



# City of Gardena City Council Meeting

Agenda Item No. 8. A. (4)  
Department: Elected & Administrative Offices  
Meeting Date: December 13, 2016

## AGENDA REPORT SUMMARY

**TO: THE HONORABLE MEMBERS OF THE CITY COUNCIL**

**AGENDA TITLE: CITY OF GARDENA AUDIT REPORTS FOR FISCAL YEAR ENDED JUNE 30, 2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR), FAMILY CHILD CARE AND MUNICIPAL BUS LINE**

<b>COUNCIL ACTION REQUIRED:</b> Receive and File Audit Reports for Fiscal Year 2015-2016.	<u>Action Taken</u>
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<b>STAFF SUMMARY AND RECOMMENDATION:</b>	
<p>Presented for City Council to receive and file are audited financial reports for the fiscal year ended June 30, 2016, as prepared by the City's contracted auditing firm, The Pun Group, Inc. an independent public accounting firm fully licensed and qualified to perform audits of the state and local governments within the State of California. 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, 2016, are free of material misstatement.</p> <ul style="list-style-type: none"> <li>▪ <b><u>Comprehensive Annual Financial Report (CAFR), June 30, 2016</u></b> The financial statements included in the CAFR represent all City funds. City management is responsible for the accuracy of the data, the fairness and completeness of the presentation, and the inclusion of all disclosures that are necessary to enable the reader to understand the City's operations. 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.</li> </ul> <p>The auditors concluded based upon the audit, that the City's financial statements are presented fairly, as of June 30, 2016, and changes in financial position and cash flows are in conformity with Generally Accepted Accounting Principles (GAAP) in the United States.</p> <ul style="list-style-type: none"> <li>▪ <b><u>Family Child Care Program Report, June 30, 2016</u></b> Issued with an unqualified opinion that the financial statements present fairly, in all material respects, the financial position of the Program as of June 30, 2016, and the results of its operations for the year then ended in conformity with Generally Accepted Accounting Principles (GAAP) in the United States.</li> <li>▪ <b><u>The Municipal Bus Line Enterprise Fund, June 30, 2016</u></b> Issued with an unqualified opinion that the financial statements are presented fairly, in all material respects, the financial position of the Bus Line as of June 30, 2016 and the results of its operations and cash flows for the year then ended in conformity with Generally Accepted Accounting Principles (GAAP) in the United States.</li> </ul> <p>The Pun Group representatives will be available at the City Council meeting to answer any questions or address any comments on the audit process and their findings for fiscal year 2016.</p>	

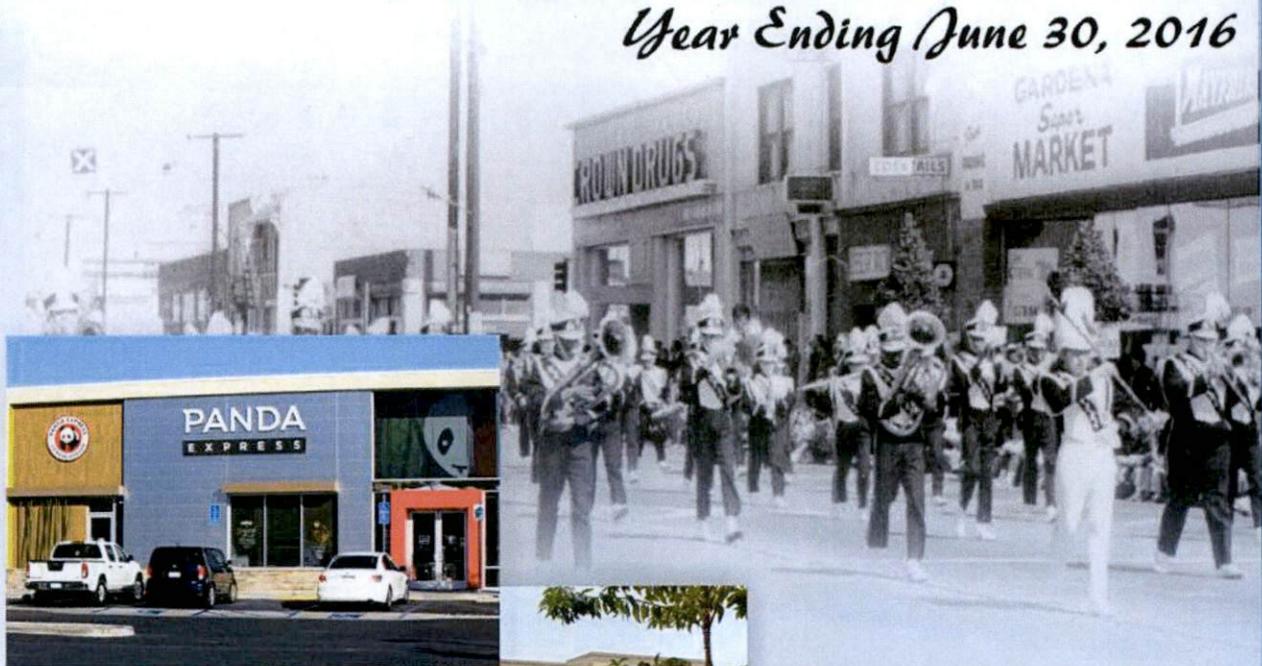
<b>FINANCIAL IMPACT/COST:</b> N/A
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<b>ATTACHMENTS:</b> Comprehensive Annual Financial Report (CAFR) Family Child Care Program Report Municipal Bus Lines Audit Report (GTrans)
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Submitted by <u>Clint D. Osorio</u> , Clint D. Osorio, Chief Fiscal Officer	Date: 12/07/2016
Concurred by <u>Mitchell G. Lansdell</u> , Mitchell G. Lansdell, City Manager	Date: 12/07/2016

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*Year Ending June 30, 2016*



*Civic Center  
Conceptual Design*



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016

CITY OF GARDENA, CALIFORNIA



*PREPARED BY*

THE ADMINISTRATIVE SERVICES DEPARTMENT

**Clint Osorio  
Chief Fiscal Officer**

**And**

**Raymond Beeman  
Accounting/Finance Manager**

\* \* \* \* \*

**City of Gardena**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2016**

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*Comprehensive Annual Financial Report  
June 30, 2016*



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**CITY of GARDENA**

1700 WEST 162<sup>nd</sup> STREET / GARDENA, CALIFORNIA 90247-3732 / PHONE (310) 217-9500  
WEB SITE: [www.cityofgardena.org](http://www.cityofgardena.org)

MARK E. HENDERSON, *Mayor Pro Tem*  
TASHA CERDA, *Councilmember*  
DAN MEDINA, *Councilmember*  
TERRENCE TERAUCHI, *Councilmember*

MINA SEMENZA, *City Clerk*  
J. INGRID TSUKIYAMA, *City Treasurer*  
MITCHELL G. LANSDELL, *City Manager*  
PETER L. WALLIN, *City Attorney*

December 1, 2016

Members of the City Council,  
and Citizens of Gardena

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR 2015-2016  
LETTER OF TRANSMITTAL**

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Gardena (the City) for the fiscal year ended June 30, 2016 (FY 2015-16). The report is intended to update readers on the status of the City's financial position and results of operations for the past fiscal year.

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

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

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

The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016, are free of material misstatement. The auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2016, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the CAFR. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## PROFILE OF THE GOVERNMENT

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

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

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

The City Organization with the adoption of the Fiscal Year 2012-2013 and 2013-2014 Budget, transitioned from what once were ten departments into four "Super-Departments", consisting of 1) Elected and Administrative Offices, 2) Police, Streets and Development Services, 3) Recreation, Human Services, Parks and Facilities and 4) Transportation Department.

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

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

## LOCAL ECONOMIC CONDITIONS AND OUTLOOK

The City of Gardena is fortunate to have a stable and diverse economic base, which somewhat shields its economy from downturns in any specific category. Card club revenue is among the top five revenue sources for the City. Revenue from this source to local government is a unique and steady revenue stream which historically improves during an economic downturn. However, during the Great Recession, the City saw a decline in card club revenue, which has since rebounded to FY 2008-2009 levels. At the end of FY2015-16, the Normandie Casino, one of the two card clubs in Gardena, was sold and subsequently renamed Larry Flynt's Lucky Lady Casino. It is projected that the new club would not only outperform the revenues from the old Normandie Casino, but would also revitalize and bring in additional economic gains to the City.

Although sales tax had always been the City's number one revenue source, fiscal years 2009-2010 and 2010-2011 revenue from this source fell below card club revenue. In FY 2015-2016, sales tax revenue was again our number one revenue source. Having no major shopping mall or auto mall in the City has, in fact, been a plus during the Great Recession since the City's revenue is more diverse and not dependent upon sales by any particular industry. The real estate market has shown improvement throughout the South Bay area of Los Angeles. In Gardena, new housing is beginning to sell at higher rates and the number of building permits being issued is increasing.

The City's unemployment rate fell from 11.0% in 2009 to 5.2% in 2016, which is the same unemployment rate average as Los Angeles County. The unemployment rate in the South Bay area decreased from 7.4% in 2009 to 4.6% in 2016. Professional and business services are the largest sector of employment in the area and have held up better than manufacturing. Nearby cities of El Segundo and Redondo Beach have a high concentration of aerospace and high-tech sector companies. Given the global geopolitical situation, demand for such goods should continue to stay stable for several years. The region's second largest employment sector, manufacturing, still struggles as construction remains stagnant and outsourcing and overseas production continue to impact the American manufacturing markets.

*Gardena First!* is a marketing outreach program to educate the public on how money spent within the City not only helps businesses to stay open and create new jobs for Gardena residents but also ensures that sales tax dollars stay in Gardena and strengthen the local community.

Over the past twelve years, the City's cooperative elected and administrative leadership has implemented policies and programs that have strengthened the City's fiscal stability. The City has a Standard & Poor's "A+" rating on its 2006 Refunding Certificates of Participation (COPs) Series A, and C. In 2015, the City refunded its 2006 Refunding Certificates of Participation (COPs) Series B, with a Taxable Lease Revenue Refunding Bond, which was issued at an "A +" rating. In 2016, the City received a double notch rating increase by Moody's Investor Service, increasing the 2006 Series A and C Certificates of Participation and the 2007 Series A bonds to A1 from A3. In comparison, the City was near bankruptcy prior to the consolidation and refinancing of its debt in 2006. The S&P "A+" rating and the Moody's "A1" rating is reflective of a stable fiscal outlook and the expectation that Gardena will continue to maintain balanced operational costs with adequate fiscal reserves.

## LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Unrestricted Fund Balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year-end was 37.9% of total general fund expenditures. This amount was above the policy guidelines set by the Council for budgetary and planning purposes (approximately 25%).

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

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, procure and install a bus stop security lighting system, replace the transportation department's communications system, and deploy body-worn cameras for police officers.

The City will sustain economic development by marketing City-owned properties for sale/development, establish expedited developer plan approval processes, establish an expedited plan check process to reduce time and cost for developers, and acquire new grants for additional funding of economic development efforts, and to identify and provide tools/incentives that will increase business expansion along the Rosecrans Corridor.

The City's long term financial planning focuses on the Capital Improvement Plan, which is produced as part of the annual budget. The plan primarily addresses maintenance, repair and upgrading of facilities and infrastructure, particularly streets, parks, and sewers. The City is currently reviewing proposals in response to a Request for Proposal to build a new Public Safety and Community Center in order to handle the increasing demands of a growing and developing community.

## RELEVANT FINANCIAL POLICIES

The City has adopted a set of financial policies. During the current year, the City updated GASB Statement No. 54, titled "Fund Balance Policy for the General Fund." This policy provides the users of the financial statements greater information about the availability of reported fund balance and the City's commitment of financial resources. Note 14, of the Notes to Basic Financial Statements, presents more detailed information about the five categories of fund balance - non-spendable, restricted, committed, assigned and unassigned fund balance.

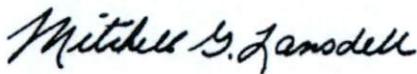
## AWARDS and ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gardena for its CAFR for the fiscal year ended June 30, 2016. This was the thirtieth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

The preparation of this report could not have been accomplished without the collaborative assistance of the Department Heads and staff in all City departments. First and foremost, we want to recognize the dedicated employees of the Administrative Services Division. 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,



Mitchell G. Lansdell  
City Manager

Respectfully submitted,



Clint Osorio  
Chief Fiscal Officer



Government Finance Officers Association

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

Presented to

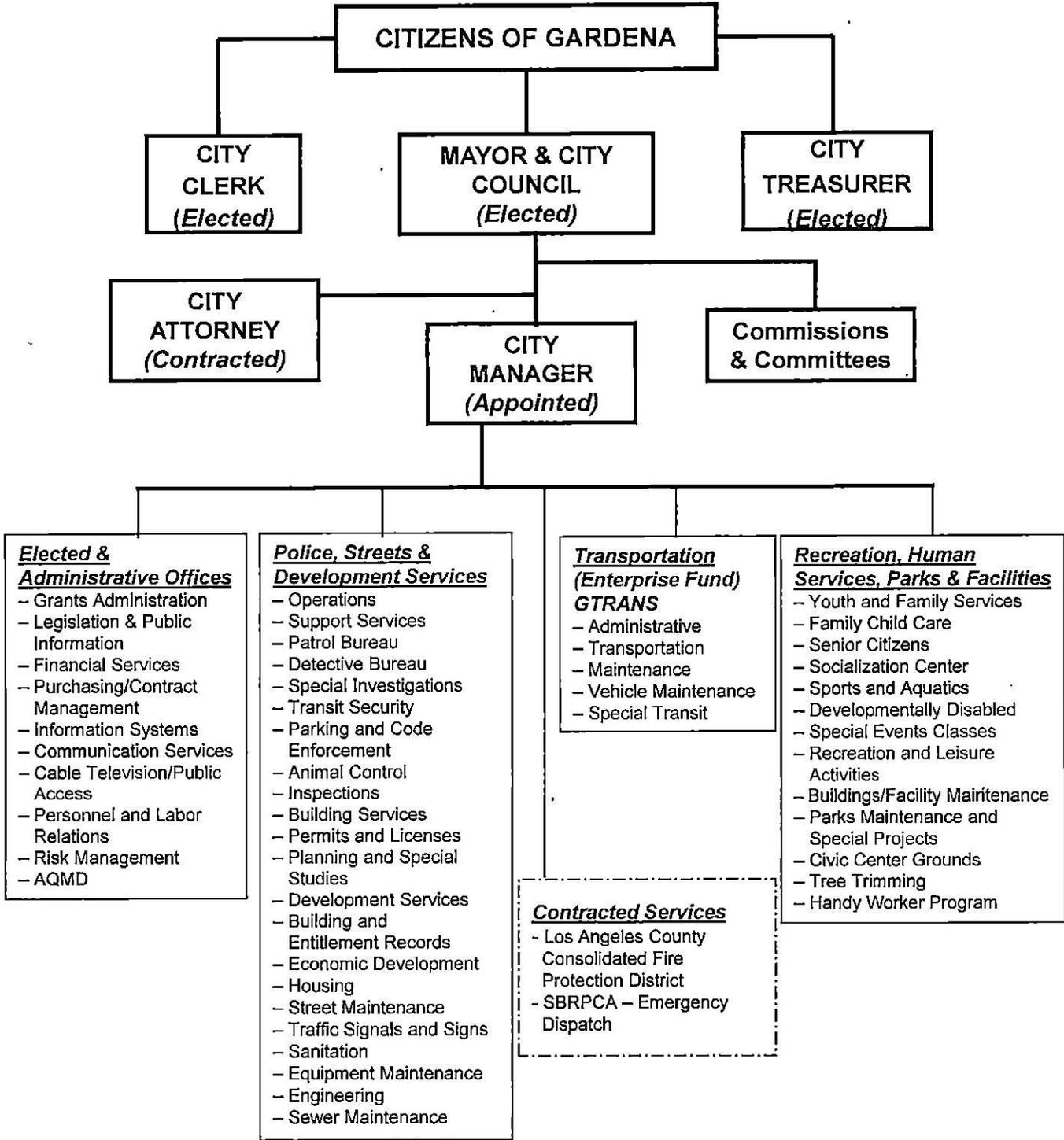
**City of Gardena  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# CITY OF GARDENA ORGANIZATION CHART



**OFFICIALS OF THE CITY OF GARDENA, CALIFORNIA**

**FISCAL YEAR 2015 – 2016**

**CITY OF GARDENA**

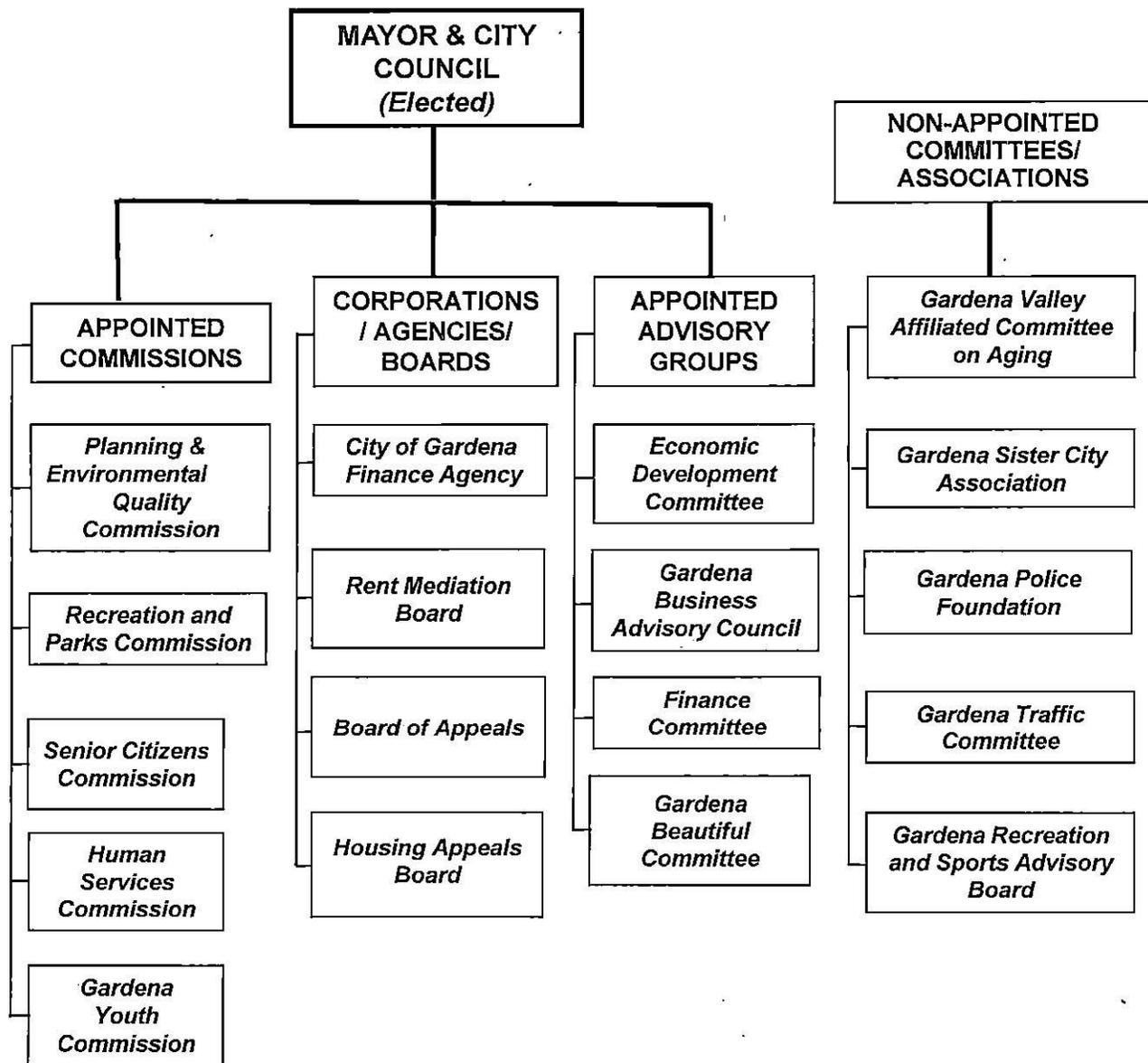
**CITY COUNCIL**

Vacant, Mayor  
Mark E. Henderson, *Mayor Pro Tem*  
Tasha Cerda, *Councilmember*  
Dan Medina, *Councilmember*  
Terrence Terauchi, *Councilmember*

**Administration Officials and Department Heads**

City Manager.....	Mitchell G. Lansdell
Chief Fiscal Officer.....	Clint Osorio
City Treasurer .....	J. Ingrid Tsukiyama
City Clerk.....	Mina-Semenza
City Attorney.....	Peter L. Wallin
Chief of Police .....	Edward Medrano
Community Development Director.....	Mitchell G. Lansdell
Public Works Director .....	Edward Medrano
Recreation and Human Services Director.....	Kelly J. Fujio
Transportation Director.....	Ernie Crespo
Assistant Fire Chief – LA County Fire District.....	Scott Hale

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



*Comprehensive Annual Financial Report  
June 30, 2016*



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## INDEPENDENT AUDITORS' REPORT

To the Members of the City Council  
of the City of Gardena  
Gardena, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardena, California (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

***Net Pension Liability***

As discussed in Note 2A, the unrestricted net position is a deficit in the amount of \$(81,982,431), which includes \$(60,913,888) reported under Governmental Activities and \$(21,068,543) reported under Business-Type Activities. It is mainly due to the net pension liability as discussed in Note 10. Aggregate net pension liabilities for Governmental Activities and Business-Type Activities are in the amounts of \$57,423,973 and \$12,394,309, respectively. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedule of Changes in Net Pension Liabilities and Related Ratios – CalPERS Miscellaneous Plan, Schedule of Proportionate Share of Net Pension Liabilities and Related Ratios – CalPERS Safety Plan, Schedules of Contributions, and Schedule of Funding Progress - OPEB on pages 7 through 16 and 95 through 102 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.

To the Members of the City Council  
of the City of Gardena  
Gardena, California  
Page 3

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 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 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 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 1, 2016

*Comprehensive Annual Financial Report  
June 30, 2016*



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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 Members of the City Council  
of the City of Gardena  
Gardena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Gardena, California (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## City of Gardena Management's Discussion and Analysis

As management of the City of Gardena (City), California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. 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 assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the 2015-2016 fiscal year by \$22,220,007 (net position).
- ◆ The City's total net position decreased \$1,895,175. Net position of governmental activities increased \$6,599,018 while net position of business type activities decreased \$8,494,193 due primarily to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and the sale of the Van Ness Avenue property transferred back from GTrans (formerly known as Gardena Municipal Bus Line) to the City. The Net Pension Liabilities were included within the government-wide financial statements for both governmental and business-type financial reporting. At close of 2015-2016 fiscal year, the City's Net Pension Liabilities were \$57,423,973 and \$12,394,309 for governmental and business-type activities respectively.
- ◆ At the close of the 2015-2016 fiscal year, the City's governmental funds reported combined fund balances of \$36,351,460, an increase of \$4,306,633 in comparison to the prior year. General Fund increased by \$5,108,351. The increase is primarily due to the \$4,990,156 in proceeds received from the sale of the Van Ness Avenue property.
- ◆ At the end of the 2015-2016 fiscal year, the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$20,516,053 or approximately 37.9% of total General Fund expenditures.
- ◆ The City's total outstanding long-term debt decreased by \$429,248 during the 2015-2016 fiscal year. The decrease is primarily attributable to the net effect of the annual debt payments made on the 2006 Refunding Certificate of Participation Bonds, the City paying off its Capital lease and adding a new loan for Southern California Edison On-Bill Financing.

### 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.

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

The *statement of net position* presents financial information about all of the City's assets and liabilities, 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 21-23 of this report.

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

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

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

The City maintains seventeen (17) 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 fund, and the debt service fund, which are considered to be major funds. Data from the other nine (9) governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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 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 39-42 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one type of fiduciary fund. The *Agency fund* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statements can be found on page 45 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-91 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. Required supplementary information can be found on pages 95-102 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 on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 105-131 of this report.

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

**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, assets exceeded liabilities by \$22,220,007 at the close of the 2015-2016 fiscal year.

CITY OF GARDENA NET POSITION

	Governmental Activities		Business-type Activities		TOTAL	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 58,993,618	\$ 53,099,656	\$ 6,534,799	\$ 9,364,358	\$ 65,528,417	\$ 62,464,014
Capital assets	48,626,788	47,688,476	62,151,750	67,684,810	110,778,538	115,373,286
Total Assets:	107,620,406	100,788,132	68,686,549	77,049,168	176,306,955	177,837,300
Deferred Outflow of Resources	8,238,715	5,576,065	1,163,588	1,014,203	9,402,303	6,590,268
Current liabilities	13,567,666	14,895,664	8,295,146	8,486,473	21,862,812	23,382,137
Non-current liabilities	115,156,520	104,297,392	18,903,444	15,993,457	134,059,964	120,290,849
Total Liabilities:	128,724,186	119,193,056	27,198,590	24,479,930	155,922,776	143,672,986
Deferred Inflows of Resources	5,998,135	12,633,359	1,568,340	4,006,041	7,566,475	16,639,400
Net Investment in Capital						
Assets	27,897,717	26,430,711	62,151,750	67,684,810	90,049,467	94,115,521
Restricted	14,152,971	15,638,534	-	-	14,152,971	15,638,534
Unrestricted	(60,913,888)	(67,531,463)	(21,068,543)	(18,107,410)	(81,982,431)	(85,638,873)
Total Net Position:	\$ (18,863,200)	\$ (25,462,218)	\$ 41,083,207	\$ 49,577,400	\$ 22,220,007	\$ 24,115,182

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

An additional portion of the City's net position (Unrestricted) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(81,982,431) is unrestricted and if positive may be used to meet the government's ongoing obligations to its citizens and creditors which include the net OPEB and Pension obligation.

At the end of the 2015-2016 fiscal year, the City is able to report positive balances in all reported categories of net position with the exception of unrestricted, both for the government as a whole, as well as for its separate governmental and business-type activities. The negative in unrestricted net position is a result of 1) GASB 68, which resulted in a significant increase in Pension obligations and 2) The continual increase in net OPEB obligations related to GASB 45, both of these items lead to substantial increases in non-current liabilities.

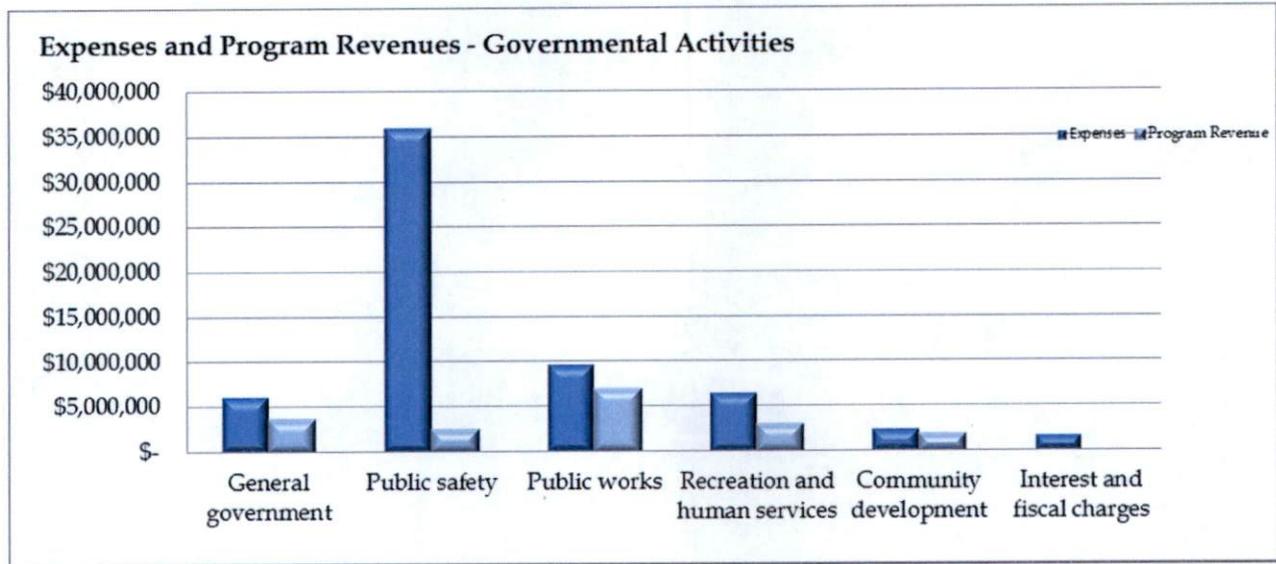
**City of Gardena**  
**Management's Discussion and Analysis (Continued)**

The City's overall net position decreased \$1,895,175 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 the 2015-2016 fiscal year, net position for governmental activities increased \$6,599,018 from the prior fiscal year for an ending balance of \$(18,863,200). The increase in the overall net position of governmental activities is primarily related to 1) Increase of \$3,020,603 in Transfers in; which was GTrans (formerly known as Gardena Municipal Bus Line) transferring back to the City the Van Ness Avenue property and 2) The sale of the Van Ness Avenue property, which resulted in the City realizing a gain of \$1,877,151. Revenues and Expenses for the governmental activities increased by a net of \$35,541 or less than 1% compared to prior year; primarily as a result of the Rosecrans Avenue Street Improvement project being primarily completed and funded in the prior year.

	Governmental Activities		Business -type Activities		TOTAL	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$ 9,488,211	\$ 8,372,236	\$ 3,358,772	\$ 4,073,287	\$ 12,846,983	\$ 12,445,523
Operating grants and contributions	2,067,123	2,963,405	16,905,476	17,353,740	18,972,599	20,317,145
Capital grants and contributions	1,918,489	7,167,801	1,850,968	832,350	3,769,457	8,000,151
<i>General Revenues:</i>						
Property taxes	6,729,849	6,402,520	-	-	6,729,849	6,402,520
Sales and other taxes	39,492,953	38,086,097	-	-	39,492,953	38,086,097
Investment income and miscellaneous	3,066,198	3,578,169	69,115	28,566	3,135,313	3,606,735
Gain on sale of assets	1,877,151	-	-	-	1,877,151	-
<b>Total Revenues:</b>	<b>64,639,974</b>	<b>66,570,228</b>	<b>22,184,331</b>	<b>22,287,943</b>	<b>86,824,305</b>	<b>88,858,171</b>
<b>Expenses:</b>						
General government	5,730,664	6,239,825	-	-	5,730,664	6,239,825
Public safety	36,304,203	35,912,110	-	-	36,304,203	35,912,110
Public works	8,545,467	9,846,657	-	-	8,545,467	9,846,657
Recreation and human services	6,777,838	6,677,536	-	-	6,777,838	6,677,536
Community development	2,538,835	2,675,341	-	-	2,538,835	2,675,341
Interest and fiscal charges	1,365,398	1,805,649	-	-	1,365,398	1,805,649
Enterprise operations	-	-	27,457,075	27,664,213	27,457,075	27,664,213
<b>Total Expenses:</b>	<b>61,262,405</b>	<b>63,157,118</b>	<b>27,457,075</b>	<b>27,664,213</b>	<b>88,719,480</b>	<b>90,821,331</b>
Increase (decrease) in Net Position before other revenues and transfers	3,377,569	3,413,110	(5,272,744)	(5,376,270)	(1,895,175)	(1,963,160)
Transfers	3,221,449	200,846	(3,221,449)	(200,846)	-	-
<b>Change in Net Position</b>	<b>6,599,018</b>	<b>3,613,956</b>	<b>(8,494,193)</b>	<b>(5,577,116)</b>	<b>(1,895,175)</b>	<b>(1,963,160)</b>
Net assets - beginning of year	(25,462,218)	(29,076,174)	49,577,400	55,154,516	24,115,182	26,078,342
<b>Net position - end of year</b>	<b>\$ (18,863,200)</b>	<b>\$ (25,462,218)</b>	<b>\$ 41,083,207</b>	<b>\$ 49,577,400</b>	<b>\$ 22,220,007</b>	<b>\$ 24,115,182</b>

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



**Business-type Activities.** The City's *business-type activities* decreased the net position by \$8,494,193 or 17.1% for the fiscal year ended June 30, 2016. Business-type activities revenue decreased by \$103,612 or 0.5% compared to the prior year for a total \$22,184,331 in revenues at year-end. In comparison to the prior fiscal year, the charges for services decreased by \$714,515 or 17.5%, due, in part, to a reduction in ridership, which decreased by \$603,877 or 19.1% compared to prior year. Operating grants and contributions decreased by \$448,264 or 2.6% compared to the prior fiscal year, primarily due to the recognition of additional revenue in fiscal year 2014-2015 for OPEB. Capital grants and contributions increased by \$1,018,618 or 122.4% due to the purchase of (2) electric buses in fiscal year 2015-2016, which cost approximately \$700,000 each. Investment income and miscellaneous increased \$40,549 or 141.9% compared to the prior year due to an increase in interest rates. Expenses for operations increased by \$207,138 or 0.7% compared to prior year. Transfer out expenses increased by \$3,020,603, which was the result of GTrans transferring back to the City the Van Ness Avenue property.

**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, 2016, the City's governmental funds reported combined fund balances of \$36,351,460 an increase of \$4,306,633 or 13.4% in comparison with the prior year. Approximately 0.49% of this amount \$179,191 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 \$189,819; 2) restricted for particular purposes \$11,890,243; 3) committed for particular purposes \$21,318,521; or 4) assigned for particular purposes \$2,773,686.

