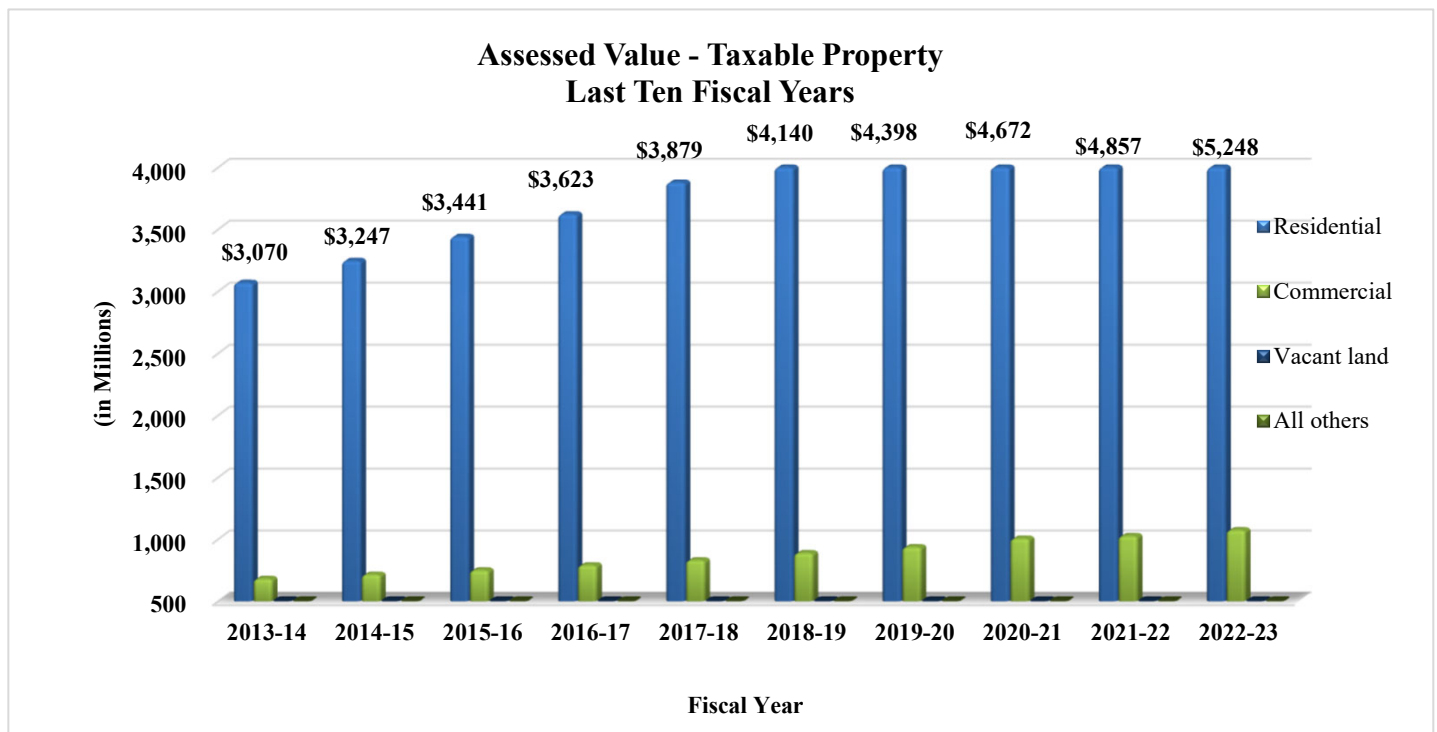
-Exempt values are not included in Total.

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

Source: L.A. County Assessor 2013/14-2022/23 Combined Tax Rolls, HdL, Coren & Cone

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

CATEGORY	Fiscal Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
Residential	\$3,879,882,318	\$3,623,545,163	\$3,441,407,499	\$3,247,456,567	\$3,069,926,331
Commercial	831,348,140	791,527,339	750,255,119	715,396,379	680,433,002
Industrial	834,753,358	796,231,706	763,622,835	735,316,073	726,907,557
Govt. Owned	-	5,250,000	-	-	-
Recreational	38,342,794	38,760,141	39,348,412	38,689,706	38,596,521
Institutional	78,834,725	69,798,622	65,412,639	62,243,721	68,337,737
Miscellaneous	451,519	442,667	-	-	-
Vacant land	46,086,466	54,308,182	57,298,803	46,471,775	43,043,588
SBE Nonunitary	257,048	257,048	257,048	3,447,881	3,447,881
Possessory Int.	8,787,949	8,513,799	7,783,045	6,245,168	6,057,906
Unsecured	286,651,391	298,317,633	327,711,675	315,062,605	321,015,836
Unknown	-	-	22	-	-
	6,005,395,708	5,686,952,300	5,453,097,097	5,170,329,875	4,957,766,359
Homeowner Exemption	(1) -	-	-	-	-
TOTALS:	\$6,005,395,708	\$5,686,952,300	\$5,453,097,097	\$5,170,329,875	\$4,957,766,359



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

-Exempt values are not included in Total.

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

Source: L.A. County Assessor 2013/14-2022/23 Combined Tax Rolls, HdL, Coren & Cone

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

Fiscal								
Year	Residential	Commercial	Industrial	Agriculture	Recreational	Institutional	Govt. Owned	Vacant land
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
2022-23	5,247,759	1,074,201	1,208,491	-	42,678	114,428	-	66,946

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

⁽¹⁾ Tax Rate Areas: TRA 000576

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

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

Source: L.A. County Assessor 2013/14-2022/23 Combined Tax Rolls, HdL, Coren & Cone

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

Fiscal						Total	Estimated	Factor of
Year	SBE					Direct	Taxable	Taxable
	Nonunitary	Possessory Int.	Unsecured	Misc.	TOTAL	Tax	Value	Assessed
						Rate ⁽¹⁾	Value ⁽²⁾	Value
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
2022-23	213	27,356	292,102	-	8,074,174	0.11644	10,768,607	1.33371

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

⁽¹⁾ Tax Rate Areas: TRA 000576

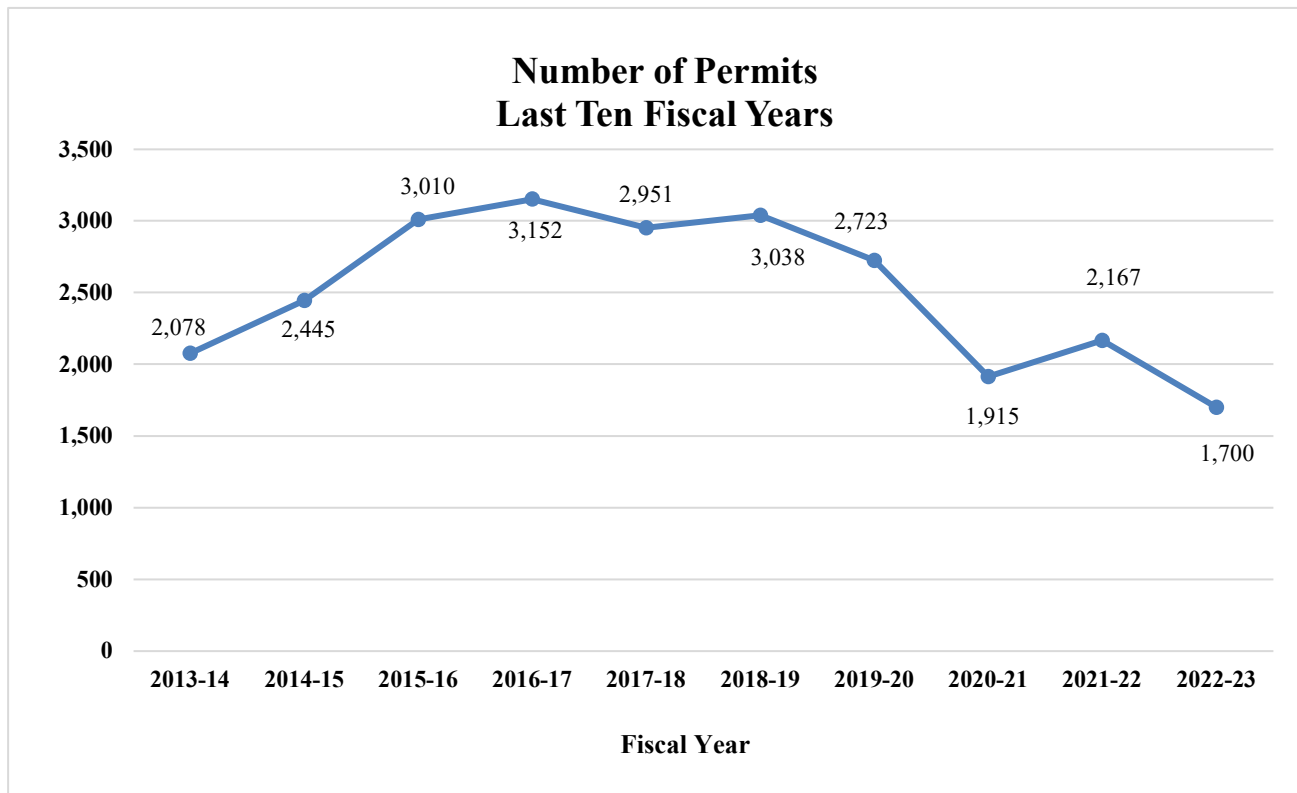
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⁽²⁾ Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sales price and the Factor of Taxable Assessed Value is the result. This factor is changing from year to year; however,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

