



ABCs of City Finance **Accounting, Budgeting & Compliance**

Presented by: Clint Osorio, MPA, City Manager
Ray Beeman, CPA, Director of Administrative Services



Overview

- 1. City Budget Basics**
- 2. City Budget**
- 3. City Investment**
- 4. Audits**
- 5. Financial Transparency**
- 6. Upcoming Budget**

GARDENVA



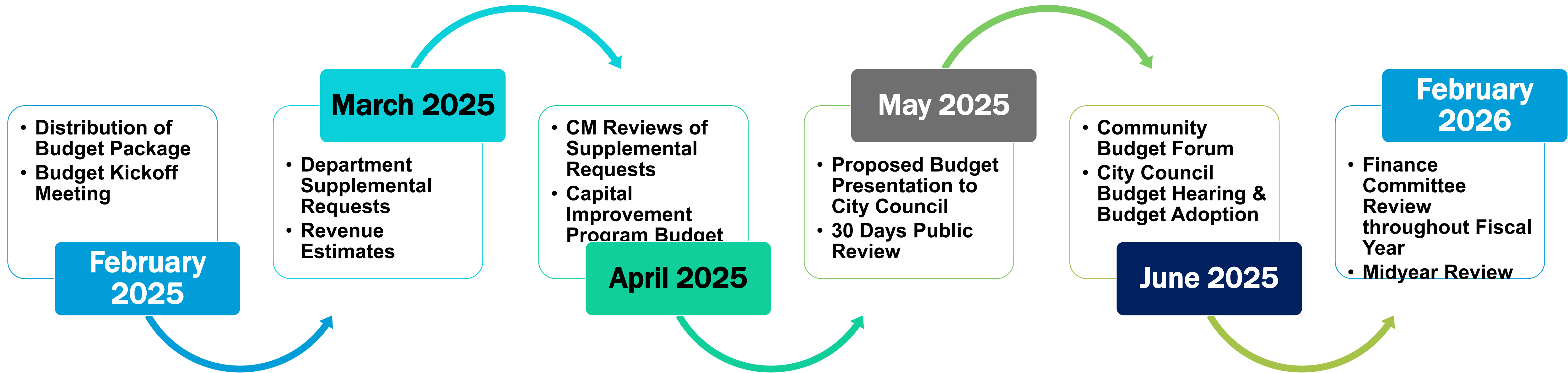
Budget Basics

- **City's Fiscal Year** is July 1 – June 30
- **General Fund (1)** is the **primary operating fund** to pay for basic City services, programs, and the daily operations of the city
- **Capital Improvement Program (1)** accounts for CIP project budget
- **Enterprise Funds (2)** are standalone businesses intended to be fully self-supporting like Sewer and GTrans
- **Internal Service Funds (3)** accounts for services provided to City's departments such as Worker's Compensation, Liability & Retiree Health
- **Debt Service Funds (5)** used for the payment of principal, interest, and its project on existing bonds such as 2020 Pension Obligation Bonds, 2021 Lease Revenue Bonds, etc.
- **Special Revenue Funds (58)** accounts for revenues that are received for specifically identified purposes such as Gas Tax, Prop C, and Measure R, etc.





Budget Timeline – Current Adopted FY 2025/26 Budget





City Council's Roles in the City Budget

Review & Approve Annual Budget

- Review of the proposed budget and provide staff with directions
- Conduct public hearing & invite resident input
- Adopt the budget before fiscal year begins

Monitoring & Oversight of Budget Expenditures

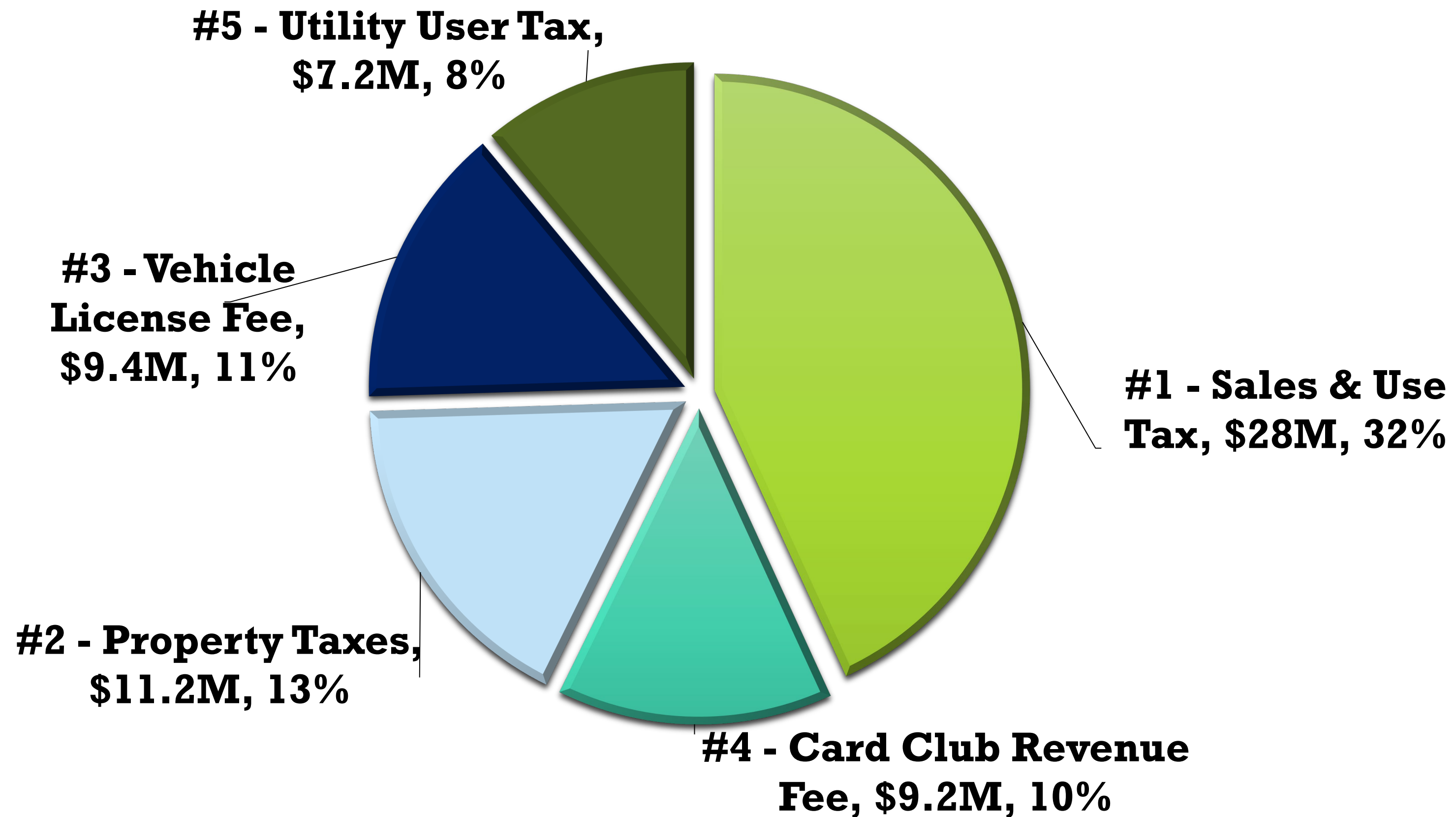
- Review and approve of warrant registers & vouchers
- Review and file of audit reports
- Committee review such as Finance Committee





Current FY 2025/26 General Fund Top 5 Revenue Sources

\$64,835,893 (74% of GF)





Sales Tax



Keep Sales Tax in Gardena

What makes up the 10.50% sales tax?

State of California	6.00%
LA County - Transportation	2.25%
LA County – Measure A Homeless	0.50%
City of Gardena – Bradley-Burns 1%	1.00%
City of Gardena – Measure G	0.75%
Total	10.50%

City receives 1.75 cents of each dollar

GARDENA, CALIFORNIA

```

ORDER: 798          04/20/2025
HOST: DING         1:33PM

1 LARGE COFFEE    $ 4.25

VISA 9998          SALE

SUBTOTAL          $ 4.25
TAX - STATE &    $ 0.38
COUNTY
TAX - GARDENA     $ 0.07
TOTAL:            $ 4.70
TRANSACTION TYPE: SALE
AUTHORIZATION:    APPROVED
PAYMENT CODE:     61124642
PAYMENT ID:       235231423
CARD READER:      SWIPED/CHIP

```





Where do your property tax dollars go?



Los Angeles County
\$0.33

Los Angeles Unified School
District
\$0.23

State ERAF Impound
\$0.16

City of Gardena
\$0.11

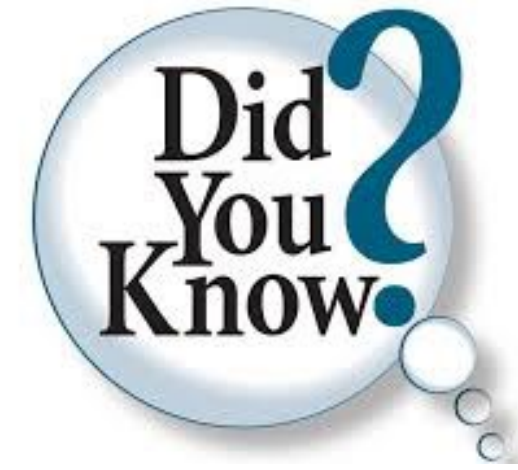
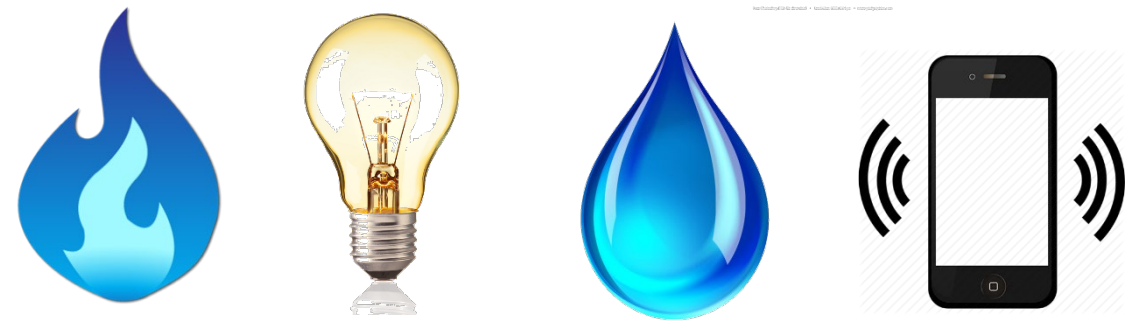
Various Districts
including LA City
Community College
District
\$0.09

State ERAF
\$0.08

ERAF – Educational Revenue Augmentation Fund



Utility User Tax (UUT)



City offers UUT exemption for seniors

- **5% on gas, electrical, water, telephone usage**

How much does City receive?