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

The general fund is the chief operating fund of the City. At the end of the 2015-2016 fiscal year, the unassigned fund balance of the general fund was \$200,000, while the total fund balance increased to \$20,869,988. 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 0.37% of total general fund expenditures, while total fund balance represents approximately 38.6% of that same amount.

The fund balance of the City's general fund increased by \$5,108,351 during the 2015-2016 fiscal year. This was primarily related to 1) \$4,990,156 in proceeds received from the sale of the Van Ness property and 2) An improving economy, which the City's diverse revenue base is directly able to benefit from. The Top 5 Revenue generators, which make up 71% of the General Fund Original Budget for Fiscal Year 2015-2016, was up \$1,246,671 overall compared to the prior year with Sales tax revenue up by \$1,261,850 (a result of the Triple-Flip being paid out during the fiscal year), Card Club Revenue down (\$460,348) a result of the forced sale of the Normandie Casino, Property Taxed increased by \$292,027, Utility Users Tax was down (\$122,966) and Motor Vehicle In-Lieu up by \$276,108.

The economic development grants fund, a major fund, had an increase of \$826,512 in fund balance during the fiscal year primarily due to the receipt of \$840,000 in Park-In Lieu Funds related to the KB Homes development project, which resulted in a fund balance during the fiscal year of \$3,907,821.

The debt service fund, a major fund, had a decrease of \$(286,334) in fund balance during the fiscal year, due to debt service payments made during the year, to bring the year-end fund balance to \$2,679,363. During the year the City paid off its Capital Lease obligation with Fleetwood leasing for the acquisition of devices for police vehicles.

*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 \$(14,554,108) and for sewer maintenance was \$320,373. The total decrease in net position for both funds was \$6,952,694 and \$498,212 respectively. GTrans decrease in net position is predominantly due to the Transfer of the Van Ness Avenue property from GTrans back to the City, increases in depreciation expenses and the increase in Other Post-Employment benefits expenses.

### General Fund Budgetary Highlights

The final amended budget for revenue is \$5,631,757 or 10.9% more than the original budget. On March 8, 2016, The City Council passed Resolution No. 6216, which amended the original revenue budget for fiscal year 2015-2016 increasing the anticipated revenue by \$5,631,757, this was based on the City's mid-year review and to better reflect the anticipated year-end results for a number of City programs. Actual revenue was higher than the final amended budget by 5.8% or \$2,945,933 as a result of the improved economy which led to the increase in the taxes, and license and permits. Tax revenue had the largest increase of \$1,352,928, this was a result of the sales tax triple-flip in the amount of \$1,378,107 being paid out in the fiscal year. The next largest increase was License and permits, which increased by \$520,704, as a result of the improved economy and thriving development within the City.

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

The final amended budget for expenditures is \$49,644,985 or 0.3% more than the original budget. On March 8, 2016, The City Council passed Resolution No. 6216, which amended the original expenditure budget for fiscal year 2015-2016 increasing the anticipated expenditures by \$125,000, this was to add a budgeted amount for the Gardena Juvenile Justice and Intervention Program. Actual expenditures were higher than the final amended budget by 8.9% or \$4,414,499, primarily related to the City recognizing the \$3,092,748 in Capital Outlay expenditure when it received back the Van Ness Avenue property from GTrans (formerly known as Gardena Municipal Bus Line). A detailed budgetary comparison schedule for the year ended June 30, 2016, 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, 2016, amounts to \$110,778,538 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, and highways. The total decrease in capital assets compared to prior year was \$4,594,748 or 4.0% primarily due to the sale of the Van Ness Avenue property, which decreased the business-type activities value for land by \$3,092,748.

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

	Governmental Activities		Business -type Activities		TOTAL	
	2016	2015	2016	2015	2016	2015
Non-depreciable assets:						
Land	\$6,541,402	\$6,541,402	\$12,956,405	\$16,049,153	\$19,497,807	\$22,590,555
Monuments	46,151	46,151	-	-	46,151	46,151
Construction in progress	2,105,300	4,696,834	180,034	91,925	2,285,334	4,788,759
Total Non-depreciable assets	8,692,853	11,284,387	13,136,439	16,141,078	21,829,292	27,425,465
Capital assets, being depreciated:						
Building/ structures and improvements	8,090,495	8,885,306	32,221,618	33,245,891	40,312,113	42,131,197
Buses	-	-	12,384,433	13,882,692	12,384,433	13,882,692
Machinery and equipment	3,741,007	3,413,582	3,636,399	3,618,041	7,377,406	7,031,623
Furniture and fixtures	-	-	14,857	5,415	14,857	5,415
Infrastructure	-	-	758,004	791,693	758,004	791,693
Street lights network	516,957	560,037	-	-	516,957	560,037
Traffic lights network	2,852,116	3,283,476	-	-	2,852,116	3,283,476
Roadway network	24,733,360	20,261,688	-	-	24,733,360	20,261,688
Total depreciable assets (net)	39,933,935	36,404,089	49,015,311	51,543,732	88,949,246	87,947,821
Total capital assets	48,626,788	47,688,476	62,151,750	67,684,810	110,778,538	115,373,286

Major capital asset events during the 2015-2016 fiscal year included the following:

- ◆ Completion of the Gardena Blvd Street Improvement Project.
- ◆ Completion of the National Guard Armory Site Improvement Project

Additional information on the City's capital assets can be found in Note 7 on pages 69-70 of this report.

**Long-term Debt.** At the end of the 2015-2016 fiscal year, the City had total bonded debt outstanding of \$22,534,523. The City paid off its Capital Lease in the fiscal year, acquired a new interest free loan with Southern California Edison and continued to maintain its loan payable.

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

**CITY OF GARDENA'S OUTSTANDING DEBT**

	Governmental Activities		TOTAL	
	2016	2015	2016	2015
Refunding Revenue Bonds	\$ 11,040,000	\$ 11,125,000	\$ 11,040,000	\$ 11,125,000
Certificates of Participation	11,770,000	12,370,000	11,770,000	12,370,000
- Bond discount	(275,477)	(289,361)	(275,477)	(289,361)
SCE On-Bill Financing Loan	124,548	-	124,548	-
Loan Payable	3,114,763	2,930,317	3,114,763	2,930,317
Capital Leases	-	67,126	-	67,126
	25,773,834	26,203,082	25,773,834	26,203,082

The City maintains an "A+" rating from Standard & Poor's and an "A3" rating with Moody's for its general obligation debt as of June 30, 2016.

Additional information about the City's long-term debt can be found in Note 8 on pages 71-75 of this report.

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

The economy of the City is based around the needs of its citizens, with over 71% of the City's General Fund operating revenues coming from its Top 5 revenue sources, which include: 1) Sales and Use Tax, 2) Card Club Gross Revenue Fees, 3) Property Taxes, 4) Utility Users Tax and 5) Vehicle License Fees.

The City's budget (2016-2017) projections take into account the historical trends and current economic factors and consultant recommendations. An increase in General Fund operating revenues of approximately \$3.9 million or 7.7% compared to the original adopted budget for 2015-2016 is anticipated with the amount projected to be \$54,608,861. For fiscal year 2016-2017, sales tax revenue is estimated to have an increase of \$725,329 or 6.9% compared to the 2015-2016 adopted budget. Card Club Gross Revenue Fees are estimated to remain flat, with no change in projections from the adopted budget from 2015-2016, this projection is based on the Normandie Casino being sold to new ownership in July 2016 and that new ownership, which plans to renovate the casino needing time to generate a stable revenue base. Property tax revenue is estimated at \$6.6 million, which represents an increase of \$730,206 or 6.9% from the 2015-2016 adopted budget, due to continuing improvement of real estate market projections for the upcoming years. Utility user tax projections are anticipated to increase by \$350,000 or 6.5% from the 2015-2016 adopted budget. Vehicle License fees are estimated at \$5.2 million an increase of \$315,000 or 6.4% from the 2015-2016 adopted budget. General Fund operating expenditures have been projected at \$54,590,861, an increase of \$3.9 million or 7.7% compared to the 2015-2016 adopted budget. The budget reflects adjustments to retirement costs based on the increase in CalPERS contribution rates for 2016-2017, which are 21.1% for miscellaneous employees, 3.5% of this rate is being paid by the employees; and 66.2% for safety employees, 4.5% of this rate is being paid by the employees. It is estimated that the General Fund will have a fund balance of approximately \$20.9 million at the end of fiscal year 2016-2017.

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

**Requests for Information**

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

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# **BASIC FINANCIAL STATEMENTS**

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# CITY OF GARDENA

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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# CITY OF GARDENA

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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**City of Gardena**  
**Statement of Net Position**  
**June 30, 2016**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and investments	\$ 39,878,747	\$ 8,035,042	\$ 47,913,789
Cash and investments with fiscal agents	2,677,345	-	2,677,345
Receivables, net	9,465,701	4,803,542	14,269,243
Internal balances	6,834,808	(6,834,808)	-
Inventories	63,201	510,361	573,562
Prepaid items and deposits	73,816	20,662	94,478
Capital assets not being depreciated	8,692,853	13,136,439	21,829,292
Capital assets being depreciated, net of accumulated depreciation	39,933,935	49,015,311	88,949,246
<b>Total assets</b>	<b>107,620,406</b>	<b>68,686,549</b>	<b>176,306,955</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows of resources	8,238,715	1,163,588	9,402,303
<b>Total deferred outflows of resources</b>	<b>8,238,715</b>	<b>1,163,588</b>	<b>9,402,303</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	2,600,534	597,883	3,198,417
Interest payable	477,386	-	477,386
Deposits payable	1,512,851	-	1,512,851
Unearned revenues	15,151	7,447,820	7,462,971
Long-term liabilities - due within one year	8,961,744	249,443	9,211,187
Long-term liabilities - due in more than one year	36,461,247	997,771	37,459,018
Net other postemployment obligation (Note 11)	21,271,300	5,511,364	26,782,664
Aggregate net pension liabilities (Note 10)	57,423,973	12,394,309	69,818,282
<b>Total liabilities</b>	<b>128,724,186</b>	<b>27,198,590</b>	<b>155,922,776</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferred inflows of resources	5,998,135	1,568,340	7,566,475
<b>Total deferred inflows of resources</b>	<b>5,998,135</b>	<b>1,568,340</b>	<b>7,566,475</b>
<b>NET POSITION</b>			
Net investment in capital assets	27,897,717	62,151,750	90,049,467
Restricted for:			
Employment and training services	164,116	-	164,116
Law enforcement	1,251,314	-	1,251,314
Local street improvements	7,072,378	-	7,072,378
Economic development	2,394,395	-	2,394,395
Other purposes	289,859	-	289,859
Capital Projects	301,546	-	301,546
Debt service	2,679,363	-	2,679,363
Total restricted	14,152,971	-	14,152,971
Unrestricted (deficit)	(60,913,888)	(21,068,543)	(81,982,431)
<b>Total net position</b>	<b>\$ (18,863,200)</b>	<b>\$ 41,083,207</b>	<b>\$ 22,220,007</b>

**City of Gardena**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Total Program Revenues</b>
<b>Primary government:</b>					
<b>Governmental activities:</b>					
General government	\$ 5,730,664	\$ 3,298,306	\$ 197,278	\$ -	\$ 3,495,584
Public safety	36,304,203	1,174,116	713,000	137,490	2,024,606
Public works	8,545,467	513,495	-	1,780,999	2,294,494
Recreation and human services	6,777,838	2,315,212	570,359	-	2,885,571
Community development	2,538,835	2,187,082	586,486	-	2,773,568
Interest and fiscal charges	1,365,398	-	-	-	-
Total governmental activities	<u>61,262,405</u>	<u>9,488,211</u>	<u>2,067,123</u>	<u>1,918,489</u>	<u>13,473,823</u>
<b>Business-type activities:</b>					
Municipal bus line	26,410,211	2,685,573	16,905,476	1,850,968	21,442,017
Sewer	1,046,864	673,199	-	-	673,199
Total business-type activities	<u>27,457,075</u>	<u>3,358,772</u>	<u>16,905,476</u>	<u>1,850,968</u>	<u>22,115,216</u>
Total primary government	<u>\$ 88,719,480</u>	<u>\$ 12,846,983</u>	<u>\$ 18,972,599</u>	<u>\$ 3,769,457</u>	<u>\$ 35,589,039</u>

**City of Gardena**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2016**

<u>Functions/Programs</u>	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>			
<b>Governmental activities:</b>			
General government	\$ (2,235,080)	\$ -	\$ (2,235,080)
Public safety	(34,279,597)	-	(34,279,597)
Public works	(6,250,973)	-	(6,250,973)
Recreation and human services	(3,892,267)	-	(3,892,267)
Community development	234,733	-	234,733
Interest and fiscal charges	(1,365,398)	-	(1,365,398)
Total governmental activities	<u>(47,788,582)</u>	<u>-</u>	<u>(47,788,582)</u>
<b>Business-type activities:</b>			
Municipal bus line	-	(4,968,194)	(4,968,194)
Sewer	-	(373,665)	(373,665)
Total business-type activities	<u>-</u>	<u>(5,341,859)</u>	<u>(5,341,859)</u>
<b>Total primary government</b>	<b><u>(47,788,582)</u></b>	<b><u>(5,341,859)</u></b>	<b><u>(53,130,441)</u></b>
<b>General revenues:</b>			
<b>Taxes:</b>			
Property taxes	6,729,849	-	6,729,849
Sales taxes	11,227,326	-	11,227,326
Business license	2,536,438	-	2,536,438
Utility users taxes	5,212,410	-	5,212,410
Franchise taxes	2,534,820	-	2,534,820
Card club taxes	9,057,202	-	9,057,202
Other taxes	3,479,372	-	3,479,372
Vehicle license	5,445,385	-	5,445,385
Total taxes	<u>46,222,802</u>	<u>-</u>	<u>46,222,802</u>
Investment income	499,279	55,492	554,771
Miscellaneous	2,566,919	13,623	2,580,542
Gain on sale of assets	1,877,151	-	1,877,151
Transfers	3,221,449	(3,221,449)	-
<b>Total general revenues and transfers</b>	<b><u>54,387,600</u></b>	<b><u>(3,152,334)</u></b>	<b><u>51,235,266</u></b>
<b>Change in net position</b>	<b>6,599,018</b>	<b>(8,494,193)</b>	<b>(1,895,175)</b>
<b>Net position - beginning of year</b>	<b><u>(25,462,218)</u></b>	<b><u>49,577,400</u></b>	<b><u>24,115,182</u></b>
<b>Net position - end of year</b>	<b><u>\$ (18,863,200)</u></b>	<b><u>\$ 41,083,207</u></b>	<b><u>\$ 22,220,007</u></b>

See accompanying Notes to the Basic Financial Statements.

**CITY OF GARDENA**

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*  
*Proprietary Fund Financial Statements*  
*Fiduciary Fund Financial Statements*

# CITY OF GARDENA

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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**City of Gardena  
Balance Sheet  
Governmental Funds  
June 30, 2016**

	Major Funds		
	General	Economic Development Grants Special Revenue	City Debt Service
<b>ASSETS</b>			
Cash and investments	\$ 17,418,908	\$ 3,931,987	\$ -
Cash and investments with fiscal agents	-	-	2,677,345
Receivables:			
Accounts	600,737	-	-
Taxes	5,477,778	-	-
Interest	42,897	-	-
Employees	57,167	-	-
Loans	-	2,121,402	-
Inventories	63,201	-	-
Prepaid items and deposits	69,451	-	2,219
Due from other governments	77,455	-	-
Due from other funds	514,873	-	-
Long-term receivables	56,787	-	-
<b>Total assets</b>	<u><u>\$ 24,379,254</u></u>	<u><u>\$ 6,053,389</u></u>	<u><u>\$ 2,679,564</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 650,765	\$ 23,996	\$ 201
Accrued liabilities	29,680	-	-
Salaries and benefits payable	905,326	-	-
Due to other funds	-	170	-
Retention Payable	-	-	-
Deposits payable	1,507,730	-	-
Unearned revenues	15,001	-	-
<b>Total liabilities</b>	<u>3,108,502</u>	<u>24,166</u>	<u>201</u>
Deferred Inflows of Resources:			
Unavailable revenue	400,764	2,121,402	-
<b>Total deferred inflows of resources</b>	<u>400,764</u>	<u>2,121,402</u>	<u>-</u>
Fund Balances:			
Nonspendable	189,819	-	-
Restricted	164,116	131,667	2,679,363
Committed	17,542,367	3,776,154	-
Assigned	2,773,686	-	-
Unassigned (deficit)	200,000	-	-
<b>Total fund balances</b>	<u>20,869,988</u>	<u>3,907,821</u>	<u>2,679,363</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u><u>\$ 24,379,254</u></u>	<u><u>\$ 6,053,389</u></u>	<u><u>\$ 2,679,564</u></u>

See accompanying Notes to the Basic Financial Statements.

**City of Gardena**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2016**

	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>		
Cash and investments	\$ 9,647,520	\$ 30,998,415
Cash and investments with fiscal agents	-	2,677,345
Receivables:		
Accounts	360,802	961,539
Taxes	15,280	5,493,058
Interest	-	42,897
Employees	-	57,167
Loans	-	2,121,402
Inventories	-	63,201
Prepaid items and deposits	-	71,670
Due from other governments	655,396	732,851
Due from other funds	-	514,873
Long-term receivables	-	56,787
<b>Total assets</b>	<b>\$ 10,678,998</b>	<b>\$ 43,791,205</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 752,094	\$ 1,427,056
Accrued liabilities	-	29,680
Salaries and benefits payable	52,287	957,613
Due to other funds	454,204	454,374
Retention payable	65,973	65,973
Deposits payable	-	1,507,730
Unearned revenues	150	15,151
<b>Total liabilities</b>	<b>1,324,708</b>	<b>4,457,577</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue	460,002	2,982,168
<b>Total deferred inflows of resources</b>	<b>460,002</b>	<b>2,982,168</b>
<b>Fund Balances:</b>		
Nonspendable	-	189,819
Restricted	8,915,097	11,890,243
Committed	-	21,318,521
Assigned	-	2,773,686
Unassigned (deficit)	(20,809)	179,191
<b>Total fund balances</b>	<b>8,894,288</b>	<b>36,351,460</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 10,678,998</b>	<b>\$ 43,791,205</b>

See accompanying Notes to the Basic Financial Statements.

# CITY OF GARDENA

*Comprehensive Annual Financial Report*

*For the Year Ended June 30, 2016*



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**City of Gardena**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2016**

<b>Total Fund Balances - Total Governmental Funds</b>		<u>\$ 36,351,460</u>
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:		
Capital assets, not being depreciated	\$ 8,692,853	
Capital assets, depreciable	96,060,479	
Less accumulated depreciation	<u>(56,126,544)</u>	<u>48,626,788</u>
Interests are recognized when due, and therefore, interest payable is not reported in the governmental funds.		(477,386)
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds' Balance Sheet.		
Long-term liabilities - due within one year (net of \$6,609,293 reported in Internal Service Funds)	(2,352,451)	
Long-term liabilities - due in more than one year (net of \$4,999,088 reported in Internal Service Funds)	<u>(52,733,459)</u>	<u>(55,085,910)</u>
Aggregate net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.		(57,423,973)
Pension related deferred outflows of resources are not reported in the governmental funds but are reported in the government-wide financial statements.		8,238,715
Pension related deferred inflows of resources are not reported in the governmental funds but are reported in government-wide financial statements		<u>(5,998,135)</u>
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 \$6,834,808 allocated to business-type activities).		<u>3,923,073</u>
Revenues earned but not available to pay for current expenditures for governmental funds are unavailable.		<u>2,982,168</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$ (18,863,200)</u></u>

**City of Gardena**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	Major Funds		
	General	Economic Development Grants Special Revenue	City Debt Service
<b>REVENUES:</b>			
Taxes	\$ 43,873,737	\$ -	\$ -
Licenses and permits	1,521,379	-	-
Intergovernmental	744,883	38,854	-
Charges for services	4,545,874	-	-
Fines, forfeitures, and penalties	833,102	871,500	-
Use of money and property	411,415	22,684	162
Miscellaneous	1,486,675	137,270	-
<b>Total revenues</b>	<u>53,417,065</u>	<u>1,070,308</u>	<u>162</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General government	4,886,467	-	-
Public safety	34,245,170	-	-
Public works	4,949,955	-	-
Recreation and human services	4,260,009	-	-
Community development	1,552,197	259,349	-
Capital outlay	4,165,686	-	-
<b>Debt service:</b>			
Principal retirement	2,032	-	752,126
Interest and fiscal charges	-	86,223	1,283,713
<b>Total expenditures</b>	<u>54,061,516</u>	<u>345,572</u>	<u>2,035,839</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(644,451)</u>	<u>724,736</u>	<u>(2,035,677)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	4,441,091	1	1,749,343
Transfers out	(3,805,025)	(82,671)	-
Proceed from sale of assets	4,990,156	-	-
Issuance of loans	126,580	184,446	-
<b>Total other financing sources (uses)</b>	<u>5,752,802</u>	<u>101,776</u>	<u>1,749,343</u>
<b>CHANGES IN FUND BALANCES</b>	5,108,351	826,512	(286,334)
<b>FUND BALANCES:</b>			
Beginning of year	15,761,637	3,081,309	2,965,697
End of year	<u>\$ 20,869,988</u>	<u>\$ 3,907,821</u>	<u>\$ 2,679,363</u>

**City of Gardena**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>		
Taxes	\$ 2,349,065	\$ 46,222,802
Licenses and permits	-	1,521,379
Intergovernmental	4,921,890	5,705,627
Charges for services	-	4,545,874
Fines, forfeitures, and penalties	89,447	1,794,049
Use of money and property	65,017	499,278
Miscellaneous	183,210	1,807,155
<b>Total revenues</b>	<b>7,608,629</b>	<b>62,096,164</b>
<b>EXPENDITURES:</b>		
<b>Current:</b>		
General government	-	4,886,467
Public safety	428,898	34,674,068
Public works	634,861	5,584,816
Recreation and human services	2,238,821	6,498,830
Community development	722,188	2,533,734
Capital outlay	4,166,963	8,332,649
<b>Debt service:</b>		
Principal retirement	-	754,158
Interest and fiscal charges	-	1,369,936
<b>Total expenditures</b>	<b>8,191,731</b>	<b>64,634,658</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(583,102)</b>	<b>(2,538,494)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Transfers in	4,953,188	11,143,623
Transfers out	(5,711,982)	(9,599,678)
Proceed from sale of assets	-	4,990,156
Issuance of loans	-	311,026
<b>Total other financing sources (uses)</b>	<b>(758,794)</b>	<b>6,845,127</b>
<b>CHANGES IN FUND BALANCES</b>	<b>(1,341,896)</b>	<b>4,306,633</b>
<b>FUND BALANCES:</b>		
Beginning of year	10,236,184	32,044,827
End of year	<b>\$ 8,894,288</b>	<b>\$ 36,351,460</b>

See accompanying Notes to the Basic Financial Statements.

**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, 2016**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 4,306,633</b>
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 (\$4,276,497 of capital outlay expenditures were for current public works expenditures for repairs and maintenance and therefore, were not capitalized)		4,056,152
The net effect of disposal of capital assets.		(20,257)
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as an expenditure in the governmental funds.		(3,097,583)
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.		18,422
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 increase in long-term compensated absences was not reported as an expenditure in the governmental funds.		(352,241)
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.		
Other postemployment benefit expenses	\$ (3,371,260)	
Pension credit (expense) net of reporting contribution made after measurement date reported in deferred outflows of resources in the Government-Wide Statement of Net Position but reported as pension expense in the governmental fund in the amount of \$6,066,224.		
	2,819,657	(551,603)
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.		
Capital lease payments	67,126	
Loans repayment	2,032	
Principal repayments of long-term debt	685,000	
Issuance of loans payables	(311,026)	
Amortization of bond discount	(13,884)	429,248
Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue of the internal service funds was reported with governmental activities (net of \$1,043,287 allocated to business-type activities).		1,143,588
Unavailable revenue is not recognized as revenue in the governmental funds since the revenue is not available to fund expenditures of the current year.		666,659
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 6,599,018</b>

See accompanying Notes to the Basic Financial Statements.

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**PROPRIETARY FUND  
FINANCIAL STATEMENTS**

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**CITY OF GARDENA**

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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# PROPRIETARY FUNDS

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Enterprise Funds are used to account and report activities for which fees are charges to external users for goods and/or services.

**Enterprise Funds include:**

*Municipal Bus Line 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 Fund* - 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 account for financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

# CITY OF GARDENA

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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**City of Gardena**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	Business-Type Activities		Total	Governmental
	Municipal Bus Line	Non-major Sewer		Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 7,672,027	\$ 363,015	\$ 8,035,042	\$ 8,880,332
Receivables, net:				
Accounts	175,011	59,959	234,970	-
Inventories	510,361	-	510,361	-
Prepaid items and deposits	20,662	-	20,662	2,146
Due from other governments	4,568,572	-	4,568,572	-
Total current assets	<u>12,946,633</u>	<u>422,974</u>	<u>13,369,607</u>	<u>8,882,478</u>
Noncurrent assets:				
Capital assets, net	<u>61,342,886</u>	<u>808,864</u>	<u>62,151,750</u>	<u>-</u>
Total assets	<u>74,289,519</u>	<u>1,231,838</u>	<u>75,521,357</u>	<u>8,882,478</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related deferred outflows of resources	<u>1,163,588</u>	<u>-</u>	<u>1,163,588</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	177,793	13,805	191,598	120,212
Accrued liabilities	7,716	-	7,716	-
Salaries and benefits payable	383,387	15,182	398,569	-
Deposits payable	-	-	-	5,121
Due to other funds	-	-	-	60,499
Unearned revenue	7,447,820	-	7,447,820	-
Compensated absences, due within one year	234,720	14,723	249,443	-
Claims payable, due within one year	-	-	-	6,609,293
Total current liabilities	<u>8,251,436</u>	<u>43,710</u>	<u>8,295,146</u>	<u>6,795,125</u>
Noncurrent liabilities:				
Compensated absences, due in more than one year	938,880	58,891	997,771	-
Net OPEB obligations	5,511,364	-	5,511,364	-
Aggregate net pension liabilities	12,394,309	-	12,394,309	-
Claims payable, due in more than one year	-	-	-	4,999,088
Total noncurrent liabilities	<u>18,844,553</u>	<u>58,891</u>	<u>18,903,444</u>	<u>4,999,088</u>
Total liabilities	<u>27,095,989</u>	<u>102,601</u>	<u>27,198,590</u>	<u>11,794,213</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows of resources	<u>1,568,340</u>	<u>-</u>	<u>1,568,340</u>	<u>-</u>
<b>NET POSITION</b>				
Investment in capital assets	61,342,886	808,864	62,151,750	-
Unrestricted (deficit)	<u>(14,554,108)</u>	<u>320,373</u>	<u>(14,233,735)</u>	<u>(2,911,735)</u>
Total net position	<u>\$ 46,788,778</u>	<u>\$ 1,129,237</u>	<u>\$ 47,918,015</u>	<u>\$ (2,911,735)</u>
<i>Net position reconciliation:</i>				
Net position of proprietary funds	\$ 46,788,778	\$ 1,129,237	\$ 47,918,015	\$ (2,911,735)
Adjustment to reflect the consolidation of internal service fund activities related to the Municipal Bus Line	<u>(6,834,808)</u>	<u>-</u>	<u>(6,834,808)</u>	<u>6,834,808</u>
Net position of business-type activities	<u>\$ 39,953,970</u>	<u>\$ 1,129,237</u>	<u>\$ 41,083,207</u>	<u>\$ 3,923,073</u>
Net position related to governmental activities				<u>\$ 3,923,073</u>

See accompanying Notes to the Basic Financial Statements.

**City of Gardena**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Business-Type Activities			Governmental
	Municipal Bus Line	Non-major Sewer	Total	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 2,559,383	\$ 673,199	\$ 3,232,582	\$ 9,611,434
Other	126,190	-	126,190	1,142,933
<b>Total operating revenues</b>	<b>2,685,573</b>	<b>673,199</b>	<b>3,358,772</b>	<b>10,754,367</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	13,279,306	525,844	13,805,150	-
Insurance claims	-	-	-	7,529,968
General and administrative	5,654,292	353,689	6,007,981	4,858,585
Depreciation	4,520,751	127,331	4,648,082	-
Other operating expenses	1,835,385	40,000	1,875,385	-
<b>Total operating expenses</b>	<b>25,289,734</b>	<b>1,046,864</b>	<b>26,336,598</b>	<b>12,388,553</b>
<b>OPERATING LOSS</b>	<b>(22,604,161)</b>	<b>(373,665)</b>	<b>(22,977,826)</b>	<b>(1,634,186)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Local transportation fund	4,880,144	-	4,880,144	-
Other local assistance	8,185,710	-	8,185,710	-
Federal transit assistance	2,886,719	-	2,886,719	-
Other state assistance	189,340	-	189,340	-
State transit assistance fund	763,563	-	763,563	-
Loss on disposal of assets	(77,190)	-	(77,190)	-
Interest income	51,372	4,120	55,492	56,983
Other revenues	13,589	34	13,623	-
<b>Total nonoperating revenues (expenses)</b>	<b>16,893,247</b>	<b>4,154</b>	<b>16,897,401</b>	<b>56,983</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(5,710,914)</b>	<b>(369,511)</b>	<b>(6,080,425)</b>	<b>(1,577,203)</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>				
Capital contributions	1,850,968	-	1,850,968	-
Transfers in	-	-	-	1,677,504
Transfers out	(3,092,748)	(128,701)	(3,221,449)	-
<b>Total contributions and transfers</b>	<b>(1,241,780)</b>	<b>(128,701)</b>	<b>(1,370,481)</b>	<b>1,677,504</b>
<b>Changes in net position</b>	<b>(6,952,694)</b>	<b>(498,212)</b>	<b>(7,450,906)</b>	<b>100,301</b>
<b>NET POSITION:</b>				
Beginning of year	53,741,472	1,627,449	55,368,921	(3,012,036)
End of year	<u>\$ 46,788,778</u>	<u>\$ 1,129,237</u>	<u>\$ 47,918,015</u>	<u>\$ (2,911,735)</u>
<i>Change in net position reconciliation:</i>				
Change in net position of proprietary funds	\$ (6,952,694)	\$ (498,212)	\$ (7,450,906)	\$ 100,301
Adjustment to reflect the consolidation of internal service fund activities related to the Municipal Bus Line	<u>(1,043,287)</u>	<u>-</u>	<u>(1,043,287)</u>	<u>1,043,287</u>
Change in net position of business-type activities	<u>\$ (7,995,981)</u>	<u>\$ (498,212)</u>	<u>\$ (8,494,193)</u>	
Change in net position related to governmental activities				<u>\$ 1,143,588</u>

See accompanying Notes to the Basic Financial Statements.

**City of Gardena**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Business-Type Activities		Total	Governmental Activities
	Municipal Bus Line	Non-major Sewer		Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 3,420,533	\$ 684,387	\$ 4,104,920	\$ 10,016,277
Receipts from claims and recoveries	-	-	-	1,142,933
Payments for insurance claims	-	-	-	(6,136,298)
Payments to suppliers	(7,737,934)	(409,713)	(8,147,647)	(5,059,944)
Payments to employees	(12,891,052)	(536,670)	(13,427,722)	-
Other receipts	13,589	34	13,623	-
<b>Net cash (used in) operating activities</b>	<b>(17,194,864)</b>	<b>(261,962)</b>	<b>(17,456,826)</b>	<b>(37,032)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	-	-	-	1,677,504
Transit assistance funds received	14,900,053	-	14,900,053	-
<b>Net cash provided by noncapital financing activities</b>	<b>14,900,053</b>	<b>-</b>	<b>14,900,053</b>	<b>1,677,504</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Transfers to capital projects	-	(128,701)	(128,701)	-
Acquisition of capital assets	(1,847,220)	(437,740)	(2,284,960)	-
Receipt from capital grants	1,850,968	-	1,850,968	-
<b>Net cash (used in) capital and related financing activities</b>	<b>3,748</b>	<b>(566,441)</b>	<b>(562,693)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	51,372	4,120	55,492	56,983
<b>Net cash provided by investing activities</b>	<b>51,372</b>	<b>4,120</b>	<b>55,492</b>	<b>56,983</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,239,691)</b>	<b>(824,283)</b>	<b>(3,063,974)</b>	<b>1,697,455</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	9,911,718	1,187,298	11,099,016	7,182,877
End of year	<u>\$ 7,672,027</u>	<u>\$ 363,015</u>	<u>\$ 8,035,042</u>	<u>\$ 8,880,332</u>
<b>NON CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Transfer of land to City	<u>\$ 3,092,748</u>	<u>\$ -</u>	<u>\$ 3,092,748</u>	<u>\$ -</u>

See accompanying Notes to the Basic Financial Statements.