Source: L.A. County Assessor 2013/14-2022/23 Combined Tax Rolls, HdL, Coren & Cone

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

Fiscal Year	CONSTRUCTION ⁽¹⁾					
	Residential		Commercial		Industrial	
	No. of Permits	Valuation	No. of Permits	Valuation	No. of Permits	Valuation
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
2022-23	1,070	30,141,588	122	13,599,849	5	1,862,509

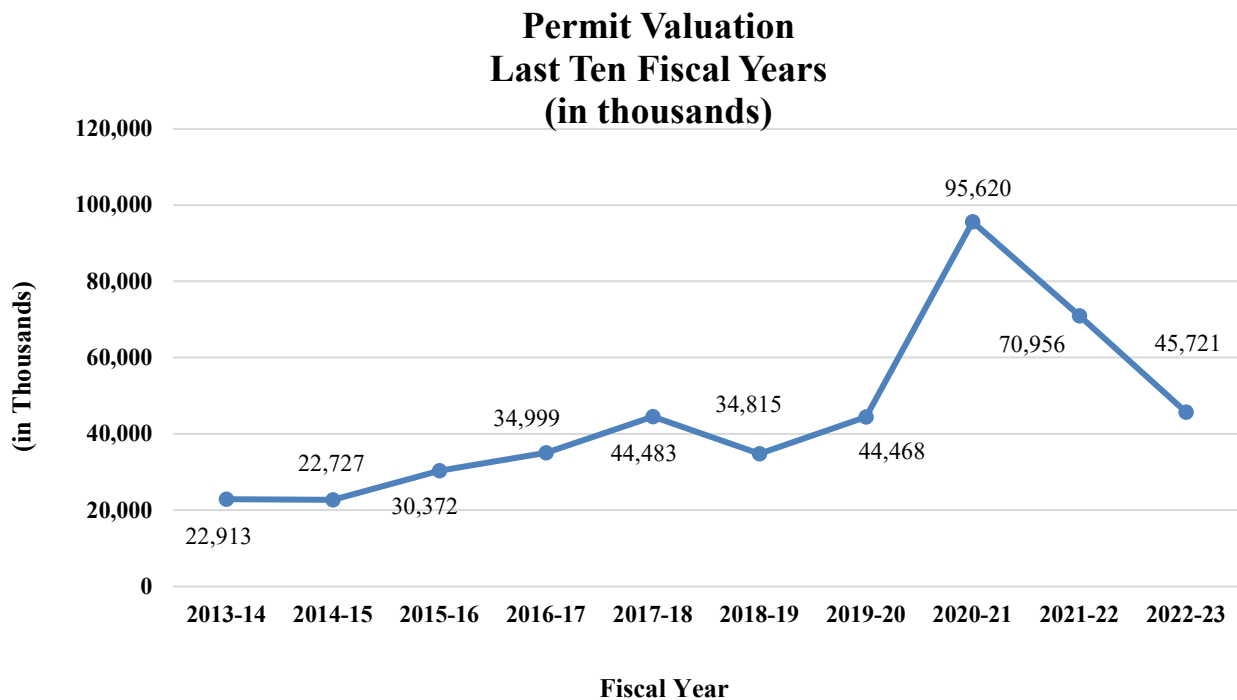


Sources: ⁽¹⁾ City of Gardena, Community Development Department.

⁽²⁾ City of Gardena-FDIC-Insured Institutions as of 06/30/2023

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

CONSTRUCTION ⁽¹⁾					
Fiscal Year	All others		Total		Bank
	No. of Permits	Valuation	No. of Permits	Valuation	Deposits ⁽²⁾
					(in Thousands)
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
2022-23	503	117,273	1,700	45,721,219	2,484,565

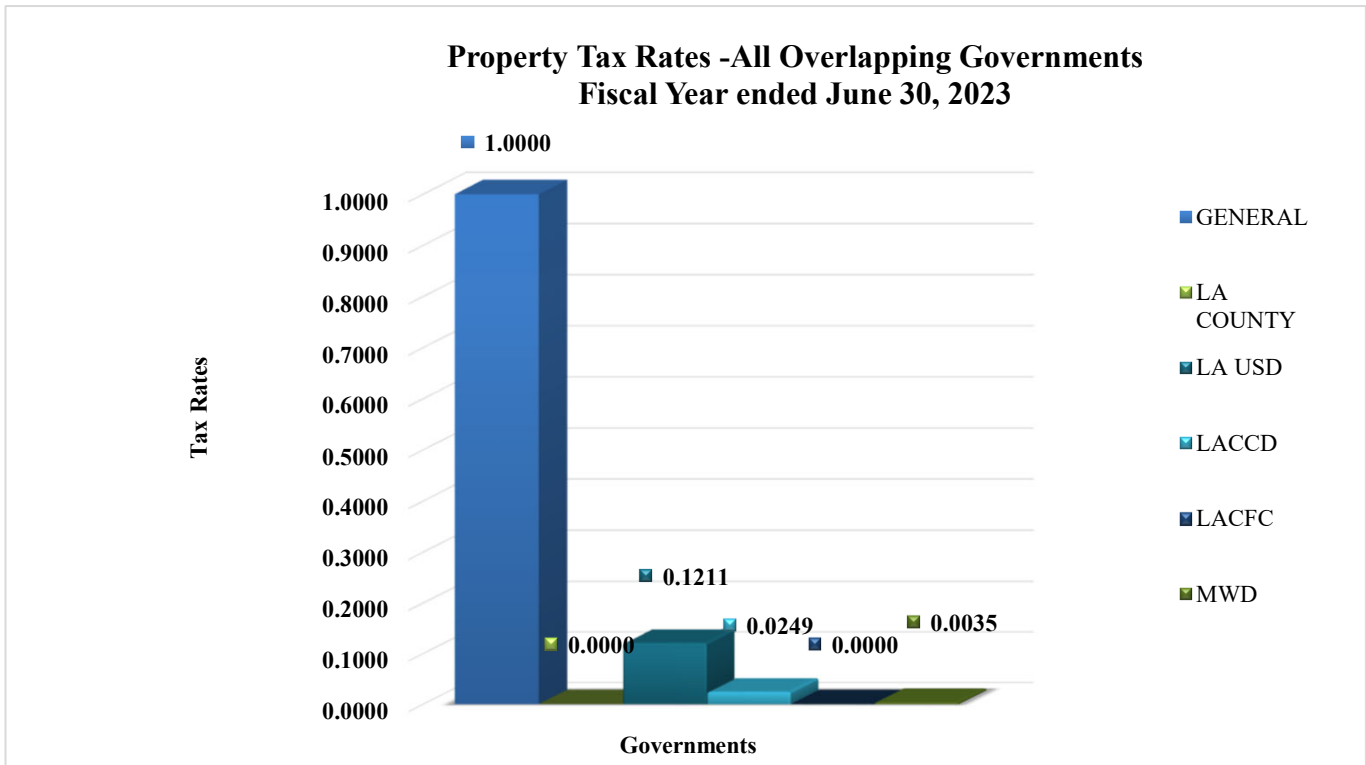


Sources: ⁽¹⁾ City of Gardena, Community Development Department.