- **5% or \$0.05 of every \$1 in utility charge**
- **~\$6M per year**

Either or both of the following:

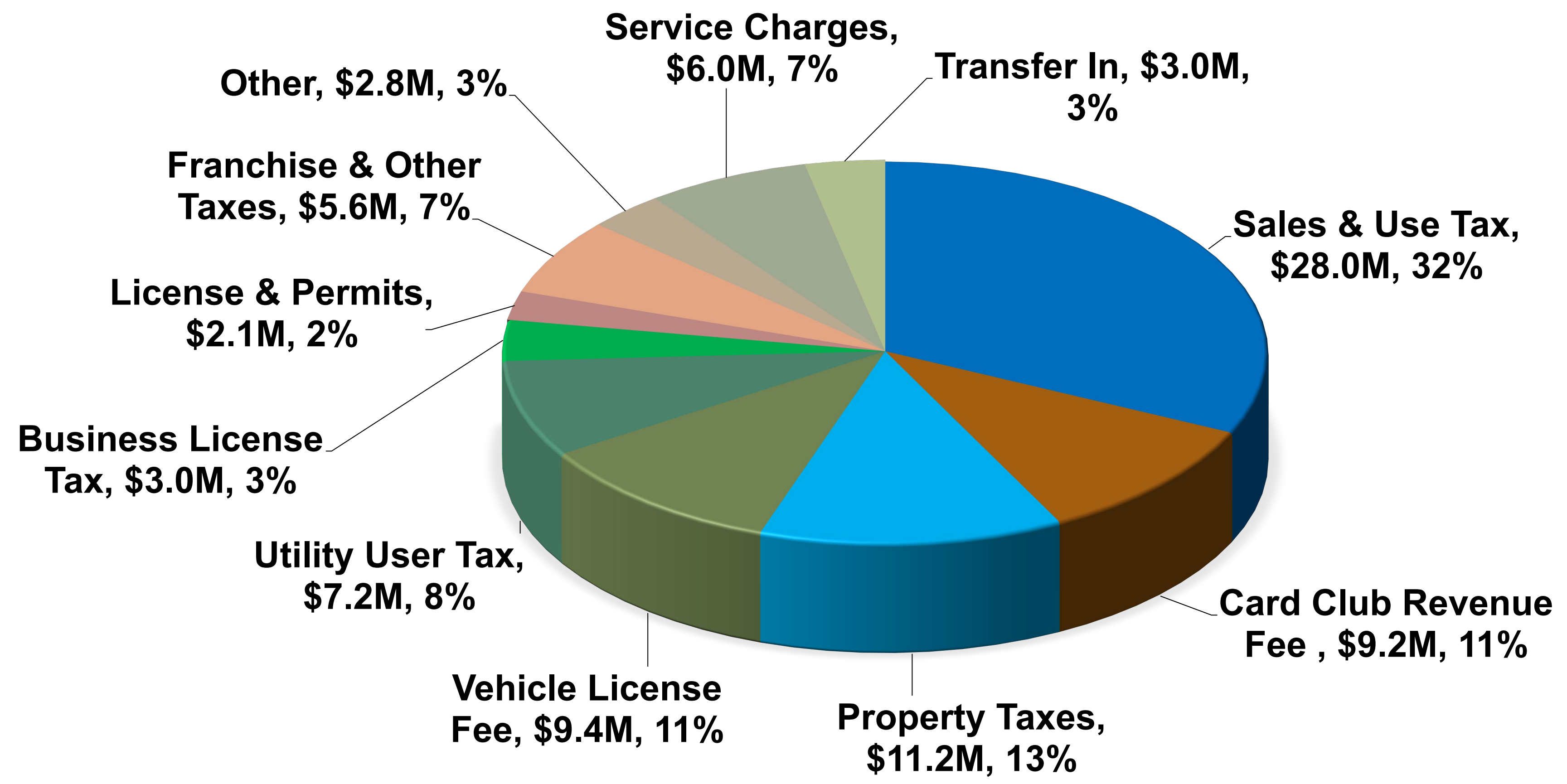
- **60 years of age or older**
- **Receives SSI (supplemental social security benefits)**





Current FY 2025/26 General Fund – Where the money comes from...

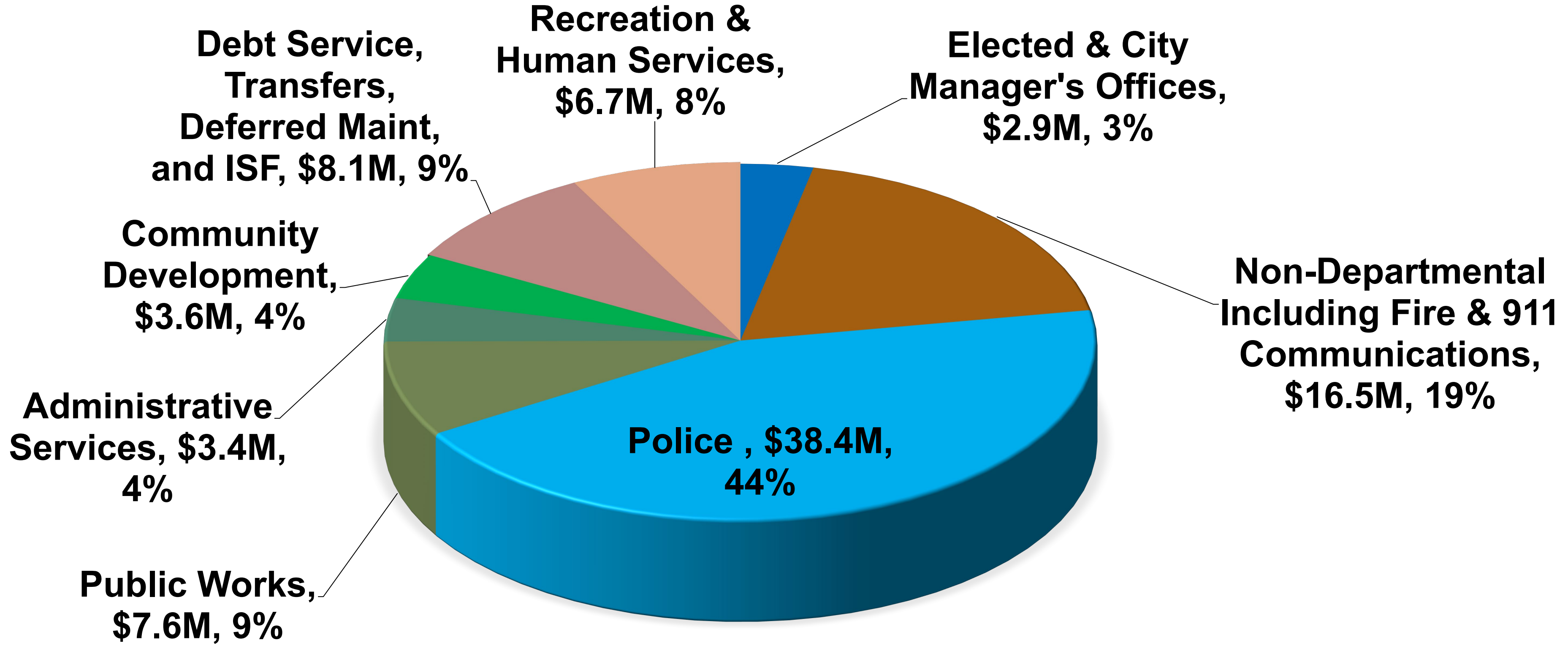
\$87,404,784






Current FY 2025/26 General Fund – Where the money goes...

\$87,331,738



Gardena Police: *We do more with less!*



City	Police Budget	Population	How much each resident pay?
El Segundo	\$44,955,774	17,272	\$2,602 per year
Hermosa Beach	\$30,046,217	19,088	\$1,574 pear year
Inglewood	\$132,717,113	107,762	\$1,231 per year
Manhattan Beach	\$40,371,162	34,051	\$1,186 per year
Torrance	\$110,647,820	142,910	\$774 per year
Redondo Beach	\$46,879,000	68,075	\$689 per year
Hawthorne	\$56,350,732	83,364	\$676 per year
 Gardena	\$38,433,565	60,263	\$638 per year

24/7 Police Protection Services for \$1.75 per day!





Current Adopted FY 2025/26 General Fund Budget

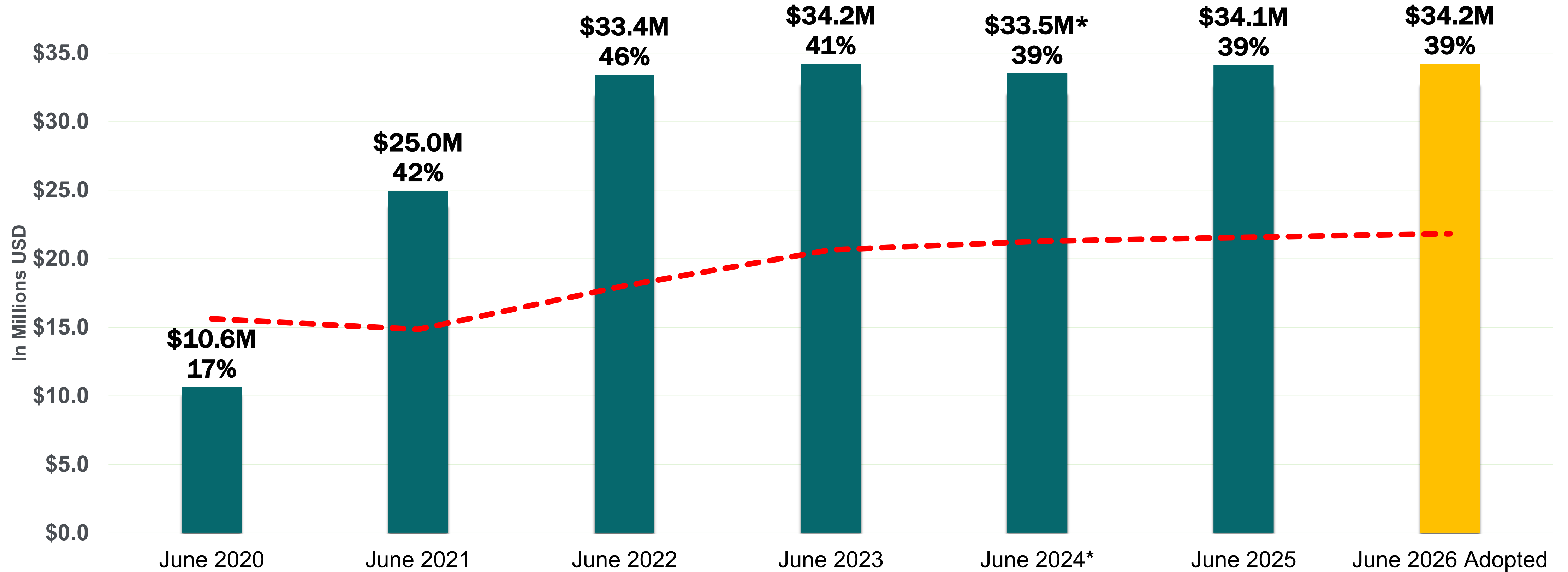
General Fund	FY 2025/26 Current Adopted Budget	FY 2025/26 Projected as of 3/31/26
Revenue	87,404,784	87,786,594
Less Expenditures	87,331,738	87,633,389
Surplus / (Deficit)	\$73,046	\$153,205
Reserve Beginning Balance	34,118,706	34,118,706
Reserve Ending Balance	\$34,191,752	34,271,911
% of Expenditures	39%	39%