**City of Gardena**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	<u>Business-Type Activities</u>		Total	<u>Governmental</u>
	<u>Municipal</u>	<u>Sewer</u>		<u>Internal</u>
	<u>Bus Line</u>			<u>Service Funds</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES:</b>				
Operating (loss)	\$ (22,604,161)	\$ (373,665)	\$ (22,977,826)	\$ (1,634,186)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:				
Depreciation expense	4,520,751	127,331	4,648,082	-
Other revenue	13,589	34	13,623	-
(Increase) decrease in:				
Accounts receivable	734,960	11,188	746,148	344,344
Inventory	(53,179)	-	(53,179)	-
Prepaid items and deposits	(20,662)	-	(20,662)	-
Increase (decrease) in:				
Accounts payable	(152,067)	(16,024)	(168,091)	(199,153)
Accrued liabilities	(22,349)	-	(22,349)	-
Due to other funds	-	-	-	60,499
Due to other governmental agencies	-	-	-	-
Accrued payroll and compensated absences	114,821	(10,826)	103,995	-
Deferred outflows of resources - pension	(149,385)	-	(149,385)	-
Net pension liabilities	2,106,099	-	2,106,099	-
Net other postemployment benefits liability	754,420	-	754,420	-
Deferred inflows of resources - pension	(2,437,701)	-	(2,437,701)	-
Deposits payable	-	-	-	(2,206)
Claims payable	-	-	-	1,393,670
Total adjustments	<u>5,409,297</u>	<u>111,703</u>	<u>5,521,000</u>	<u>1,597,154</u>
Net cash (used in) operating activities	<u>\$ (17,194,864)</u>	<u>\$ (261,962)</u>	<u>\$ (17,456,826)</u>	<u>\$ (37,032)</u>

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# **FIDUCIARY FUND FINANCIAL STATEMENTS**

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Agency Funds are used to account for assets held by the City in the capacity of agent for individuals. Agency Fund spending is controlled primarily through legal agreements and applicable State and Federal laws.

# CITY OF GARDENA

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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**City of Gardena**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 1,548,427</u>
<b>Total assets</b>	<u><u>\$ 1,548,427</u></u>
<b>LIABILITIES</b>	
Deposits payable	<u>\$ 1,548,427</u>
<b>Total liabilities</b>	<u><u>\$ 1,548,427</u></u>

# CITY OF GARDENA

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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# NOTES TO THE BASIC FINANCIAL STATEMENTS

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# CITY OF GARDENA

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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**City of Gardena**  
**Index to Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2016**

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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, 2016**

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**Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of the City of Gardena, California, (the “City”) have been prepared in conformity 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.

Component units are legally separate entities that meet any one of the following tests:

1. The City appoints the voting majority of the board and:
  - is able to impose its will on the component unit and/or
  - is in a relationship of financial benefit or burden with the component unit.
2. The component unit is fiscally dependent upon the City.
3. The financial statements of the City would be misleading if data from the component unit were omitted.

Management determined that the following component unit should be blended based on the criteria above:

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, 2016**

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

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

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the statement of net position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

*Deferred Outflows of Resources* represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

*Deferred Inflows of Resources* represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

*Government – Wide Financial Statements*

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities are not included in these statements.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due from and to other funds
- Transfers in and out

*Governmental Fund Financial Statements*

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

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

*Governmental Fund Financial Statements (Continued)*

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.

The City reports the following major governmental funds:

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

*Proprietary Fund Financial Statements*

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

---

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

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

*Proprietary Fund Financial Statements (Continued)*

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 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:

- Municipal Bus Line Fund - The Municipal Bus Line Fund accounts for user charges, fees, federal, state and county grants and all operating costs associated with the operation of the City's bus line.
- Sewer Fund - The Sewer Fund accounts for user charges, fees and all operating costs associated with the operation, maintenance, upgrade and periodic reconstructions of the City's sanitary sewer system.
- Internal Service Funds – The Internal Service Funds account for financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

The City considers Municipal Bus Line Fund as major fund for the year ended June 30, 2016.

*Fiduciary Fund Financial Statements*

Fiduciary fund financial statements include a Statement of Net Position and Statement of Changes in Assets and Liabilities. The City's fiduciary fund is an agency fund, which is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The agency fund is accounted for using the accrual basis of accounting.

The City maintains two agency funds: LA CLEAR – Training and BSSC Trust/AB109 Parole Compliance.

***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 (quoted market price or best available estimate thereof).

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

***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***

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, 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”.

***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.

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 net 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 estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

***H. Capital Assets (Continued)***

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. Interest on construction-related debt incurred during the period of construction for business-type assets is capitalized as a cost of the constructed assets. Capital assets acquired under capital lease are capitalized at the net present value of the total lease payments.

For all infrastructure systems, the City elected to use the “Basic Approach”.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method. The lives used for depreciation purposes are as follows:

Buildings/structures and improvements	40 years
Machinery and equipment	3-15 years
Buses	12 years
Furniture and fixtures	3-10 years
Infrastructure	30-60 years

**Capital Assets Acquired Under Lease Purchase Contracts**

The long-term principal portion of debt on non-proprietary capital assets acquired through lease purchase contracts is accounted for in the Government-Wide Financial Statements as “capital lease obligations”. A capital asset is recorded at the net present value of total lease payments in the Government-Wide Financial Statements.

***I. Interest Payable***

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is 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.

***J. 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, grants received but not yet earned, and prepaid charges for services.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

***K. 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.

***L. Pension***

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 (Note 10). 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:

<u>CalPERS</u>	
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

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.

***M. 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 \$400,000 per claim and workers' compensation for \$500,000 per claim. Losses in excess of \$400,000, up to \$10,000,000 for general liability, and in excess of \$500,000, up to \$1,000,000 for workers' compensation, are covered by outside insurance.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**N. Long-Term Debt**

In the Government-Wide 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.

In the Fund Financial Statements, 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.

**O. Property Taxes**

Under California law, property taxes are assessed and collected by the counties for up to 1% of assessed property value, plus other increases approved by the voters. Property taxes collected are pooled and then allocated to the cities based on complex formulas. The following are key dates pertaining to property taxes:

January 1	Lien Date
June 30	Levy Date
November 1 and February 1	Due Dates
December 10 and April 10	Collection Dates

Distribution Dates:

November 20, 2015	Unsecured, redemptions, and SB813 taxes
December 18, 2015	Homeowners' exemption, secured, and SB813 taxes
January 20, 2016	Homeowners' exemption, secured, and SB813 taxes
February 19, 2016	Redemptions, secured, and SB813 taxes
March 18, 2016	Secured and SB813 taxes
April 20, 2016	Secured and SB813 taxes
May 20, 2016	Redemptions, homeowners' exemption, secured, and SB813 taxes
June 20, 2016	Homeowners' exemption, SB813 taxes
July 20, 2016	Secured and SB813 taxes
August 19, 2016	Secured, redemptions, unsecured, and SB813 taxes

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

***P. Net Position and Fund Balances***

In the Government-Wide Financial Statements and proprietary fund financial statements, net position is classified as follows:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of 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 Finance 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.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

***P. Net Position and Fund Balances (Continued)***

**Spending Policy**

*Government-Wide Financial Statements and the Proprietary Fund Financial Statements*

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

*Governmental Fund Financial Statements*

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Unassigned
- Committed
- Assigned

***Q. 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.

***R. Accounting Changes***

GASB Statement No. 72, *Fair Value Measurement and Application* -This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement became effective for periods beginning after June 15, 2015 and did not have any measurement impact on the City's investment portfolio, except for the additional disclosure regarding to the measurement input as discussed in Note 3C of the City's financial statements for the year ended June 30,2016.

GASB Statement No. 73, *Accounting and Financial reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* - This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans and Statement 68 for pension plans and pensions that are within their respective scopes. This statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the City's financial statements for the year ended June 30, 2016.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**R. Accounting Changes (Continued)**

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*- This statement establishes standards relating to the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement became effective for periods beginning after June 15, 2015, and should be applied retroactively. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*- This statement establishes standards relating accounting and financial reporting for certain external investment pools and pool participants. This statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015 and did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

**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, 2016 for its governmental activities of \$(60,913,888) and business-type activities of \$(21,068,543). The deficit was mainly due to the net pension liabilities on the financial statements. The net pension liabilities reported were \$57,423,973 and \$12,394,309 for governmental activities and business-type activities, respectively.

The following funds had a deficit net position at June 30, 2016:

Internal Service Funds:	
Liability Insurance Fund	\$ (4,397,679)
Workers' Compensation Fund	(3,614,258)

In addition, the Municipal Bus Line had a deficit unrestricted net position of \$(14,774,102) at June 30, 2016.

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**B. Expenditures in Excess of Appropriations**

The following funds had expenditures in excess of appropriations:

Fund	Appropriations	Expenditures	Excess of Expenditures over Appropriations
<b>Major Governmental Funds:</b>			
General Fund:			
City clerk	\$ 237,702	\$ 270,918	\$ (33,216)
Public Safety			
Police	22,939,644	24,400,772	(1,461,128)
Recreation and human services	4,144,687	4,260,009	(115,322)
Capital outlay	652,243	4,165,686	(3,513,443)
Economic Development Grants Special Revenue Fund:			
Interest and fiscal charges	-	86,223	(86,223)
City Debt Service Fund			
Principal retirement	-	-	-
Interest and fiscal charges	1,112,525	1,283,713	(171,188)
<b>Nonmajor Governmental Funds:</b>			
Consolidated Lighting District Special Revenue Fund			
Public works	611,703	616,020	(4,317)

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

**Note 3 – Cash and Investments**

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. Certain restricted funds which are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investments with fiscal agents.

The City had the following cash and investments at June 30, 2016:

	Government-Wide Financial Statement		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities		
Cash and investments	\$ 39,878,747	8,035,042	\$ 1,548,427	\$ 49,462,216
Cash and investments held by fiscal agents	2,677,345	-	-	2,677,345
<b>Total cash and investments</b>	<b>\$ 42,556,092</b>	<b>\$ 8,035,042</b>	<b>\$ 1,548,427</b>	<b>\$ 52,139,561</b>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

The City's cash and investments at June 30, 2016, in more detail:

Cash and investments consist of the following:

Cash and cash equivalents:	
Petty cash	\$ 9,120
Demand deposits	<u>4,820,335</u>
Total cash and cash equivalents	<u>4,829,455</u>
Investments:	
Money market mutual fund	8,126,338
Negotiable certificates of deposit	7,830,813
Local Agency Investment Fund	22,162,365
U.S. Government sponsored enterprise securities	5,514,655
Medium-term notes	<u>998,590</u>
Total investments	<u>44,632,761</u>
Total cash and investments	<u>49,462,216</u>
Cash and investments with fiscal agents	<u>2,677,345</u>
Total	<u>\$ 52,139,561</u>

**A. Deposits**

The carrying amounts of the City's demand deposits were \$4,820,336 at June 30, 2016. Bank balances at that date were \$5,882,604, 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 has waived 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, 2016**

**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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio *</u>	<u>Investment in One Issuer</u>
United States Treasury Obligations	5 years	No Limit	No Limit
U.S. Government Sponsored Enterprise Securities	5 years	No Limit	No Limit
Bankers' Acceptances	180 days	40%	15%
Commercial paper	270 days	15%	10%
Negotiable certificates of deposit	5 years	30%	15%
Repurchase agreements	90 days	N/A	15%
Reverse repurchase agreements	90 days	20%	15%
Local Agency Investment Fund ("LAIF")	N/A	No Limit	No Limit
Non-negotiable certificates of deposits	5 years	25%	15%
Medium-term notes	5 years	30%	15%
Mutual funds	5 years	20%	10%
Money market mutual funds	90 days	20%	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, 2016, 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, 2016, the City had \$22,162,365 invested in LAIF, which had invested 2.81% 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.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**C. Fair Value Measurement**

At June 30, 2016, 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, 2016:

Investment Type	Measurement Input			Total
	Level 1	Level 2	N/A	
Money market mutual fund	\$ -	\$ -	\$ 8,126,338	\$ 8,126,338
Negotiable certificates of deposit	-	7,830,813	-	7,830,813
Local Agency Investment Fund	-	22,162,365	-	22,162,365
U.S. Government sponsored enterprise securities	-	5,514,655	-	5,514,655
Medium-term notes	-	998,590	-	998,590
Cash and investments with fiscal agents:				
Money market mutual fund	-	-	2,677,345	2,677,345
<b>Total</b>	<b>\$ -</b>	<b>\$ 36,506,423</b>	<b>\$ 10,803,683</b>	<b>\$ 47,310,106</b>

**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, 2016, 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	\$ 8,126,338	\$ 8,126,338	\$ -	\$ -	\$ -	\$ -
Negotiable certificates of deposit	7,830,813	2,028,822	996,466	1,257,112	2,028,592	1,519,821
Local Agency Investment Fund	22,162,365	22,162,365	-	-	-	-
U.S. Government sponsored enterprise securities	5,514,655	500,475	501,230	2,002,435	1,505,730	1,004,785
Medium-term notes	998,590	-	998,590	-	-	-
Cash and investments with fiscal agents:						
Money market mutual fund	2,677,345	2,677,345	-	-	-	-
<b>Total</b>	<b>\$ 47,310,106</b>	<b>\$ 35,495,345</b>	<b>\$ 2,496,286</b>	<b>\$ 3,259,547</b>	<b>\$ 3,534,322</b>	<b>\$ 2,524,606</b>

**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, 2016, 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	49.65%
Medium-term notes:			
Toyota Motor	AA3	AA-	2.24%
U.S. Government sponsored enterprise securities	AAA	AA+	12.36%
Negotiable certificates of deposit	Not Rated	Not Rated	17.54%
Money market mutual fund	P-1	Aa	18.21%
<b>Total</b>			<b>100.00%</b>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**D. Risk Disclosures (Continued)**

*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.

**Note 4 – Other 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 2016, the monthly payment was reduced from \$89 to \$84 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, 2016, future lease payments from the YMCA, including interest, were \$400,671. Since the City has not earned the revenue for the future lease payments, there was no revenue recognized or receivables reported at June 30, 2016 for these future lease payments.

**Note 5 – Loans Receivable**

**A. Home-Owner Occupied Deferred Loans**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
CalHOME	\$ 442,165	\$ -	\$ (36,712)	\$ 405,453
State HOME Loans	1,820,563	25,000	(129,614)	1,715,949
	\$ 2,262,728	\$ 25,000	\$ (166,326)	\$ 2,121,402

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, 2016, the outstanding loan balance is \$2,121,402. Since the receivables were not available for current expenditures, the entire amount was reported under deferred inflow of resources as unavailable revenue in the Economic Development Grants Special Revenue Fund in the governmental fund financial statements, and was recognized as revenue in the government-wide governmental activities.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

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

The City entered into a development agreement on August 1, 2013, with Spring Park Senior Villa, Inc., a nonprofit organization for the development of the Spring Park Senior Villa in the City. The agreement provided funding for the development of 36 rental units and one manager unit (“the Project”) up to \$2,874,115 for construction. The loan bears 3% simple interest over a term of 55 years. The repayment of the loan is based on the residual receipts of the rental units. The affordability covenant also expires in 55 years after completion of the project. As of June 30, 2016, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$240,648 which was required by the State of California. This results the City in reporting loans receivable in the amount of \$3,114,763. 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 \$3,114,763. 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, 2016.

**Note 6 – Interfund Transactions**

**A. Government-Wide Financial Statements**

**Internal Balances** - At June 30, 2016, the City had the following internal receivable and payable, which represents internal service charges between the governmental activities and business-type activities:

	<b>Internal Payable</b>
<b>Internal Receivable</b>	Business-Type Activities
Governmental Activities	\$ 6,834,808

**Transfers** - At June 30, 2016, the City had the following transfers:

	<b>Transfers Out</b>
<b>Transfers In</b>	Business-Type Activities
Governmental Activities	\$ 3,221,449

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**B. Fund Financial Statements**

**Due From/To Other Funds** - At June 30, 2016, the City had the following due from/to other funds:

	Due From Other Funds	
	Due To Other Funds	General Fund
<b>Governmental Funds:</b>		
Economic Development		\$ 170
Internal Services Funds		60,499
Nonmajor Governmental Funds		454,204
<b>Total</b>		<b>\$ 514,873</b>

The above amounts resulted from temporary reclassifications made at June 30, 2016 to cover cash shortfalls.

**Transfers In/Out** - At June 30, 2016, the City had the following transfers in/out, which arise in the normal course of operations:

Transfers Out	Transfers In						
	Governmental Funds				Proprietary Funds		
	General Fund	Economic Development	City Debt Service	Nonmajor Governmental	Municipal Bus Line	Internal Service Funds	Total
<b>Governmental Funds:</b>							
General Fund	\$ -	\$ 1	\$ 1,678,425	\$ 449,095	\$ -	\$ 1,677,504	\$ 3,805,025
Economic Development Grants				82,671			\$ 82,671
Special Revenue Fund	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Nonmajor Governmental Funds	1,348,343	-	70,918	4,292,721	-	-	5,711,982
<b>Enterprise Funds:</b>							
Municipal Bus Line	3,092,748	-	-	-	858,316	-	3,951,064
Sewer	-	-	-	128,701	-	-	128,701
<b>Total</b>	<b>\$ 4,441,091</b>	<b>\$ 1</b>	<b>\$ 1,749,343</b>	<b>\$ 4,953,188</b>	<b>\$ 858,316</b>	<b>\$ 1,677,504</b>	<b>\$ 13,679,443</b>

Administratively, resources may be transferred from one City fund to another. The purpose of the majority of transfers was for reimbursing a fund that made expenditure on behalf of another fund, such as debt service, capital projects and internal service funds.

Transfer in the amount of \$3,092,748 from Municipal Bus Line to General Fund was to report the transfer of land from the business type activities to the governmental activities.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 7 – Capital Assets**

**A. Government-Wide Financial Statements**

A summary of changes in the capital assets for the governmental activities for the year ended June 30, 2016 is as follows:

	Governmental Activities				Balance June 30, 2016
	Balance June 30, 2015	Additions	Deletions	Transfers	
<b>Capital assets, not being depreciated:</b>					
Land	\$ 6,541,402	\$ -	\$ (3,092,748)	\$ 3,092,748	\$ 6,541,402
Monuments	46,151	-	-	-	46,151
Construction in progress	4,696,834	2,028,338	-	(4,619,872)	2,105,300
<b>Total capital assets, not being depreciated</b>	<b>11,284,387</b>	<b>2,028,338</b>	<b>(3,092,748)</b>	<b>(1,527,124)</b>	<b>8,692,853</b>
<b>Capital assets, being depreciated:</b>					
Buildings/structures and improvements	22,859,615	-	-	-	22,859,615
Machinery and equipment	7,485,704	1,177,936	(48,615)	-	8,615,025
Infrastructure:					
Street lights network	1,292,393	-	-	-	1,292,393
Traffic lights network	12,940,788	-	-	-	12,940,788
Roadway network	44,882,908	849,878	-	4,619,872	50,352,658
<b>Total capital assets, being depreciated</b>	<b>89,461,408</b>	<b>2,027,814</b>	<b>(48,615)</b>	<b>4,619,872</b>	<b>96,060,479</b>
<b>Less accumulated depreciation:</b>					
Buildings/structures and improvements	(13,974,309)	(794,811)	-	-	(14,769,120)
Machinery and equipment	(4,072,122)	(830,254)	28,358	-	(4,874,018)
Infrastructure:					
Street light network	(732,356)	(43,080)	-	-	(775,436)
Traffic lights network	(9,657,312)	(431,360)	-	-	(10,088,672)
Roadway network	(24,621,220)	(998,078)	-	-	(25,619,298)
<b>Total accumulated depreciation</b>	<b>(53,057,319)</b>	<b>(3,097,583)</b>	<b>28,358</b>	<b>-</b>	<b>(56,126,544)</b>
<b>Total capital assets, being depreciated, net</b>	<b>36,404,089</b>	<b>(1,069,769)</b>	<b>(20,257)</b>	<b>4,619,872</b>	<b>39,933,935</b>
<b>Governmental activities</b>					
<b>capital assets, net</b>	<b>\$ 47,688,476</b>	<b>\$ 958,569</b>	<b>\$ (3,113,005)</b>	<b>\$ 3,092,748</b>	<b>\$ 48,626,788</b>

Depreciation expense was charged to functions/programs of the governmental activities for the fiscal year ended June 30, 2016 as follows:

General government	\$ 923,000
Public safety	491,243
Public works	1,607,646
Recreation and human services	66,527
Community development	9,167
<b>Total depreciation expense</b>	<b>\$ 3,097,583</b>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**A. Government-Wide Financial Statements (Continued)**

A summary of changes in the capital assets for the business-type activities for the year ended June 30, 2016 is as follows:

	Business-Type Activities				Balance June 30, 2016
	Balance July 1, 2015	Additions	Deletions	Transfers	
<b>Capital assets, not being depreciated:</b>					
Land	\$ 16,049,153	\$ -	\$ -	\$ (3,092,748)	\$ 12,956,405
Construction in progress	91,925	120,822	-	(32,713)	180,034
Total capital assets, not being depreciated	<u>16,141,078</u>	<u>120,822</u>	<u>-</u>	<u>(3,125,461)</u>	<u>13,136,439</u>
<b>Capital assets, being depreciated:</b>					
Buildings/structures and improvements	39,893,428	-	-	-	39,893,428
Buses	32,487,008	1,393,893	-	-	33,880,901
Machinery and equipment	6,325,326	757,770	(134,071)	32,713	6,981,738
Furniture and fixtures	1,326,714	12,475	-	-	1,339,189
Infrastructure	11,184,496	-	-	-	11,184,496
Total capital assets, being depreciated	<u>91,216,972</u>	<u>2,164,138</u>	<u>(134,071)</u>	<u>32,713</u>	<u>93,279,752</u>
<b>Less accumulated depreciation:</b>					
Buildings/structures and improvements	(6,647,537)	(1,024,273)	-	-	(7,671,810)
Buses	(18,604,316)	(2,892,152)	-	-	(21,496,468)
Machinery and equipment	(2,707,285)	(694,935)	56,881	-	(3,345,339)
Furniture and fixtures	(1,321,299)	(3,033)	-	-	(1,324,332)
Infrastructure	(10,392,803)	(33,689)	-	-	(10,426,492)
Total accumulated depreciation	<u>(39,673,240)</u>	<u>(4,648,082)</u>	<u>56,881</u>	<u>-</u>	<u>(44,264,441)</u>
Total capital assets, being depreciated, net	<u>51,543,732</u>	<u>(2,483,944)</u>	<u>(77,190)</u>	<u>32,713</u>	<u>49,015,311</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 67,684,810</u>	<u>\$ (2,363,122)</u>	<u>\$ (77,190)</u>	<u>\$ (3,092,748)</u>	<u>\$ 62,151,750</u>

Depreciation expense for business-type activities for the year ended June 30, 2016 was charged as follows:

Municipal Bus Line	\$ 4,520,751
Sewer	127,331
<b>Total depreciation expense</b>	<u>\$ 4,648,082</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**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, 2016 is as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within One Year	Due in more than One Year
2006 Refunding Certificates of Participation Series A	\$ 10,015,000	\$ -	\$ (410,000)	\$ 9,605,000	\$ 435,000	\$ 9,170,000
2006 Refunding Certificates of Participation Series C	2,355,000	-	(190,000)	2,165,000	205,000	1,960,000
2007 Refunding Revenue Bonds, Series A	2,015,000	-	(85,000)	1,930,000	90,000	1,840,000
2014 Taxable Lease Revenue Refunding Bonds	9,110,000	-	-	9,110,000	-	9,110,000
2016 SCE On-Bill Financing Loan	-	126,580	(2,032)	124,548	14,296	110,252
Capital lease obligation	67,126	-	(67,126)	-	-	-
Loan payable	2,930,317	184,446	-	3,114,763	-	3,114,763
Claims payable	10,214,711	1,512,050	(118,380)	11,608,381	6,609,293	4,999,088
Compensated absences	7,688,535	2,982,616	(2,630,375)	8,040,776	1,608,155	6,432,621
Net OPEB liability	17,900,040	5,469,000	(2,097,740)	21,271,300	-	21,271,300
<b>Sub Total</b>	<b>\$ 62,295,729</b>	<b>\$ 10,274,692</b>	<b>\$ (5,600,653)</b>	<b>\$ 66,969,768</b>	<b>\$ 8,961,744</b>	<b>\$ 58,008,024</b>
Less deferred amounts:						
Bond discount - 2014 Taxable Lease Revenue Runding Bonds	(289,361)	-	13,884	(275,477)	-	(275,477)
<b>Total</b>	<b>\$ 62,006,368</b>	<b>\$ 10,274,692</b>	<b>\$ (5,586,769)</b>	<b>\$ 66,694,291</b>	<b>\$ 8,961,744</b>	<b>\$ 57,732,547</b>

Typically, the General Fund has been used to liquidate the liability for compensated absences, claims payable, and net other postemployment benefits.

**2006 Certificates of Participation, Series A – Original Issuance \$12,495,000**

In June 2006, the Agency issued the 2006 Refinancing Project, Series A Taxable Certificates of Participation in the amount of \$12,495,000. The purpose of the issue was to refinance the City's 1999 Certificates of Participation in connection with a Memorandum of Understanding ("MOU") entered into with certain financial institutions.

Pursuant to the MOU, the Agency paid the financial institutions \$19 million (the "Initial Amount") as prepayment of the 1999 Certificates, of which \$18 million were funded by the 2006 Series A and B Certificates and the balance of \$1 million from other available City funds. Upon payment of the Initial Amount, the 1999 Leases as well as the pledges and security interests granted in connection with the 1999 Leases will be terminated and the City's obligations under the Reimbursement Agreement for the 1999 Certificates will be terminated. The Initial Payment represents approximately 75% of the principal owed.

Interest rates for the 2006A Certificates range from 5.98% to 6.38% with principal maturing through July 1, 2030.

Mandatory prepayment of the 2006 Series A Certificates occurred in July 2008 and will occur again in July 2030. The certificates of participation debt service payments will be made from the debt service funds.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**A. Governmental Activities (Continued)**

**2006 Certificates of Participation, Series A and B – Original Issuance \$21,010,000 (Continued)**

The amount outstanding at June 30, 2016 totaled \$9,605,000.

The annual debt service requirements on these certificates are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 435,000	\$ 598,053	\$ 1,033,053
2018	460,000	570,372	1,030,372
2019	490,000	540,067	1,030,067
2020	520,000	507,848	1,027,848
2021	550,000	473,715	1,023,715
2022-2026	3,330,000	1,654,015	4,984,015
2026-2031	3,820,000	674,685	4,494,685
	<u>\$ 9,605,000</u>	<u>\$ 5,018,755</u>	<u>\$ 14,623,755</u>

**2006 Certificates of Participation, Series C – Original Issuance \$3,650,000**

In June 2006, the City issued the 2006 Series C Certificates of Participation in the amount of \$3,650,000. The proceeds were used to defease the 1994 Civic Center improvement Certificates of Participation, and were placed in an irrevocable trust to provide for all future debt service payments related to the 1994 issuance. Accordingly, the trust account assets and liabilities for the defeased debt are not included in the City's basic financial statements.

Interest rates range from 3.625% to 4.5% with the full amount maturing serially through July 1, 2024, in annual principal installments ranging from \$135,000 to \$285,000. The certificates of participation debt service payments will be made from the debt service funds.

The amount outstanding at June 30, 2016 totaled \$2,165,000.

The annual debt service requirements on these certificates are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 205,000	\$ 92,025	\$ 297,025
2018	210,000	83,075	293,075
2019	215,000	73,778	288,778
2020	230,000	63,900	293,900
2021	240,000	53,325	293,325
2022-2025	1,065,000	98,438	1,163,438
	<u>\$ 2,165,000</u>	<u>\$ 464,541</u>	<u>\$ 2,629,541</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**A. Governmental Activities (Continued)**

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

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

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

The amount outstanding at June 30, 2016 totaled \$1,930,000.

The annual debt service requirements on these bonds are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 90,000	\$ 97,325	\$ 187,325
2018	95,000	92,825	187,825
2019	100,000	88,075	188,075
2020	105,000	83,075	188,075
2021	110,000	77,825	187,825
2022-2026	625,000	301,625	926,625
2027-2031	805,000	127,431	932,431
	<u>\$ 1,930,000</u>	<u>\$ 868,181</u>	<u>\$ 2,798,181</u>

**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, 2016 totaled \$9,110,000.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

**A. Governmental Activities (Continued)**

**2014 Taxable Lease Revenue Refunding Bonds – Original Issuance \$9,110,000 (Continued)**

The annual debt service requirements on these bonds as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ -	\$ 450,019	\$ 450,019
2018	55,000	450,019	505,019
2019	55,000	447,846	502,846
2020	60,000	445,674	505,674
2021	60,000	443,304	503,304
2022-2026	345,000	2,177,842	2,522,842
2027-2031	2,230,000	2,056,270	4,286,270
2032-2037	6,305,000	928,000	7,233,000
	<u>\$ 9,110,000</u>	<u>\$ 7,398,973</u>	<u>\$ 16,508,973</u>

**Capital Leases**

The City has lease agreements with Fleetwood Leasing for the acquisition of devices for police vehicles. Total equipment acquired through capital leases amounted to \$212,755. The capital lease was paid off as of June 30, 2016.

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 201,829
Less: accumulated depreciation	(201,829)
Total	<u>\$ -</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**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, 2016, the City funded \$2,874,115 for the development of the project and accrued interest in the amount of \$240,648. This results in the loans payable in the amount of \$3,114,763 to the California HCD. Please refer to Note 5B for additional information.

**2016 SCE On-Bill Financing Loan**

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

Fiscal Year	Principal	Interest	Total
2017	\$ 14,296	\$ -	\$ 14,296
2018	14,296	-	14,296
2019	14,296	-	14,296
2020	14,296	-	14,296
2021	14,296	-	14,296
2022-2026	53,068	-	53,068
	\$ 124,548	\$ -	\$ 124,548

**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, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within One Year	Due in more than One Year
Compensated absences	\$ 1,185,378	\$ 740,209	\$ (678,373)	\$ 1,247,214	\$ 249,443	\$ 997,771
Net OPEB liability	4,756,944	1,224,000	(469,580)	5,511,364	-	5,511,364
<b>Total</b>	<b>\$ 5,942,322</b>	<b>\$ 1,964,209</b>	<b>\$ (1,147,953)</b>	<b>\$ 6,758,578</b>	<b>\$ 249,443</b>	<b>\$ 6,509,135</b>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 9 – Self-Insurance Programs**

*Self-insurance programs of the City*

The City is self-insured for the first \$500,000 and \$750,000 of each workers' compensation claim for the City and the Safety, respectively, \$500,000 of each general liability claim and \$300,000 of each Municipal Bus Line claim against the City. In addition, the City carries insurance of individual general liability claims in excess of \$600,000 to \$10,000,000 with Everest National Insurance Co. Additionally, the City has health insurance coverage for the employees and their families with an annual maximum amount of \$1 million for all services.

The City carries stop-loss insurance of individual health benefit claims in excess of \$50,000 to \$950,000 per person per year. At June 30, 2016, \$11,608,380 has been accrued for the City's self-insurance programs, of which \$6,609,293 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, 2016 are dependent on future developments, based upon information provided from the City Attorney, outside counsel and others involved with the administration of the programs, City management believes that the aggregate accrual is adequate to cover such losses. For the prior three (3) fiscal years, no settlements exceeded the City's insurance coverage.

Changes in the reported liability since June 30, 2016 resulted from the following:

	Claims Payable					
	Beginning Balance	Expenses and Changes in Estimates	Claims Payments	Ending Balance	Due within One Year	Due in more than One Year
2013-2014	\$ 8,335,432	\$ 5,170,346	\$ (5,518,308)	\$ 7,987,470	\$ 6,503,171	\$ 1,484,299
2014-2015	7,987,470	8,144,847	(5,917,606)	10,214,711	6,378,783	3,835,928
2015-2016	10,214,711	1,512,050	(118,380)	11,608,381	6,609,293	4,999,088

***Purchased insurance***

Property Insurance - Several insurance companies underwrite this insurance protection. The City is currently insured according to a schedule of covered property submitted by the City to Travelers Property Casualty Company of America. Total all-risk property insurance coverage is \$62.1 million. There is a \$10,000 per loss deductible.

Crime Insurance - The City purchases crime insurance coverage with a limit of \$200,000 per occurrence. This policy provides coverage for all City employees.