⁽²⁾ City of Gardena-FDIC-Insured Institutions as of 06/30/2023

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

Fiscal Year	General	Los Angeles County	Los Angeles Unified School District
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
2022-23	1.000000	0.000000	0.121070

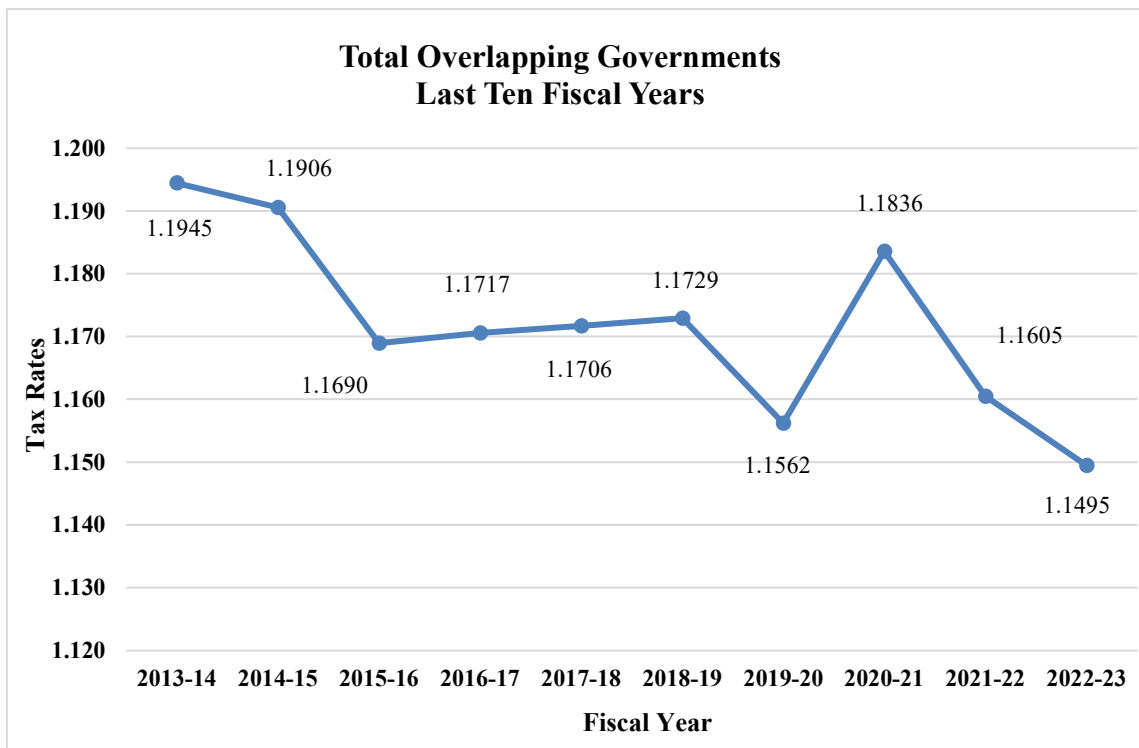


⁽¹⁾ Tax Rate Areas: TRA 000576

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

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

Fiscal Year	Los Angeles Community College District	Los Angeles County Flood Control	Metropolitan Water District	Total
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
2022-23	0.024880	0.000000	0.003500	1.149450



⁽¹⁾ Tax Rate Areas: TRA 000576

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

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

Agency	FISCAL YEAR				
	22-23	21-22	20-21	19-20	18-19
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	0.00000 %	0.00032 %	0.00032 %	0.00032 %	0.00032 %
LA County Accumulative Capital Outlays	0.00012 %	0.00012 %	0.00012 %	0.00012 %	0.00012 %
LA County Fire - Ffw	0.00747 %	0.00747 %	0.00747 %	0.00747 %	0.00747 %
LA County Flood Control Dr. Improvement District	0.00178 %	0.00178 %	0.00178 %	0.00178 %	0.00178 %
LA County Library	0.02380 %	0.02380 %	0.02380 %	0.02380 %	0.02380 %
LA County Flood Control Maintenance	0.01007 %	0.01007 %	0.01007 %	0.01007 %	0.01007 %
Los Angeles Children's Center Fund	0.00371 %	0.00371 %	0.00371 %	0.00371 %	0.00371 %
LA County General	0.32520 %	0.32520 %	0.32520 %	0.32520 %	0.32520 %
Los Angeles Unified School District	0.22590 %	0.22590 %	0.22590 %	0.22590 %	0.22590 %
Greater L A Co Vector Control	0.00038 %	0.00038 %	0.00038 %	0.00038 %	0.00038 %
Water Replacement District of Southern California	0.00018 %	0.00018 %	0.00018 %	0.00018 %	0.00018 %
Total Prop. 13 Rate:	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %
TOTAL DIRECT RATE (Producing Revenue for The City) ⁽¹⁾:	0.11644 %	0.11672 %	0.11685 %	0.11711 %	0.11737 %
County of Los Angeles ⁽¹⁾	0.00000 %	0.00000 %	0.00000 %	0.00000 %	0.00000 %

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

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

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

Source: ⁽¹⁾ L.A. County Assessor 2013/14-2022/23 Combined Tax Rolls, HdL, Coren & Cone

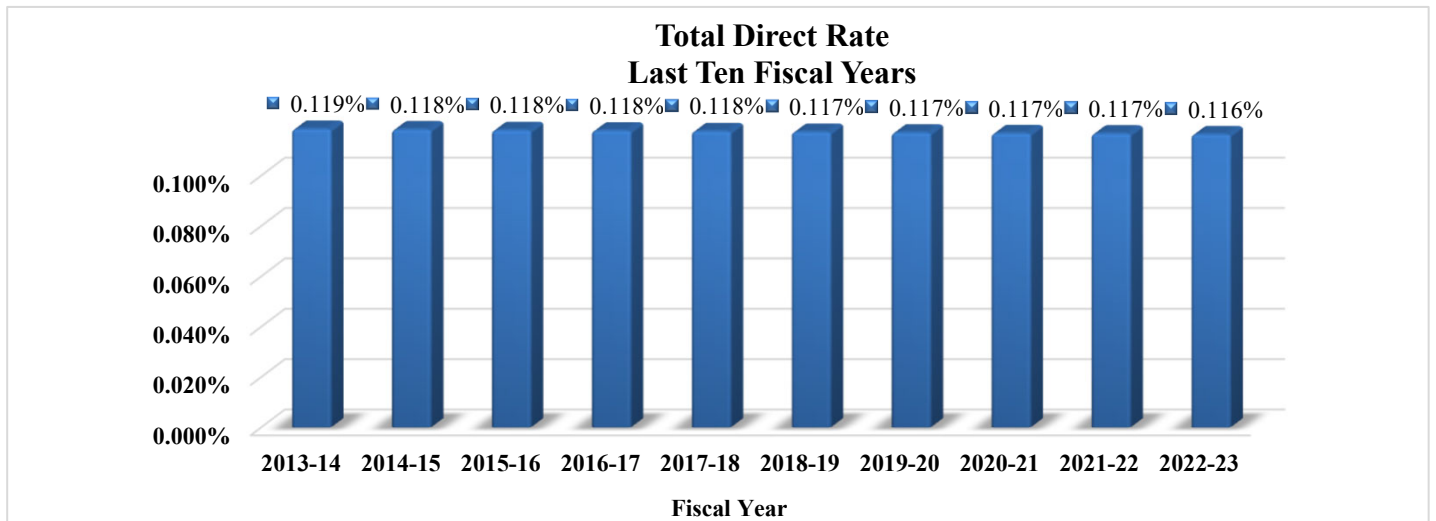
City of Gardena
Direct and Overlapping Property Tax Rates (Continued)
(rate per \$100 of assessed value)
Ten Fiscal Year Detail of Rates for Largest General Fund Tax Rates Area 00576
(Proposition 13 Rate)