City Council established a 25% General Fund Reserve threshold
 Current Reserve is equal to ~4.5 months of operating General Fund expenditures





General Fund Reserve Overview



--- 25% General Fund Reserve Policy Theshold

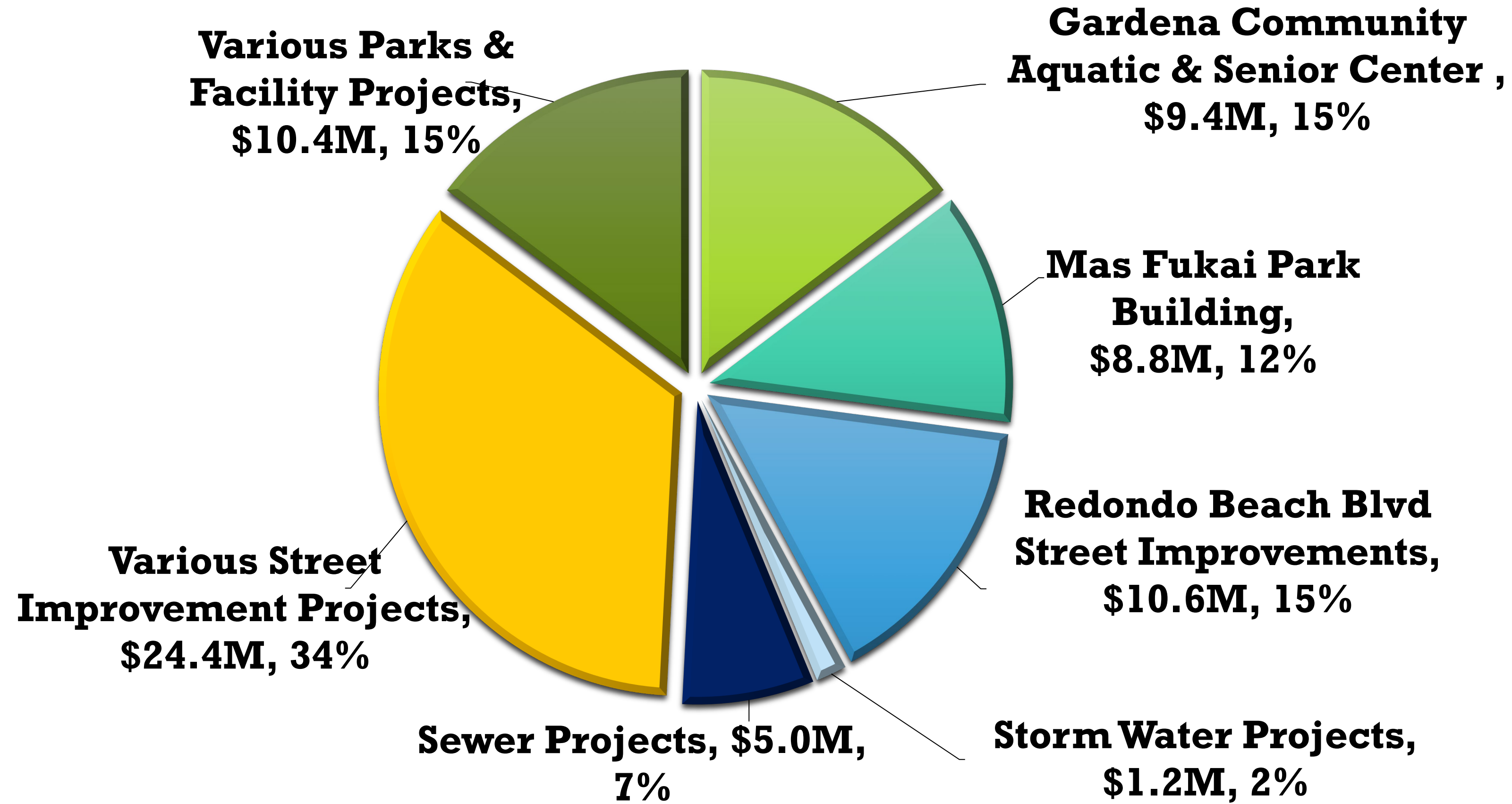
*In FY 2024, City Council approved the use of the reserve to acquire the Gardena Blvd parking property





Adopted FY 2025/26 Capital Improvement Program (CIP)

\$70,709,320





Current Adopted FY 2025/26 CIP Top 10 Status

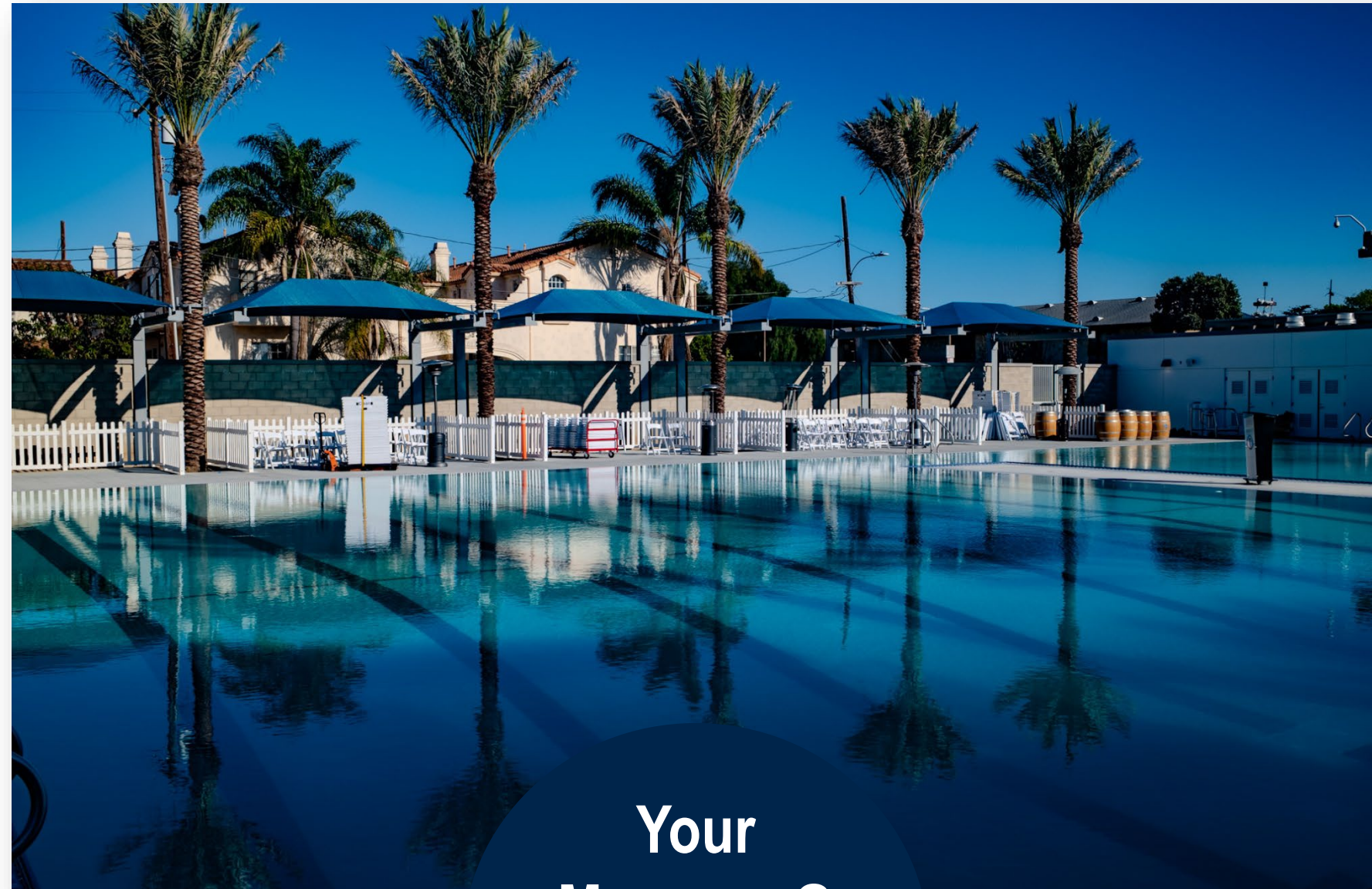
Job Number	Project Name	Funding Sources	Amount	Status
945	RBB Street Improvement (Crenshaw to Vermont)	Measure M Highway	\$10,649,446	Final Design Phase
978	Gardena Community Aquatic & Senior Center	Measure G, Prop 68 & Federal	\$8,976,366	Near Completion
820	Mas Fukai Park Building	Measure G and various grants	\$8,766,024	Final Design Phase
935	Artesia Blvd Street Improvement (Western to Vermont)	Prop C, Measure R Highway, Measure M & Measure R	\$6,702,722	Near Completion
546 & 555	Sewer Improvement	Sewer	\$4,972,984	Early Construction
560	Fiber Infrastructure Upgrade	State grant	\$3,542,900	Planning Phase
525	Local Street Improvements	SB1	\$3,034,601	Completed
561	Rowley Park Gymnasium Renovation	State grant & Deferred Maintenance	\$2,489,792	Design Phase
528	NCC Electrical & Outdoor Lighting Upgrade	Deferred Maintenance & Impact Fee	\$1,835,000	Near Completion





Opening in June 2026!