***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, 2016**

**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, 2016 and pension expense for the year then ended.

	Governmental Activities	Business Type Activities	Total
<b>Deferred outflows of resources:</b>			
Pension contribution made after measurement date:			
Miscellaneous	\$ 1,148,874	\$ 1,163,588	\$ 2,312,462
Safety	4,917,350	-	4,917,350
<b>Total pension contribution made after measurement date</b>	<b>6,066,224</b>	<b>1,163,588</b>	<b>7,229,812</b>
Adjustment due to difference proportion:			
Safety	1,931,367	-	1,931,367
Difference between City's contribution and proportionate share of contribution:			
Safety	241,124	-	241,124
<b>Total deferred outflows of resources</b>	<b>\$ 8,238,715</b>	<b>\$ 1,163,588</b>	<b>\$ 9,402,303</b>
<b>Aggregate net pension liabilities:</b>			
Miscellaneous	\$ 12,237,560	\$ 12,394,309	24,631,869
Safety	45,186,413	-	45,186,413
<b>Total aggregate net pension liabilities</b>	<b>\$ 57,423,973</b>	<b>\$ 12,394,309</b>	<b>\$ 69,818,282</b>
<b>Deferred inflows of Resources:</b>			
Change in assumption			
Miscellaneous	\$ 841,128	\$ 851,902	\$ 1,693,030
Safety	2,580,650	-	2,580,650
<b>Total change in assumption</b>	<b>3,421,778</b>	<b>851,902</b>	<b>4,273,680</b>
Differences between Expected and Actual Experience on pension investments:			
Miscellaneous	179,440	181,738	361,178
Safety	561,088	-	561,088
<b>Total differences between Expected and Actual Experience on pension investments:</b>	<b>740,528</b>	<b>181,738</b>	<b>922,266</b>
Difference in projected and actual earnings on pension investments:			
Miscellaneous	527,939	534,700	1,062,639
Safety	1,307,890	-	1,307,890
<b>Total difference in projected and actual earnings on pension investments:</b>	<b>1,835,829</b>	<b>534,700</b>	<b>2,370,529</b>
<b>Total deferred inflows of resources</b>	<b>\$ 5,998,135</b>	<b>\$ 1,568,340</b>	<b>\$ 7,566,475</b>
	Governmental Activities	Business Type Activities	Total
<b>Pension Expense:</b>			
Miscellaneous	\$ 673,970	\$ 682,601	1,356,571
Safety	2,572,597	-	2,572,597
<b>Total pension expense</b>	<b>\$ 3,246,567</b>	<b>\$ 682,601</b>	<b>\$ 3,929,168</b>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

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

**General Information about the Pension Plan**

**Plan Description**

The City contribution to the California Public Employees Retirement System ("PERS"), 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, 2014 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

**Benefit Provided**

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member or PEPRA Safety member becomes eligible for service retirement upon attainment of age 50 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% of average final 12 months compensation. Retirement benefit for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation. Retirement benefits for classic safety employees are calculated as 3% of the average final 12 months compensation. Retirement benefits for PEPRA safety employees are calculated as 2.7% of average final 36 months.

Participant is eligible for non-industrial disability retirement if 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 dies 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, 2016**

**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, 2014, the valuation date, the following employees were covered by the benefit terms:

	Plans		
	Miscellaneous	Safety	
		Classic	PEPRA
Active employees	344	87	5
Transferred and terminated employees	273	54	1
Retired Employees and Beneficiaries	356	227	0
Total	973	368	6

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. For the measurement period ends June 30, 2015, the active classic miscellaneous and safety employee contribution rates were 7.000% and 9.000% of annual pay respectively; the active PEPRA miscellaneous and safety employee contribution rates was 6.75% and 12.25% of annual pay; the employer's contribution rates were 11.501% and 46.150% of classic miscellaneous and safety employee annual payroll, respectively, and the employer's contribution rates were 6.75% and 12.25% of PEPRA miscellaneous and safety employee annual payroll, respectively.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

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

**Net Pension Liability**

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

For the measurement period ended June 30, 2015, the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% includes inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Change in Assumption**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.5% (net of administrative expense in 2014) to 7.65 percent as of June 3, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

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

**Net Pension Liability (Continued)**

*Discount Rate (Continued)*

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>1</sup>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Absolute Return Strategy	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100.00%</u>		

<sup>1</sup> An expected inflation of 2.5% and 3.0% used for Years 1-10 and Years 11+, respectively.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**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.

	<u>Miscellaneous Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> (a)	<u>Plan Fiduciary Net Position</u> (b)	<u>Net Pension Liability/(Asset)</u> (c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 136,008,515	\$ 115,562,210	\$ 20,446,305
Changes Recognized for the Measurement Period:			
Service Cost	2,672,238	-	2,672,238
Interest on the total pension liability	10,024,136	-	10,024,136
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(500,092)	-	(500,092)
Changes of assumptions	(2,344,195)	-	(2,344,195)
Contributions from the employer	-	2,016,919	(2,016,919)
Contributions from employees	-	1,242,246	(1,242,246)
Net investment income, net of administrative expense	-	2,536,012	(2,536,012)
Benefit payments, including refunds of employee contributions	(6,931,772)	(6,931,772)	-
Administrative expense	-	(128,654)	128,654
Net Changes during July 1, 2014 to June 30, 2015	<u>2,920,315</u>	<u>(1,265,249)</u>	<u>4,185,564</u>
Balance at June 30, 2015 (Measurement Date)	<u>\$ 138,928,830</u>	<u>\$ 114,296,961</u>	<u>\$ 24,631,869</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.

	<u>Safety Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> (a)	<u>Plan Fiduciary Net Position</u> (b)	<u>Net Pension Liability/(Asset)</u> (c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 166,725,015	\$ 125,937,354	\$ 40,787,661
Balance at June 30, 2015 (Measurement Date)	167,831,681	122,645,268	45,186,413
Net Changes during 2014-2015	1,106,666	(3,292,086)	4,398,752

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**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, 2014). 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, 2015). 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, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15).
- (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 contributions made during the measurement period.

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

	<u>Safety Plan</u>
June 30, 2014	1.0874%
June 30, 2015	1.0966%
Change - Increase (Decrease)	0.0093%

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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

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

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

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

The following presents the net pension liability of the plans as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous Plan	\$ 42,334,747	\$ 24,631,869	\$ 9,956,107
Safety Plan	\$ 68,197,848	\$ 45,186,413	\$ 26,317,458

**Pension Plan Fiduciary Net Position**

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

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

For the year ending June 30, 2016, the City recognized pension expense in the amounts of \$1,357,912 and \$2,572,597 for the miscellaneous plan and safety plan, respectively.

As of measurement date of June 30, 2015, 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
Difference between expected and actual experience	\$ -	\$ (361,178)
Changes of assumptions	-	(1,693,030)
Net difference between projected and actual earning on pension plan investments	-	(1,062,639)
Total	\$ -	\$ (3,116,847)
Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	\$ (561,088)
Changes of assumptions	-	(2,580,650)
Difference between projected and actual earnings on pension plan investments	-	(1,307,890)
Adjustment due to differences in proportions	1,931,367	-
Difference between City contributions and proportionate share of contributions	241,124	-
Total	\$ 2,172,491	\$ (4,449,628)

The amounts above are net of outflows and inflows recognized in the 2014-2015 measurement period expense.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**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)**

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 2014-15 measurement period is 3.6 and 3.8 years, which was obtained by dividing the total service years of 3,528 and 467,023 (the sum of remaining service lifetimes of the active employees) by 973 and 122,410 (the total number of participants: active, inactive, and retired), respectively.

\$2,312,462 and \$4,917,350 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 in the year ended June 30, 2017. 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 Period Ended June 30	Deferred Outflows/ (Inflows) of Resources	Deferred Outflows/ (Inflows) of Resources
	Miscellaneous Plan	Safety Plan
2016	\$ (1,553,328)	\$ (1,277,839)
2017	(1,553,328)	(1,299,936)
2018	(1,237,297)	(1,304,882)
2019	1,227,106	1,605,520
Thereafter	-	-
	<u>\$ (3,116,847)</u>	<u>\$ (2,277,137)</u>

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**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, 2016 the City’s payroll covered by the plan was \$502,518. The City made employer contributions in the amount of \$18,854. Participants of the Plan as of June 30, 2016 were 76.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 11 – Other Postemployment Benefits**

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 City offers Kaiser 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 benefit to be paid by the City is \$1,060 per month.

Eligibility

All of the Plan's employees became participants in accordance with 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. Participants of the Plan as of June 30, 2016 were as follows:

<u>Participants</u>	<u>Total</u>
Active employees	330
Retirees	200
Total	<u>530</u>

Funding Policy

The contribution requirements for Plan members and the City are established by an MOU as negotiated by each group or bargaining unit. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2016, the City contributed \$2,567,320. Plan members receiving benefits contributed \$47,751 of the total premiums as their required contributions.

Annual OPEB Cost and Net OPEB Obligation

The City's annual Other Postemployment Benefit ("OPEB") cost (expense) is calculated based on the *Annual Required Contribution of the Employer* ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The City has elected to amortize its Unfunded Actuarial Accrued Liability ("UAAL") during the current fiscal year.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 11 – Other Postemployment Benefits (Continued)**

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Plan:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 6,207,000	\$ 1,389,000	\$ 7,596,000
Interest on net OPEB obligation	697,000	156,000	853,000
Adjustment to annual required contribution	(1,435,000)	(321,000)	(1,756,000)
Annual OPEB cost (expense)	5,469,000	1,224,000	6,693,000
Other adjustment to OPEB	-	-	-
Contributions made	(2,097,740)	(469,580)	(2,567,320)
Increase in net OPEB obligation	3,371,260	754,420	4,125,680
Net OPEB obligation - beginning of year	17,900,040	4,756,944	22,656,984
Net OPEB obligation - end of year	\$ 21,271,300	\$ 5,511,364	\$ 26,782,664

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual Contribution	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 7,508,000	\$ 2,382,000	31.73%	\$ 18,855,824
6/30/2015	6,360,000	2,558,840	40.23%	22,656,984
6/30/2016	6,693,000	2,567,320	38.36%	26,782,664

**Funded Status and Funding Progress**

As of June 30, 2014, the most recent actuarial valuation date, the Actuarial Accrued Liability for benefits was \$74,322,000, and the actuarial value of assets was \$0, resulting in an UAAL of \$(74,322,000). The covered payroll (annual payroll of active employees covered by the Plan) was \$22,395,000, and the ratio of UAAL to the covered payroll was 332 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the Plan and the Annual Required Contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of Plan Assets is increasing or decreasing over time relative to the Actuarial Accrued Liabilities for benefits.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 11 – Other Postemployment Benefits (Continued)**

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.00% investment rate of return (net of administrative expenses), which is based on the expected return on funds invested, and an annual healthcare cost trend rate of 7.80% initially reduced by decrements to an ultimate rate of 5.00% thereafter. The actuarial assumption for inflation was 3.0%, and the aggregate payroll increases was 3.25% used in the actuarial valuation. The unfunded actuarial accrued liability will be amortized as a level percentage of projected covered payrolls on a closed basis. The UAAL is being amortized as level percentage of future payroll on a 30 year closed amortization period. The average remaining years at June 30, 2016 is 18 years.

**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, 2016, the amount held by Trustee for employees is \$18,391,585.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

**Note 13 – Classification of Fund Balances**

At June 30, 2016, fund balances are classified in the governmental funds as follows:

	General Fund	Economic Development Grants Special Revenue Fund	City Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>					
Employee receivables	\$ 57,167	\$ -	\$ -	\$ -	\$ 57,167
Inventories	63,201	-	-	-	63,201
Prepaid items and deposits	69,451	-	-	-	69,451
<b>Total nonspendable</b>	<u>189,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,819</u>
<b>Restricted</b>					
Debt service	-	-	2,679,363	-	2,679,363
Employment & training services	164,116	-	-	-	164,116
Law enforcement	-	-	-	1,251,314	1,251,314
Local street improvements	-	-	-	7,072,378	7,072,378
Other capital projects	-	-	-	301,546	301,546
Other purposes	-	131,667	-	289,859	421,526
<b>Total restricted</b>	<u>164,116</u>	<u>131,667</u>	<u>2,679,363</u>	<u>8,915,097</u>	<u>11,890,243</u>
<b>Committed</b>					
Emergency contingency	2,542,367	-	-	-	2,542,367
Parking and parks and recreation facilities	-	3,776,154	-	-	3,776,154
Civic center improvements	15,000,000	-	-	-	15,000,000
<b>Total committed</b>	<u>17,542,367</u>	<u>3,776,154</u>	<u>-</u>	<u>-</u>	<u>21,318,521</u>
<b>Assigned</b>					
Computer replacement	485,904	-	-	-	485,904
Equipment replacement	211,888	-	-	-	211,888
Future debt service payments	2,049,894	-	-	-	2,049,894
Police	-	-	-	-	-
Recreation	26,000	-	-	-	26,000
Other capital projects	-	-	-	-	-
<b>Total assigned</b>	<u>2,773,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,773,686</u>
<b>Unassigned</b>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>(20,809)</u>	<u>179,191</u>
<b>Total fund balance</b>	<u>\$ 20,869,988</u>	<u>\$ 3,907,821</u>	<u>\$ 2,679,363</u>	<u>\$ 8,894,288</u>	<u>\$ 36,351,460</u>

On March 8, 2016 the City Council adopted Resolution No. 6219, which committed funding for the Civic Center Improvement Project. The assigned funding is based on the fund in which the amounts are located, with the exception of the Unassigned fund balance, which can be used at the City's discretion. The emergency contingency funds have been committed based on the general fund reserve balance policy guidelines set by the Council, which strives for a 25% reserve balance (the total committed, assigned and unassigned components of fund balance), the reserve may be used for expenditures in the event of a declaration of a state or federal state of emergency or a local emergency as defined in the City's Municipal Code Section 2.56.020.

**City of Gardena**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 14 – Jointly Governed Organization**

***South Bay Regional Public Communications Authority***

The City is a member of the South Bay Regional Public Communications Authority (“SBRPCA”), which provides financing and equipment for a police communications system for the City and the other member municipalities of SBRPCA - Hawthorne and Manhattan Beach. SBRPCA financial statements can be obtained from the SBRPCA at 4440 West Broadway, Hawthorne, California 90250.

Revenues, expenses and indebtedness incurred by the SBRPCA relating to services associated with central dispatch are divided by member agencies in accordance with set percentages; however, expenses incurred relating to specific equipment and services requested by an individual member agency for use by its own public safety services are paid entirely by that member agency. As of June 30, 2016, the City’s percentage interest is 32.08%.

As of and for the year ended June 30, 2016, the latest available information, SBRPCA’s unaudited financial information is as follows:

Current assets	\$ 3,668,069
Noncurrent assets	8,730,819
Deferred outflows of resources	541,402
Total assets and deferred outflows of resources	\$ 12,940,290
Total liabilities	\$ 7,361,841
Deferred inflows of resources	1,363,653
SBRPCA equity	4,214,796
Total liabilities, deferred inflows of resources and SBRPCA equity	\$ 12,940,290
Total revenues	\$ 10,340,644
Total expenses	(10,585,332)
Change in net position	\$ (244,688)

**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 \$2,827,440 as of June 30, 2016.

# CITY OF GARDENA

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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**REQUIRED  
SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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# CITY OF GARDENA

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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**City of Gardena**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2016**

**Last Ten Fiscal Years**

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

Measurement period	2014-15 <sup>1</sup>	2013-14 <sup>1</sup>
<b>Total pension liability</b>		
Service cost	\$ 2,672,238	\$ 2,713,029
Interest	10,024,136	9,625,167
Changes of benefit terms	-	-
Differences between expected and actual experience	(500,092)	-
Changes of assumptions	(2,344,195)	-
Benefit payments, including refunds of employee contributions	(6,931,772)	(6,617,452)
<b>Net change in total pension liability</b>	<b>2,920,315</b>	<b>5,720,744</b>
<b>Total pension liability - beginning</b>	<b>136,008,515</b>	<b>130,287,771</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 138,928,830</b>	<b>\$ 136,008,515</b>
<b>Pension fiduciary net position</b>		
Contributions - employer	\$ 2,016,919	\$ 1,628,415
Contributions - employee	1,242,246	1,181,161
Net investment income <sup>2</sup>	2,536,012	17,430,461
Benefit payments, including refunds of employee contributions	(6,931,772)	(6,617,452)
Administrative Expense	(128,654)	-
<b>Net change in plan fiduciary net position</b>	<b>(1,265,249)</b>	<b>13,622,585</b>
<b>Plan fiduciary net position - beginning</b>	<b>115,562,210</b>	<b>101,939,625</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 114,296,961</b>	<b>\$ 115,562,210</b>
<b>Plan net pension liability - ending (a) - (b)</b>	<b>\$ 24,631,869</b>	<b>\$ 20,446,305</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>82.27%</b>	<b>84.97%</b>
<b>Covered-employee payroll</b>	<b>\$ 18,094,788</b>	<b>\$ 17,651,457</b>
<b>Plan net pension liability as a percentage of covered-employee payroll</b>	<b>136.13%</b>	<b>115.83%</b>

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Net of administrative expenses for 2013-14.

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumption: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

**City of Gardena**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2016**

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**Last Ten Fiscal Years**

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

	June 30, 2015 <sup>1</sup>	June 30, 2014 <sup>1</sup>
City Proportion of the Net Pension Liability/(Asset)	1.09660%	0.65549%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 45,186,413	\$ 40,787,661
City's Covered-Employee Payroll	\$ 9,351,143	\$ 9,078,779
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	546.22%	449.26%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	75.54%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

**City of Gardena**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2016**

**Last Ten Fiscal Years**

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

	2015-16	2014-15	2013-14 <sup>1</sup>
Actuarially determined contribution	\$ 2,312,462	\$ 2,015,588	\$ 1,628,415
Contributions in relation to the actuarially determined contribution	(2,312,462)	(2,015,588)	(1,628,415)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll <sup>2,3</sup>	\$ 19,012,911	\$ 18,459,137	\$ 17,651,457
Contributions as a percentage of covered-employee payroll <sup>2</sup>	12.16%	10.92%	9.23%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

<sup>3</sup> Payroll from 2014-15 of \$18,459,137 was assumed to increase by the 3.00 percent payroll growth assumption.

**Notes to Schedule:**

**Valuation date:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 was from the June 30, 2013 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, closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**City of Gardena**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Contributions (Continued)**  
**For the Year Ended June 30, 2016**

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**Last Ten Fiscal Years**

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

	2015-16	2014-15	2013-14 <sup>1</sup>
Actuarially determined contribution	\$ 4,917,350	\$ 4,265,350	\$ 3,930,218
Contributions in relation to the actuarially determined contribution	(4,917,350)	(4,265,350)	(3,930,218)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll <sup>2,3</sup>	\$ 9,706,331	\$ 9,423,622	\$ 9,078,779
Contributions as a percentage of covered-employee payroll <sup>2</sup>	50.66%	45.26%	43.29%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer.

<sup>3</sup> Payroll from 2014-15 of \$9,423,622 was assumed to increase by the 3.00 percent payroll growth assumption.

**Notes to Schedule:**

**Change in Benefit Terms:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

**Changes of Assumptions:** The discount rate was changed from 7.5 percent net of administrative expense to 7.65 percent.

**City of Gardena**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Funding Progress - OPEB**  
**For the Year Ended June 30, 2016**

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**Other Post Employment Benefit (OPEB) Plan:**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (A - B)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a % of Payroll (A-B) / C
6/30/2010	\$ -	\$ 55,888,000	\$ (55,888,000)	0.0%	\$ 18,662,000	(299.5)%
6/30/2012	-	79,726,000	(79,726,000)	0.0%	18,505,000	(430.8)%
6/30/2014	-	74,322,000	(74,322,000)	0.0%	22,395,000	(331.9)%

**City of Gardena**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

*Budgetary Comparison Schedule -- General Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 42,520,809	\$ 42,520,809	\$ 43,873,737	\$ 1,352,928
Licenses and permits	1,000,675	1,000,675	1,521,379	520,704
Intergovernmental	470,600	470,600	744,883	274,283
Charges for services	4,064,841	4,064,841	4,545,874	481,033
Fines, forfeitures and penalties	1,054,500	1,054,500	833,102	(221,398)
Use of money and property	125,000	150,000	411,415	261,415
Miscellaneous	1,188,083	1,207,675	1,484,643	276,968
<b>Total revenues</b>	<b>50,424,508</b>	<b>50,469,100</b>	<b>53,415,033</b>	<b>2,945,933</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
City clerk	358,720	358,720	294,836	63,884
City treasurer	237,702	237,702	270,918	(33,216)
Executive office	1,197,230	1,197,230	1,169,029	28,201
Administrative services	2,667,388	2,667,388	2,361,820	305,568
Non-departmental	831,360	831,360	789,864	41,496
Public safety:				
Police	22,939,644	22,939,644	24,400,772	(1,461,128)
L.A. County Fire District	10,050,988	10,050,988	9,844,398	206,590
Public works	4,999,579	4,999,579	4,949,955	49,624
Recreation and human services	4,019,687	4,144,687	4,260,009	(115,322)
Community development	1,565,444	1,565,444	1,552,197	13,247
Capital outlay	652,243	652,243	4,165,686	(3,513,443)
<b>Total expenditures</b>	<b>49,519,985</b>	<b>49,644,985</b>	<b>54,059,484</b>	<b>(4,414,499)</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>904,523</b>	<b>824,115</b>	<b>(644,451)</b>	<b>(1,468,566)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,080,000	1,067,165	4,441,091	3,373,926
Transfers out	(1,967,832)	(16,967,832)	(3,805,025)	13,162,807
Issuance of loans	-	-	126,580	126,580
Proceeds from sale of assets	-	5,600,000	4,990,156	(609,844)
<b>Total other financing sources (uses)</b>	<b>(887,832)</b>	<b>(10,300,667)</b>	<b>5,752,802</b>	<b>16,053,469</b>
<b>CHANGE IN FUND BALANCE</b>	<b>16,691</b>	<b>(9,476,552)</b>	<b>5,108,351</b>	<b>14,584,903</b>
<b>FUND BALANCE:</b>				
Beginning of year	15,761,637	15,761,637	15,761,637	-
End of year	<b>\$ 15,778,328</b>	<b>\$ 6,285,085</b>	<b>\$ 20,869,988</b>	<b>\$ 14,584,903</b>

**City of Gardena**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

*Budgetary Comparison Schedule – Economic Development Grants Special Revenue Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 38,854	\$ 38,854
Fines, forfeitures and penalties	-	-	871,500	871,500
Use of money and property	-	173	22,684	22,511
Miscellaneous	-	95,625	137,270	41,645
<b>Total revenues</b>	<b>-</b>	<b>95,798</b>	<b>1,070,308</b>	<b>974,510</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	323,115	259,349	63,766
Debt service:				
Interest and fiscal charges	-	-	86,223	(86,223)
<b>Total expenditures</b>	<b>-</b>	<b>323,115</b>	<b>345,572</b>	<b>(22,457)</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(227,317)</b>	<b>724,736</b>	<b>952,053</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	1	1
Transfers out	-	(2,900,000)	(82,671)	2,817,329
Issuance of loans	-	-	184,446	184,446
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(2,900,000)</b>	<b>101,776</b>	<b>3,001,775</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(3,127,317)</b>	<b>826,512</b>	<b>3,953,828</b>
<b>FUND BALANCE:</b>				
Beginning of year	-	3,081,309	3,081,309	-
End of year	\$ -	\$ (46,008)	\$ 3,907,821	\$ 3,953,828

**City of Gardena**  
**Notes to the Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2016**

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

The City adopts annual budgets for the General Fund and special revenue funds and adopts project length budgets for projects within the City Capital Projects Fund.

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

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

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

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# **SUPPLEMENTARY INFORMATION**

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**CITY OF GARDENA**

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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# NONMAJOR GOVERNMENTAL FUNDS

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

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

**Gas Tax Special Revenue Fund** - To account for funding from the State of California for the state and county gas tax allocation.

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

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

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

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

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

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

**City of Gardena**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue				
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture	Public Safety Grants
<b>ASSETS</b>					
Cash and investments	\$ 286,348	\$ 1,505,135	\$ 5,392,215	\$ 1,129,958	\$ 107,139
Receivables:					
Accounts	-	-	-	-	-
Taxes	15,280	-	-	-	-
Due from other governmental agencies	-	-	-	8,582	87,108
<b>Total assets</b>	<u>\$ 301,628</u>	<u>\$ 1,505,135</u>	<u>\$ 5,392,215</u>	<u>\$ 1,138,540</u>	<u>\$ 194,247</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 43,629	\$ -	\$ -	\$ 161	\$ 1,208
Salaries and benefits payable	-	-	-	-	12,974
Due to other funds	-	-	-	-	67,130
Retention payable	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
<b>Total liabilities</b>	<u>43,629</u>	<u>-</u>	<u>-</u>	<u>161</u>	<u>81,312</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Restricted	257,999	1,505,135	5,392,215	1,138,379	112,935
Unassigned (deficit)	-	-	-	-	-
<b>Total fund balances</b>	<u>257,999</u>	<u>1,505,135</u>	<u>5,392,215</u>	<u>1,138,379</u>	<u>112,935</u>
<b>Total liabilities and fund balances</b>	<u>\$ 301,628</u>	<u>\$ 1,505,135</u>	<u>\$ 5,392,215</u>	<u>\$ 1,138,540</u>	<u>\$ 194,247</u>

**City of Gardena**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue				Total Nonmajor Governmental Funds
	Public Works Grants	Human Services Grants	Community Development Block Grant (CDBG)	City Capital Projects	
<b>ASSETS</b>					
Cash and investments	\$ 218,736	\$ 112,624	\$ 7,514	\$ 887,851	\$ 9,647,520
Receivables:					
Accounts	352,867	3,535	1,400	3,000	360,802
Taxes	-	-	-	-	15,280
Due from other governmental agencies	241,060	170,629	148,017	-	655,396
<b>Total assets</b>	<b>\$ 812,663</b>	<b>\$ 286,788</b>	<b>\$ 156,931</b>	<b>\$ 890,851</b>	<b>\$ 10,678,998</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 193	\$ 157,822	\$ 25,749	\$ 523,332	\$ 752,094
Salaries and benefits payable	-	23,626	15,687	-	52,287
Due to other funds	284,575	18,864	83,635	-	454,204
Retention payable	-	-	-	65,973	65,973
Unearned Revenue	-	150	-	-	150
<b>Total liabilities</b>	<b>284,768</b>	<b>200,462</b>	<b>125,071</b>	<b>589,305</b>	<b>1,324,708</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue	352,867	107,135	-	-	460,002
<b>Total deferred inflows of resources</b>	<b>352,867</b>	<b>107,135</b>	<b>-</b>	<b>-</b>	<b>460,002</b>
<b>Fund Balances:</b>					
Restricted	175,028	-	31,860	301,546	8,915,097
Unassigned (deficit)	-	(20,809)	-	-	(20,809)
<b>Total fund balances</b>	<b>175,028</b>	<b>(20,809)</b>	<b>31,860</b>	<b>301,546</b>	<b>8,894,288</b>
<b>Total liabilities and fund balances</b>	<b>\$ 812,663</b>	<b>\$ 286,788</b>	<b>\$ 156,931</b>	<b>\$ 890,851</b>	<b>\$ 10,678,998</b>

**City of Gardena**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue				
	Consolidated Lighting District	Prop C Local Return	Gas Tax	Asset Forfeiture	Public Safety Grants
<b>REVENUES:</b>					
Taxes	\$ 675,732	\$ 899,669	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,341,751	117,459	357,193
Fines, forfeitures, and penalties	-	-	-	-	89,447
Use of money and property	1,613	11,124	37,874	8,493	1,780
Miscellaneous	22,056	-	-	-	-
<b>Total revenues</b>	<b>699,401</b>	<b>910,793</b>	<b>1,379,625</b>	<b>125,952</b>	<b>448,420</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	-	111,970	316,928
Public works	616,020	-	-	-	-
Recreation and human services	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	129,802	25,832
<b>Total expenditures</b>	<b>616,020</b>	<b>-</b>	<b>-</b>	<b>241,772</b>	<b>342,760</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>83,381</b>	<b>910,793</b>	<b>1,379,625</b>	<b>(115,820)</b>	<b>105,660</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	725,388	-
Transfers out	(162,392)	(826,596)	(1,836,784)	(952,053)	(200,000)
<b>Total other financing sources (uses)</b>	<b>(162,392)</b>	<b>(826,596)</b>	<b>(1,836,784)</b>	<b>(226,665)</b>	<b>(200,000)</b>
<b>CHANGES IN FUND BALANCES</b>	<b>(79,011)</b>	<b>84,197</b>	<b>(457,159)</b>	<b>(342,485)</b>	<b>(94,340)</b>
<b>FUND BALANCES:</b>					
Beginning of year	337,010	1,420,938	5,849,374	1,480,864	207,275
End of year	\$ 257,999	\$ 1,505,135	\$ 5,392,215	\$ 1,138,379	\$ 112,935

**City of Gardena**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Special Revenue				Total Nonmajor Governmental Funds
	Public Works Grants	Human Services Grants	Community Development Block Grant (CDBG)	City Capital Projects	
<b>REVENUES:</b>					
Taxes	\$ 773,664	\$ -	\$ -	\$ -	\$ 2,349,065
Intergovernmental	406,516	1,940,987	684,708	73,276	4,921,890
Fines, forfeitures, and penalties	-	-	-	-	89,447
Use of money and property	2,382	1,751	-	-	65,017
Miscellaneous	-	154,054	7,100	-	183,210
<b>Total revenues</b>	<b>1,182,562</b>	<b>2,096,792</b>	<b>691,808</b>	<b>73,276</b>	<b>7,608,629</b>
<b>EXPENDITURES:</b>					
Current:					
Public safety	-	-	-	-	428,898
Public works	18,841	-	-	-	634,861
Recreation and human services	-	2,238,821	-	-	2,238,821
Community development	-	-	722,188	-	722,188
Capital outlay	-	-	-	4,011,329	4,166,963
<b>Total expenditures</b>	<b>18,841</b>	<b>2,238,821</b>	<b>722,188</b>	<b>4,011,329</b>	<b>8,191,731</b>
<b>REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>1,163,721</b>	<b>(142,029)</b>	<b>(30,380)</b>	<b>(3,938,053)</b>	<b>(583,102)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	82,683	44,531	40,066	4,060,520	4,953,188
Transfers out	(1,731,582)	-	(2,575)	-	(5,711,982)
<b>Total other financing sources (uses)</b>	<b>(1,648,899)</b>	<b>44,531</b>	<b>37,491</b>	<b>4,060,520</b>	<b>(758,794)</b>
<b>CHANGES IN FUND BALANCES</b>	<b>(485,178)</b>	<b>(97,498)</b>	<b>7,111</b>	<b>122,467</b>	<b>(1,341,896)</b>
<b>FUND BALANCES:</b>					
Beginning of year	660,206	76,689	24,749	179,079	10,236,184
End of year	\$ 175,028	\$ (20,809)	\$ 31,860	\$ 301,546	\$ 8,894,288

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Consolidated Lighting District Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 661,117	\$ 661,117	\$ 675,732	\$ 14,615
Use of money and property	-	-	1,613	1,613
Miscellaneous	350	350	22,056	21,706
<b>Total revenues</b>	<b>661,467</b>	<b>661,467</b>	<b>699,401</b>	<b>37,934</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	611,703	611,703	616,020	(4,317)
<b>Total expenditures</b>	<b>611,703</b>	<b>611,703</b>	<b>616,020</b>	<b>(4,317)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>49,764</b>	<b>49,764</b>	<b>83,381</b>	<b>33,617</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(162,392)	(162,392)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(162,392)</b>	<b>(162,392)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>49,764</b>	<b>49,764</b>	<b>(79,011)</b>	<b>(128,775)</b>
<b>FUND BALANCE:</b>				
Beginning of year	337,010	337,010	337,010	-
End of year	<b>\$ 386,774</b>	<b>\$ 386,774</b>	<b>\$ 257,999</b>	<b>\$ (128,775)</b>

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Prop C Local Return Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 865,173	\$ 865,173	\$ 899,669	\$ 34,496
Use of money and property	25,000	25,000	11,124	(13,876)
<b>Total revenues</b>	<b>890,173</b>	<b>890,173</b>	<b>910,793</b>	<b>20,620</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>890,173</b>	<b>890,173</b>	<b>910,793</b>	<b>20,620</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(500,000)	(500,000)	(826,596)	(326,596)
<b>Total other financing sources (uses)</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>(826,596)</b>	<b>(326,596)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>390,173</b>	<b>390,173</b>	<b>84,197</b>	<b>(305,976)</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,420,938	1,420,938	1,420,938	-
End of year	<b>\$ 1,811,111</b>	<b>\$ 1,811,111</b>	<b>\$ 1,505,135</b>	<b>\$ (305,976)</b>

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,594,751	\$ 1,594,751	\$ 1,341,751	\$ (253,000)
Use of money and property	19,250	19,250	37,874	18,624
<b>Total revenues</b>	<b>1,614,001</b>	<b>1,614,001</b>	<b>1,379,625</b>	<b>(234,376)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,614,001</b>	<b>1,614,001</b>	<b>1,379,625</b>	<b>(234,376)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(2,090,000)	(2,090,000)	(1,836,784)	253,216
<b>Total other financing sources (uses)</b>	<b>(2,090,000)</b>	<b>(2,090,000)</b>	<b>(1,836,784)</b>	<b>253,216</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(475,999)</b>	<b>(475,999)</b>	<b>(457,159)</b>	<b>18,840</b>
<b>FUND BALANCE:</b>				
Beginning of year	5,849,374	5,849,374	5,849,374	-
End of year	<b>\$ 5,373,375</b>	<b>\$ 5,373,375</b>	<b>\$ 5,392,215</b>	<b>\$ 18,840</b>

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Asset Forfeiture Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 510,000	\$ 510,000	\$ 117,459	\$ (392,541)
Use of money and property	6,500	6,500	8,493	1,993
<b>Total revenues</b>	<b>516,500</b>	<b>516,500</b>	<b>125,952</b>	<b>(390,548)</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	534,600	534,600	111,970	422,630
Capital outlay	437,000	533,500	129,802	403,698
<b>Total expenditures</b>	<b>971,600</b>	<b>1,068,100</b>	<b>241,772</b>	<b>826,328</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(455,100)</b>	<b>(551,600)</b>	<b>(115,820)</b>	<b>435,780</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	-	-	725,388	725,388
Transfers out	(200,918)	(2,200,918)	(952,053)	1,248,865
<b>Total other financing sources (uses)</b>	<b>(200,918)</b>	<b>(2,200,918)</b>	<b>(226,665)</b>	<b>1,974,253</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(656,018)</b>	<b>(2,752,518)</b>	<b>(342,485)</b>	<b>2,410,033</b>
<b>FUND BALANCE:</b>				
Beginning of year	1,480,864	1,480,864	1,480,864	-
End of year	<b>\$ 824,846</b>	<b>\$ (1,271,654)</b>	<b>\$ 1,138,379</b>	<b>\$ 2,410,033</b>