Agency	FISCAL YEAR				
	17-18	16-17	15-16	14-15	13-14
City of Gardena Tax District 1	0.11160 %	0.11160 %	0.11160 %	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 %
Total Prop. 13 Rate:	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %

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

County of Los Angeles ⁽¹⁾

0.11766 %	0.11790 %	0.11809 %	0.11837 %	0.11856 %
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 2022-23		Fiscal Year 2013-14	
		Total Assessed Value	Percent of Total City Assessed Value	Total Assessed Value	Percent of Total City Assessed Value
Nissin Foods USA Company Inc	Manufacturing	\$57,461,147	0.71 %		
MPT of Gardena PHS LP	Hospital services	55,650,620	0.69		
Terreno 139th LLC	Non-residential property owners	40,261,187	0.50		
JSL Gardena LLC	Non-residential property owners	32,825,414	0.41		
14215 Normandie LLC	Property management	32,277,508	0.40		
Avcorp Composite Fabrication	Manufacturing	30,402,129	0.38		
SGL Composites Inc	Manufacturing	28,035,305	0.35		
Majestic Properties Inc	Property management	25,761,925	0.32		
PK I Garena Gateway Center LP	Retail sales	23,356,530	0.29		
Ray Pellegrino Trust	Property management	23,191,266	0.29		
Hitco Carbon Composites Inc	Manufacturing			104,864,559	2.12 %
Nissin Foods USA Company Inc	Manufacturing			58,420,769	1.18
GA HC Reit II Gardena CA Hospital LLC	Hospital services			42,000,000	0.85
JSL Gardena LLC	Non-residential property owners			28,287,948	0.57
Majestic Properties Inc	Property management			25,629,793	0.52
Brek Manufacturing Company Lessee	Manufacturing			25,389,938	0.51
Gramercy Properties LLC	Non-residential property owners			21,267,305	0.43
Target Corporation	Retail sales			20,395,329	0.41
Sams Real Estate Business Trust	Retail sales			18,395,734	0.37
Russmar Investment Corporation	Property management			18,047,106	0.36
Top Ten Totals (secured and unsecured):		349,223,031	4.33 %	362,698,481	7.32 %
All Others (secured)		7,724,950,512	95.67	4,595,067,878	92.68
Total All Assessed Valuation (secured):		\$8,074,173,543	100.00 %	\$4,957,766,359	100.00 %

Source: L.A. County Assessor 2013/14-2022/23 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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

Calendar Year 2022			Calendar Year 2013		
	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	Albertsons	Grocery Stores	Beacon Roofing Supply	Building Materials	
4	Arco AM PM	Service Stations	Crenshaw Lumber Co	Building Materials	
5	Beacon Roofing Supply	Building Materials	Crenshaw Wholesale Electric Supply	Plumbing/Electrical Supplies	
6	Chick Fil A	Quick-Service Restaurants	Enterprise Rent A Car	Transportation/Rentals	
7	Crenshaw Lumber Co	Building Materials	Food 4 Less	Grocery Stores	
8	Crenshaw Wholesale Electric Supply	Plumbing/Electrical Supplies	G & C Equipment Finders Corp	Contractors	
9	Enterprise Rent A Car	Transportation/Rentals	Gardena Blue Water	Service Stations	
10	Food 4 Less	Grocery Stores	Gardena Honda	New Motor Vehicle Dealers	
11	G & C Equipment Finders Corp	Contractors	Gardena Nissan	New Motor Vehicle Dealers	
12	Gardena Honda	New Motor Vehicle Dealers	Hitco Technologies	Heavy Industrial	
13	Gardena Honda	New Motor Vehicle Dealers	Marukai Market	Grocery Stores	
14	Honda Lease Trust	Auto Lease	McDonald's	Quick-Service Restaurants	
15	In N Out Burger	Quick-Service Restaurants	Mobil Gardena	Service Stations	
16	Marukai Market	Grocery Stores	Nader's Furniture	Home Furnishings	
17	McDonald's	Quick-Service Restaurants	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 w/Fuel	Discount Dept Stores	
20	Ralphs	Grocery Stores	Samrdan Hatcher Co	Plumbing/Electrical Supplies	
21	Sam's Club w/Fuel	Discount Dept Stores	Target	Discount Dept Stores	
22	Smardan Hatcher Co	Plumbing/Electrical Supplies	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 55.99%
of the total sales tax collected.

-Account for 55.86%
of the total sales tax collected.

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

Source: SBOE, CDTFA, SCO, HdL Companies

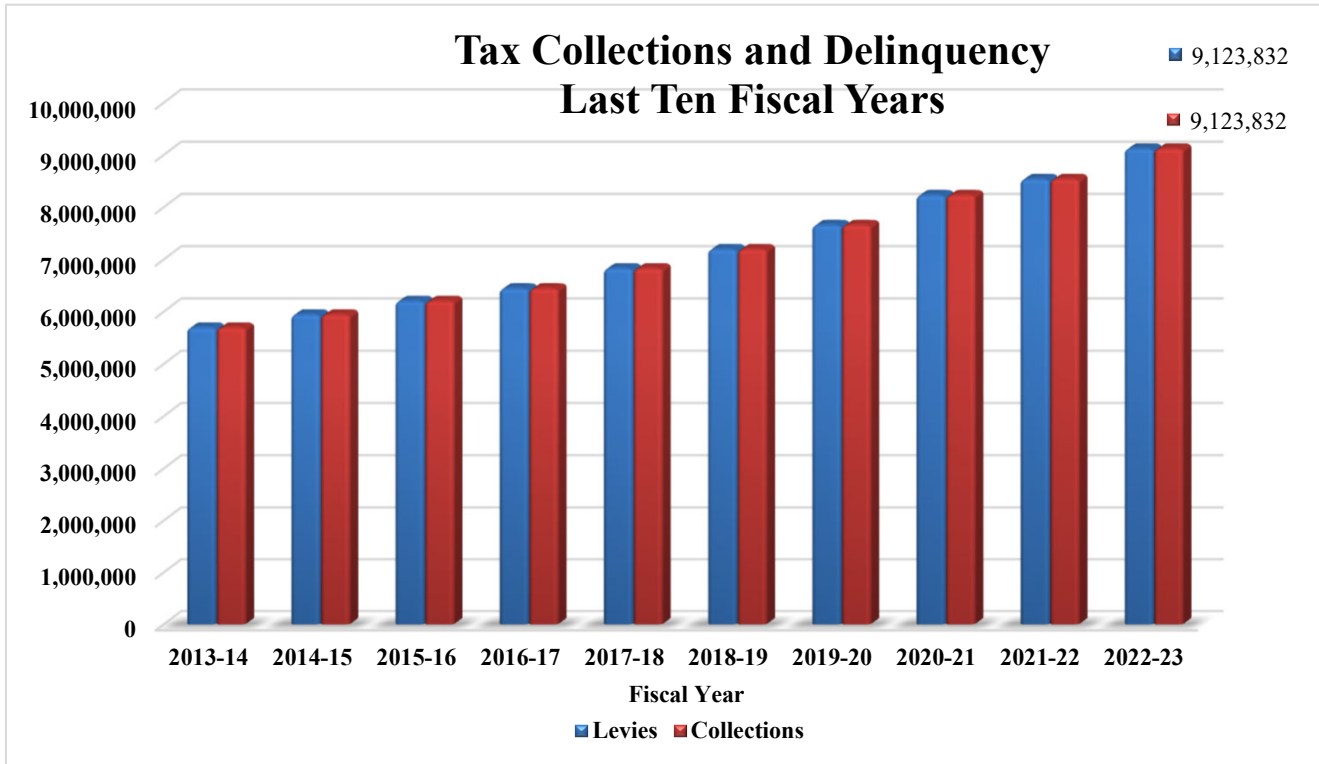
⁽¹⁾ Period: from January to December

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
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%
2022-23	9,123,832	9,071,698	99.43%	52,134	9,123,832	100.00%