Gardena Community Aquatics & Senior Center – Total Project Cost: **\$26.5M**
Estimated Annual Operating Cost: **\$1.4M**



Your
Measure G
Tax Dollars
at Work!





Future City Facilities for Gardena Residents

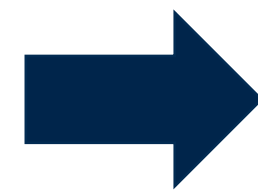
Mas Fukai Park Community Building – Total Estimated Project Cost: **\$15.4M**

Estimated Annual Operating Cost: **\$350K**

Construction of a 4,000 sf. multi-purpose community building



Your
Measure G
Tax Dollars
at Work!

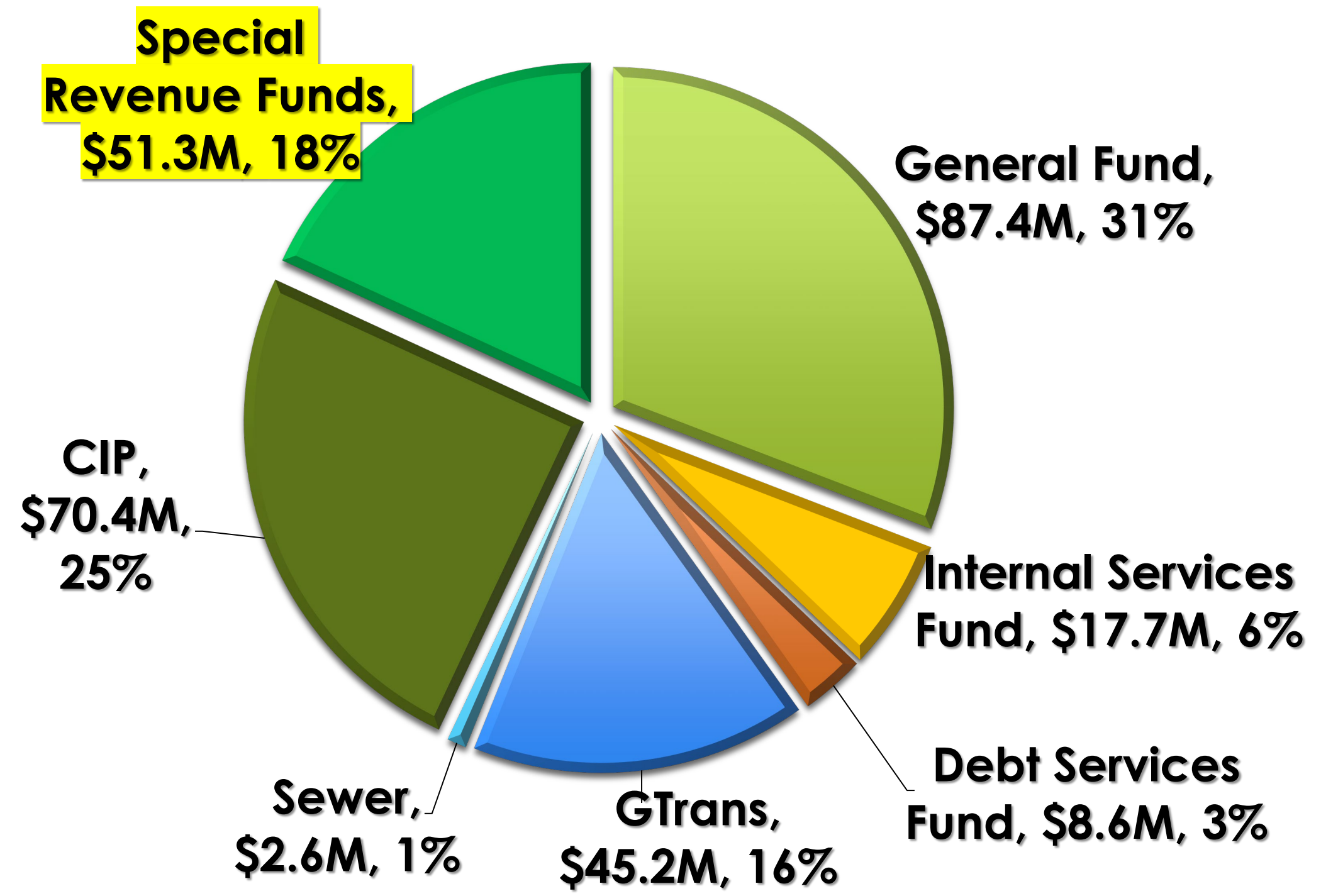




Current Adopted FY 2025-26 Budget – All Funds

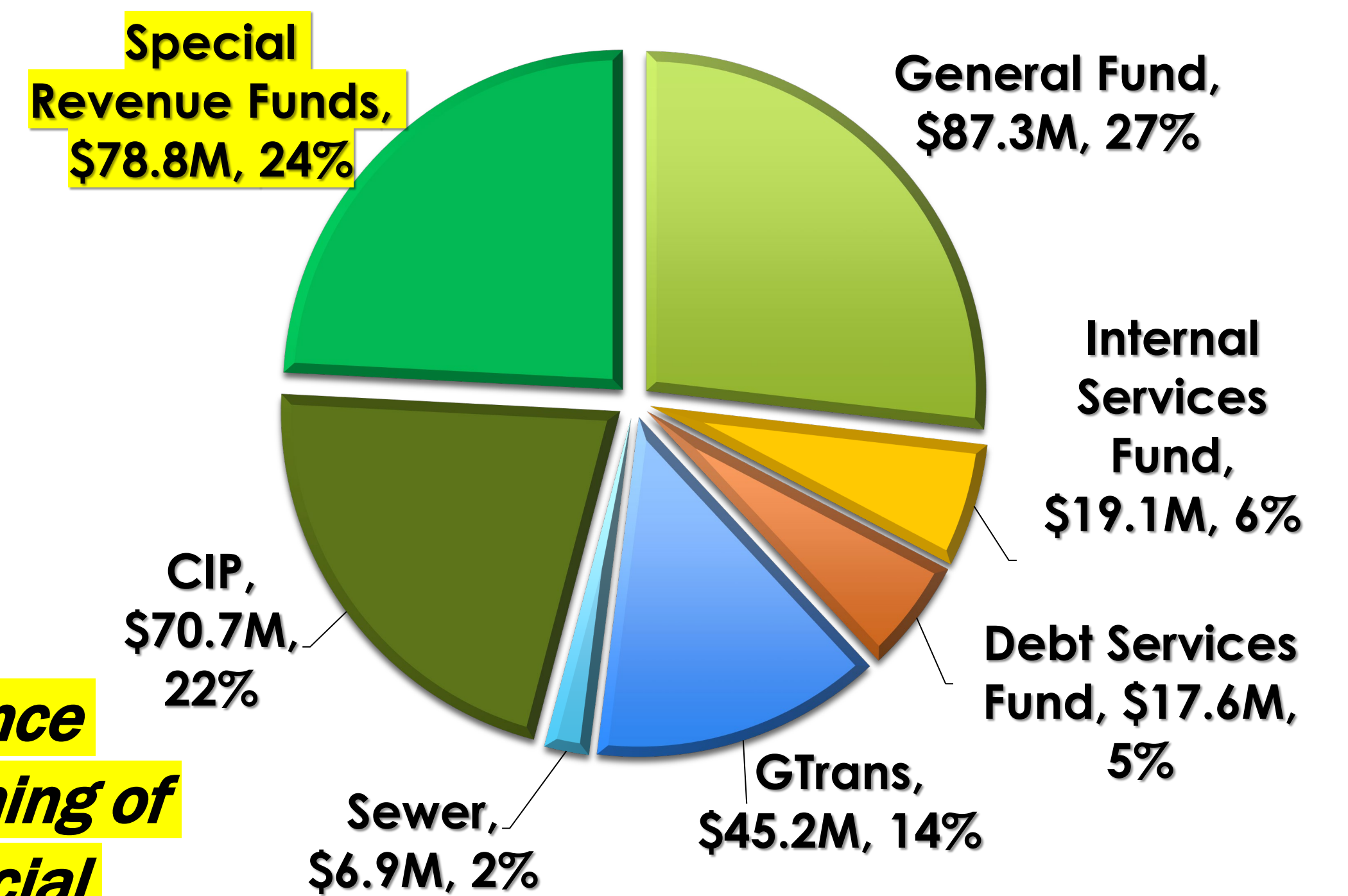
REVENUES

\$283,299,271



EXPENDITURES

\$325,701,021



The difference represents timing of use for Special Revenue Funds

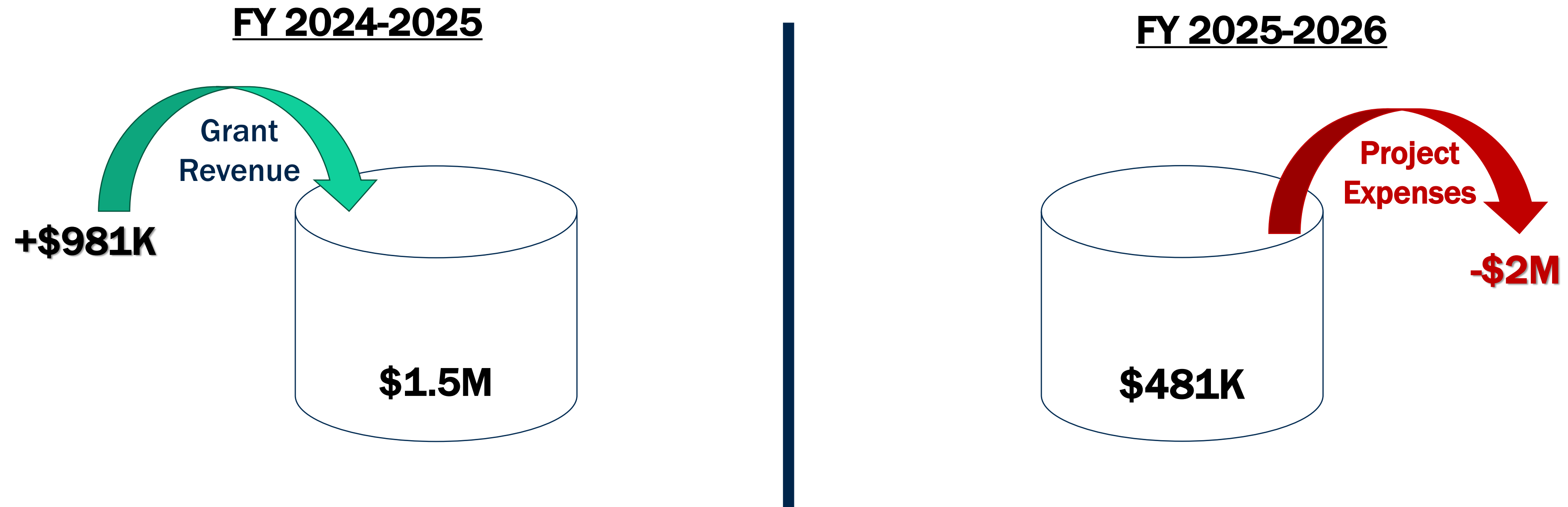




Special Revenue Funds – Why the difference?