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Public Safety Grants Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 395,217	\$ 415,248	\$ 357,193	\$ (58,055)
Fines, forfeitures, and penalties	200,000	200,000	89,447	(110,553)
Use of money and property	-	-	1,780	1,780
<b>Total revenues</b>	<b>595,217</b>	<b>615,248</b>	<b>448,420</b>	<b>(166,828)</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	307,139	397,082	316,928	80,154
Capital outlay	19,900	34,931	25,832	9,099
<b>Total expenditures</b>	<b>327,039</b>	<b>432,013</b>	<b>342,760</b>	<b>89,253</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>268,178</b>	<b>183,235</b>	<b>105,660</b>	<b>(77,575)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(200,000)	(200,000)	(200,000)	-
<b>Total other financing sources (uses)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>68,178</b>	<b>(16,765)</b>	<b>(94,340)</b>	<b>(77,575)</b>
<b>FUND BALANCE:</b>				
Beginning of year	207,275	207,275	207,275	-
End of year	<b>\$ 275,453</b>	<b>\$ 190,510</b>	<b>\$ 112,935</b>	<b>\$ (77,575)</b>

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Public Works Grants Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 742,250	\$ 742,250	\$ 773,664	\$ 31,414
Intergovernmental	500,000	500,000	406,516	(93,484)
Use of money and property	2,000	2,000	2,382	382
<b>Total revenues</b>	<b>1,244,250</b>	<b>1,244,250</b>	<b>1,182,562</b>	<b>(61,688)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	21,662	21,662	18,841	2,821
<b>Total expenditures</b>	<b>21,662</b>	<b>21,662</b>	<b>18,841</b>	<b>2,821</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,222,588</b>	<b>1,222,588</b>	<b>1,163,721</b>	<b>(58,867)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	82,683	82,683
Transfers out	(1,153,500)	(1,153,500)	(1,731,582)	(578,082)
<b>Total other financing sources (uses)</b>	<b>(1,153,500)</b>	<b>(1,153,500)</b>	<b>(1,648,899)</b>	<b>(495,399)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>69,088</b>	<b>69,088</b>	<b>(485,178)</b>	<b>(554,266)</b>
<b>FUND BALANCE:</b>				
Beginning of year	660,206	660,206	660,206	-
End of year	<b>\$ 729,294</b>	<b>\$ 729,294</b>	<b>\$ 175,028</b>	<b>\$ (554,266)</b>

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Human Services Grants Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,864,934	\$ 2,140,375	\$ 1,940,987	\$ (199,388)
Use of money and property	1,000	1,000	1,751	751
Miscellaneous	50,000	152,000	154,054	2,054
<b>Total revenues</b>	<b>1,915,934</b>	<b>2,293,375</b>	<b>2,096,792</b>	<b>(196,583)</b>
<b>EXPENDITURES:</b>				
Current:				
Recreation and human services	1,915,934	2,293,375	2,238,821	54,554
<b>Total expenditures</b>	<b>1,915,934</b>	<b>2,293,375</b>	<b>2,238,821</b>	<b>54,554</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(142,029)</b>	<b>(142,029)</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	-	-	44,531	44,531
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>44,531</b>	<b>44,531</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(97,498)</b>	<b>(97,498)</b>
<b>FUND BALANCE:</b>				
Beginning of year	76,689	76,689	76,689	-
End of year	<u>\$ 76,689</u>	<u>\$ 76,689</u>	<u>\$ (20,809)</u>	<u>\$ (97,498)</u>

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Community Development Block Grant (CDBG) Special Revenue Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 725,681	\$ 776,555	\$ 684,708	\$ (91,847)
Miscellaneous	-	-	7,100	7,100
<b>Total revenues</b>	<b>725,681</b>	<b>776,555</b>	<b>691,808</b>	<b>(84,747)</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	725,681	776,555	722,188	54,367
<b>Total expenditures</b>	<b>725,681</b>	<b>776,555</b>	<b>722,188</b>	<b>54,367</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(30,380)	(30,380)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	40,066	40,066
Transfers out	-	-	(2,575)	(2,575)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>37,491</b>	<b>37,491</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>7,111</b>	<b>7,111</b>
<b>FUND BALANCE:</b>				
Beginning of year	24,749	24,749	24,749	-
End of year	<b>\$ 24,749</b>	<b>\$ 24,749</b>	<b>\$ 31,860</b>	<b>\$ 7,111</b>

**City of Gardena**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**City Capital Projects Fund**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	74,000	\$ 73,276	\$ (724)
Miscellaneous	-	500,000	-	(500,000)
<b>Total revenues</b>	<b>-</b>	<b>574,000</b>	<b>73,276</b>	<b>(500,724)</b>
<b>EXPENDITURES:</b>				
Current:	-			
Capital outlay	3,790,000	24,264,000	4,011,329	20,252,671
<b>Total expenditures</b>	<b>3,790,000</b>	<b>24,264,000</b>	<b>4,011,329</b>	<b>20,252,671</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,790,000)</b>	<b>(23,690,000)</b>	<b>(3,938,053)</b>	<b>19,751,947</b>
<b>OTHER FINANCING SOURCES :</b>				
Transfers in	3,890,000	23,790,000	4,060,520	(19,729,480)
<b>Total other financing sources</b>	<b>3,890,000</b>	<b>23,790,000</b>	<b>4,060,520</b>	<b>(19,729,480)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>100,000</b>	<b>100,000</b>	<b>122,467</b>	<b>22,467</b>
<b>FUND BALANCE:</b>				
Beginning of year	452,900	179,079	179,079	-
End of year	\$ 552,900	\$ 279,079	\$ 301,546	\$ 22,467

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# CITY DEBT SERVICE FUNDS

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## **DEBT SERVICE FUNDS:**

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

*Leases and Loan Fund* - To account for the accumulated funds for the payment of interest and principal for the loans obtained to fund CMS Viron Energy Services' study of the City's lighting, heating, cooling, other energy consuming systems, and the lease of the police vehicles.

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

*2006 Refunding COPs, Series C 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.

**City of Gardena**  
**Combining Balance Sheet**  
**All Debt Service Funds**  
**June 30, 2016**

		2006	2006	2007	2014	
	Leases and	Refunding	Refunding	Refunding	Taxable	Total
	Loan	COPs, Series A & B	COPs, Series C	Revenue Bonds SBRPCA	Lease Revenue Refunding Bonds	
<b>ASSETS</b>						
Cash and investments with fiscal agents	\$ -	\$ 1,803,188	\$ 537,977	\$ 298,526	\$ 37,654	\$ 2,677,345
Prepaid items and deposits	-	1,886	333	-	-	2,219
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,805,074</b>	<b>\$ 538,310</b>	<b>\$ 298,526</b>	<b>\$ 37,654</b>	<b>\$ 2,679,564</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 171	\$ 30	\$ -	\$ -	\$ 201
<b>Total liabilities</b>	<b>-</b>	<b>171</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>201</b>
<b>Fund Balances:</b>						
Restricted	-	1,804,903	538,280	298,526	37,654	2,679,363
<b>Total fund balances</b>	<b>-</b>	<b>1,804,903</b>	<b>538,280</b>	<b>298,526</b>	<b>37,654</b>	<b>2,679,363</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 1,805,074</b>	<b>\$ 538,310</b>	<b>\$ 298,526</b>	<b>\$ 37,654</b>	<b>\$ 2,679,564</b>

**City of Gardena**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**All Debt Service Funds**  
**For the Year Ended June 30, 2016**

	Leases and Loan	2006 Refunding COPs, Series A & B	2006 Refunding COPs, Series C	2007 Refunding Revenue Bonds SBRPCA	2014 Taxable Lease Revenue Refunding Bonds	Total
<b>REVENUES:</b>						
Use of money and property	\$ -	\$ 4	\$ 1	\$ 29	\$ 128	\$ 162
<b>Total revenues</b>	<b>-</b>	<b>4</b>	<b>1</b>	<b>29</b>	<b>128</b>	<b>162</b>
<b>EXPENDITURES:</b>						
Debt service:						
Principal retirement	67,126	410,000	190,000	85,000	-	752,126
Interest and fiscal charges	3,792	623,488	100,449	103,545	452,439	1,283,713
<b>Total expenditures</b>	<b>70,918</b>	<b>1,033,488</b>	<b>290,449</b>	<b>188,545</b>	<b>452,439</b>	<b>2,035,839</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(70,918)</b>	<b>(1,033,484)</b>	<b>(290,448)</b>	<b>(188,516)</b>	<b>(452,311)</b>	<b>(2,035,677)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	70,918	1,050,001	302,077	186,419	139,928	1,749,343
<b>Total other financing sources (uses)</b>	<b>70,918</b>	<b>1,050,001</b>	<b>302,077</b>	<b>186,419</b>	<b>139,928</b>	<b>1,749,343</b>
<b>CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>16,517</b>	<b>11,629</b>	<b>(2,097)</b>	<b>(312,383)</b>	<b>(286,334)</b>
<b>FUND BALANCES:</b>						
Beginning of year	-	1,788,386	526,651	300,623	350,037	2,965,697
End of year	\$ -	\$ 1,804,903	\$ 538,280	\$ 298,526	\$ 37,654	\$ 2,679,363

**City of Gardena**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**City Debt Service Funds**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 105,901	\$ 105,901	\$ 162	\$ (105,739)
<b>Total revenues</b>	<u>105,901</u>	<u>105,901</u>	<u>162</u>	<u>(105,739)</u>
<b>EXPENDITURES:</b>				
Debt Services				
Principal retirement	752,126	752,126	752,126	-
Interest and fiscal charges	1,112,525	1,112,525	1,283,713	(171,188)
<b>Total expenditures</b>	<u>1,864,651</u>	<u>1,864,651</u>	<u>2,035,839</u>	<u>(171,188)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,758,750)</u>	<u>(1,758,750)</u>	<u>(2,035,677)</u>	<u>(171,188)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,758,750	1,758,750	1,749,343	(9,407)
<b>Total other financing sources (uses)</b>	<u>1,758,750</u>	<u>1,758,750</u>	<u>1,749,343</u>	<u>(9,407)</u>
<b>Net changes in fund balance</b>	-	-	(286,334)	(180,595)
<b>FUND BALANCE:</b>				
Beginning of year	2,965,697	2,965,697	\$ 2,965,697	-
End of year	<u>\$ 2,965,697</u>	<u>\$ 2,965,697</u>	<u>\$ 2,679,363</u>	<u>\$ (180,595)</u>

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# INTERNAL SERVICE FUNDS

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

**Internal Service Funds include:**

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

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

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

**CITY OF GARDENA**

*Comprehensive Annual Financial Report*

*For the Year Ended June 30, 2016*



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**City of Gardena**  
**Combining Statement of Net Position**  
**All Internal Service Funds**  
**June 30, 2016**

	Liability Insurance	Workers' Compensation	Health Benefit	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ -	\$ 3,008,886	\$ 5,871,446	\$ 8,880,332
Prepaid items and deposits	-	2,146	-	2,146
<b>Total current assets</b>	<b>-</b>	<b>3,011,032</b>	<b>5,871,446</b>	<b>8,882,478</b>
<b>Total assets</b>	<b>-</b>	<b>3,011,032</b>	<b>5,871,446</b>	<b>8,882,478</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	108,651	27	11,534	120,212
Deposits payable	-	-	5,121	5,121
Due to other funds	60,499	-	-	60,499
Claims payable - due within one year	1,077,458	5,531,835	-	6,609,293
<b>Total current liabilities</b>	<b>1,246,608</b>	<b>5,531,862</b>	<b>16,655</b>	<b>6,795,125</b>
Noncurrent liabilities:				
Claims payable - due in more than one year	3,151,071	1,093,428	754,589	4,999,088
<b>Total noncurrent liabilities</b>	<b>3,151,071</b>	<b>1,093,428</b>	<b>754,589</b>	<b>4,999,088</b>
<b>Total liabilities</b>	<b>4,397,679</b>	<b>6,625,290</b>	<b>771,244</b>	<b>11,794,213</b>
<b>NET POSITION</b>				
Unrestricted (deficit)	(4,397,679)	(3,614,258)	5,100,202	(2,911,735)
<b>Total net position</b>	<b>\$ (4,397,679)</b>	<b>\$ (3,614,258)</b>	<b>\$ 5,100,202</b>	<b>\$ (2,911,735)</b>

**City of Gardena**  
**Combining Statement of Activities**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2016**

	Liability Insurance	Workers' Compensation	Health Benefit	Total
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 1,462,730	\$ 1,032,273	\$ 7,116,431	\$ 9,611,434
Other	87,484	1,015,011	40,438	1,142,933
<b>Total operating revenues</b>	<u>1,550,214</u>	<u>2,047,284</u>	<u>7,156,869</u>	<u>10,754,367</u>
<b>OPERATING EXPENSES:</b>				
Insurance claims	3,982,237	1,463,992	2,083,739	7,529,968
General and administrative	680,113	456,344	3,722,128	4,858,585
<b>Total operating expenses</b>	<u>4,662,350</u>	<u>1,920,336</u>	<u>5,805,867</u>	<u>12,388,553</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(3,112,136)</u>	<u>126,948</u>	<u>1,351,002</u>	<u>(1,634,186)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest income	-	18,264	38,719	56,983
<b>Total nonoperating revenues</b>	<u>-</u>	<u>18,264</u>	<u>38,719</u>	<u>56,983</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(3,112,136)</u>	<u>145,212</u>	<u>1,389,721</u>	<u>(1,577,203)</u>
<b>TRANSFERS:</b>				
Transfers in	1,677,504	-	-	1,677,504
<b>Total transfers</b>	<u>1,677,504</u>	<u>-</u>	<u>-</u>	<u>1,677,504</u>
<b>Changes in net position</b>	<u>(1,434,632)</u>	<u>145,212</u>	<u>1,389,721</u>	<u>100,301</u>
<b>NET POSITION (DEFICIT):</b>				
Beginning of year	(2,963,047)	(3,759,470)	3,710,481	(3,012,036)
End of year	<u>\$ (4,397,679)</u>	<u>\$ (3,614,258)</u>	<u>\$ 5,100,202</u>	<u>\$ (2,911,735)</u>

**City of Gardena**  
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the Year Ended June 30, 2016**

	Liability Insurance	Workers' Compensation	Health Benefit	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from users	\$ 1,523,229	\$ 1,033,219	\$ 7,459,829	\$ 10,016,277
Receipts from claims recoveries	87,484	1,015,011	40,438	1,142,933
Payments for insurance claims	(2,470,187)	(1,475,837)	(2,190,274)	(6,136,298)
Payments to suppliers	(884,878)	(456,317)	(3,718,749)	(5,059,944)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,744,352)</b>	<b>116,076</b>	<b>1,591,244</b>	<b>(37,032)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers from other funds	1,677,504	-	-	1,677,504
<b>Net cash provided by noncapital financing activities</b>	<b>1,677,504</b>	<b>-</b>	<b>-</b>	<b>1,677,504</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	-	18,264	38,719	56,983
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>18,264</b>	<b>38,719</b>	<b>56,983</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(66,848)</b>	<b>134,340</b>	<b>1,629,963</b>	<b>1,697,455</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	66,848	2,874,546	4,241,483	7,182,877
End of year	\$ -	\$ 3,008,886	\$ 5,871,446	\$ 8,880,332
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (3,112,136)	\$ 126,948	\$ 1,351,002	\$ (1,634,186)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in accounts receivable	-	946	343,398	344,344
Increase (decrease) in accounts payable	(204,765)	27	5,585	(199,153)
Increase (decrease) in accrued liabilities	-	-	-	-
Increase (decrease) in due to other funds	60,499	-	-	60,499
Increase (decrease) in deposits payable	-	-	(2,206)	(2,206)
Increase (decrease) in claims payable	1,512,050	(11,845)	(106,535)	1,393,670
<b>Total adjustments</b>	<b>1,367,784</b>	<b>(10,872)</b>	<b>240,242</b>	<b>1,597,154</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (1,744,352)</b>	<b>\$ 116,076</b>	<b>\$ 1,591,244</b>	<b>\$ (37,032)</b>

# CITY OF GARDENA

*Comprehensive Annual Financial Report*

*For the Year Ended June 30, 2016*



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# FIDUCIARY FUND

## FINANCIAL STATEMENTS

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*LA CLEAR - Training Agency Fund* - this fund was established to account for the Los Angeles Criminal Information Clearinghouse ("LA CLEAR"), which promotes the exchange of strategic, tactical, operational intelligence and information through training.

*BSCC Trust/AB109 Parole Compliance Agency Fund* - The Board of State and Community Corrections ("BSCC") provides funding for city police departments to enable front-line intervention services in each county.

**City of Gardena**  
**Combining Statement of Fiduciary Net Position**  
**Agency Funds**  
**June 30, 2016**

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	Agency Funds		
	LA CLEAR - Training Fund	BSCC Trust / AB109 Parole Compliance Fund	Totals
<b>ASSETS</b>			
Cash and investments	\$ 5,885	\$ 1,542,542	\$ 1,548,427
<b>Total assets</b>	<b>\$ 5,885</b>	<b>\$ 1,542,542</b>	<b>\$ 1,548,427</b>
<b>LIABILITIES</b>			
Deposits	\$ 5,885	\$ 1,542,542	\$ 1,548,427
<b>Total liabilities</b>	<b>\$ 5,885</b>	<b>\$ 1,542,542</b>	<b>\$ 1,548,427</b>

**City of Gardena**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2016**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b><u>LA CLEAR - Training Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 5,885	\$ -	\$ -	\$ 5,885
<b>Total assets</b>	<b>\$ 5,885</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,885</b>
<b>Liabilities:</b>				
Deposits payable	\$ 5,885	\$ -	\$ -	\$ 5,885
<b>Total liabilities</b>	<b>\$ 5,885</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,885</b>
<b><u>BSCC Trust / AB109 Parole Compliance Fund</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 3,433,820	\$ 5,846,045	\$ (7,737,323)	\$ 1,542,542
<b>Total assets</b>	<b>\$ 3,433,820</b>	<b>\$ 5,846,045</b>	<b>\$ (7,737,323)</b>	<b>\$ 1,542,542</b>
<b>Liabilities:</b>				
Deposits payable	\$ 3,433,820	\$ 5,846,045	\$ (7,737,323)	\$ 1,542,542
<b>Total liabilities</b>	<b>\$ 3,433,820</b>	<b>\$ 5,846,045</b>	<b>\$ (7,737,323)</b>	<b>\$ 1,542,542</b>
<b><u>Total All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 3,439,705	\$ 5,846,045	\$ (7,737,323)	\$ 1,548,427
<b>Total assets</b>	<b>\$ 3,439,705</b>	<b>\$ 5,846,045</b>	<b>\$ (7,737,323)</b>	<b>\$ 1,548,427</b>
<b>Liabilities:</b>				
Deposits payable	\$ 3,439,705	\$ 5,846,045	\$ (7,737,323)	\$ 1,548,427
<b>Total liabilities</b>	<b>\$ 3,439,705</b>	<b>\$ 5,846,045</b>	<b>\$ (7,737,323)</b>	<b>\$ 1,548,427</b>

**CITY OF GARDENA**

*Comprehensive Annual Financial Report  
For the Year Ended June 30, 2016*



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# STATISTICAL SECTION

Fiscal Year 2015-16



**STATISTICAL SECTION**

**Fiscal Year 2015-16**



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# CITY OF GARDENA STATISTICAL SECTION

Fiscal Year 2015-16



This part of the City of Gardena's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

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**City of Gardena**  
**Net Position by Component<sup>(1)</sup>**  
**Last Ten Fiscal Years Ended June 30, 2016**  
**(accrual basis of accounting)**

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

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

**City of Gardena**  
**Net Position by Component (Continued) <sup>(1)</sup>**  
**Last Ten Fiscal Years Ended June 30, 2016**  
**(accrual basis of accounting)**

	Fiscal Year				
	2010-11	2009-10	2008-09	2007-08	2006-07
Governmental Activities					
Net Investment in Capital Assets	\$18,985,090	\$17,048,157	\$15,976,297	\$10,444,951	\$12,050,494
Restricted for:					
Debt Service	3,471,066	3,461,581	3,415,353	3,495,328	3,377,888
Employment and Training Services	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Local Street Improvements	-	-	-	-	-
Local Street Improvements	-	-	-	-	-
Economic Development	-	-	-	-	-
Other Purposes	-	-	-	-	-
Specific Projects and Programs	8,478,780	7,301,648	10,355,305	6,802,764	5,309,559
Total Restricted:	11,949,846	10,763,229	13,770,658	10,298,092	8,687,447
Unrestricted	3,627,371	3,010,912	5,542,232	7,064,375	2,677,151
Total governmental activities net position	<u>\$34,562,307</u>	<u>\$30,822,298</u>	<u>\$35,289,187</u>	<u>\$27,807,418</u>	<u>\$23,415,092</u>
Business-type Activities					
Net Investment in Capital Assets	\$83,365,100	\$86,263,907	\$69,127,201	\$61,490,538	\$38,753,216
Unrestricted	479,952	989,448	1,947,975	2,667,455	2,644,621
Total business-type activities net position	<u>\$83,845,052</u>	<u>\$87,253,355</u>	<u>\$71,075,176</u>	<u>\$64,157,993</u>	<u>\$41,397,837</u>
Primary Government					
Net Investment in Capital Assets	\$102,350,190	\$103,312,064	\$85,103,498	\$71,935,489	\$50,803,710
Restricted	11,949,846	11,515,434	14,950,230	10,298,092	8,687,447
Unrestricted	4,107,323	4,000,360	7,490,207	9,731,830	5,321,772
Total Primary Government Net Position:	<u>\$118,407,359</u>	<u>\$118,827,858</u>	<u>\$107,543,935</u>	<u>\$91,965,411</u>	<u>\$64,812,929</u>

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

**City of Gardena**  
**Changes in Net Position**  
**Last Ten Fiscal Years Ended June 30, 2016**  
**(accrual basis of accounting)**

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

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

**City of Gardena**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years Ended June 30, 2016**  
**(accrual basis of accounting)**

	Fiscal Year				
	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Expenses</b>					
<b>Governmental Activities</b>					
General Government	7,664,340	6,810,404	7,359,877	6,278,952	6,477,684
Public Safety	27,489,863	29,073,301	29,174,505	28,467,330	25,404,538
Public Works	7,520,866	12,666,722	9,129,851	6,683,106	8,249,542
Recreation and Human Services	6,364,297	6,566,080	6,350,057	6,754,187	6,172,800
Community Development	2,275,785	2,382,432	2,225,022	2,896,734	2,273,604
Interest and fiscal charges	1,643,644	1,670,766	1,752,812	1,921,147	2,268,928
Total governmental activities expenses:	<u>52,958,795</u>	<u>59,169,705</u>	<u>55,992,124</u>	<u>53,001,456</u>	<u>50,847,096</u>
<b>Business-type Activities</b>					
Municipal Bus Line	19,784,655	19,824,401	15,573,659	14,741,966	14,221,718
Sewer	787,616	825,652	621,979	507,262	342,036
Waste management resources	-	-	-	-	-
Total business-type activities expenses:	<u>20,572,271</u>	<u>20,650,053</u>	<u>16,195,638</u>	<u>15,249,228</u>	<u>14,563,754</u>
Total primary government expenses:	<u>73,531,066</u>	<u>79,819,758</u>	<u>72,187,762</u>	<u>68,250,684</u>	<u>65,410,850</u>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
Charges for services:					
General Government	2,740,615	2,366,413	2,179,923	2,306,141	2,650,299
Public Safety	2,009,200	1,859,417	2,014,136	2,121,887	1,851,006
Public Works	274,531	269,761	250,470	235,234	222,906
Recreation and Human Services	2,282,245	2,123,238	1,993,259	2,140,176	2,044,261
Community Development	826,748	703,007	604,849	775,318	1,118,600
Interest and fiscal charges	-	-	-	-	-
Operating Grants and Contributions	6,346,737	7,677,970	6,463,703	6,093,654	4,944,446
Capital Grants and Contributions	2,520,045	1,118,767	884,103	1,211,120	1,637,162
Total governmental activities program revenues:	<u>17,000,121</u>	<u>16,118,573</u>	<u>14,390,443</u>	<u>14,883,530</u>	<u>14,468,680</u>
<b>Business-type Activities</b>					
Charges for services:					
Municipal Bus Line	3,179,805	3,062,578	2,876,238	2,626,290	2,151,476
Sewer	710,336	715,988	773,182	787,843	760,345
Grants and Contributions	13,577,047	33,189,735	19,426,795	33,801,504	20,676,280
Total business-type activities program revenues:	<u>17,467,188</u>	<u>36,968,301</u>	<u>23,076,215</u>	<u>37,215,637</u>	<u>23,588,101</u>
Total primary government revenues:	<u>34,467,309</u>	<u>53,086,874</u>	<u>37,466,658</u>	<u>52,099,167</u>	<u>38,056,781</u>

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

**City of Gardena**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years Ended June 30, 2016**  
**(accrual basis of accounting)**

	Fiscal Year				
	2015-16	2014-15	2013-14	2012-13	2011-12
<b>Net (expense)/revenue: <sup>(1)</sup></b>					
Governmental activities	(47,788,582)	(44,653,676)	(49,302,841)	(47,602,370)	(41,945,457)
Business-type activities	(5,341,859)	(5,404,836)	(2,693,836)	(3,348,208)	(3,838,899)
Total net revenues (expenses):	<u>(53,130,441)</u>	<u>(50,058,512)</u>	<u>(51,996,677)</u>	<u>(50,950,578)</u>	<u>(45,784,356)</u>
<b>General Revenue and Other Changes in Net Position</b>					
Governmental activities					
Taxes:					
Property taxes	6,729,849	6,402,520	6,192,249	5,924,450	5,740,677
Sales tax	11,227,326	9,965,476	9,472,341	9,093,802	8,112,695
Business license	2,536,438	2,547,148	2,218,097	2,224,694	2,120,052
Utility user taxes	5,212,410	5,335,375	5,383,285	5,224,829	5,211,568
Franchise taxes	2,534,820	2,417,342	2,351,576	2,311,421	2,277,747
Card club taxes	9,057,202	9,517,550	9,467,078	8,394,406	7,434,236
Other taxes	3,479,372	3,136,222	2,965,176	2,773,929	2,550,706
Vehicle license	5,445,385	5,166,984	4,958,745	4,792,063	4,754,240
Grants and contributions not restricted to specific program	-	-	-	-	-
Investment income	499,279	248,773	270,187	163,025	268,259
Miscellaneous	2,566,919	3,329,396	2,643,424	2,419,479	4,814,396
Gain on sale of assets	1,877,151	-	-	-	-
Transfers	3,221,449	200,846	408,925	1,397,691	1,180,312
Total governmental activities	<u>54,387,600</u>	<u>48,267,632</u>	<u>46,331,083</u>	<u>44,719,789</u>	<u>44,464,888</u>
Business-type activities					
Investment income	55,492	24,196	11,333	33,606	47,367
Miscellaneous	13,623	4,370	2,733	(45,366)	173,350
Lost on disposal of capital assets	-	-	(2,600,806)	-	-
Transfers	(3,221,449)	(200,846)	(408,925)	(1,397,691)	(1,180,312)
Total business-type activities:	<u>(3,152,334)</u>	<u>(172,280)</u>	<u>(2,995,665)</u>	<u>(1,409,451)</u>	<u>(959,595)</u>
Total primary government:	<u>51,235,266</u>	<u>48,095,352</u>	<u>43,335,418</u>	<u>43,310,338</u>	<u>43,505,293</u>
<b>Change in Net Position</b>					
Governmental activities	6,599,018	3,613,956	(2,971,758)	(2,882,581)	2,519,431
Business-type activities	(8,494,193)	(5,577,116)	(5,689,501)	(4,757,659)	(4,798,494)
Total primary government:	<u>(1,895,175)</u>	<u>(1,963,160)</u>	<u>(8,661,259)</u>	<u>(7,640,240)</u>	<u>(2,279,063)</u>

<sup>(1)</sup> Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program specific grants versus its reliance upon funding from taxes and other general revenues.

- A number in parentheses are net expenses, indicating that expenses were greater than program revenues and therefore, general revenues were needed to finance that function or program.
- Numbers without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

**City of Gardena**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years Ended June 30, 2016**  
**(accrual basis of accounting)**

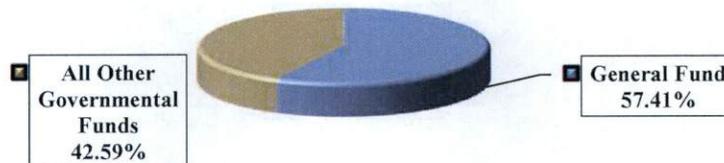
	Fiscal Year				
	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Net (expense)/revenue: <sup>(1)</sup></b>					
Governmental activities	(35,958,674)	(43,051,132)	(41,601,681)	(38,117,926)	(36,378,416)
Business-type activities	(3,105,083)	16,318,248	6,880,577	21,966,409	9,024,347
Total net revenues (expenses):	<u>(39,063,757)</u>	<u>(26,732,884)</u>	<u>(34,721,104)</u>	<u>(16,151,517)</u>	<u>(27,354,069)</u>
<b>General Revenue and Other Changes in Net Position</b>					
Governmental activities					
Taxes:					
Property taxes	5,798,031	5,859,335	6,037,336	5,757,421	5,439,214
Sales tax	7,233,151	6,574,657	8,946,532	9,544,897	9,247,256
Business license	2,228,790	2,065,730	2,229,475	2,186,129	2,209,614
Utility user taxes	4,534,246	4,382,844	4,567,849	4,426,718	4,432,509
Franchise taxes	2,259,808	1,706,257	2,033,635	2,033,544	2,095,135
Card club taxes	7,365,159	7,660,557	8,523,146	9,541,470	9,281,190
Other taxes	2,366,440	2,152,895	1,826,923	2,049,948	2,545,717
Vehicle license	4,952,630	4,922,131	4,957,484	4,777,727	4,121,467
Grants and contributions not restricted to specific programs	-	-	-	-	-
Investment income	290,118	362,618	696,196	1,499,195	1,566,143
Miscellaneous	1,472,970	2,201,122	2,041,078	716,417	904,507
Gain on sale of assets	-	-	-	-	-
Transfers	445,135	187,552	713,678	20,507	40,067
Total governmental activities	<u>38,946,478</u>	<u>38,075,698</u>	<u>42,573,332</u>	<u>42,553,973</u>	<u>41,882,819</u>
Business-type activities					
Investment income	46,882	37,018	224,597	208,918	270,903
Miscellaneous	95,033	10,465	1,617	30	13,398
Transfers	(445,135)	(187,552)	(713,678)	(20,507)	(40,067)
Total business-type activities:	<u>(303,220)</u>	<u>(140,069)</u>	<u>(487,464)</u>	<u>188,441</u>	<u>244,234</u>
Total primary government:	<u>38,643,258</u>	<u>37,935,629</u>	<u>42,085,868</u>	<u>42,742,414</u>	<u>42,127,053</u>
<b>Change in Net Position</b>					
Governmental activities	2,987,804	(4,975,434)	971,651	4,436,047	5,504,403
Business-type activities	(3,408,303)	16,178,179	6,393,113	22,154,850	9,268,581
Total primary government:	<u>(420,499)</u>	<u>11,202,745</u>	<u>7,364,764</u>	<u>26,590,897</u>	<u>14,772,984</u>

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

**City of Gardena**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years Ended June 30, 2016**  
**(modified accrual basis of accounting)**

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

**Fund Balances**  
**Fiscal Year Ended June 30, 2016**



NOTES:

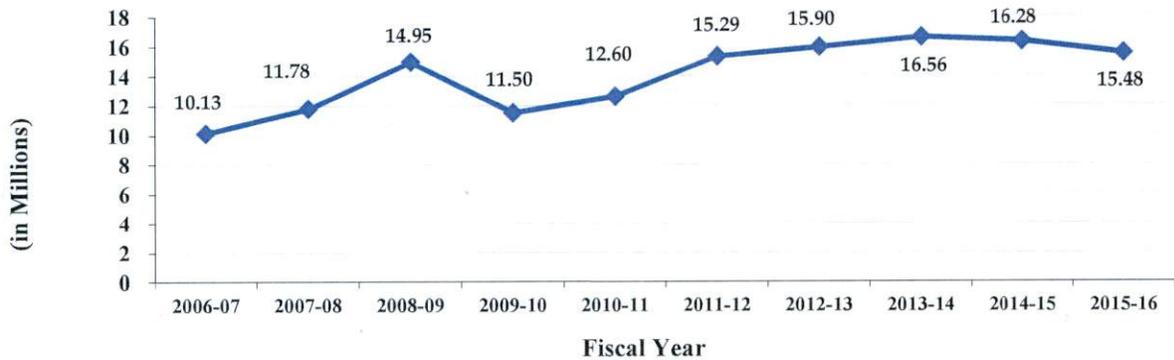
- (1) Reserved fund balance at June 30, 2006 includes unexpended bond proceeds from 2006 Series A, B & C Certificates of Participation.
- (2) New reporting requirements per GASB 54.