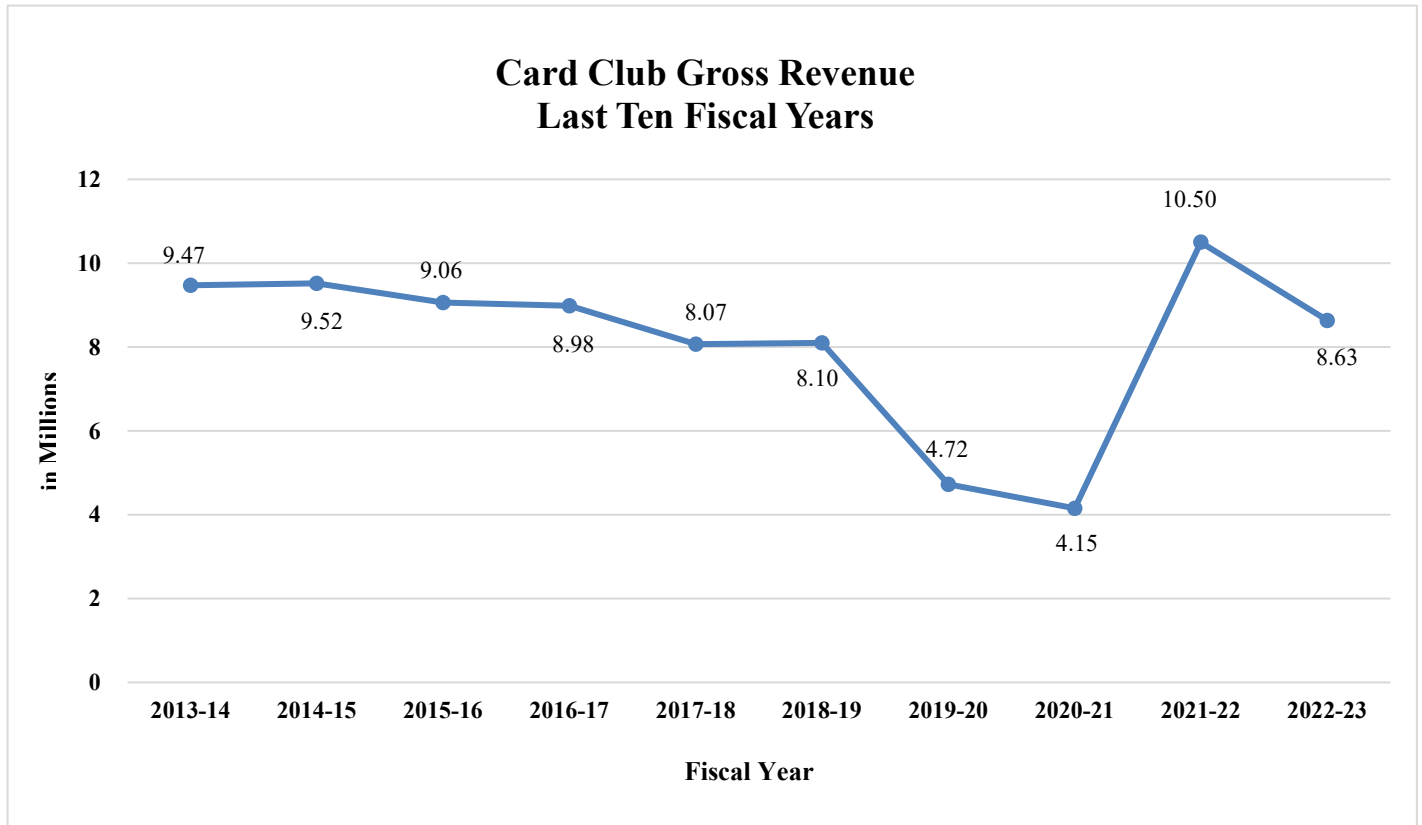


NOTE: Article XIII-A of the Constitution of the State of California adopted by the electorate in June 1978, precludes the City from a local property tax levy. All general-purpose property taxes are levied by the County and allocated to other governmental entities on a predetermined formula.

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	General Fund Gross Revenue	Percent of General Fund Revenue
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%
2022-23	8,633,145	83,114,369	10.39%



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

City of Gardena
Utility Users Tax Received
Last Five Fiscal Years

	Fiscal Year Ended June 30				
	2023	2022	2021	2020	2019
Utility Users Tax Electric	\$ 3,072,555	\$ 2,584,392	\$ 2,331,492	\$ 2,110,227	\$ 2,215,028
Utility Users Tax Gas	1,177,694	837,674	648,472	616,341	585,308
Utility Users Tax Electric Service Provider	324,189	323,978	199,496	217,700	171,490
Utility Users Tax Gas-Non Core	127,587	111,839	88,421	91,533	90,338
UUT-Mobile/Cellular Telephones	240,469	216,708	181,548	313,603	425,866
UUT-Long Distance Telephone/Non Cellular	439,504	417,966	458,602	490,588	535,347
Utility Users Tax Water	898,171	930,300	947,276	902,866	859,531
UUT-Prepaid Mobile Telephone	37,681	58,537	115,493	58,372	72,738
TOTAL	\$ 6,317,851	\$ 5,481,395	\$ 4,970,799	\$ 4,801,230	\$ 4,955,645

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

City of Gardena
Taxable Sales by Category
Calendar Years 2018 through 2022
(in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Apparel Stores	\$ 12,949	\$ 13,672	\$ 9,294	\$ 12,209	\$ 11,198
General Merchandise	167,192	152,741	127,475	125,857	94,324
Food Stores	48,848	46,211	47,768	43,371	42,878
Eating and Drinking Places	234,938	208,968	169,214	193,841	177,599
Building Materials	269,039	239,730	167,875	151,241	186,340
Auto Dealers and Supplies	164,795	161,851	135,897	152,752	146,417
Service Stations	117,173	92,424	68,200	93,644	93,104
Other Retail Stores	84,895	95,332	89,564	86,799	83,241
All Other Outlets	464,851	405,954	149,872	192,907	214,047
TOTAL	<u>\$ 1,564,680</u>	<u>\$ 1,416,883</u>	<u>\$ 965,159</u>	<u>\$ 1,052,621</u>	<u>\$ 1,049,148</u>

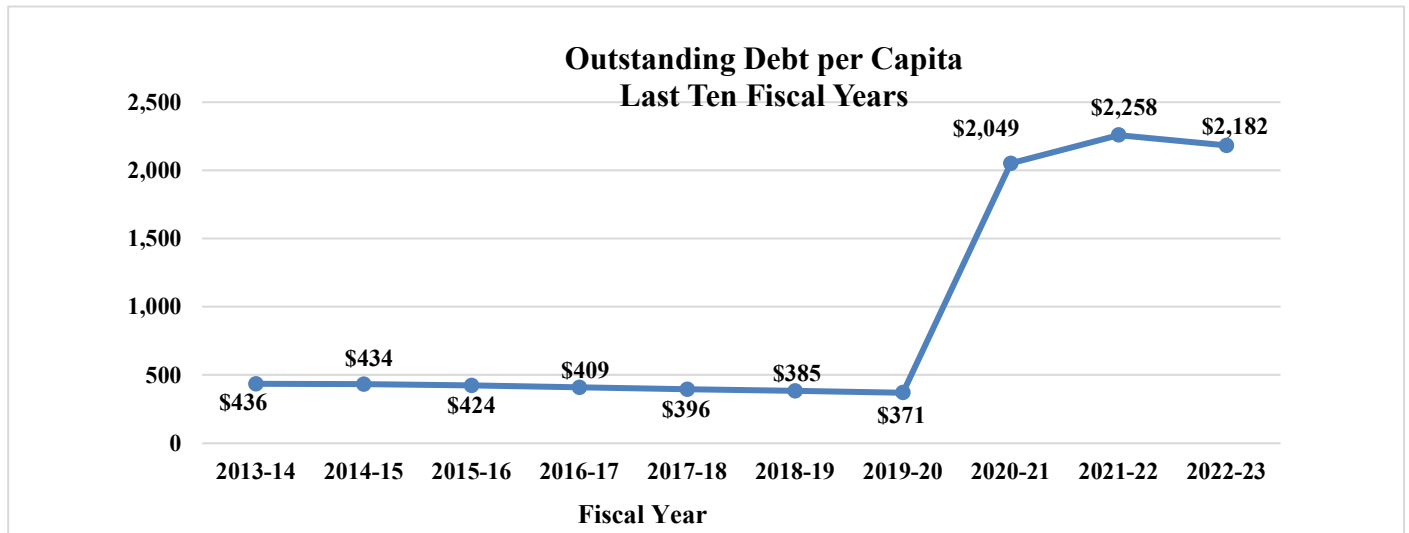
Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, HdL Companies