Scenario #1

- For Example: Measure R - \$981,000/year
- Monthly disbursement to City
- **Build up the fund balance for bigger CIP project**



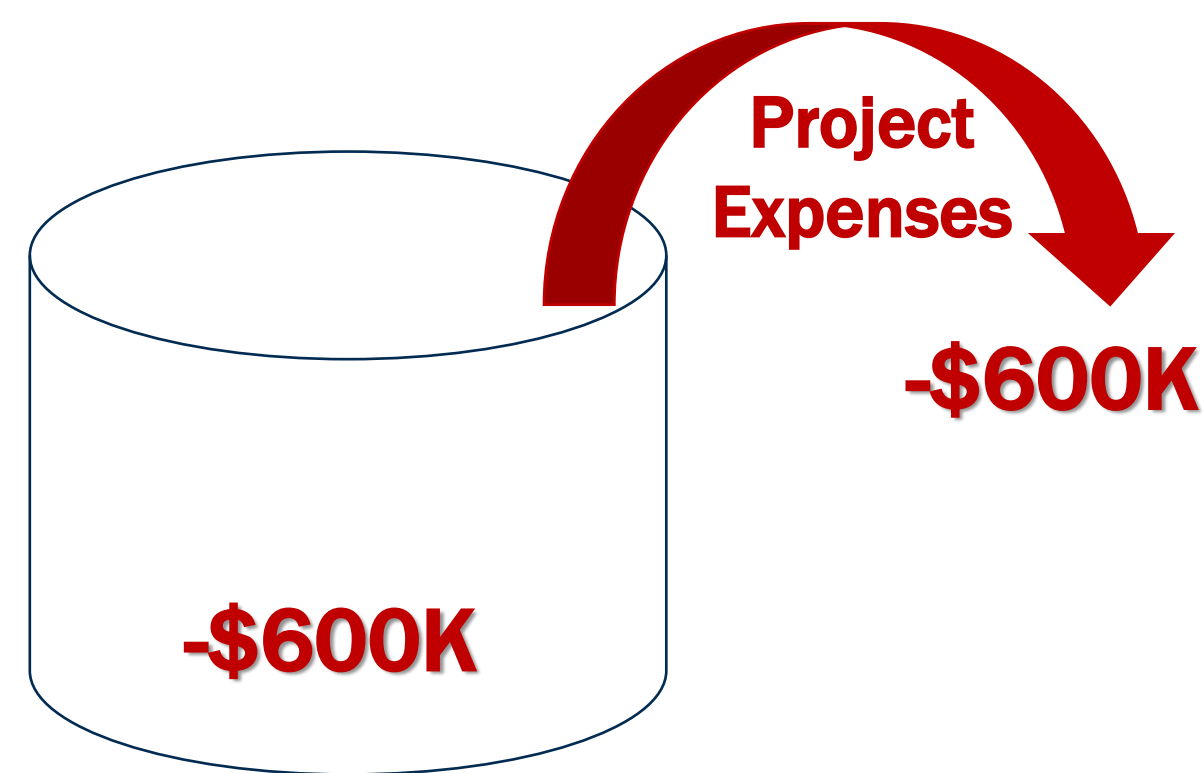


Special Revenue Funds – Why the difference?

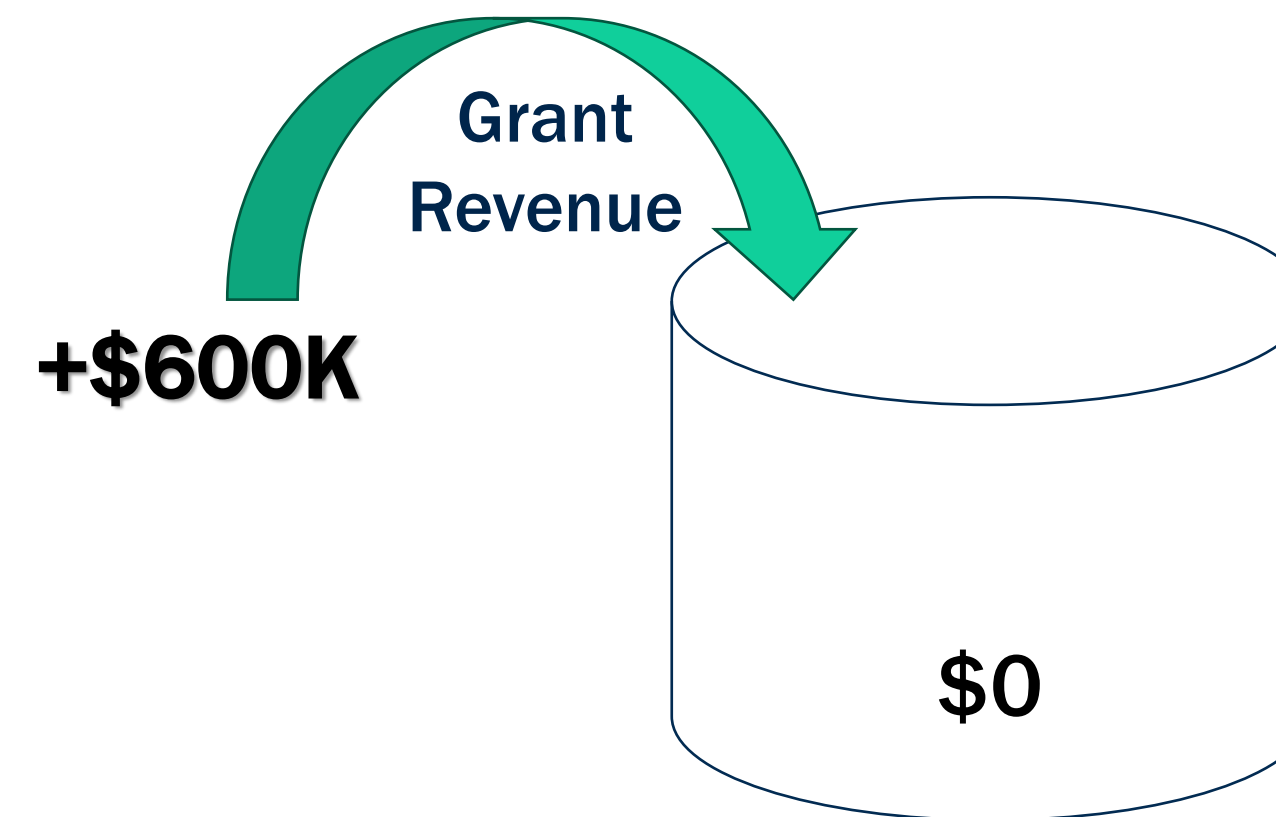
Scenario #2

- For Example: Federal grants (Maxine Waters \$1.4M for Aquatic Center)
– City must **spend first and get reimbursement later**
- Can have negative balance when reimbursement is not received in the same City's fiscal year ending on June 30
- Federal Fiscal Year ending on September 30

FY 2024-2025



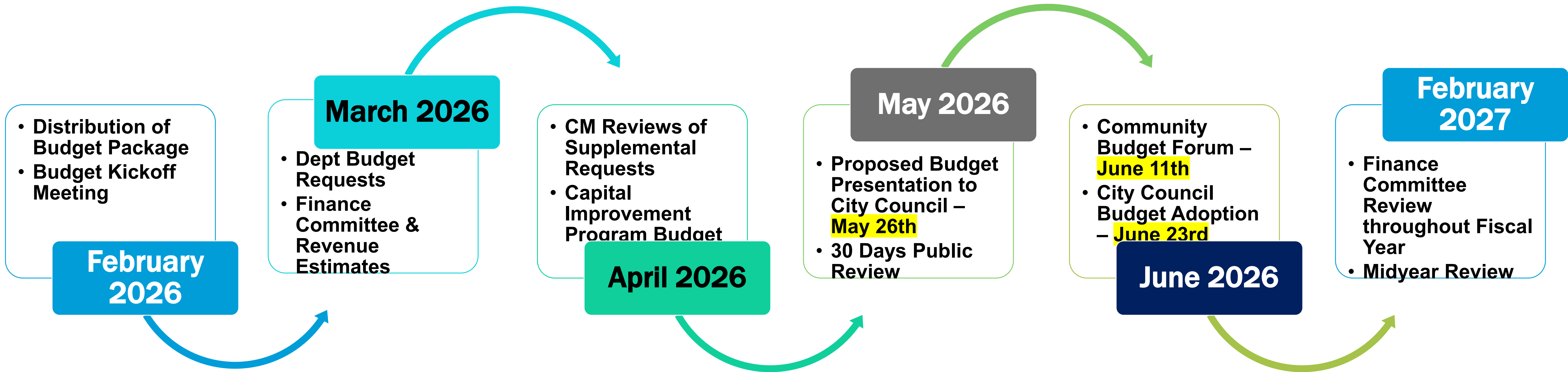
FY 2025-2026





Upcoming Budget Timeline – FY 2026/27 & FY 2027/28

Biennial Budget





General Fund – Projected Budget FY 2026/27 & FY 2027/28

General Fund	FY 2026/27 Projected Budget	FY 2027/28 Projected Budget
Projected Revenues	89,423,689	93,997,069
Projected Expenditures	89,329,533	93,935,083
Surplus / (Deficit)	\$94,156	\$61,986
Projected Beginning Balance	\$34,271,911	\$34,366,067
Reserve Ending Balance	\$34,366,067	\$34,428,053
% of Expenditures	38%	37%