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, 2016**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2010-11	2009-10	2008-09	2007-08	2006-07
General Fund					
Reserved	\$ -	\$776,838	\$1,178,460	\$3,747,641	\$729,315
Unreserved	-	7,872,912	7,403,602	4,198,081	6,188,207
Nonspendable	(2) 758,634	-	-	-	-
Restricted	(2) 48,922	-	-	-	-
Committed	(2) 5,105,052	-	-	-	-
Assigned	(2) 3,097,213	-	-	-	-
Unassigned	(2) 257,210	-	-	-	-
<b>Total General Fund:</b>	<b>\$9,267,031</b>	<b>\$8,649,750</b>	<b>\$8,582,062</b>	<b>\$7,945,722</b>	<b>\$6,917,522</b>
All Other Governmental Funds					
Reserved	\$ -	\$3,461,656	\$3,418,166	\$3,608,370	\$3,377,888 (1)
Unreserved, reported in:					
Special revenue funds	-	7,285,104	10,352,492	6,689,722	5,309,559
Capital project funds	-	752,205	1,179,572	1,484,071	1,440,350
Nonspendable	(2) 5,550	-	-	-	-
Restricted	(2) 11,900,924	-	-	-	-
Committed	(2) -	-	-	-	-
Assigned	(2) 698,075	-	-	-	-
<b>Total all other governmental funds:</b>	<b>\$12,604,549</b>	<b>\$11,498,965</b>	<b>\$14,950,230</b>	<b>\$11,782,163</b>	<b>\$10,127,797</b>

**Fund Balances**  
**All Other Governmental Funds**  
**Last Ten Fiscal Years**



NOTES:

(1) Reserved fund balance at June 30, 2006 includes unexpended bond proceeds from 2006 Series A, B & C Certificates of Participation.

(2) New reporting requirements per GASB 54.

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, 2016**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Revenues:</b>					
Taxes	\$36,738,257	\$35,324,406	\$39,122,379	\$40,317,853	\$39,372,102
Licenses and permits	722,541	756,986	553,437	618,340	1,006,696
Use of money and property	787,099	800,589	1,155,013	1,499,195	1,566,144
Intergovernmental	10,427,073	10,987,467	9,817,734	9,601,379	8,773,066
Fines, forfeitures, and penalties	1,635,058	1,237,986	1,311,735	1,404,186	1,187,414
Charges for services	4,021,370	3,127,169	3,115,843	3,259,625	3,501,504
Miscellaneous	1,170,066	1,772,116	1,173,956	716,418	904,506
<b>Total Revenues:</b>	<b>55,501,464</b>	<b>54,006,719</b>	<b>56,250,097</b>	<b>57,416,996</b>	<b>56,311,432</b>
<b>Expenditures:</b>					
Current:					
General government	4,436,711	4,818,062	5,259,623	5,751,891	5,786,628
Public safety	27,610,469	27,828,064	28,306,413	26,497,252	24,996,447
Public works	4,954,220	4,981,970	5,474,205	5,007,564	5,005,971
Recreation and Human resources	6,432,471	6,325,339	6,194,222	6,201,136	6,153,673
Community development	2,286,955	2,327,038	2,194,422	2,824,473	2,248,138
Capital outlay	4,363,450	8,448,679	2,925,685	2,653,503	3,849,204
Debt service:					
Principal	1,188,881	1,297,619	1,223,482	1,083,364	665,039
Interest and fiscal charges	1,590,577	1,632,255	1,698,168	1,735,754	1,133,232
Others <sup>(1)</sup>	-	-	-	-	132,164
<b>Total Expenditures:</b>	<b>52,863,734</b>	<b>57,659,026</b>	<b>53,276,220</b>	<b>51,754,937</b>	<b>49,970,496</b>
Excess of Revenues over (under) Expenditures	2,637,730	-3,652,307	2,973,877	5,662,059	6,340,936
<b>Other Financing Sources (Uses):</b>					
Proceeds of long-term debt	-	-	-	-	2,800,000
Proceeds from sale of property	-	-	-	-	-
Issuance of capital leases	-	-	125,957	-	-
Costs of Bond issuance	-	-	-	-	-
Escrow payment	-	-	-	-	(5,447,231)
Issuance of new debt	-	-	-	-	-
Issuance discount	-	-	-	-	-
Issuance of loans	-	-	-	-	-
Transfers in	5,875,179	11,650,983	6,316,115	5,454,457	9,786,109
Transfers out	(6,790,044)	(11,463,431)	(5,602,437)	(8,433,950)	(11,346,042)
<b>Total Other Financing Sources (Uses):</b>	<b>(914,865)</b>	<b>187,552</b>	<b>839,635</b>	<b>(2,979,493)</b>	<b>(4,207,164)</b>
<b>Net change in fund balances</b>	<b>\$1,722,865</b>	<b>(\$3,464,755)</b>	<b>\$3,813,512</b>	<b>\$2,682,566</b>	<b>\$2,133,772</b>
Debt service as a percentage of noncapital expenditures:					
	5.61%	5.29%	5.80%	5.76%	3.89%

NOTE <sup>(1)</sup> In fiscal year 2006-07, the City of Gardena issued a Refunding Revenue Certificates of Participation Series 2007A to refund the Series 2001A bonds. Also \$2,646,000 were paid to the Union Bank and Sumitomo Bank to settle the 1991A&B Certificates of Participation completely.

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

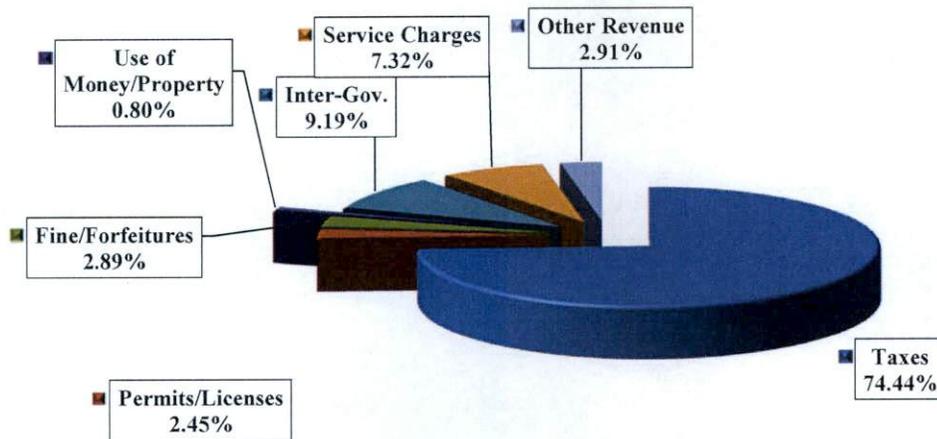
<sup>(2)</sup> In fiscal year 2011-12 correction was made to percentages that were calculated in error.

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

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

Fiscal Year	Taxes	Permits, Licenses and Fees	Fines and Forfeitures	Uses of Money and Property
2006-07	39,372,102 <sup>(1)</sup>	1,006,696	1,187,414	1,566,144
2007-08	40,317,853	618,340	1,404,186	1,499,195
2008-09	39,122,379	553,437	1,311,735	1,155,013
2009-10	35,324,406	756,986	1,237,986	800,589
2010-11	36,738,257	722,541	1,635,058	787,099
2011-12	38,201,922	948,646	4,320,435	788,477
2012-13	40,739,594	915,614	1,629,217	163,025
2013-14	43,008,547	1,023,180	1,226,243	270,187
2014-15	44,488,617	1,109,169	1,433,758	248,773
2015-16	46,222,802	1,521,379	1,794,049	499,278

**General Revenues by Sources  
Fiscal Year Ended June 30, 2016**



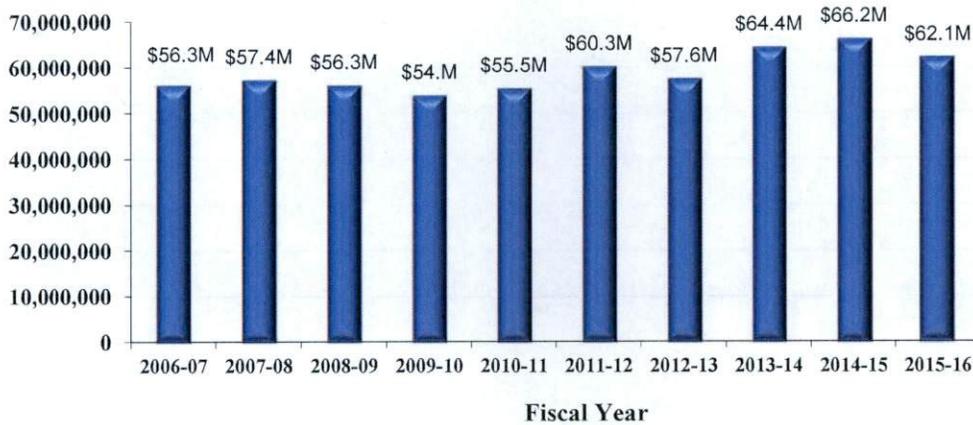
<sup>(1)</sup> Vehicle in-lieu and Vehicle license fees offset of \$4,534,740 are recategorized for Taxes, which were previously in Intergovernmental category.

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
2006-07	8,773,066	3,501,504	904,506	56,311,432
2007-08	9,601,379	3,259,625	716,418	57,416,996
2008-09	9,817,734	3,115,843	1,173,956	56,250,097
2009-10	10,987,467	3,127,169	1,772,116	54,006,719
2010-11	10,427,073	4,021,370	1,170,066	55,501,464
2011-12	10,079,951	4,191,605	1,721,779	60,252,815
2012-13	7,917,316	4,087,263	2,116,705	57,568,734
2013-14	11,983,118	4,146,210	2,754,989	64,412,474
2014-15	11,575,383	4,208,616	3,141,148	66,205,464
2015-16	5,705,627	4,545,874	1,807,155	62,096,164

**General Revenues by Sources  
Last Ten Fiscal Years**



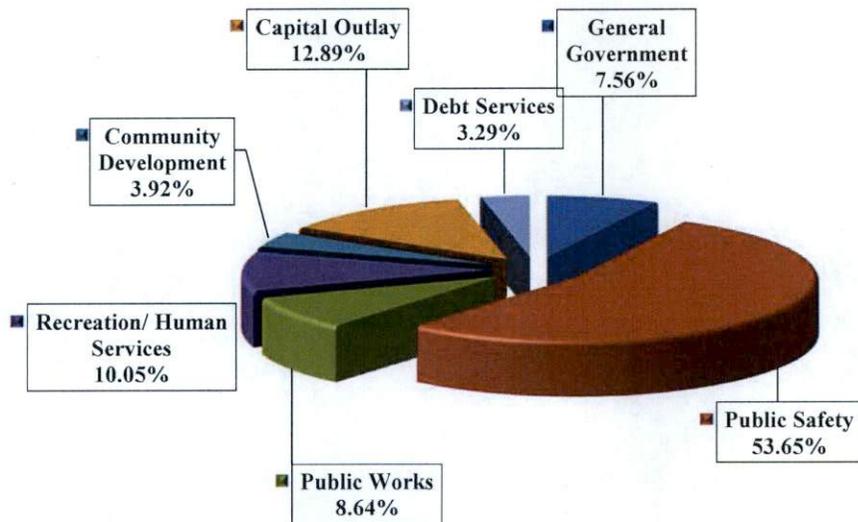
(1) Vehicle in-lieu and Vehicle license fees offset of \$4,534,740 are recategorized for Taxes, which were previously in Intergovernmental category.

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
2006-07	5,786,628	24,996,447	5,005,971	6,153,673
2007-08	5,751,891	26,497,252	5,007,564	6,201,136
2008-09	5,259,623	28,306,413	5,474,205	6,194,222
2009-10	4,818,062	27,828,064	4,981,970	6,325,339
2010-11	4,436,711	27,610,469	4,954,220	6,432,471
2011-12	5,637,263	28,901,414	5,267,198	6,554,306
2012-13	6,256,927	30,007,184	5,145,179	6,161,518
2013-14	4,938,101	32,069,172	5,395,817	6,086,777
2014-15	5,108,064	32,542,544	5,352,388	6,135,402
2015-16	4,886,467	34,674,068	5,584,816	6,498,830

**General Governmental Expenditures  
by Function  
Fiscal Year ended June 30, 2016**



Note: These figures include all governmental fund types and exclude other financing sources (uses).

(General, Special Revenue, Capital Projects and Debt Service Funds)

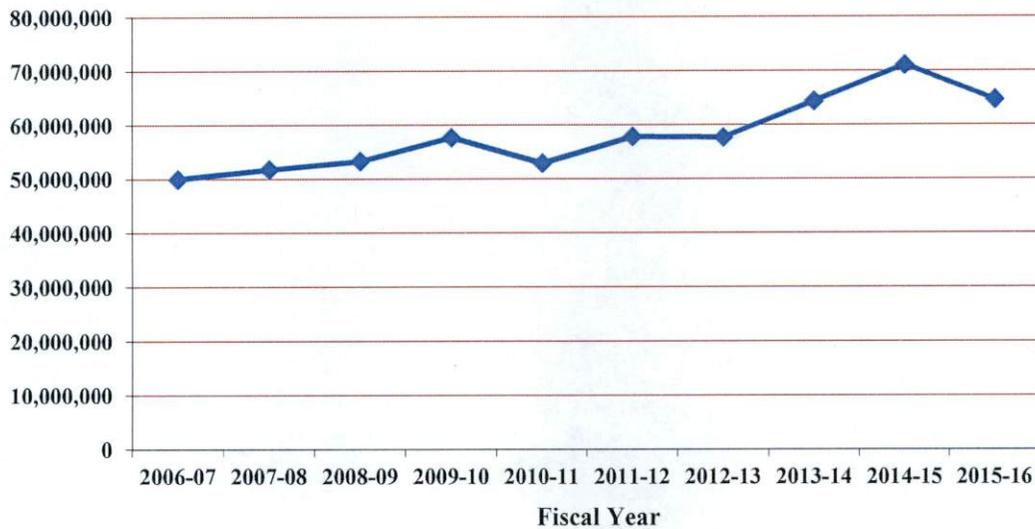
(1) These figures include Lease/Bonds, Payments for Debt Services and excluding Cost of bonds issuance and escrow payments.

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

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

<b>Fiscal Year</b>	<b>Community Development</b>	<b>Capital Outlay</b>	<b>Debt Service <sup>(1)</sup></b>	<b>Total</b>
2006-07	2,248,138	3,849,204	1,930,435	49,970,496
2007-08	2,824,473	2,653,503	2,819,118	51,754,937
2008-09	2,194,422	2,925,685	2,921,650	53,276,220
2009-10	2,327,038	8,448,679	2,929,874	57,659,026
2010-11	2,286,955	4,363,450	2,779,458	52,863,734
2011-12	2,383,002	6,368,035	2,692,518	57,803,736
2012-13	2,119,111	5,806,502	2,164,018	57,660,439
2013-14	7,499,226	6,075,302	2,326,888	64,391,283
2014-15	2,594,007	8,064,783	11,257,918	71,055,106
2015-16	2,533,734	8,332,649	2,124,094	64,634,658

**Total General Governmental Expenditures  
Last Ten Fiscal Years**



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

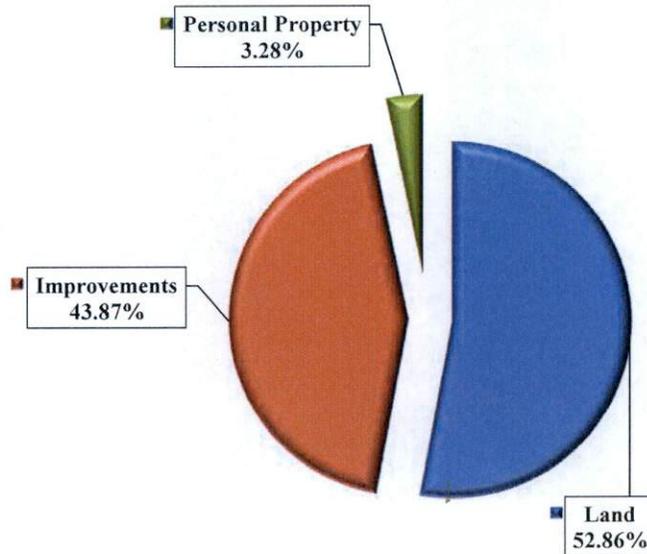
<sup>(1)</sup> These figures include Lease/Bonds, Payments for Debt Services and excluding Cost of bonds issuance and escrow payments.

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

**City of Gardena**  
**Assessed Valuation <sup>(1)</sup> and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	STATE ASSESSED				LOCALLY ASSESSED				
	SECURED -UTILITY				SECURED				
	Land	Improve-ments	Personal Property	Total	Land	Improve-ments	Personal Property	Other Exemptions	Total
2006-07	4,112,860	98,261	46,398	4,257,519	2,167,687,753	1,817,827,814	23,346,248	(76,777,041)	3,932,084,774
2007-08	4,004,905	17,212	0	4,022,117	2,418,979,034	1,870,211,884	14,985,643	(84,512,157)	4,219,664,404
2008-09	4,004,905	17,212	0	4,022,117	2,590,827,844	1,954,304,143	17,809,422	(90,284,731)	4,472,656,678
2009-10	3,748,177	500	0	3,748,677	2,542,363,726	1,965,076,314	18,326,833	(92,796,442)	4,432,970,431
2010-11	3,785,148	500	0	3,785,648	2,485,326,071	1,944,955,301	18,265,803	(85,222,871)	4,363,324,304
2011-12	3,447,381	500	0	3,447,881	2,495,176,359	1,970,054,531	19,208,150	(92,371,852)	4,392,067,188
2012-13	3,447,381	500	0	3,447,881	2,523,336,461	2,007,313,501	19,615,465	(100,457,741)	4,449,807,686
2013-14	3,447,381	500	0	3,447,881	2,610,426,775	2,096,160,323	20,014,837	(93,299,293)	4,633,302,642
2014-15	3,447,381	500	0	3,447,881	2,733,522,040	2,198,829,256	21,125,783	(101,657,690)	4,851,819,389
2015-16	256,548	500	0	257,048	3,059,313,278	2,408,565,245	21,982,639	(101,483,543)	5,388,377,619

**Assessed Valuation by Categories**  
**(Total Secured and Unsecured)**  
**Fiscal Year Ended June 30, 2016**



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

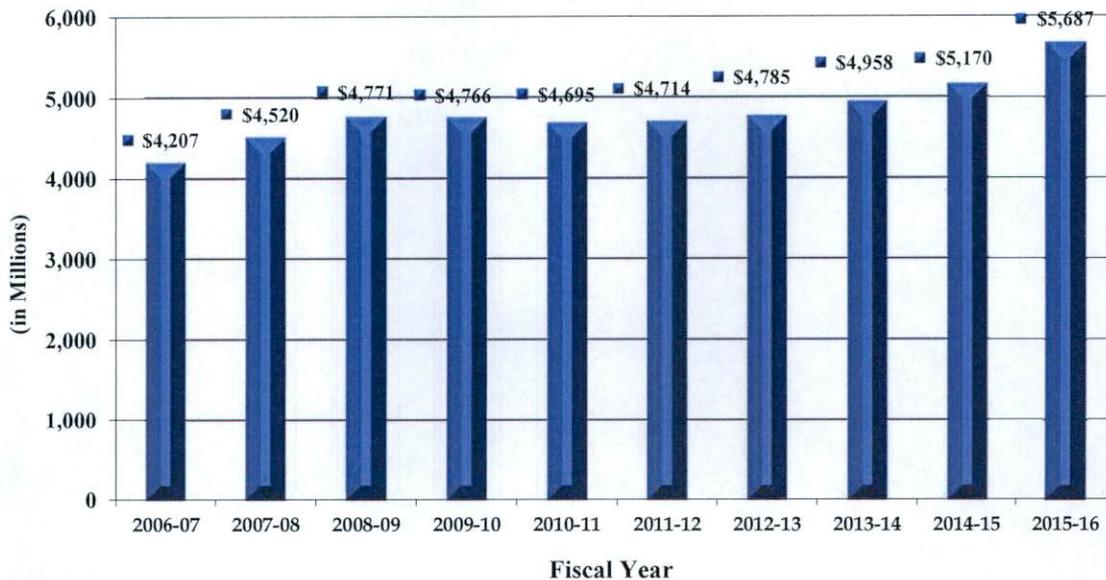
Source: <sup>(1)</sup> County of Los Angeles, Auditor-Controller Office/Tax Division.

<sup>(2)</sup> Hdl Coren & Cone.

**City of Gardena**  
**Assessed Valuation <sup>(1)</sup> and Actual Value of Taxable Property (Continued)**  
**Last Ten Fiscal Years**

Fiscal Year	LOCALLY ASSESSED				TOTALS				
	Improve-ments	UNSECURED			Before Other Exemptions	Taxable Assessed Value	% INCR. (DECR.)	Total Direct Rate <sup>(2)</sup>	Home-Owner Property Tax Relief
		Personal Property	Other Exemptions	Total					
2006-07	114,113,734	156,538,281	(73,000)	270,579,015	4,283,822,068	4,206,972,027	10.09%	0.11109%	51,407,691
2007-08	140,513,986	156,365,383	(105,000)	296,774,369	4,605,078,047	4,520,460,890	7.45%	0.11345%	51,546,208
2008-09	127,099,833	167,269,584	(77,000)	294,292,417	4,861,332,943	4,770,971,212	5.54%	0.11340%	52,084,479
2009-10	143,615,095	185,987,533	(103,000)	329,499,628	4,859,118,178	4,766,218,736	-0.10%	0.11876%	52,462,106
2010-11	152,536,542	175,904,412	(98,000)	328,342,954	4,780,773,777	4,695,452,906	-1.48%	0.11882%	52,044,078
2011-12	148,213,077	170,398,528	(93,000)	318,518,605	4,806,498,526	4,714,033,674	0.40%	0.11884%	51,729,593
2012-13	151,830,307	179,827,045	(100,604)	331,556,748	4,885,370,660	4,784,812,315	1.50%	0.11875%	50,719,063
2013-14	145,965,185	175,158,651	(108,000)	321,015,836	5,051,173,652	4,957,766,359	3.61%	0.11856%	50,015,653
2014-15	140,748,595	174,403,010	(89,000)	315,062,605	5,272,076,565	5,170,329,875	4.29%	0.11837%	49,327,059
2015-16	130,722,770	167,676,863	(82,000)	298,317,633	5,788,517,843	5,686,952,300	9.99%	0.11809%	48,088,576

**Total Assessed Valuation  
(Taxable Values)  
Last Ten Fiscal Years**



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

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

<sup>(2)</sup> Hdl Coren & Cone.

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

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

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

-Exempt values are not included in Total.

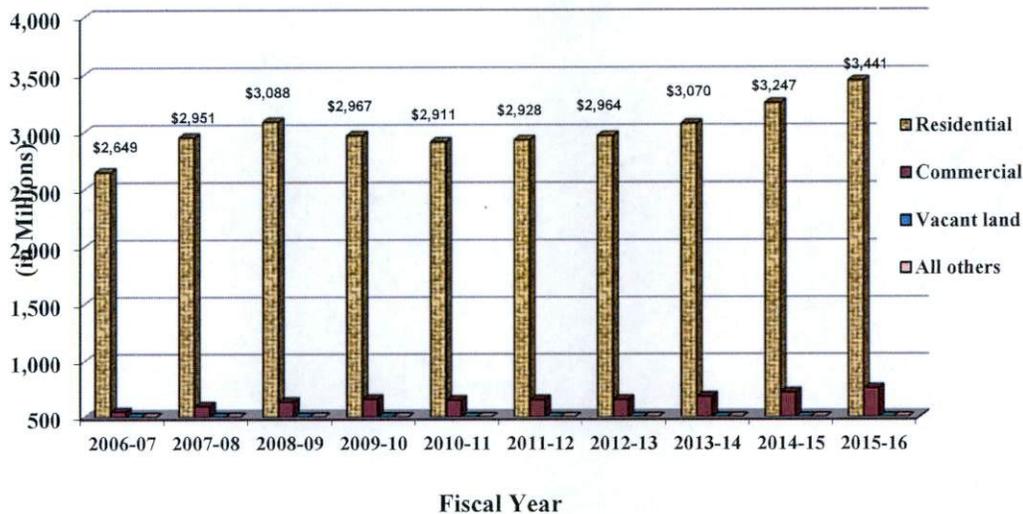
(1) -In 2006-07 certain report formatting changes have been made to comply with GASB 44 standard reporting requirements; therefore, the net of Homeowner Exemption is separated from previous years.

Source: L.A. County Assessor 2006/07-2015/16 Combined Tax Rolls, HdL, Coren & Cone

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

CATEGORY	Fiscal Year				
	2010-11	2009-10	2008-09	2007-08	2006-07
Residential	\$2,911,633,835	\$2,967,752,342	\$3,088,152,735	\$2,951,188,834	\$2,649,261,410
Commercial	651,966,960	661,412,473	637,873,533	601,086,586	550,385,388
Industrial	680,070,403	671,982,631	621,221,030	537,618,285	556,963,237
Irrigated Farm	-	-	-	380,583	373,122
Recreational	37,970,527	38,835,383	39,124,755	35,688,999	36,070,433
Institutional	40,203,021	35,342,641	32,840,476	39,369,829	38,767,413
Miscellaneous	-	-	-	-	279,315
Vacant land	36,066,401	49,773,918	43,472,782	45,839,532	36,652,921
SBE Nonunitary	3,785,648	3,748,677	4,022,117	4,022,117	4,257,519
Possessory Int.	5,413,157	7,871,043	9,971,367	8,491,756	8,166,802
Unsecured	328,342,954	329,499,628	294,292,417	296,774,369	270,579,015
Unknown	-	-	-	-	3,764,042
	4,695,452,906	4,766,218,736	4,770,971,212	4,520,460,890	4,155,520,617
Homeowner Exemption	(i)	-	-	-	51,400,691
<b>TOTALS:</b>	<b>\$4,695,452,906</b>	<b>\$4,766,218,736</b>	<b>\$4,770,971,212</b>	<b>\$4,520,460,890</b>	<b>\$4,206,921,308</b>

**Assessed Value - Taxable Property**  
**Last Ten Fiscal Years**



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

-Exempt values are not included in Total.

(i) -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 2006/07-2015/16 Combined Tax Rolls, HdL, Coren & Cone

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

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Fiscal Year	Residential	Commercial	Industrial	Agriculture	Recreational	Institutional	Miscellaneous	Vacant land
2006-07	2,649,261	550,386	556,963	373	36,070	38,767	279	36,653
2007-08	2,951,189	601,086	537,618	381	35,689	39,370	-	45,840
2008-09	3,088,153	637,874	621,221	-	39,125	32,840	-	43,473
2009-10	2,967,752	661,412	671,983	-	38,835	35,343	-	49,774
2010-11	2,911,634	651,967	680,070	-	37,970	40,203	-	36,066
2011-12	2,928,171	654,739	685,590	-	39,094	33,434	-	45,486
2012-13	2,964,300	656,285	710,111	-	38,682	29,057	-	45,420
2013-14	3,069,926	680,433	726,908	-	38,597	68,338	-	43,043
2014-15	3,247,457	715,396	735,316	-	38,690	62,244	-	46,472
2015-16	3,441,407	750,255	763,623	-	39,348	65,413	-	57,299

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

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

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

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

Source: L.A. County Assessor 2006/07-2015/16 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 Year	SBE					TOTAL	Total Direct Tax Rate <sup>(1)</sup>	Estimated Taxable Value <sup>(2)</sup>	Factor of Taxable Assessed Value
	Nonunitary	Possessory Int.	Unsecured	Unknown					
2006-07	4,258	8,167	270,579	55,165	4,206,921	0.11105	5,610,813	1.33371	
2007-08	4,022	8,492	296,774	-	4,520,461	0.11109	6,028,984	1.33371	
2008-09	4,022	9,971	294,292	-	4,770,971	0.11340	6,363,092	1.33371	
2009-10	3,749	7,871	329,500	-	4,766,219	0.11876	6,356,754	1.33371	
2010-11	3,786	5,413	328,343	-	4,695,452	0.11882	6,262,371	1.33371	
2011-12	3,448	5,553	318,519	-	4,714,034	0.11884	6,287,154	1.33371	
2012-13	3,448	5,953	331,557	-	4,784,813	0.11875	6,381,553	1.33371	
2013-14	3,448	6,058	321,015	-	4,957,766	0.11856	6,612,222	1.33371	
2014-15	3,448	6,245	315,062	-	5,170,330	0.11837	6,895,721	1.33371	
2015-16	257	7,783	327,712	-	5,453,097	0.11809	7,272,850	1.33371	

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

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

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

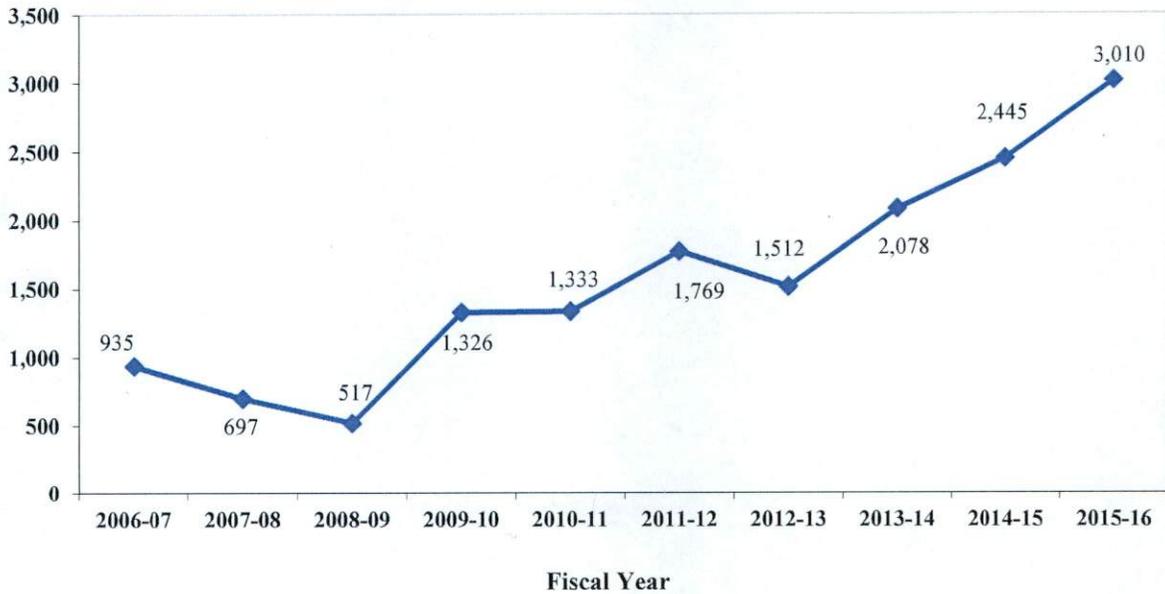
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Source: L.A. County Assessor 2006/07-2015/16 Combined Tax Rolls, HdL, Coren & Cone

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

Fiscal Year	CONSTRUCTION <sup>(1)</sup>					
	Residential		Commercial		Industrial	
	No. of Permits	Valuation	No. of Permits	Valuation	No. of Permits	Valuation
2006-07	266	25,480,038	55	30,617,450	9	2,850,000
2007-08	177	6,346,842	36	4,213,600	15	10,197,059
2008-09	98	2,613,805	37	4,368,160	8	1,357,900
2009-10	365	11,835,000	206	11,286,700	13	300,865
2010-11	392	7,588,260	197	17,451,113	19	10,806,397
2011-12	497	19,524,232	250	20,810,123	7	351,358
2012-13	430	10,378,040	239	12,953,704	4	116,531
2013-14	650	11,943,363	232	10,733,859	2	225,600
2014-15	785	11,173,245	295	10,524,008	2	63,500
2015-16	1,126	18,042,192	253	12,303,725	2	26,500

**Number of Permits  
Last Ten Fiscal Years**



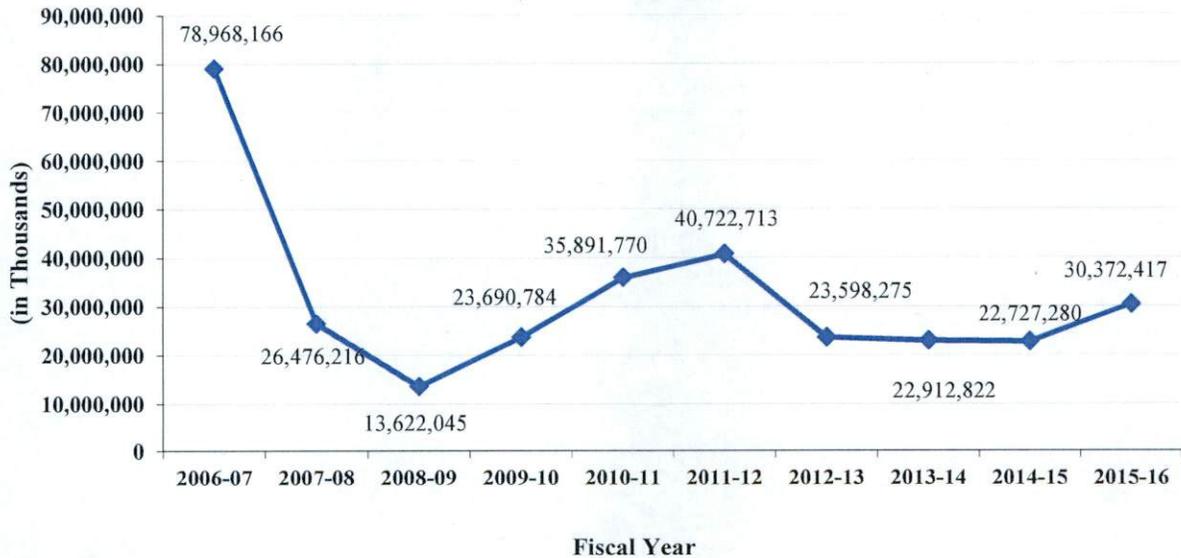
Sources: <sup>(1)</sup> City of Gardena, Community Development Department.