City of Gardena

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

GOVERNMENTAL ACTIVITIES										
Fiscal Year	Population ⁽¹⁾	Certificates of Participation ⁽²⁾	Revenue Bonds	Pension Obligation Bonds	Leases Payable	Loan Payable	Subscription Liabilities	Direct Purchase Lease	Other	Total
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	755,138	565,000	43,361	113,417,220
2022-23	59,809	5,940,000	24,108,714	73,832,926	459,635	3,718,327	1,032,161	285,000	29,065	109,405,828



NOTES:

⁽¹⁾ State of California, Finance Department

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

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

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

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

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

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

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

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

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

BUSINESS-TYPE ACTIVITIES									
Fiscal Year	Pension Obligation Bonds	Lease Payable	Subscription Liabilities	Total	Taxable Assessed Value (3)	Percent of Taxable Assessed Value	Debt per Capita	Average per Capita Personal Income (4)	Percent of Debt by Personal Income
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	205,064	21,956,262	7,508,508,782	1.80%	2,258	28,211	8.00%
2022-23	20,787,074	13,353	279,567	21,079,994	8,074,173,543	1.62%	2,182	30,493	7.15%

NOTES:

(1) State of California, Finance Department

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

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

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

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

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

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

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

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

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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City of Gardena
Pledged-Revenue Coverage
Last Five Fiscal Years

				Refunding Certificates of Participation ⁽¹⁾		
Fiscal Year	Revenue	Operating Expenses	Net Available Revenue	Debt Service		Percent
				Principal	Interest	Coverage
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
2022-23	84,162,512	75,849,689	8,312,823	120,000	66,575	44.55

NOTES:

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

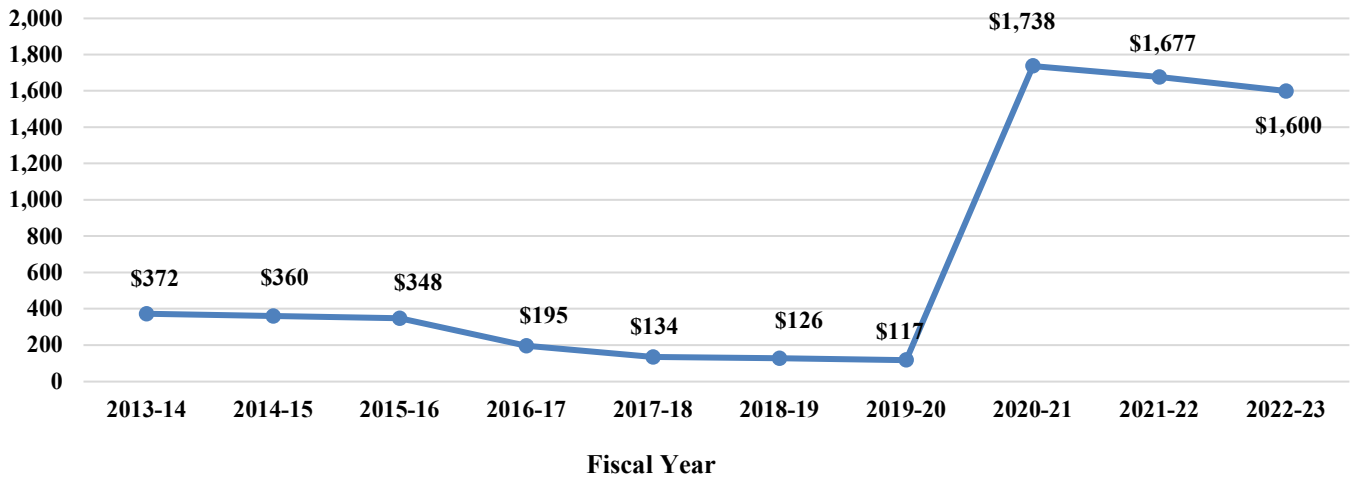
Sources: City of Gardena, Administrative Services Department - Finance Division

City of Gardena

Ratio of General Bonded Debt Outstanding Last Ten Fiscal Years

OUTSTANDING GENERAL BONDED DEBT							Percent of		
Fiscal Year	Population ⁽¹⁾	Certificates of Participation	Less: Amounts Available in Debt		Less: Amounts Available in Debt		Taxable Assessed Value	Taxable Assessed Value	Debt per Capita
			Service Fund ⁽²⁾	Pension Obligation Bonds	Service Fund ⁽³⁾	Total			
2013-14	60,082	21,455,000	570,000	-	-	20,885,000	4,784,812,315	0.44%	348
2014-15	60,414	12,370,000	600,000	-	-	11,770,000	4,957,766,359	0.24%	195
2015-16	60,785	11,770,000	640,000	-	-	11,130,000	5,170,329,875	0.22%	183
2016-17	60,721	9,170,000	460,000	-	-	8,710,000	5,453,097,097	0.16%	143
2017-18	61,246	8,710,000	490,000	-	-	8,220,000	5,686,952,300	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
2022-23	59,809	5,940,000	665,000	94,620,000	4,210,000	95,685,000	8,074,173,543	1.19%	1,600

General Bonded Debt Outstanding per Capita Last Ten Fiscal Years



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

⁽²⁾ This is the amount for the COP debt service principal payments in the current fiscal year.

⁽³⁾ This is the amount for the POB debt service principal payments in the current fiscal year.

City of Gardena

Direct and Overlapping Bonded Debt

June 30, 2023

2022-23 Assessed Valuation:

\$8,074,173,543

	Total Debt 06/30/2023	Percent Applicable To City ⁽¹⁾	City's Share of Debt 06/30/2023
<u>Overlapping Tax and Assessment Debt:</u>			
Metropolitan Water District	\$ 19,215,000	0.222 %	\$ 42,657
Los Angeles Community College District	4,500,730,000	0.753 %	33,890,497
Los Angeles Unified School District	10,704,725,000	0.920 %	98,483,470
California Statewide Communities Development Authority 1915 Act Bonds	6,375,000	100.000 %	<u>6,375,000</u>
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 138,791,624
Less: Los Angeles Unified School District supported general obligation bonds			2,755,183
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 136,036,441
 <u>Direct and Overlapping General Fund Debt</u>			
Los Angeles County General Fund Obligations	\$ 2,601,551,282	0.426 %	\$ 11,082,608
Los Angeles County Superintendent of Schools Certificates of Participation	3,403,487	0.426 %	14,499
Los Angeles Unified School District Certificates of Participation	97,870,000	0.920 %	900,404
City of Gardena General Fund Obligations	28,610,000	100.000 %	28,610,000
City of Gardena Pension Obligation Bonds	94,620,000	100.000 %	94,620,000
Los Angeles County Sanitation District No. 5 Authority	1,269,835	5.971 %	75,822
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 135,303,333
 TOTAL DIRECT DEBT			\$ 123,230,000
TOTAL GROSS OVERLAPPING DEBT			\$ 150,864,957
TOTAL NET OVERLAPPING DEBT			\$ 148,109,774
 GROSS COMBINED TOTAL DEBT			\$ 274,094,957 ⁽²⁾
NET COMBINED TOTAL DEBT			\$ 271,339,774

⁽¹⁾ The percentage of overlapping debt applicable to the City is estimated using taxable property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

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

Ratios to 2022-23 Assessed Valuation:

Direct Debt (\$123,230,000).....	1.53%
Total Gross Overlapping Tax and Assessment Debt.....	1.72%
Total Net Overlapping Tax and Assessment Debt.....	1.68%
Gross Combined Total Debt.....	3.39%
Net Combined Total Debt.....	3.36%