City Council established a 25% General Fund Reserve threshold
 Current Reserve is equal to ~4.5 months of operating General Fund expenditures

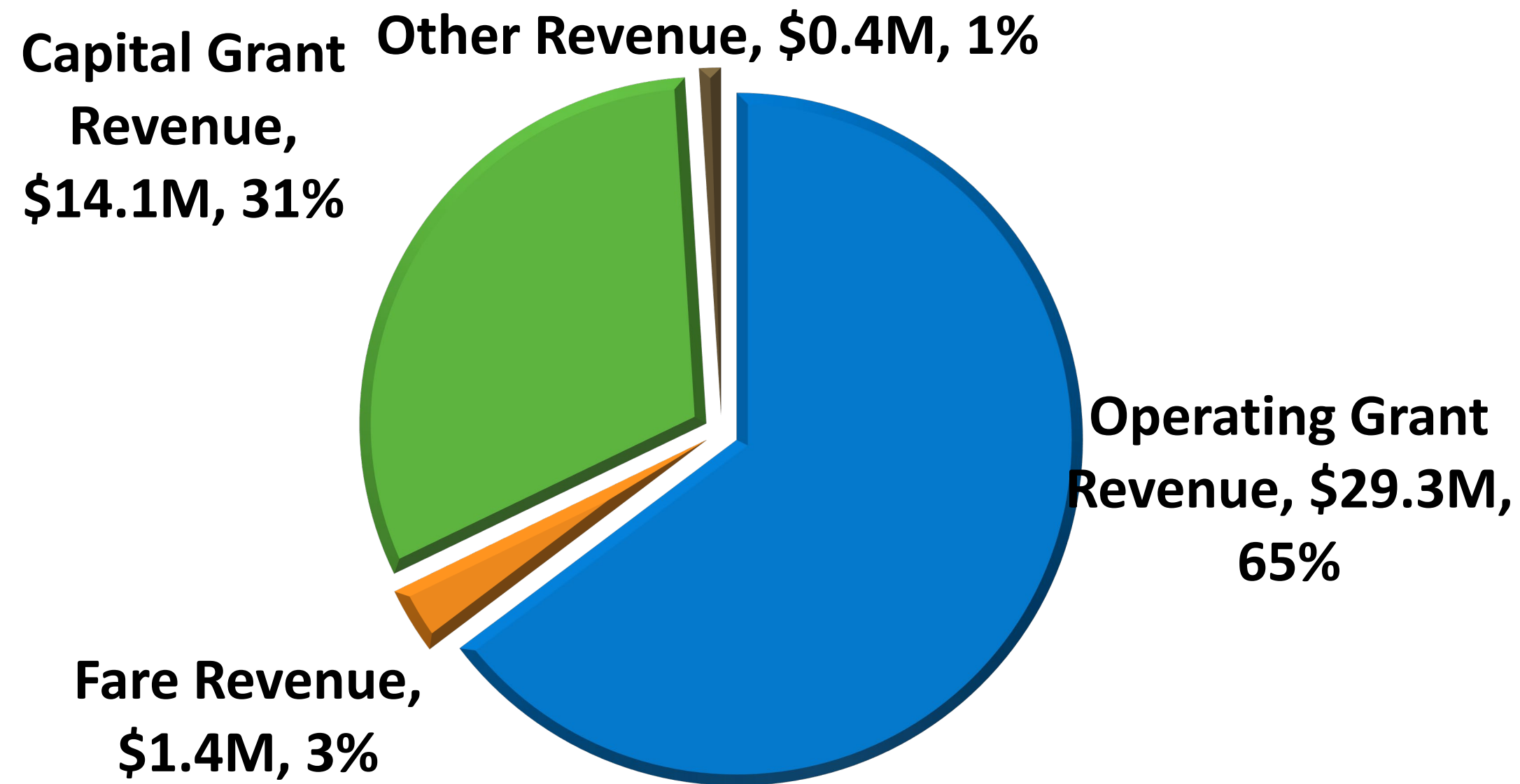




GTrans - Current Adopted Budget FY 2025/26

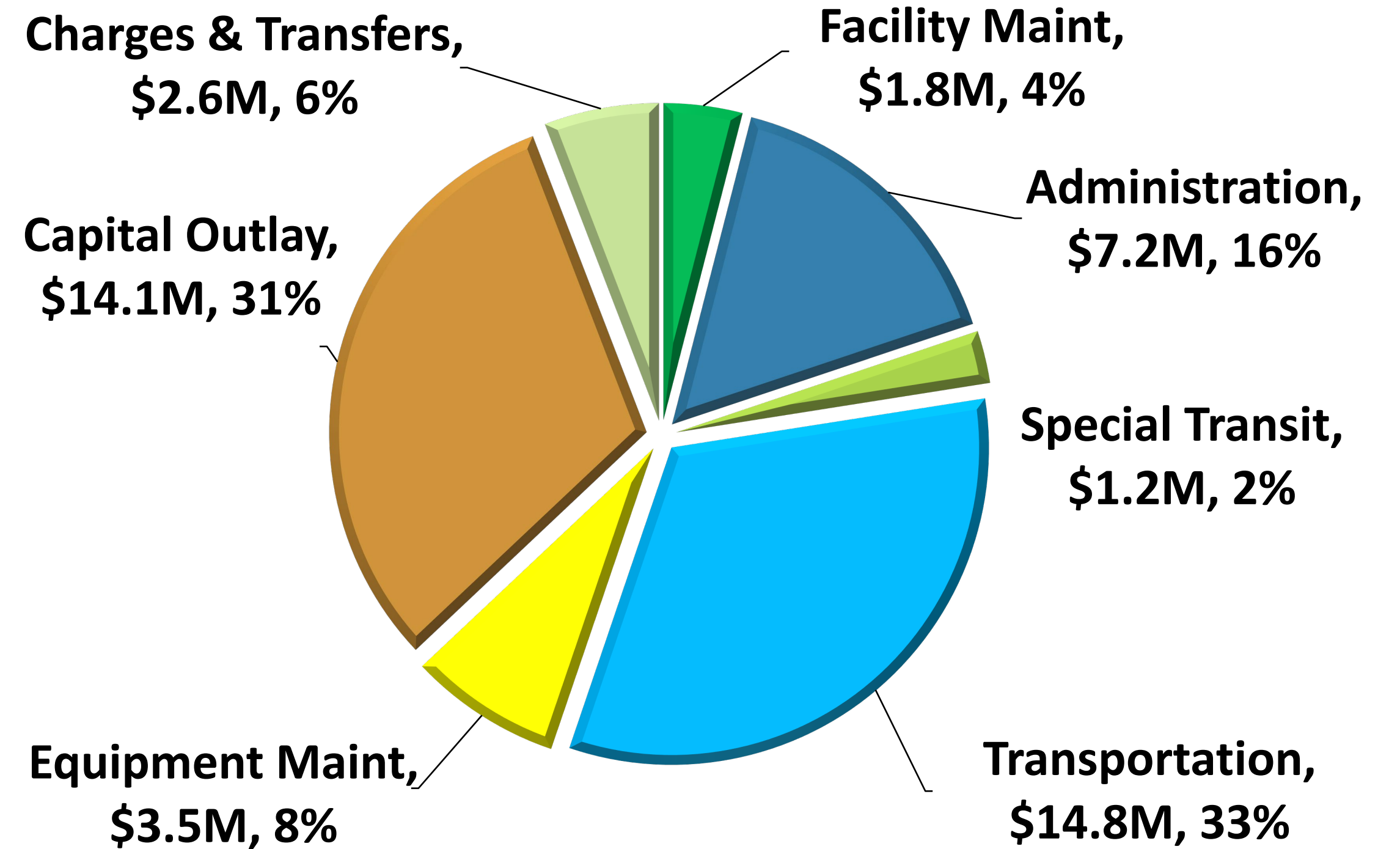
REVENUES

\$45,218,369



EXPENDITURES

\$45,218,369





GTrans - Current Adopted Budget FY 2025/26

Descriptions	Proposed Budget	Status
Electric Bus Purchase – Six Buses	\$8,037,493	Completed
Infrastructure – Renewable Energy and Storage System	\$5,219,866	Early Construction
Other Capital Projects	\$850,000	On-going
Total	\$14,107,359	





GTrans - Projected Budget FY 2026/27 & FY 2027/28

GTrans	FY 2026/27 Projected Budget	FY 2027/28 Projected Budget
Projected Revenues	34,192,018	35,789,647
Less Projected Expenditures	34,192,018	35,789,647
Surplus / (Deficit)	\$-	\$-

	Budgeted FY 24/25	Budgeted FY 25/26	Projected FY 26/27	Projected FY 27/28
Bus Operators	71.00	71.00	98.00	98.00
On-Demand (Micro/Paratransit) Operator	4.00	8.00	8.00	8.00
Paratransit Drivers	4.00	-	-	-
Relief Bus Operator Trainees	1.00	1.00	-	-
Relief Bus Operators	13.50	13.50	1.00	1.00

In FY2025, Part-Time Relief Bus Operators begins transitioning into Full-Time Bus Operator positions. This initiative provides substantial advantages to employees, most notably the opportunity to receive comprehensive benefits





Measure GG: Locally Controlled Funding

0.25% Sales Tax Measure GG

- The Gardena City Council unanimously approved placing a locally controlled quarter-cent (0.25%) sales tax measure on the June 2, 2026 ballot
 - It would cost resident a quarter (**\$0.25**) on a \$100 taxable purchase
 - Measure GG will cost you 3¢ (\$0.03) on a In-N-Out's double-double meal

- No argument received in opposition
- 4 arguments received in support
 - Union Group – GMEA
 - Union Group – GMEO
 - Business Owner – Cherrystones
 - Business Owner – Russ International, Inc.