<sup>(2)</sup> FDIC, savings and loan associations and credit unions are not included.

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

Fiscal Year	CONSTRUCTION <sup>(1)</sup>		Total		Bank Deposits <sup>(2)</sup> (in Thousands)
	All others				
	No. of Permits	Valuation	No. of Permits	Valuation	
2006-07	605	20,020,678	935	78,968,166	2,491,988
2007-08	469	5,718,715	697	26,476,216	2,517,406
2008-09	374	5,282,180	517	13,622,045	2,517,697
2009-10	742	268,219	1,326	23,690,784	1,587,681
2010-11	725	46,000	1,333	35,891,770	1,535,389
2011-12	1,015	37,000	1,769	40,722,713	1,514,391
2012-13	839	150,000	1,512	23,598,275	1,609,537
2013-14	1,194	10,000	2,078	22,912,822	1,694,573
2014-15	1,363	966,527	2,445	22,727,280	1,656,979
2015-16	1,629	-	3,010	30,372,417	2,311,146

**Permit Valuation  
Last Ten Fiscal Years  
(in thousands)**



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

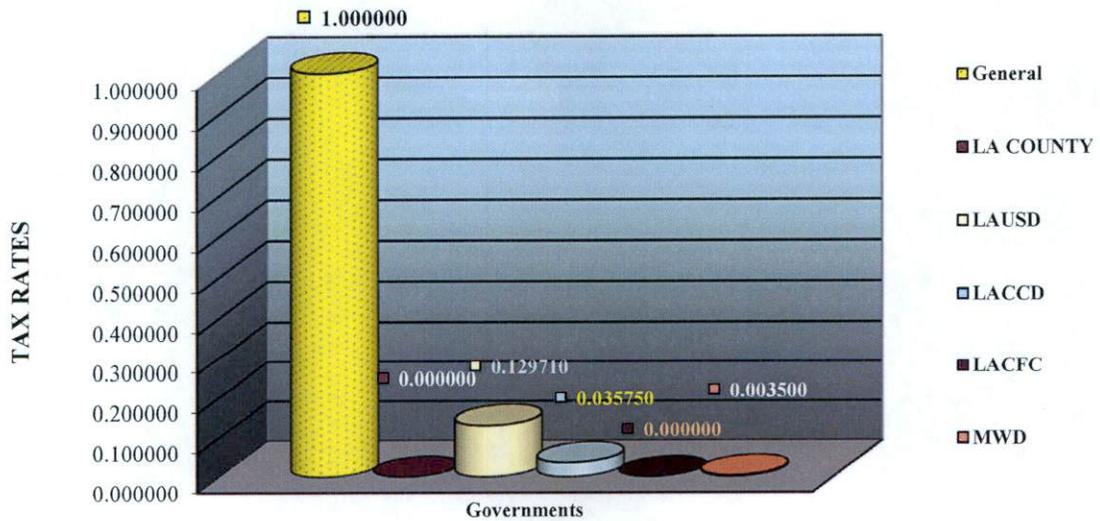
<sup>(2)</sup> City of Gardena-FDIC-Insured Institutions as of 06/30/2016

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

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Fiscal Year	General	Los Angeles County	Los Angeles Unified School District
2006-07	1.000000	0.000663	0.106814
2007-08	1.000000	0.000000	0.123360
2008-09	1.000000	0.000000	0.124780
2009-10	1.000000	0.000000	0.151810
2010-11	1.000000	0.000000	0.186950
2011-12	1.000000	0.000000	0.168190
2012-13	1.000000	0.000000	0.175610
2013-14	1.000000	0.000000	0.146440
2014-15	1.000000	0.000000	0.146880
2015-16	1.000000	0.000000	0.129710

**Property Tax Rates -All Overlapping Governments**  
**Fiscal Year ended June 30, 2016**



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

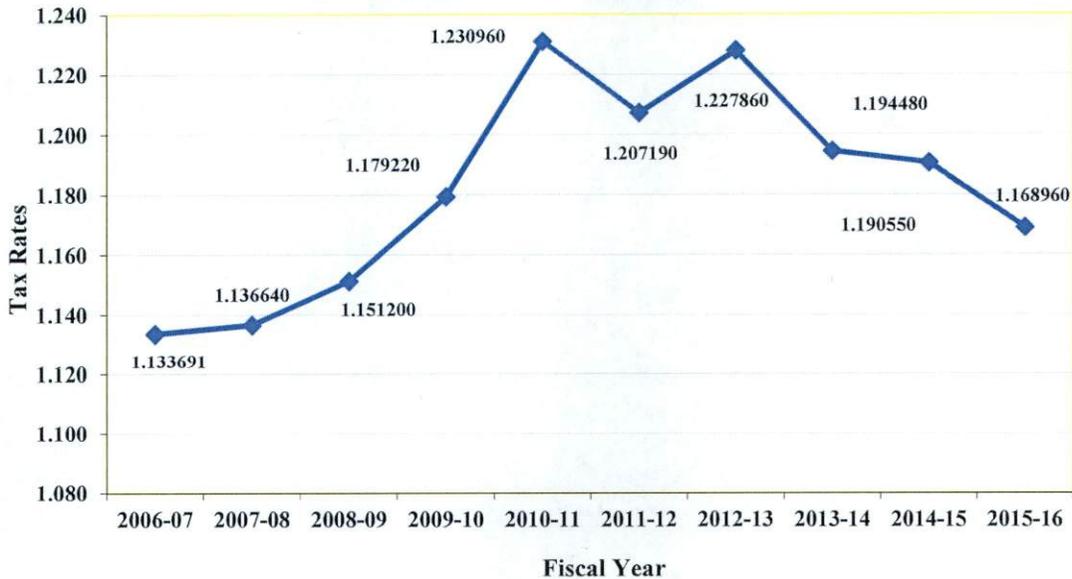
-Tax rate limit: A state constitutional amendment (Proposition 13) provided that the tax rate was limited to 1% of full cash values, levied only by the County and shared with all other jurisdictions. All other jurisdictions and the County can levy a tax rate for voter-approved debt.

Source: L.A. County Assessor 2006/07-2015/16 Combined Tax Rolls, HdL, Coren & Cone

**City of Gardena**  
**Property Tax Rates <sup>(1)</sup> - 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
2006-07	0.021462	0.000052	0.004700	1.133691
2007-08	0.008780	0.000000	0.004500	1.136640
2008-09	0.022120	0.000000	0.004300	1.151200
2009-10	0.023110	0.000000	0.004300	1.179220
2010-11	0.040310	0.000000	0.003700	1.230960
2011-12	0.035300	0.000000	0.003700	1.207190
2012-13	0.048750	0.000000	0.003500	1.227860
2013-14	0.044540	0.000000	0.003500	1.194480
2014-15	0.040170	0.000000	0.003500	1.190550
2015-16	0.035750	0.000000	0.003500	1.168960

**Total Overlapping Governments  
Last Ten Fiscal Years**



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

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

Source: L.A. County Assessor 2006/07-2015/16 Combined Tax Rolls, HdL, Coren & Cone

**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				
	15-16	14-15	13-14	12-13	11-12
City of Gardena Tax District 1	0.11160 %	0.11157 %	0.11157 %	0.11157 %	0.11157 %
Children's Institutional Tuition Fund	0.00285 %	0.00285 %	0.00285 %	0.00285 %	0.00285 %
County Sanitation District No. 5 Operations	0.01256 %	0.01256 %	0.01256 %	0.01256 %	0.01256 %
County School Services	0.00144 %	0.00144 %	0.00144 %	0.00144 %	0.00144 %
County School Service Fund 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 %	0.07827 %
LA County Community College District	0.03070 %	0.03070 %	0.03070 %	0.03070 %	0.03070 %
LA County Community College Children's Center Fund	0.00032 %	0.00032 %	0.00032 %	0.00032 %	0.00032 %
LA County Accumulative Capital Outlays	0.00012 %	0.00012 %	0.00012 %	0.00012 %	0.00012 %
LA County Fire - Ffw	0.00747 %	0.00747 %	0.00747 %	0.00747 %	0.00747 %
LA County Flood Control Dr. Improvement District	0.00178 %	0.00178 %	0.00178 %	0.00178 %	0.00178 %
LA County Library	0.02380 %	0.02380 %	0.02380 %	0.02380 %	0.02380 %
LA County Flood Control Maintenance	0.01007 %	0.01007 %	0.01007 %	0.01007 %	0.01007 %
Los Angeles Children's Center Fund	0.00371 %	0.00371 %	0.00371 %	0.00371 %	0.00371 %
LA County General	0.32520 %	0.32520 %	0.32520 %	0.32520 %	0.32520 %
Los Angeles Unified School District	0.22590 %	0.22590 %	0.22590 %	0.22590 %	0.22590 %
Greater L A Co Vector Control	0.00038 %	0.00038 %	0.00038 %	0.00038 %	0.00038 %
Water Replacement District of Southern California	0.00018 %	0.00018 %	0.00018 %	0.00018 %	0.00018 %
<b>Total Prop. 13 Rate:</b>	<b>1.00000 %</b>				
<b>TOTAL DIRECT RATE (Producing Revenue for The City)<sup>(1)</sup>:</b>	<b>0.11809 %</b>	<b>0.11837 %</b>	<b>0.11856 %</b>	<b>0.11875 %</b>	<b>0.11884 %</b>
County of Los Angeles <sup>(1)</sup>	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 <sup>(1)</sup> is weighted average of all individual direct rates applied by the government preparing the statistical section information. The percentages presented in the columns above do not sum across rows.

RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

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

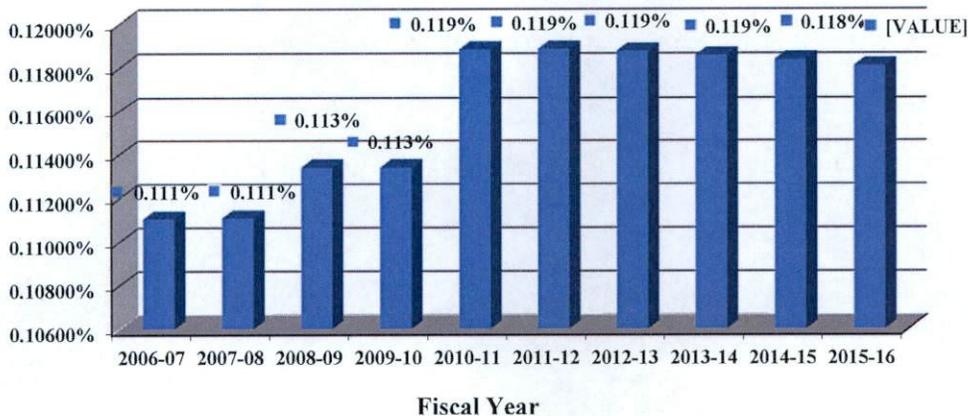
Source: <sup>(1)</sup> L.A. County Assessor 2006/07-2015/16 Combined Tax Rolls, HdL, Coren & Cone

**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				
	10-11	09-10	08-09	07-08	06-07
City of Gardena Tax District 1	0.11157 %	0.11157 %	0.11157 %	0.11299 %	0.11299 %
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 %	0.16238 %
Educational Augmentation Fund (ERAF) Impound	0.07827 %	0.07827 %	0.07827 %	0.07647 %	0.07645 %
LA County Community College District	0.03070 %	0.03070 %	0.03070 %	0.03070 %	0.03069 %
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 %	0.02385 %
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 %	0.32558 %	0.32556 %
Los Angeles Unified School District	0.22590 %	0.22590 %	0.22590 %	0.22590 %	0.22592 %
Greater L A Co Vector Control	0.00038 %	0.00038 %	0.00038 %	0.00038 %	0.00038 %
Water Replacement District of Southern California	0.00018 %	0.00018 %	0.00018 %	0.00018 %	0.00018 %
<b>Total Prop. 13 Rate:</b>	<b>1.00000 %</b>				

TOTAL DIRECT RATE (Producing Revenue for The City) <sup>(1)</sup> :	0.11882 %	0.11340 %	0.11340 %	0.11109 %	0.11105 %
County of Los Angeles <sup>(1)</sup>	0.00000 %	0.00000 %	0.00000 %	0.88519 %	0.88522 %

**Total Direct Rate  
Last Ten Fiscal Years**



**City of Gardena**  
**Ten Largest Property Taxpayers**  
**Current Year and Nine Years Ago**

Owner/Taxpayer	Business Type	Fiscal Year 2015-16		Fiscal Year 2006-07	
		Total Assessed Value	Percent of Total City Assessed Value	Total Assessed Value	Percent of Total City Assessed Value
Hitco Technologies Inc.	Manufacturing parts	\$91,052,743	1.67 %		
Nissin Foods Company Inc.	Manufacturing	57,280,846	1.05		
GA HC REIT II Gardena CA Hospital LLC	Hospital services	43,033,643	0.79		
JSL Gardena I LLC	Non-residential property owners	28,984,133	0.53		
Brek Manufacturing Company	Manufacturing	27,175,194	0.50		
Majestic Properties Inc.	Property management	25,105,270	0.46		
Gramercy Properties LLC	Non-residential property owners	22,399,915	0.41		
PK I Gardena Gateway Center LLP	Retail sales	20,623,319	0.38		
Target Corporation	Retail sales	20,494,891	0.38		
WH Gardena Marketplace LLC	Shopping Center	19,481,618	0.36		
Nissin Foods Company Inc.	Manufacturing			52,353,419	1.24 %
Southwest Offset Printing Company	Book binding and printing			34,921,220	0.83
Majestic Properties Inc.	Property management			25,155,135	0.60
Hitco Technologies Inc.	Manufacturing parts			22,988,253	0.55
Gardena Hosiptal LP	Hospital services			20,218,011	0.48
Target Corporation	Retail sales			16,323,468	0.39
Russmar Investment Corp	Non-residential property owners			15,876,836	0.38
Gardena Professional Medical Plaza	Hospital services			15,412,200	0.37
JSL Gardena I	Non-residential property owners			15,293,880	0.36
New Group Gardena LLC	Shopping Center			15,292,965	0.36
<b>Top Ten Totals (secured and unsecured):</b>		<b>355,631,572</b>	<b>6.52 %</b>	<b>233,835,387</b>	<b>5.56 %</b>
<b>All Others (secured)</b>		<b>5,097,465,525</b>	<b>93.48</b>	<b>3,973,085,921</b>	<b>94.44</b>
<b>Total All Assessed Valuation (secured):</b>		<b>\$5,453,097,097</b>	<b>100.00 %</b>	<b>\$4,206,921,308</b>	<b>100.00 %</b>

Source: L.A. County Assessor 2006/07-2015/16 Combined Tax Rolls and the SBE Non Unitary Tax Roll, HdL Coren & Cone

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

Fiscal Year 2015-16			Fiscal Year 2006-07		
	Tax Payers	Business Type		Tax Payers	Business Type
1	Airgas USA	Chemical Products		Albertson's Food Centers	Food Markets
2	Alberston's Food Centers	Food Markets		Arco AM/PM Mini Marts	Service Stations
3	Arco AM/PM Mini Marts	Service Stations		Chevron Service Stations	Service Stations
4	Chevron Service Stations	Service Stations		Cincinnati Machine	Heavy Industry
5	Crenshaw Lumber Company	Bldg.Matls-Retail		Crenshaw Lumber Company	Bldg.Matls-Whsle
6	Crenshaw Wholesale Electric	Electronic Equipment		Crenshaw Wholesale Electric	Electronic Equipment
7	Enterprise Rent-A-Car	Leasing		Enterprise Rent-A-Car	Leasing
8	Food 4 Less	Food Markets		G & C Equipment Corporation	Bldg.Matls-Whsle
9	G & C Equipment	Bldg.Matls-Whsle		Gardena Honda	Auto Sales - New
10	Gardena Honda	Auto Sales - New		Gardena Nissan	Auto Sales - New
11	Gardena Nissan	Auto Sales - New		J.D.Fields Lumber Company	Bldg.Matls-Whsle
12	Honda Lease Trust	Leasing		Marukai Pacific Market	Food Markets
13	Marukai Pacific Market	Food Markets		Nader's Furniture Store	Furniture/Appliance
14	Mcdonald's Restaurants	Restaurants		Pacific Supply Company	Bldg.Matls-Retail
15	Mobil Service Stations	Service Stations		Reback's Plumbing 'n Things	Bldg.Matls-Whsle
16	Nader's Furniture Store	Furniture/Appliance		Sam's Club	Department Stores
17	Pacific Supply Company	Bldg.Matls-Whsle		Sav-On Drug Stores	Drug Stores
18	Sam's Club	Department Stores		Smardan-Hatcher Supply Company	Bldg.Matls-Whsle
19	Smardan-Hatcher Supply Company	Bldg.Matls-Whsle		Target Stores	Department Stores
20	Target Stores	Department Stores		The New York Times	Light Industry
21	The New York Times Sales	Miscellaneous Retail		Union 76 Service Stations	Service Stations
22	United Oil Service Stations	Service Stations		Vons Grocery Company	Food Markets
23	Vons Service Stations	Service Stations		Vons Service Station	Service Stations
24	Wood Oil Company	Energy Sales		Winall Oil Company	Service Stations
25	Z Gallerie	Furniture/Appliance		Wood Oil Company	Energy Sales

**-Account for 56%**  
**of the total sales tax collected.**

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

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

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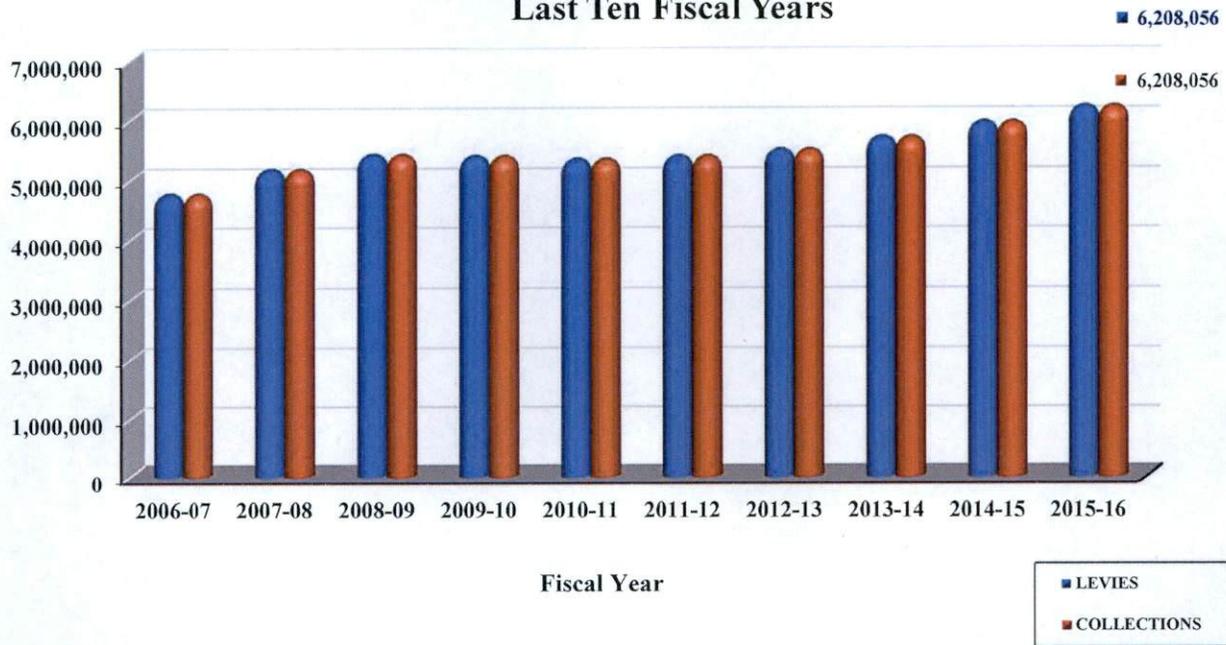
Source: SBOE data -MBIA MuniServices, LLC

<sup>(1)</sup> Period: from July 1 to June 30 of the following year.

## City of Gardena Property Tax Levies, Tax Collections, and Delinquency Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	COLLECTED WITHIN THE FISCAL YEAR OF LEVY			TOTAL COLLECTIONS TO DATE	
		Amount	Percent of Levy	Collections in Subsequent Years	Amount	Percent of Levy
2006-07	4,756,468	4,745,775	99.78%	10,693	4,756,468	100.00%
2007-08	5,162,845	5,152,512	99.80%	10,333	5,162,845	100.00%
2008-09	5,411,417	5,411,028	99.99%	389	5,411,417	100.00%
2009-10	5,386,694	5,376,995	99.82%	9,699	5,386,694	100.00%
2010-11	5,334,443	5,327,186	99.86%	7,257	5,334,443	100.00%
2011-12	5,386,423	5,386,423	100.00%	0	5,386,423	100.00%
2012-13	5,491,677	5,491,096	99.99%	581	5,491,677	100.00%
2013-14	5,698,386	5,695,450	99.95%	2,936	5,698,386	100.00%
2014-15	5,948,939	5,946,829	99.96%	2,109	5,948,939	100.00%
2015-16	6,208,056	6,192,921	99.76%	15,134	6,208,056	100.00%

### Tax Collections and Delinquency Last Ten Fiscal Years



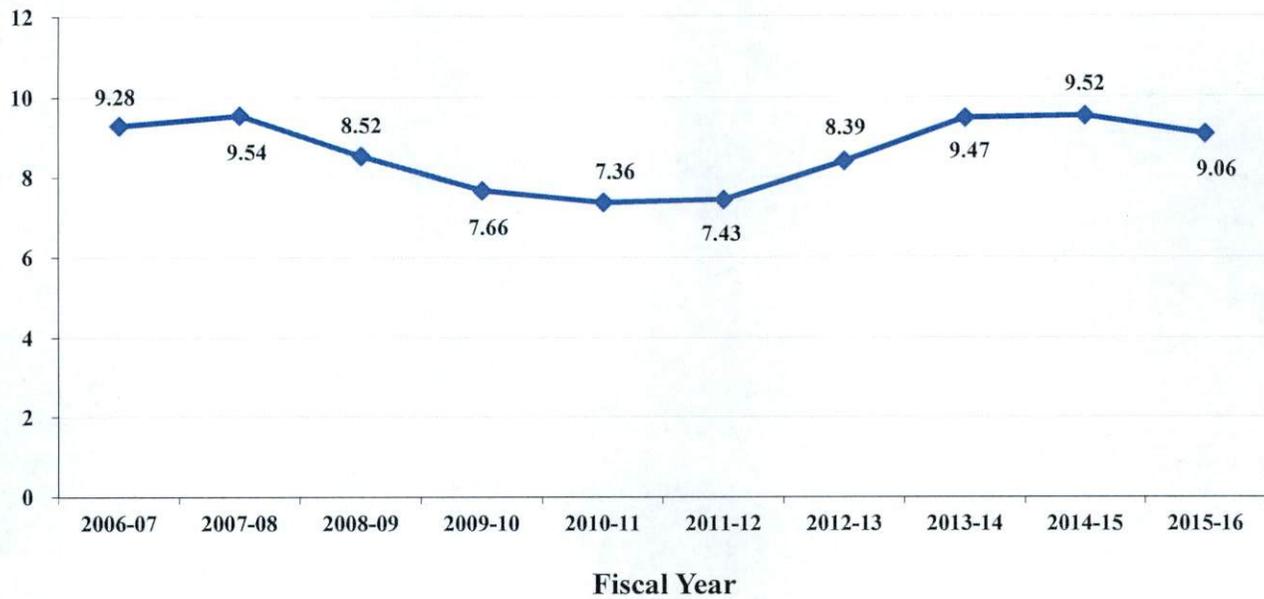
NOTE: Article XIII-A of the Constitution of the State of California adopted by the electorate in June 1978, precludes the City from a local property tax levy. All general-purpose property taxes are levied by the County and allocated to other governmental entities on a predetermined formula.

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

**City of Gardena  
Card Club Gross Revenue Fee  
Last Ten Fiscal Years**

Fiscal Year	Card Club Revenue	(1) General Fund Gross Revenue	Percent of General Fund Revenue
2006-07	9,281,190	47,106,862	19.70%
2007-08	9,541,470	47,047,856	20.28%
2008-09	8,523,146	46,009,145	18.52%
2009-10	7,660,557	42,209,676	18.15%
2010-11	7,365,159	43,111,283	17.08%
2011-12	7,434,236	45,813,600	16.23%
2012-13	8,394,406	47,637,218	17.62%
2013-14	9,467,078	51,004,568	18.56%
2014-15	9,517,550	54,413,202	17.49%
2015-16	9,057,202	54,092,710	16.74%

**Card Club Gross Revenue  
Last Ten Fiscal Years**

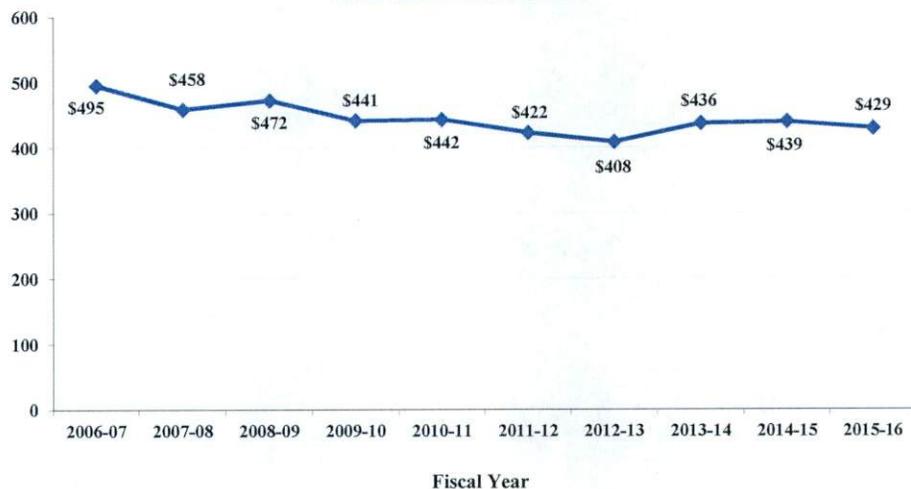


(1) Two card clubs: Normandie Casino & Hustler Casino  
City receives 12% of the total monthly gross revenue of the card game business.

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

GOVERNMENTAL ACTIVITIES								Taxable Assessed Value <sup>(3)</sup>	Percent of Taxable Assessed Value	Debt per Capita	Average per Capita Personal Income <sup>(4)</sup>	Percent of Debt by Personal Income
Fiscal Year	Population <sup>(1)</sup>	Certificates of Participation <sup>(2)</sup>	Revenue Bonds	Capital Leases	Loan Payable	Other	Total					
2006-07	61,947	24,660,000	2,800,000	868,227	-	2,340,000	33,618,296	4,206,921,308	0.74%	495	21,604	2.29%
2007-08	61,781	24,330,000	2,680,000	776,377	-	1,920,000	28,315,240	4,520,460,890	0.73%	458	22,134	2.07%
2008-09	61,810	23,915,000	2,565,000	776,377	-	1,920,000	29,176,377	4,770,971,212	0.61%	472	21,351	2.21%
2009-10	61,927	23,470,000	2,445,000	366,010	-	1,015,000	27,296,010	4,766,218,736	0.57%	441	20,827	2.12%
2010-11	59,009	23,005,000	2,320,000	262,129	-	520,000	26,107,129	4,695,452,906	0.56%	442	19,773	2.24%
2011-12	59,124	22,515,000	2,250,000	203,069	-	-	24,968,069	4,714,033,674	0.53%	422	21,468	1.97%
2012-13	59,566	21,995,000	2,175,000	153,004	-	-	24,323,004	4,784,812,315	0.51%	408	22,651	1.80%
2013-14	60,082	21,455,000	2,095,000	130,661	2,521,577	-	26,202,238	4,957,766,359	0.53%	436	23,037	1.89%
2014-15	60,414	12,370,000	11,125,000	67,125	2,930,317	-	26,492,442	5,170,329,875	0.51%	439	23,032	1.90%
2015-16	60,785	11,770,000	11,040,000	-	3,114,763	124,548	26,049,311	5,456,097,097	0.48%	429	22,808	1.88%

**Outstanding Debt per Capita  
Last Ten Fiscal Years**



**NOTES:**

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

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

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

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

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

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

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

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

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

Fiscal Year	Revenue	Operating Expenses	Net Available Revenue	Refunding Certificates of Participation <sup>(1)</sup>		Percent Coverage
				Debt Service		
				Principal	Interest	
2011-12	44,782,462	42,454,549	2,327,913	70,000	116,825	12.46
2012-13	46,916,281	44,656,103	2,260,178	75,000	113,325	12.00
2013-14	50,134,075	46,124,292	4,009,783	80,000	105,575	21.61
2014-15	52,812,682	47,519,284	5,293,398	85,000	101,575	28.37
2015-16	58,533,801	54,061,516	4,472,285	90,000	97,325	23.87

NOTES:

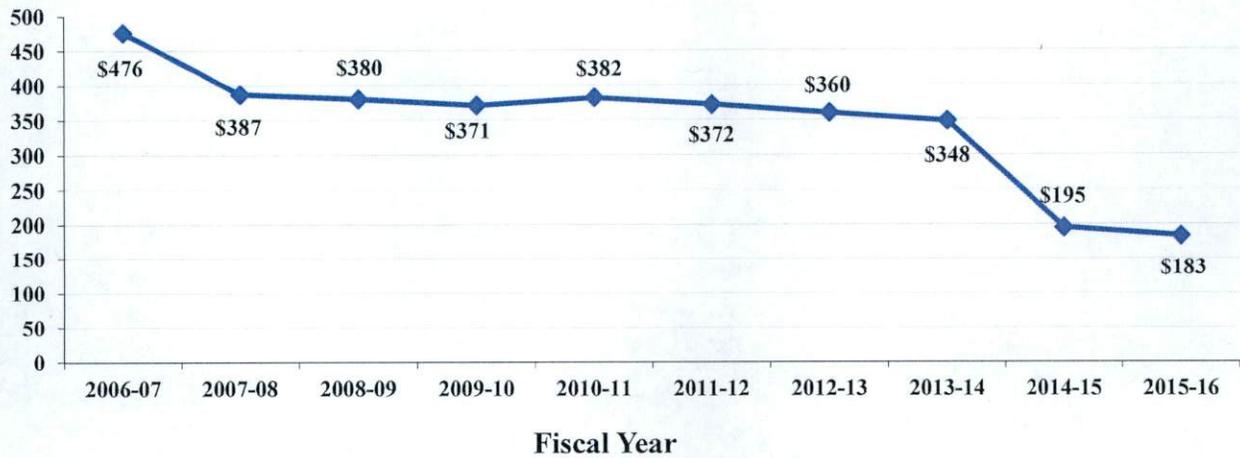
- <sup>(1)</sup> On January 24, 2007, the City issued the Refunding Revenue Bonds, Series 2007A to refund the Certificates of Participation Series 2001A. No principal and interest were paid during the fiscal year 2006-07.  
 -Revenue and expenses do not include the transfers in and out.  
 -Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- <sup>(2)</sup> In Fiscal Year 11/12, corrections were made to amounts for Revenue and Operating Expenses.