City of Gardena
Legal Debt Margin Information
Last Ten Fiscal Years

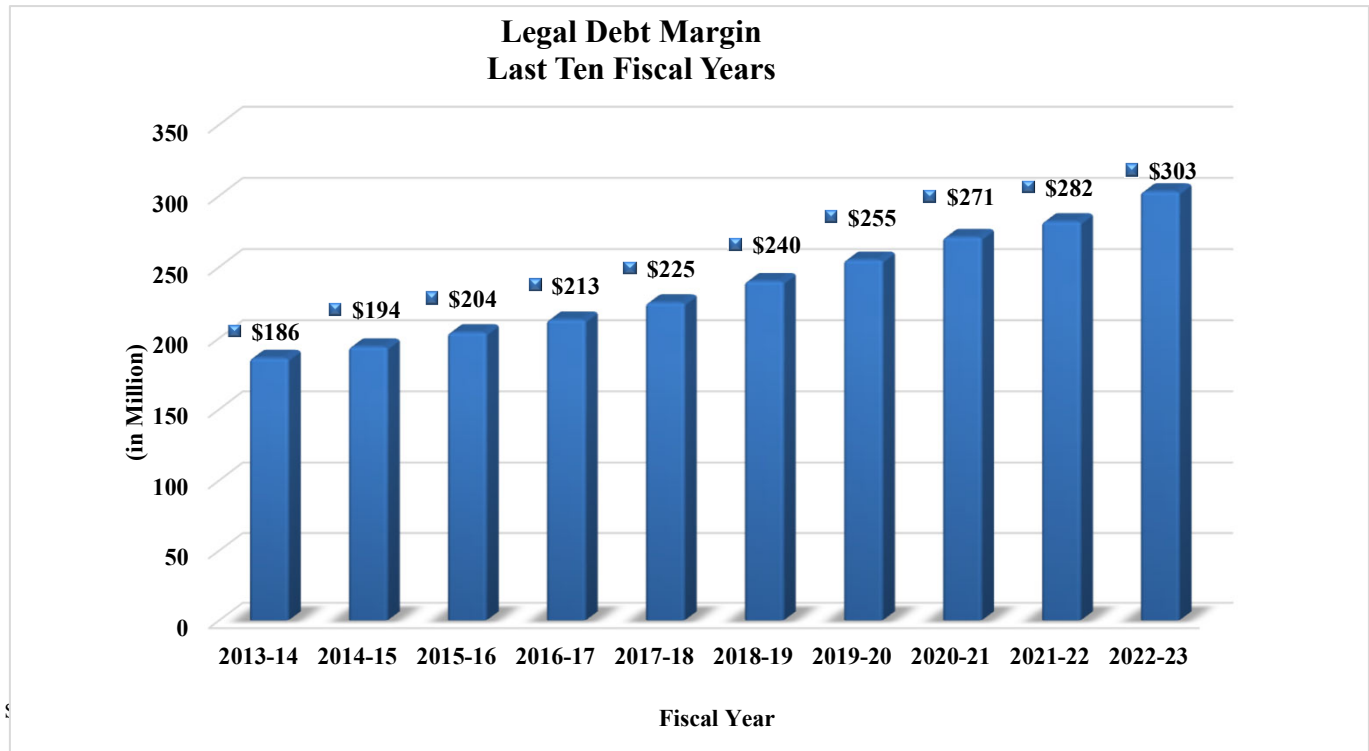
	Fiscal Year				
	21-22	21-22	20-21	19-20	18-19
Assessed valuation	\$8,074,173,543	\$7,508,508,782	\$7,223,980,473	\$6,800,580,594	\$6,397,613,521
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,018,543,386	1,877,127,196	1,805,995,118	1,700,145,149	1,599,403,380
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$302,781,508	\$281,569,079	\$270,899,268	\$255,021,772	\$239,910,507
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$302,781,508	\$281,569,079	\$270,899,268	\$255,021,772	\$239,910,507
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				
	17-18	16-17	15-16	14-15	13-14
Assessed valuation	\$6,005,395,708	\$5,686,952,300	\$5,453,097,097	\$5,170,329,875	\$4,957,766,359
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,501,348,927	1,421,738,075	1,363,274,274	1,292,582,469	1,239,441,590
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$225,202,339	\$213,260,711	\$204,491,141	\$193,887,370	\$185,916,238
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$225,202,339	\$213,260,711	\$204,491,141	\$193,887,370	\$185,916,238
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
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									
TOTAL	\$ 6,565,000	\$ 1,891,192	\$ 8,456,192	\$ 8,815,000	\$ 4,721,178	\$13,536,178	\$ 1,315,000	\$ 356,731	\$ 1,671,731

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
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
TOTAL	\$ 565,000	\$ 11,747	\$ 576,747	\$98,285,000	\$32,480,434	\$130,765,434	\$12,880,000	\$ 4,988,000	\$17,868,000

City of Gardena
Debt Service Payment Schedule (Continued)

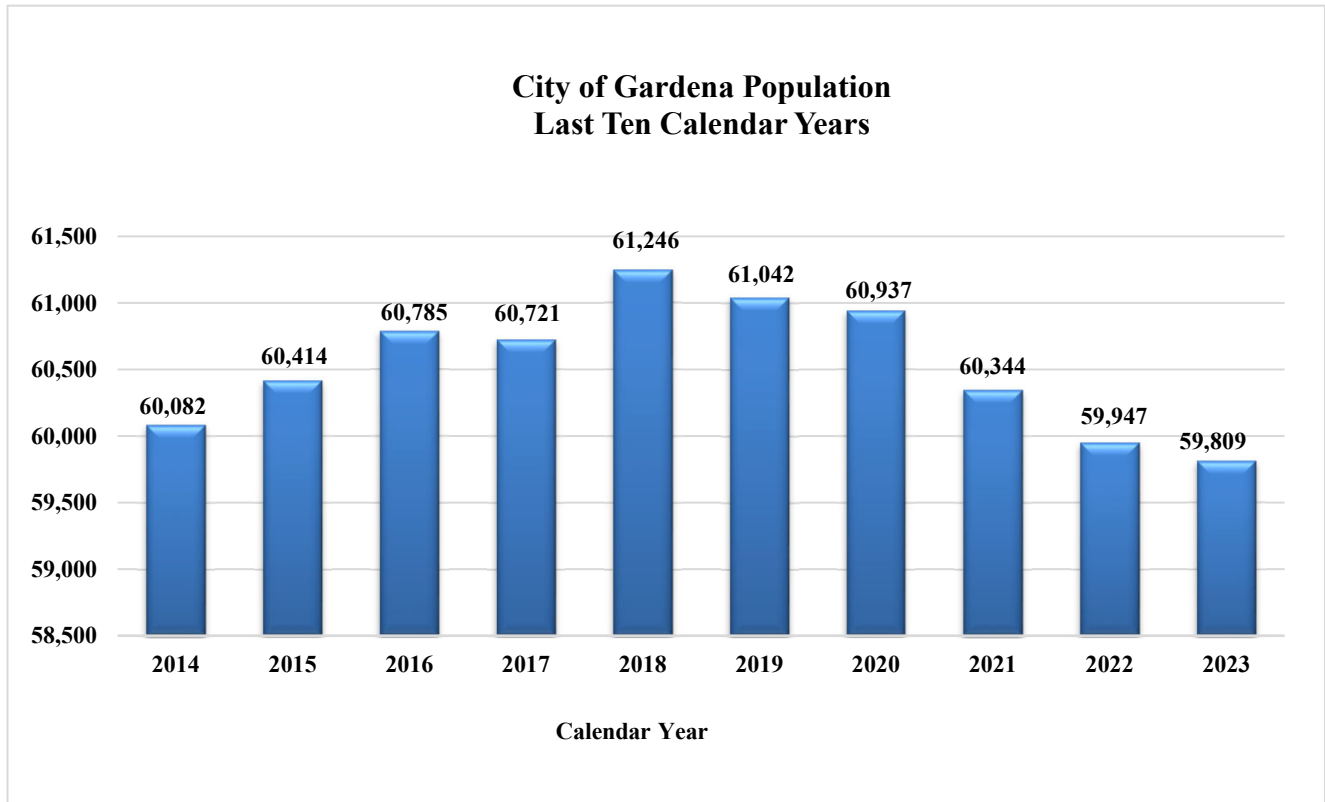
FISCAL YEAR	ANNUAL BOND OBLIGATIONS		
	PRINCIPAL	INTEREST	TOTAL
2022-2023	\$ 5,195,000	\$ 4,349,599	\$ 9,544,599
2023-2024	5,820,000	4,224,278	10,044,278
2024-2025	6,195,000	4,082,126	10,277,126
2025-2026	6,545,000	3,919,691	10,464,691
2026-2027	6,735,000	3,729,585	10,464,585
2027-2028	6,945,000	3,516,698	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
TOTAL	\$128,425,000	\$ 44,449,282	\$172,874,282