IN-N-OUT BURGER GARDENA

ORDER: 559	05/06/2026
HOST: ALLAN	11:30AM
1 DOUBLE-DOUBLE ANIMAL	\$ 6.45
1 FRY - WELL	\$ 2.40
1 REG VANI SHAKE	\$ 3.50
VISA	SALE
SUBTOTAL	\$ 12.35
SALES TAX - 10.50%	\$ 1.30
SALES TAX - MEASURE GG 0.25%	\$ 0.03
TOTAL:	\$ 13.68





Locally Controlled Funding for City Services

Revenue from the Measure GG could NOT be taken by the state, county or federal government, ensuring local control and reinvestment back into the community which could be used to:



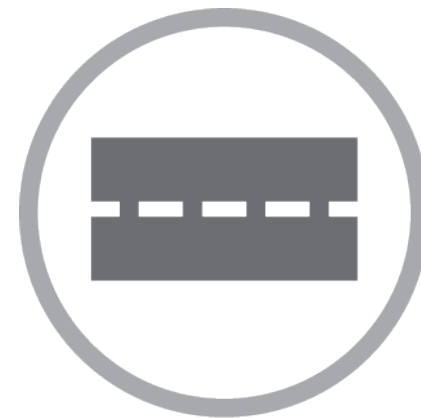
Maintain fire and paramedic response



Keep parks and public areas safe, clean and graffiti free



Fund youth and senior programs to improve neighborhood safety



Maintain streets and fixing potholes





Is there an Example of Why Local Revenue is Kept Local?

- County’s Measure H has collected \$4 million annually from Gardena since 2017.
- To date, the County has collected over \$27 million, and the City is eligible to receive less than \$300K in return (~1%).

Fiscal Year	Estimated Tax Revenue Collected from Gardena	Amount LA County Has Sent Back to Gardena
2017-18	\$2,164,223	\$-
2018-19	\$3,152,949	\$-
2019-20	\$2,902,984	\$-
2020-21	\$3,139,875	\$-
2021-22	\$3,797,697	\$-
2022-23	\$3,940,366	\$92,082
2023-24	\$4,173,889	\$104,287
2024-25	\$4,154,736	\$83,255
TOTAL	\$27,426,719	\$279,624
		1%





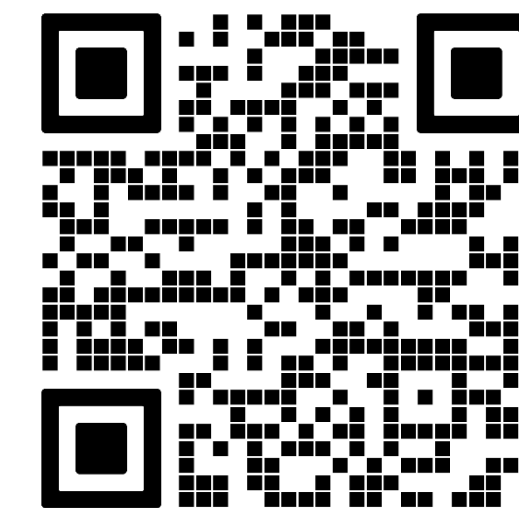
More Information on Measure GG

Under State law, certain essential purchases are exempt from sales taxes.

These purchases include:

- Groceries
- Prescription medicine
- Diapers
- Housing & Rent
- Utilities
- Personal services, such as medical or dental services

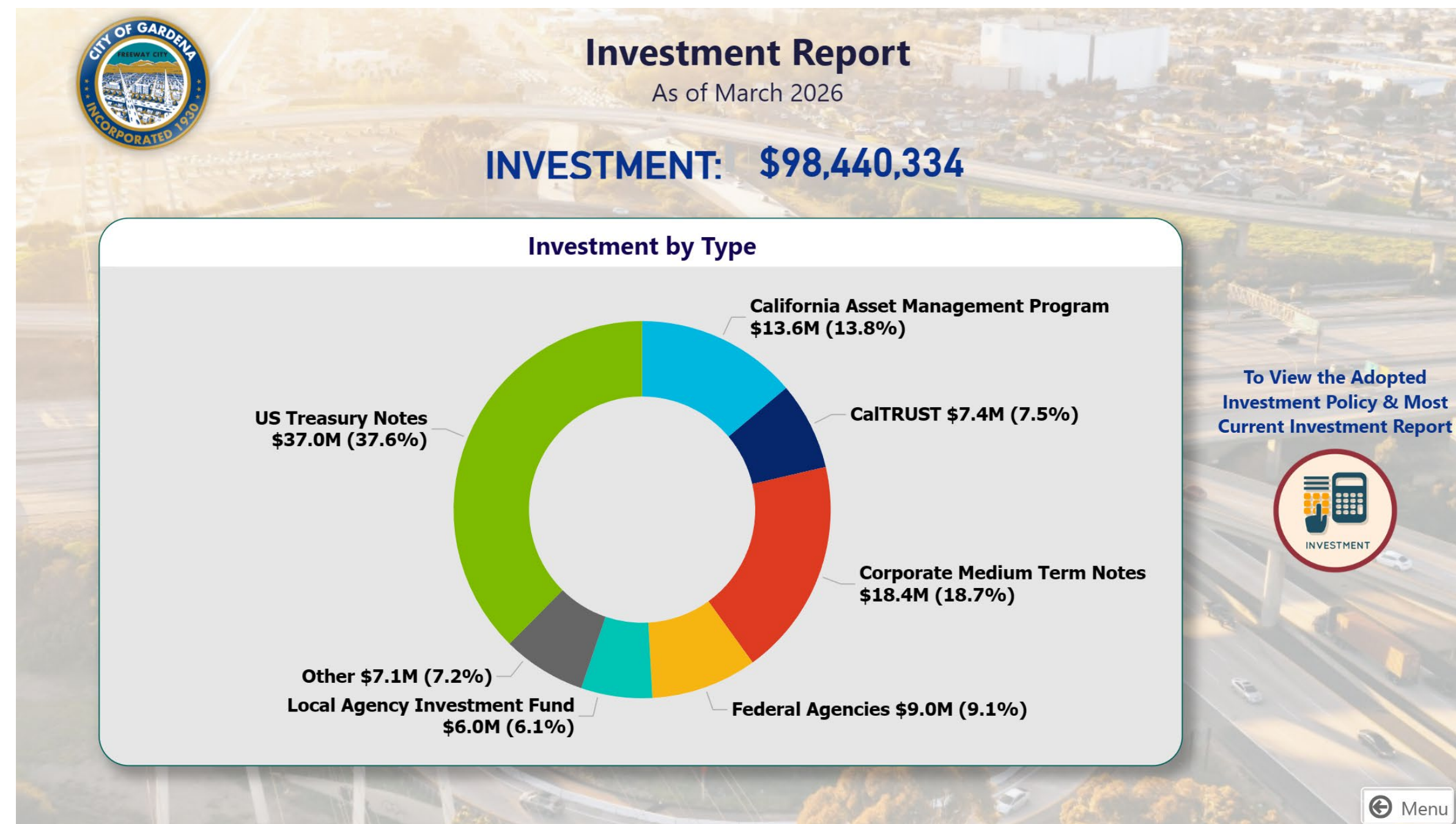
For more information on Measure GG, please visit the City website or use the QR code





Investment Portfolios

- **Investment Management** – Managing **\$100M** of investment instruments for all funds
- Total Investment has tripled from \$31.7M in 2020 to now





Investment Policy

City's Investment Program Objectives

1. SAFETY
2. LIQUIDITY
3. RETURN ON INVESTMENTS

SAFETY before
LIQUIDITY before
YIELD

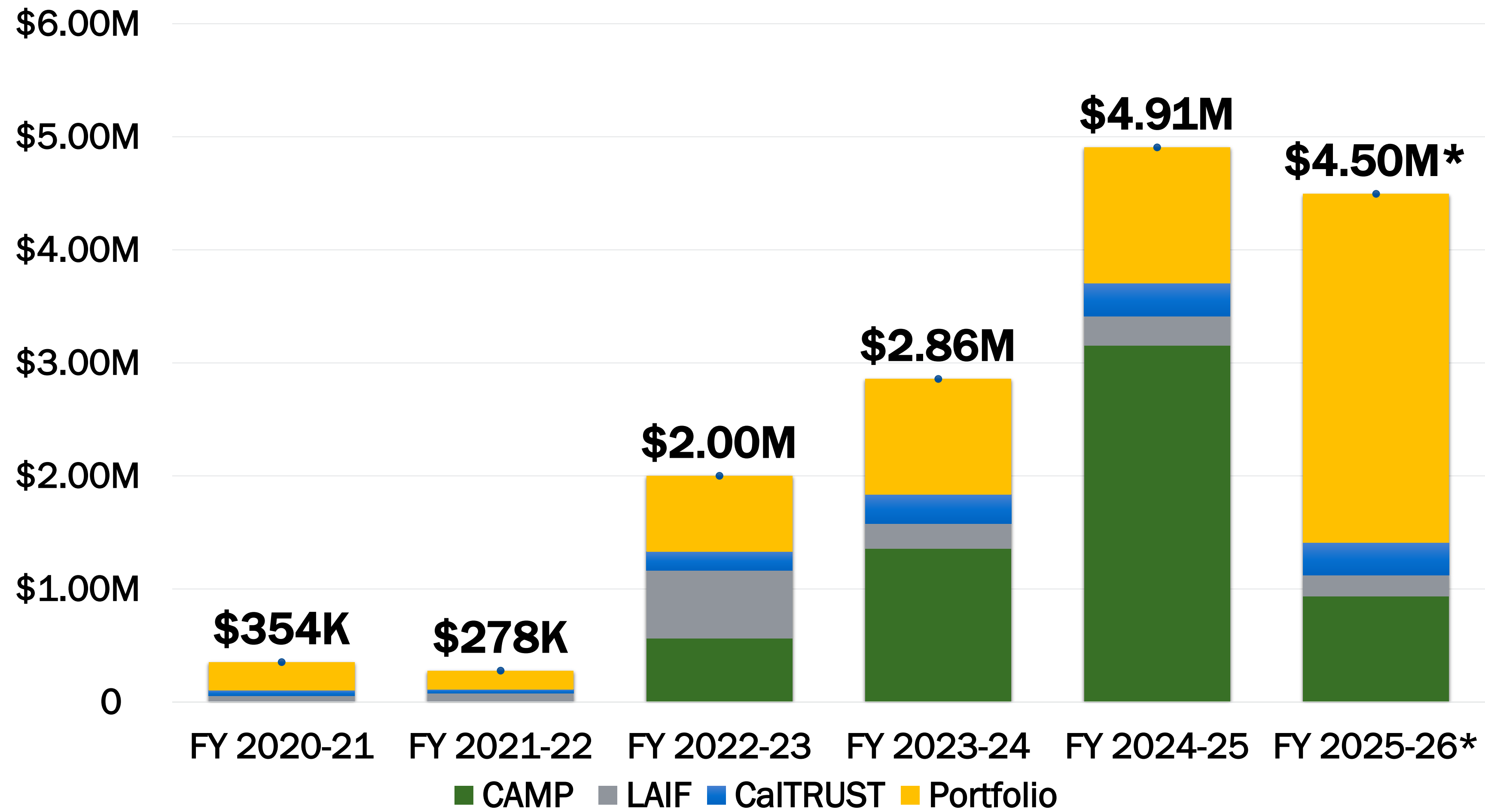
Investment Policy

- Reviewed and adopted annually by the City Council
- Reviewed by independent external auditor as part of the annual audit
- Available on city website for public review and inspection