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)
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%
2023	22,933	59,809	-0.23%	9,761,210	-1.01%	1,823,814	30,493	563,083	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	2020*		2014	
		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%		
Hustler Casino	Casino			744	2.69%
Gardena Memorial Hospital	Hospital services			740	2.67%
United Parcel Service Inc.	Delivery			348	1.26%
Hitco Carbon Composites, Inc.	Manufacturing parts			486	1.75%
Normandie Club, LP	Casino			430	1.55%
Southwest Offset Printing	Book binding and printing			365	1.32%
Target	Retail			217	0.78%
Ramona's Mexican Food	Food			150	0.54%
Sam's Club	Retail			150	0.54%
Gardena Honda	Auto Sales			122	0.44%
Total top ten employers		4,037		3,752	
Total City Employment ¹		27,900		27,700	

*Used 2020 employment data as 2023 was unavailable

NOTE: Non-Governmental Employers.

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

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

SOURCE: Economic Development Staff

City of Gardena

Unemployment Rates

Last Five Calendar Years

Employment

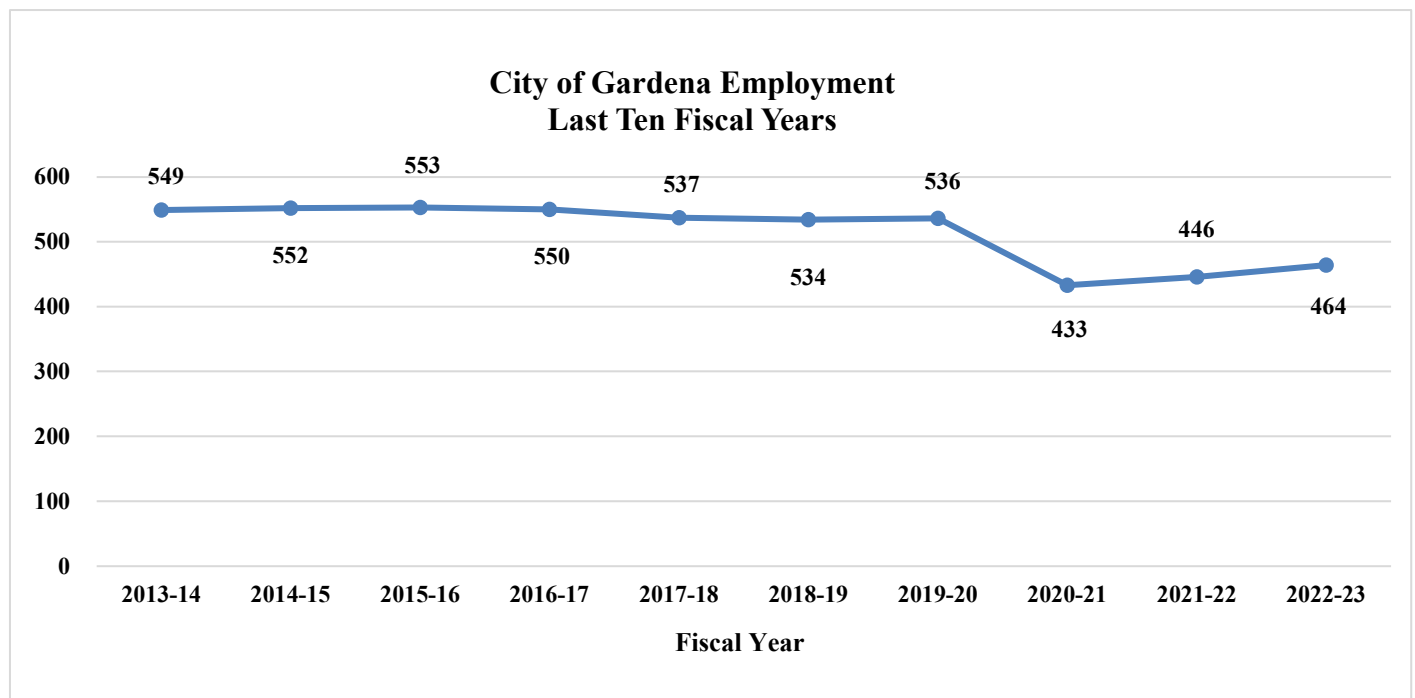
The following table shows unemployment information for the United States (the "Federal"), California (the "State"), Los Angeles County (the "County") and the City of Gardena (the "City") for calendar years 2018 through 2022.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Federal Unemployment Rate	3.8%	3.5%	4.8%	8.4%	3.7%
State Unemployment Rate	4.6	3.9	6.4	10.8	4.0
County Unemployment Rate	5.0	4.8	9.7	15.1	4.5
City Unemployment Rate	4.7	4.8	9.8	15.2	4.7

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									
	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
General government	130	120	115	151	181	209	186	181	181	181
Public safety	125	124	126	149	140	142	154	160	157	162
Public works	45	46	44	56	47	31	51	50	50	47
Community development	21	15	12	15	18	15	19	18	17	16
Transit - Bus line	143	141	136	165	148	140	140	144	147	143
Total	464	446	433	536	534	537	550	553	552	549



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

City of Gardena

Employee Union Representation

<u>Name of Union</u>	<u>Number of Employees Represented as of June 30, 2023</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>Expiration of Contract</u>
Gardena Municipal Employees Association	239	224	220	253	6/30/2025
Gardena Management Employees Organization	19	19	21	19	6/30/2025
Gardena Police Officers Association	89	84	86	79	7/31/2024
Gardena Police Executive Association	6	6	6	7	N/A
	353	333	333	358	

Source: City of Gardena

City of Gardena
Operating Indicators
by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Police:										
Arrests	1,921	1,674	1,547	1,761	2,183	2,901	2,642	2,423	4,499	3,251
Number of parking citations issued	17,942	20,293	30,000	27,568	29,868	29,254	23,145	22,665	11,203	24,622
Public works:										
Street resurfacing (miles)	4.17	3.58	2.25	5.68	19.06	0.49	4.52	2.95	7.00	3.38
Traffic lights and signals	91	91	91	91	91	91	91	90	89	88
Parks and recreation:										
Number of recreation classes	216	272	0	432	1,374	1,226	1,410	1,466	1,150	1,080
Number of facility rentals	2,717	584	0	53	1,977	1,112	1,222	1,221	1,164	1,072
Transit:										
Number of customers served ⁽¹⁾	1,910,285	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

NOTE:

⁽¹⁾ Fiscal Year 2017-18 data includes Fixed Route and Demand Response customers. Prior Year data includes Fixed Route only.

Source: City of Gardena, Administrative Services Department

City of Gardena
Capital Asset Statistics
by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
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	25.0	50.0	50.0
-Alley	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
-Sidewalks	113.5	113.5	113.5	113.5	113.5	113.5	113.5	113.5	113.5	113.5
Street lights										
-Edison maintenance ⁽¹⁾	3,250	3,250	3,337	3,337	3,392	3,327	3,321	3,350	3,319	3,181
-City maintenance	194	194	193	193	194	191	198	385	197	192
Traffic signals	69	69	69	69	69	69	69	70	69	68
Traffic signals (shared)	22	22	22	22	22	22	22	23	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	492	595	595	595	595

NOTES:

⁽¹⁾ Streetlights maintained by Southern California Edison Company.

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

City of Gardena

*Annual Comprehensive Financial Report
For the Year Ended June 30, 2023*



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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, 2023, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 7, 2023.

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 were not identified.

To the Honorable Mayor and the Members of the City Council
of the City of Gardena
Gardena, California
Page 2

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 7, 2023