Investment Income (All Funds)



*Projected as of March 31, 2026 for All Funds



Accountability & Oversight



- **Budget Monitoring:** Monthly Report for Depts, Financial Transparency Dashboard, Quarterly Report for Finance Committee
- **Annual Audits:** Year-End Audit (3 weeks), Single Audit (1 week), and Grant Audits (over 800 documents & records were reviewed)
- **Annual Audit Report:** Annual Comprehensive Financial Report (ACFR) presented to City Council and posted on City's website for public review and inspection



External Audits



- **External Audits to ensure Gardena spends public money legally, efficiently, and transparently**

Audited and passed

- Audited annually by **independent licensed external auditors** – Gruber & Lopez, Inc. (since 2024)
 - City recently changed the auditor in 2024 after 12 years with the same auditors to enhance objectivity, independence, and transparency
- Audited annually by **Los Angeles County's** auditors
- Audited by regional agencies including AQMD (South Coast Air Quality Management District)
- Audited by the **California State Controller's Office**
- Audited by **Federal agencies** including:
 - US Department of Transportation
 - US Department of Health and Human Services
 - US Department of Homeland Security
 - US Department of Housing and Urban Development





GTrans - External Audits

Audit	Auditors	Frequency	Pass / Findings
California Highway Patrol (CHP) Audit	California Highway Patrol <ul style="list-style-type: none"> • Bus operator hours of service and working hour regulations • Safety and maintenance records 	Annual	Passed
Federal Transit Administration (FTA) - Triennial Performance Review	Federal Transit Administration <ul style="list-style-type: none"> • 23 areas of performance meeting federal requirements and regulations 	Triennial	Passed
TDA State Audit- Triennial Performance Review (TPR)	State of California	Triennial	Passed
FY 2022 COVID-19 Relief ECHO Drawdown Audit: CARES - \$6.6M ARPA - \$6.0M CRSSAA - \$9.7M <hr/> Total: \$22.4M	Federal Transit Administration <ul style="list-style-type: none"> • Use of COVID funding expenses to ensure expenditures met federal guidelines. 	One-Time	Passed
Payment Integrity Information Act of 2019 Review	Federal Transit Administration	One-Time	Passed
Year End Audit / Single Audit (Federal Grants)	Independent External Auditors	Annual	Passed
Fixed Asset Audit / Parts Audit	Independent External Auditor	Bi-annual / Annual	Passed



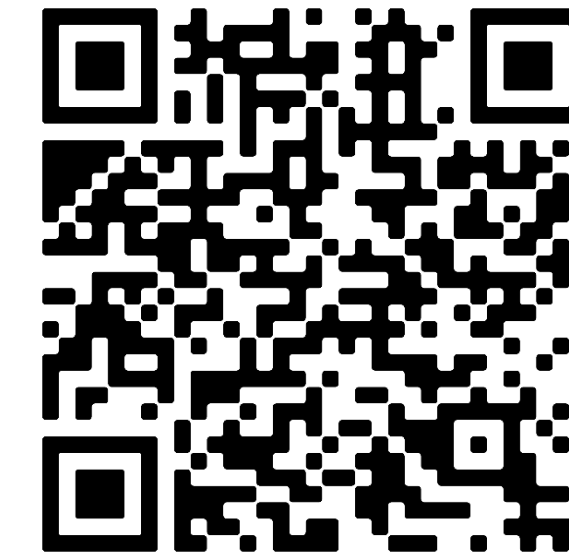


Request for Audit by California State Controller's Office

- **State can audit local governments**
 - Anyone from the public can make inquiries online or write to

Field Audits Los Angeles
 901 Corporate Center Drive, Suite 200
 Monterey Park, California 91754-7619
 Phone (916) 324-8907
 Fax (323) 981-6811

- Public can also request an audit by contacting your local legislators



California State Controller's Office
Malia M. Cohen

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Special Reviews / Audits of Local Governments

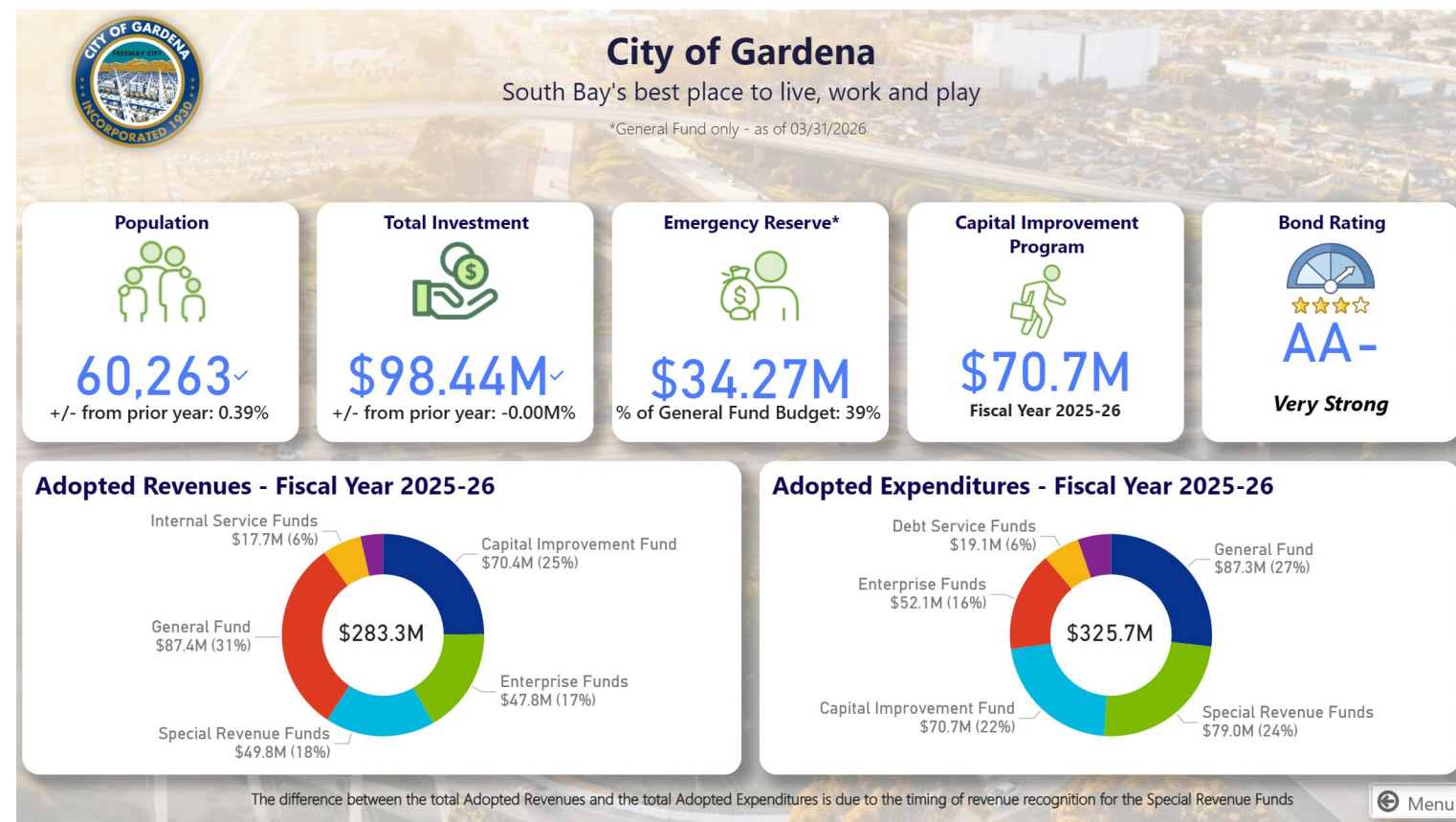
- [City of Fontana - Internal Control Over Compensation and Contracting Process 12/20/2024](#)
- [Mendocino County - Internal Control Over Financial Reporting 07/01/2024](#)
- [Carson, City of - Internal Control System 02/08/2023](#)
- [Humboldt County - Internal Control Over Financial Reporting 07/22/2022](#)
- [Inglewood, City of - Internal Control System 05/04/2020](#)
- [Siskiyou County - Internal Control System 02/2019](#)
- [Calexico, City of - Internal Control System 01/2019](#)
- [Industry, City of - Internal Control System 01/2019](#)
- [Compton, City of - Administrative and Internal Accounting Controls 03/2018](#)
- [Hercules Redevelopment Agency - Selected Transactions 09/2012](#)
- [Bell Community Redevelopment Agency - Selected Transactions 10/2010](#)





Financial Transparency

City of Gardena is committed to financial transparency and believes that open government is accountable government.





Awards



City was awarded the Certificate of Achievement for Excellence in Financial Reporting from GFOA for the **39th consecutive year**.

This certificate is the highest form of recognition in governmental accounting and financial reporting. The ACFR report was judged by an impartial panel to meet the high standards of the program.



GFOA recognizes the City of Gardena for excellence in the preparation and presentation of its budget. This is the 5th consecutive budget cycle or **9th consecutive year** the City received this award.

GFOA – Government Finance Officers Association of United States and Canada





Upcoming Budget Events

- **Friday, May 22, 2026:** 30-Day Public Review & Comment: Proposed Budget will be available at the City Clerk's Office and city website
- **Tuesday, May 26, 2026 @ 7:30 pm:** proposed budget for Fiscal Year 2026/27 & Fiscal Year 2027/28 will be presented to City Council for review
- **Thursday, June 11, 2026 @ 6:00 pm:** Community Budget Forum at the Nakaoka Community Center
- **Tuesday, June 23, 2026 @ 7:30 pm:** Budget adoption at City Council meeting





Contact us for more information

Thank you!

- **QUESTIONS?**
- **CONTACT US:**
For Audit, Budget & Investment Questions
Phone: 310-217-9516
Email: finance@cityofgardena.org
Website: cityofgardena.com/city-budget/





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