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

**City of Gardena**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	Population <sup>(1)</sup>	OUTSTANDING GENERAL BONDED DEBT			Taxable Assessed Value	Percent of Taxable Assessed Value	Debt per Capita
		Certificates of Participation	Less: Amounts Available in Debt Service Fund <sup>(2)</sup>	Total			
2006-07	61,947	29,800,000	330,000	29,470,000	4,206,921,308	0.70%	476
2007-08	61,781	24,330,000	415,000	23,915,000	4,520,460,890	0.53%	387
2008-09	61,810	23,915,000	445,000	23,470,000	4,770,971,212	0.49%	380
2009-10	61,927	23,470,000	465,000	23,005,000	4,766,218,736	0.48%	371
2010-11	59,009	23,005,000	490,000	22,515,000	4,695,452,906	0.48%	382
2011-12	59,124	22,515,000	520,000	21,995,000	4,714,033,674	0.47%	372
2012-13	59,566	21,995,000	540,000	21,455,000	4,784,812,315	0.45%	360
2013-14	60,082	21,455,000	570,000	20,885,000	4,957,766,359	0.42%	348
2014-15	60,414	12,370,000	600,000	11,770,000	5,170,329,875	0.23%	195
2015-16	60,785	11,770,000	640,000	11,130,000	5,456,097,097	0.20%	183

**General Bonded Debt Outstanding per Capita**  
**Last Ten Fiscal Years**



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

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

**City of Gardena**  
**Direct and Overlapping Bonded Debt**  
**June 30, 2016**

	2015-16 Assessed Valuation: \$5,453,097,097		
	2015-16 Population: 60,785		
	Total Debt 06/30/2016	Percent Applicable To City <sup>(1)</sup>	City's Share of Debt 06/30/2016
<b>Direct Debt</b>			
Ref Cops, Ref Rev & Taxable Lease Rev Ref Bonds	26,049,311	100.000 %	26,049,311
<b>Total Direct Debt</b>	<b>26,049,311</b>		<b>26,049,311</b>
<b>OVERLAPPING DEBT</b>			
Metropolitan Water District	44,916,916	0.530 %	238,131
LA CCD DS 2001, 2006 Series B	53,535,000	0.774 %	414,330
LA CCD DS 2001, 2008 Ser E-1	20,620,000	0.774 %	159,587
LA CCD DS 2003, 2008 Series F-1	20,270,000	0.774 %	156,878
LA CCD DS 2008, 2009 Taxable Series B	75,000,000	0.774 %	580,457
LA CCD DS 2008, 2010 Taxable Series D	175,000,000	0.774 %	1,354,399
LA CCD DS 2008, 2010 Taxable Series E (BABS)	900,000,000	0.774 %	6,965,478
LA CCD DS 2008, 2010 Series C	125,000,000	0.774 %	967,428
LA CCD DS 2013 Ref Bonds	261,585,000	0.774 %	2,024,516
LA CCD DS 2015 Ref Series A	230,000,000	0.774 %	1,780,067
LA CCD DS 2015 Ref Series B	1,462,085,000	0.774 %	11,315,690
LA CCD DS 2015 Ref Series C	42,000,000	0.774 %	325,056
LA CCD DS 2015	305,905,000	0.774 %	2,367,527
Los Angeles Unif DS 2002 Ref Bond	58,280,000	0.956 %	557,390
Los Angeles Unif DS 2005 Ref Bond A-1	87,510,000	0.956 %	836,945
Los Angeles Unif DS 2004 Series F	17,270,000	0.956 %	165,170
Los Angeles Unif DS 2005 Series A (2006)	8,450,000	0.956 %	80,816
Los Angeles Unif DS 2005 Series B (2006)	1,331,240,000	0.956 %	12,731,971
Los Angeles Unif DS 2005 Series C (2006)	267,190,000	0.956 %	2,555,403
Los Angeles Unif DS 2005 Series G (2006)	417,375,000	0.956 %	3,991,772
Los Angeles Unif DS 2002 Series B (2007)	773,100,000	0.956 %	7,393,923
Los Angeles Unif DS 2002 Series C	96,815,000	0.956 %	925,938
Los Angeles Unif DS 2004 Series H	432,865,000	0.956 %	4,139,918
Los Angeles Unif DS 2005 Series E	55,405,000	0.956 %	529,893
Los Angeles Unif DS 2005 Series H (QSCBS)	608,955,000	0.956 %	5,824,042
LAUSD Measure R Series 2009	319,480,000	0.956 %	3,055,505
LAUSD Measure R Series KRY BABS	200,000,000	0.956 %	1,912,799
LAUSD Measure Y 2009 Series KRY BABS	363,005,000	0.956 %	3,471,777
LAUSD Measure R 2010 Series RY BABS	806,795,000	0.956 %	7,716,182
LAUSD Measure Y 2010 Series RY BABS	1,250,585,000	0.956 %	11,960,587
Los Angeles Unif DS 2014 Ref Bond Seies A	140,445,000	0.956 %	1,343,215
Los Angeles Unif DS 2014 Ref Bond Seies B	1,602,125,000	0.956 %	15,322,713
Los Angeles Unif DS 2014 Ref Bond Seies C	76,245,000	0.956 %	729,207
Los Angeles Unif DS 2014 Ref Bond Seies D	318,085,000	0.956 %	3,042,163
Los Angeles Unif DS 2004 Series J	1,226,355,000	0.956 %	11,728,851
<b>Total Overlapping Debt</b>	<b>14,034,150,000</b>		<b>128,665,723</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 154,715,034 <sup>(2)</sup></b>

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

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

<u>Ratios to 2015-16 Assessed Valuation</u>		<u>Per Capita</u>
-Direct Debt (\$26,049,311).....	0.48%	429
-Overlapping Debt.....	2.36%	2,117
-Total Debt.....	<u>2.84%</u>	<u>2,545</u>

**STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/2016: \$0**

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

	Fiscal Year				
	15-16	14-15	13-14	12-13	11-12
Assessed valuation	\$5,453,097,097	\$5,170,329,875	\$4,957,766,359	\$4,784,812,315	\$4,714,033,674
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,363,274,274	1,292,582,469	1,239,441,590	1,196,203,079	1,178,508,419
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$204,491,141	\$193,887,370	\$185,916,238	\$179,430,462	\$176,776,263
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$204,491,141	\$193,887,370	\$185,916,238	\$179,430,462	\$176,776,263
Total debt applicable to the limit as a percentage of debt limit	- 0%	- 0%	- 0%	- 0%	- 0%

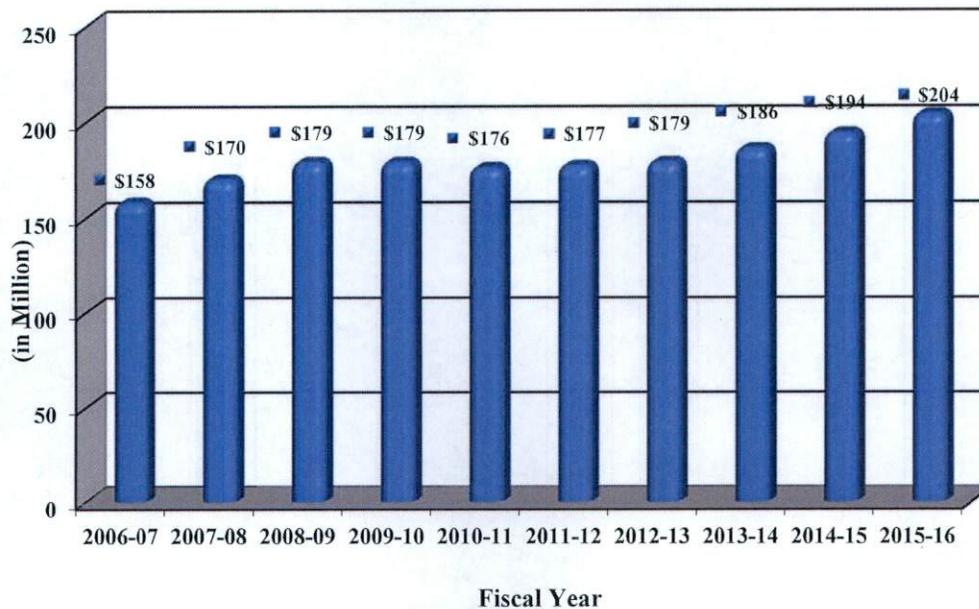
Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% OF MARKET VALUE. Effective with 1981-82 fiscal year, each parcel is now assessed at 100% of 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				
	10-11	09-10	08-09	07-08	06-07
Assessed valuation	\$4,695,452,906	\$4,766,218,736	\$4,770,971,212	\$4,520,460,890	\$4,206,914,308
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,173,863,227	1,191,554,684	1,192,742,803	1,130,115,223	1,051,728,577
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$176,079,484	\$178,733,203	\$178,911,420	\$169,517,283	\$157,759,287
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	\$176,079,484	\$178,733,203	\$178,911,420	\$169,517,283	\$157,759,287
Total debt applicable to the limit as a percentage of debt limit	- 0%	- 0%	- 0%	- 0%	- 0%

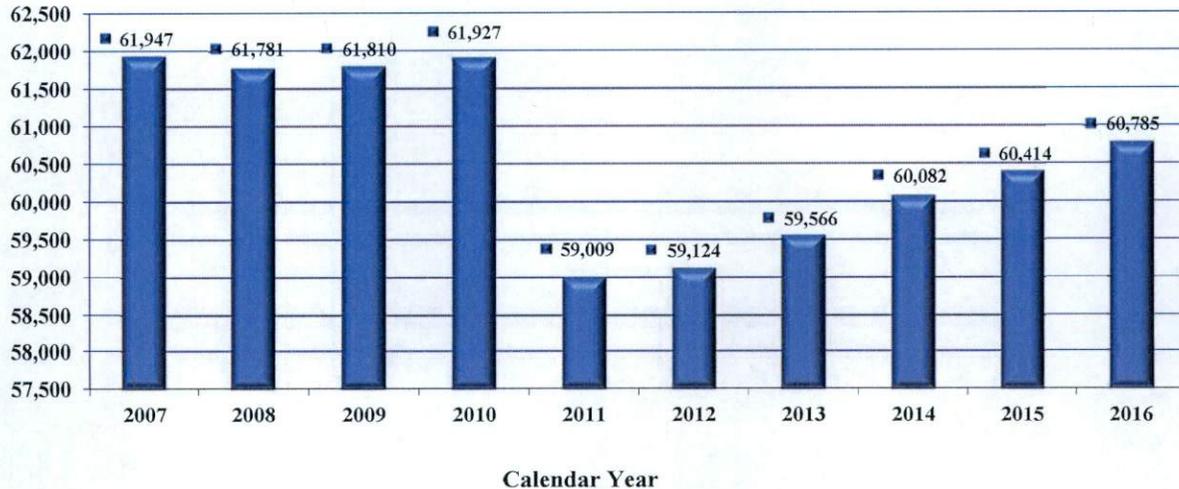
**Legal Debt Margin**  
**Last Ten Fiscal Years**



## City of Gardena Demographic and Economic Statistics Last Ten Calendar Years

Year	City of Gardena Housing Units	City of Gardena Population <sup>(1)</sup>	Average Annual Percentage Increase	Los Angeles County Population <sup>(2)</sup>	Average Annual Percentage Increase	Gardena Personal Income (1,000s) <sup>(2)</sup>	Per Capita Personal Income <sup>(2)</sup>	LAUSD Enrollment <sup>(3)</sup>	Gardena Employment <sup>(4)</sup>	Gardena Unemployment Rate <sup>(4)</sup>
2007	21,492	61,947	0.71%	10,331,939	0.84%	1,253,848	21,604	707,626	28,400	4.40%
2008	21,557	61,781	-0.27%	10,363,850	0.31%	1,299,750	22,134	693,680	29,800	4.70%
2009	21,528	61,810	0.05%	10,393,185	0.28%	1,309,499	21,351	688,168	26,800	10.60%
2010	21,534	61,927	0.19%	10,441,080	0.46%	1,282,587	20,827	678,441	25,800	11.50%
2011	21,477	59,009	-4.71%	9,858,989	-5.58%	1,224,483	19,773	678,441	25,700	11.60%
2012	21,501	59,124	0.19%	9,884,632	0.26%	1,269,333	21,468	664,233	26,200	9.50%
2013	21,501	59,566	0.75%	9,958,091	0.74%	1,349,229	22,651	655,716	27,100	9.50%
2014	21,629	60,082	0.87%	10,041,797	0.84%	1,384,109	23,037	651,322	27,700	7.60%
2015	21,649	60,414	0.55%	10,136,559	0.94%	1,384,454	23,032	643,493	28,200	7.30%
2016	21,714	60,785	0.61%	10,400,000	3.57%	1,386,384	22,808	664,774	29,000	5.30%

## City of Gardena Population Last Ten Calendar Years



NOTES:

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

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

Employer (1)	Business Type	2016		2007	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Hustler Casino	Casino	777	2.68%		
Gardena Memorial Hospital	Hospital services	756	2.61%		
United Parcel Service Inc.	Delivery	754	2.60%		
Avcorp	Manufacturing parts	562	1.94%		
Nissin Foods	Food	562	1.94%		
Southwest Offset Printing	Book binding and printing	366	1.26%		
Larry Flynt's Lucky Lady Casino	Casino	347	1.20%		
Marukai Corporation	Retail	318	1.10%		
Target	Retail	200	0.69%		
Sam's Club	Retail	185	0.64%		
Canon Business Solutions-West Inc	Business machine services			880	3.03%
United Parcel Service Inc.	Delivery			797	2.75%
Hustler Casino	Casino			635	2.19%
Memorial Hospital	Hospital services			568	1.96%
Normandie Club, LP	Casino			558	1.92%
Southwest Offset Printing	Book binding and printing			500	1.72%
Hitco Carbon Composites, Inc	Manufacturing parts			317	1.09%
Chromalloy Corp	Manufacturing and Repair shop			235	0.81%
Ramona's Mexican Food	Retail			210	0.72%
Nissin Foods Company	Manufacturing			205	0.71%
Total top ten employers		4,827		4,905	
Total City Employment <sup>11</sup>		29,000		28,400	

NOTE: Non-Governmental Employers.

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

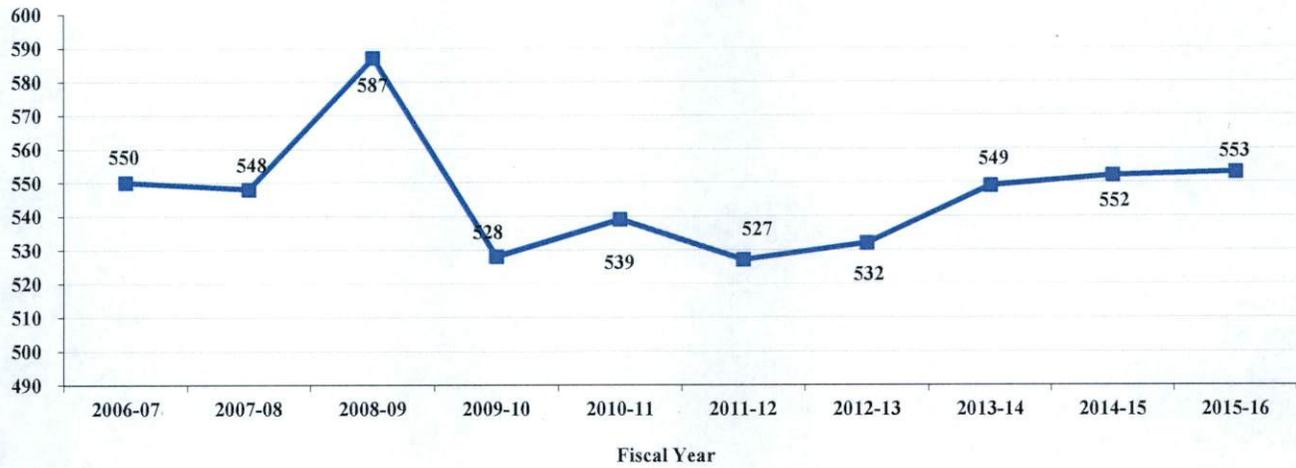
<sup>11</sup> Total City employment provided by EDD-Labor Market Information Division and 2006-2007 City CAFR.

SOURCE: Economic Development Staff

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

Function	Fiscal Year									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
General government	181	181	181	168	188	206	192	197	228	226
Public safety	160	157	162	158	152	149	154	157	149	141
Public works	50	50	47	45	46	47	46	44	52	52
Community development	18	17	16	16	12	11	11	16	17	17
Transit - Bus line	144	147	143	145	129	126	125	173	102	114
<b>Total</b>	<b>553</b>	<b>552</b>	<b>549</b>	<b>532</b>	<b>527</b>	<b>539</b>	<b>528</b>	<b>587</b>	<b>548</b>	<b>550</b>

**City of Gardena Employment**  
**Last Ten Fiscal Years**



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

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

Function	Fiscal Year									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Police:										
Arrests	2,423	4,499	3,251	3,333	3,421	3,159	3,892	4,467	4,504	4,481
Number of parking citations issued	22,665	11,203	24,622	26,615	25,218	21,337	19,223	21,068	22,718	19,032
Public works:										
Street resurfacing (miles)	2.95	7.00	3.38	5.15	8.42	4.83	40.00	10.94	10.94	9.25
Traffic lights and signals	90	89	88	88	88	88	88	80	80	80
Parks and recreation:										
Number of recreation classes	1,466	1,150	1,080	1,232	1,380	1,360	1,338	1,349	1,341	1,600
Number of facility rentals	1,221	1,164	1,072	876	713	1,135	1,164	1,396	1,302	1,850
Transit:										
Number of customers served <sup>(1)</sup>	3,610,718	3,687,038	3,689,142	3,761,506	3,737,640	3,487,459	3,739,114	4,246,325	4,447,783	4,721,483

NOTE:

<sup>(1)</sup> Fiscal Year 2015-16 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									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07 <sup>(1)</sup>
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	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	15.0
-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	113.1
Street lights										
-Edison maintenance <sup>(2)</sup>	3,350	3,319	3,181	3,229	3,247	3,250	3,186	3,186	3,200	3,024
-City maintenance	385	197	192	192	194	194	176	176	170	170
Traffic signals	70	69	68	68	68	68	68	64	64	64
Traffic signals (shared)	23	20	20	20	20	20	20	20	20	20
Parks and recreation:										
Number of parks	6	6	6	6	6	6	6	6	6	6
Number of parkette	1	1	1	1	1	1	1	1	1	1
Number of municipal pool	1	1	1	1	1	1	1	1	1	1
Number of gymnasiums <sup>(3)</sup>	2	2	2	2	2	2	1	1	1	1
Community center <sup>(3)</sup>	1	1	1	1	1	1	2	2	2	2
Transit:										
Stations	1	1	1	1	1	1	1	1	1	1
Bus stops	595	595	595	649	649	609	609	515	515	515

NOTES:

<sup>(1)</sup> Reappraisal at the end of fiscal year 2006-07.

<sup>(2)</sup> Streetlights maintained by Southern California Edison Company.

<sup>(3)</sup> Corrected in Fiscal Year 2010-11 gymnasium and community center was reversed.

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

# **City of Gardena Family Child Care Program**

Gardena, California

## **Independent Auditors' Reports and Statement of Revenues and Expenditures (Regulatory Basis) with Supplementary Information**

*For the Year Ended June 30, 2016*



**City of Gardena Family Child Care Program  
For the Year Ended June 30, 2016**

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**City of Gardena Family Child Care Program  
For the Year Ended June 30, 2016**

**General Information**

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**Name of Agency**

City of Gardena  
Recreation and Human Services Department  
1651 West 162<sup>nd</sup> Street  
Gardena, California 90247

**Program Numbers**

19-2180-00-5 (CCTR-5075)

**Director of Recreation and Human Services Department**

Kelly J. Fujio

**City Manager**

Mitchell G. Lansdell

**Period Covered**

The Fiscal Year Ended June 30, 2016

**Days of Operation**

253

**Hours of Operation**

Family day care homes' hours are slightly flexible, generally opening at 6:00 am and closing at 6:00 pm.

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## INDEPENDENT AUDITORS' REPORT

To the Members of the City Council  
of the City of Gardena  
Gardena, California

### **Report on the Financial Statement**

We have audited the accompanying financial statement of the City of Gardena (the "City") Family Child Care Program (the "Program"), which comprise of the Statement of Revenues and Expenditures – Regulatory Basis for the year ended June 30, 2016, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting practices prescribed or permitted by the California Department of Education ("CDE"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the standards for financial and compliance audits contained in the *CDE Audit Guide* issued by the California Department of Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the Program's financial statement 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 over the Program. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Program's financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues and expenditures of the Program for the year ended June 30, 2016 in accordance with the financial reporting practice prescribed or permitted by the California Department of Education as described in Note 1.

To the Members of the City Council  
of the City of Gardena  
Gardena, California  
Page 2

***Basis of Accounting***

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The Program's financial statement prepared by the City on the basis of the financial reporting provisions of the California Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America comply with the financial reporting provisions of the California Department of Education. Our opinion is not modified with respect to this matter.

***Emphasis of Matter***

As discussed in Note 1, the financial statement of the Program is intended to present the revenues and expenditures of the Program. It does not purport to, and does not, present fairly the financial position of the City as of June 30, 2016, the changes in its financial position, or where applicable, its cash flows, nor is it a complete presentation of the Program's changes in its financial position, for the year ended June 30, 2016 in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the Statement of Revenues and Expenditures of the Program. The General Information and Supplementary Information are presented for purposes of additional analysis and are not a required part of the financial statement of the Program. 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 Program's financial statement. Such information has been subjected to the auditing procedures applied in the audit of the Program's financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Information and Supplementary Information are fairly stated, in all material respects, in relation to the Program's financial statement as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2016, on our consideration of the City's internal control over the Program's 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 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 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 the Program's financial reporting and compliance.

*The PwC Group, LLP*

Santa Ana, California  
November 9, 2016



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
(INCLUDING THOSE CONTAINED IN THE *CDE AUDIT GUIDE*) AND OTHER MATTERS  
BASED ON AN AUDIT OF THE PROGRAM'S FINANCIAL STATEMENT PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditors' Report**

To the Members of the City Council  
of the City of Gardena  
Gardena, California

We have audited, in accordance with generally accepted auditing standards in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the standards for financial statement and compliance audits contained in the *CDE Audit Guide*, issued by the California Department of Education, the Statement of Revenues and Expenditures of the City of Gardena (the "City") Family Child Care Program (the "Program"), for the year ended June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 9, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the Program's financial statement, we considered the City's internal control over the Program's financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Program'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 Program's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Members of the City Council  
of the City of Gardena  
Gardena, California  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Program's financial statement is free of material misstatement, we performed tests of the City's 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 the Program's financial statement amounts. However, providing an opinion on compliance with these 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* and the *CDE Audit Guide* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*The PwC Group, LLP*

Santa Ana, California  
November 9, 2016

## **FINANCIAL STATEMENT**

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**City of Gardena Family Child Care Program**  
**Statement of Revenues and Expenditures - Regulatory Basis**  
**For the Year Ended June 30, 2016**

	Center Based Program
	General Program CCTR 5075
<b>REVENUES:</b>	
Government apportionment:	
Current year contracts - Federal	\$ 604,187
Current year contracts - State	1,012,526
Parent fees	68,525
Interest income	1,227
<b>Total revenues</b>	<b>1,686,465</b>
<b>EXPENDITURES:</b>	
Salaries	322,550
Employee benefits	94,181
Books and supplies	28,417
Services and building and occupancy	59,098
Payments to providers	1,131,795
Other operating expenditures	50,424
<b>Total expenditures</b>	<b>1,686,465</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ -</b>
<b>TRANSFER TO (FROM) RESERVE</b>	<b>\$ -</b>

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**NOTES TO THE FINANCIAL STATEMENT  
(REGULATORY BASIS)**

**City of Gardena Family Child Care Program**  
**Notes to the Financial Statement (Regulatory Basis)**  
**For the Year Ended June 30, 2016**

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**Note 1 – Summary of Significant Accounting Policies**

**A. Reporting Entity**

The accompanying Statement of Revenues and Expenditures – Regulatory Basis of the City of Gardena (the “City”) Family Child Care Program (the “Program”) includes the financial activities of the City’s child care program. The financial operations of the Program are accounted for in the Family Child Care Fund (the “Fund”) of the City. The City’s child care program provides child care facilities for children that are ages infant to twelve years.

**B. Basis of Accounting**

The financial statement is prepared in conformity with the financial reporting practices prescribed or permitted by the California Department of Education (“CDE”), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the CDE.

The Program’s financial activities are accounted for using the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Revenues considered susceptible to accrual include charges for services, federal and state grants and interest. Expenditures are recognized in the accounting period in which the liability is incurred.

The accompanying Statement of Revenues and Expenditures is not intended to and does not present the financial position or results of operations of the City. It also is not intended to be a complete presentation of the changes in financial position of the Program.

**Note 2 – Reserve Fund**

Child development contractors with the CDE are allowed to maintain a reserve account from earned but unexpended child development contract funds. Only direct service child development programs that are funded under contract with the CDE can expend the funds. In accordance with the stipulations of the Education Code, the Program maintains its reserve account in an interest-bearing account, and all interest earned is recorded in the appropriate reserve fund. Upon termination of all child care contracts between the City and CDE, the reserve fund balance must be returned to CDE.

A reserve account is restricted for child development programs, but may be applied to any contracts that are eligible to contribute to that particular program type.

**Note 3 – Parent Fees**

Parent fees represent the portion of child care expenses that are paid by parents who do not qualify for the full subsidy. The parents pay the Program directly for their portion of the child care expenses.

**City of Gardena Family Child Care Program**  
**Notes to the Financial Statement (Regulatory Basis) (Continued)**  
**For the Year Ended June 30, 2016**

**Note 4 – Child Development Contracts**

The Program contracts with the CDE to conduct a child development program. Program reimbursement is the lesser of allowable costs incurred and a maximum funding amount, which is based on average daily enrollment and days of operation. For the year ended June 30, 2016, the Program earned \$1,616,713 (excluding the \$68,525 of prescribed parent fees, interest income and miscellaneous income) of the maximum contract amount of \$1,727,122.

The Program had the following grant expenditures and corresponding grant receipts for the year ended June 30, 2016:

	Contract Number	Grant Award Amount	Grant Revenues Earned	Parent Fees, Interest Income and Miscellaneous	Grant Expenditures
<b>Federal Grants:</b>					
Child Development	CCTR-5075	\$ 655,403	\$ 604,187	\$ 68,525	\$ 672,712
<b>State Grants:</b>					
Child Development	CCTR-5075	\$ 1,071,719	\$ 1,012,526	\$ -	\$ 1,013,753
Total program grants		1,727,122	1,616,713	68,525	1,686,465
<b>Total</b>		<b>\$ 1,727,122</b>	<b>\$ 1,616,713</b>	<b>\$ 68,525</b>	<b>\$ 1,686,465</b>

**Note 5 – Schedule of Administrative Costs**

For the year ended June 30, 2016, the Program incurred \$210,883 in administrative costs by State categories as follows:

Cost Type	Contract Number CCTR-5075
Administrative salaries - office	\$ 84,750
Employee benefits	26,273
Contractual services	20,317
Audit and legal	2,647
Dues & Subscriptions	1,198
Conferences & Meetings	2,101
Office supplies	12,248
Postage	1,231
Expendable Equipment	4,589
Office Machines Maintenance	3,313
Furniture & Furnishings	1,792
Indirect costs	50,424
<b>Total Administrative Costs</b>	<b>\$ 210,883</b>

**City of Gardena Family Child Care Program**  
**Notes to the Financial Statement (Regulatory Basis) (Continued)**  
**For the Year Ended June 30, 2016**

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**Note 6 – Pension Plan**

The Program, as part of the City, contributes to the California Public Employees Retirement System (“CalPERS”), an agent multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. The Program is charged by the City for its share of pension contributions based upon rates established by CalPERS for the City’s general employees. For the year ended June 30, 2016, the Program was charged \$46,690 for the pension contribution. The Program’s financial activities are presented in modified-accrual basis of accounting. As a result, net pension liabilities are not reported for the Program.

**Note 7 – Indirect Cost Allocation**

Certain general and administrative costs are allocated to the Program by the City. The City’s actual indirect cost was determined through a cost allocation plan to be 10%, which is the CDE maximum allowed rate.

For the year ended June 30, 2016, the indirect cost allocated to the Program amounted to \$50,424.

**Note 8 – Self-Insurance Program**

The Program is part of the City’s self-insurance program for state unemployment insurance and employee long-term disability. The City is self-insured for the first \$500,000 on each workers’ compensation claims, and \$500,000 on each general liability claim against the City. During the year ended June 30, 2016, the Program was not charged by the City’s Self-Insurance Liability Fund for general liability claims.

**Note 9 – Commitments and Contingencies**

The Program receives state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowed expenditures under terms of the grants, it is believed that any repayments resulting from disallowances will not be material.

**SUPPLEMENTARY INFORMATION**

**City of Gardena Family Child Care Program**  
**Vendor Number: 2180**  
**Reserve Fund Calculation - Center Based Program**  
**For the Year Ended June 30, 2016**

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Reserve  
Amount

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Project No. 19-2180-00-4 (Center Based)  
Contract No. CCTR 5075

The allowable amount to transfer to (from) the Center Based Reserve Fund is the lesser of the following two calculations:

$$\begin{array}{l}
 1. \quad \frac{\$ 1,727,122}{\text{MRA}} + \frac{\$ 68,525}{\text{Parent fees}} + \frac{\$ 1,227}{\text{Interest}} - \frac{\$ 1,686,465}{\text{Net cost}} = \frac{\$ 110,409}{\text{Possible Reserve Amount}} \\
 \\
 2. \quad \left( \frac{\$ 1,686,465}{\text{Service Earnings}} - \frac{\$ 68,525}{\text{Parent fees}} - \frac{\$ 1,227}{\text{Interest}} \right) - \left( \frac{\$ 1,686,465}{\text{Net cost}} - \frac{\$ 68,525}{\text{Parent fees}} - \frac{\$ 1,227}{\text{Interest}} \right) = \frac{\$ -}{\text{Possible Reserve Amount}}
 \end{array}$$

Transfer to (from) reserve for the year ended June 30, 2016

\$ -

**City of Gardena Family Child Care Program**  
**Schedule of Administrative Expenditures by State Categories**  
**For the Year Ended June 30, 2016**

	Center Based Program
	General Program CCTR 5075
1000 Certificated salaries	\$ 53,846
2000 Classified salaries	30,904
<b>Total salaries</b>	<b>84,750</b>
3000 Employee benefits	26,273
<b>Total employee benefits</b>	<b>26,273</b>
Postage	1,231
Minor equipment and furniture	1,792
Computer software	-
4000 <b>Total books and supplies</b>	<b>3,023</b>
Contract services	20,317
Equipment maintenance	7,902
Professional services	2,647
Dues & Subscriptions	1,198
Conferences & Meetings	2,101
Other special department expense	12,248
Indirect costs	50,424
5000 <b>Total contracted services and other operating expenditures</b>	<b>96,837</b>
<b>Total administrative expenditures</b>	<b>\$ 210,883</b>

## AUDITED ATTENDANCE AND FISCAL REPORT

### for Child Development Programs

Agency Name: City of Gardena Family Child Care Program Vendor No. 2180

Fiscal Year Ended: June 30, 2016 Contract No. CCTR-5075

Independent Auditor's Name: The Pun Group, LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-	-	-	2.006	-
Full-time	-	-	-	1.700	-
Three-quarters-time	-	-	-	1.275	-
One-half-time	-	-	-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	90	-	90	1.652	148.680
Full-time	4,465	-	4,465	1.400	6,251.000
Three-quarters-time	283	-	283	1.050	297.150
One-half-time	26	-	26	0.770	20.020
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	545	-	545	1.652	900.340
Full-time	9,135	-	9,135	1.400	12,789.000
Three-quarters-time	608	-	608	1.050	638.400
On-half-time	18	-	18	0.770	13.860
<i>Three Years and Older</i>					
Full-time-plus	580	-	580	1.180	684.400
Full-time	11,973	-	11,973	1.000	11,973.000
Three-quarters-time	1,439	-	1,439	0.750	1,079.250
One-half-time	1,418	-	1,418	0.550	779.900
<i>Exceptional Needs</i>					
Full-time-plus	-	-	-	1.416	-
Full-time	599	-	599	1.200	718.800
Three-quarters-time	91	-	91	0.900	81.900
One-half-time	-	-	-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	228	-	228	1.298	295.944
Full-time	6,974	-	6,974	1.100	7,671.400
Three-quarters-time	565	-	565	0.825	466.125
One-half-time	315	-	315	0.605	190.575
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-	-	-	1.298	-
Full-time	139	-	139	1.100	152.900
Three-quarters-time	16	-	16	0.825	13.200
One-half-time	58	-	58	0.605	35.090
<i>Severely Disabled</i>					
Full-time-plus	-	-	-	1.770	-
Full-time	74	-	74	1.500	111.000
Three-quarters-time	1	-	1	1.125	1.125
One-half-time	178	-	178	0.825	146.850
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>39,818</b>	<b>-</b>	<b>39,818</b>	<b>-</b>	<b>45,459.909</b>
<b>DAYS OF OPERATION</b>	<b>253</b>	<b>-</b>	<b>253</b>	<b>-</b>	<b>-</b>
<b>DAYS OF ATTENDANCE</b>	<b>38,346</b>	<b>-</b>	<b>38,346</b>	<b>-</b>	<b>-</b>

NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT  
for Child Development Programs**

Agency Name: City of Gardena Family Child Care Program Vendor No. 2180

Fiscal Year End: June 30, 2016 Contract No. CCTR-5075

Insert Any Commingled Contract No. \_\_\_\_\_

		COLUMN A	COLUMN B	COLUMN C
		CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>				
<b>RESTRICTED INCOME</b>				
Child Nutrition Programs		\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)				0
Uncashed Checks to Providers				0
Other (Specify): Miscellaneous				0
	<b>Subtotal</b>	\$0	\$0	\$0
Transfer from Reserve	Contract #			0
	Contract #			0
Family Fees for Certified Children	Contract # 5075	49,071	19,454	68,525
	Contract #			0
Interest Earned on Apportionments	Contract # 5075	493	734	1,227
	Contract #			0
<b>UNRESTRICTED INCOME</b>				
Family Fees for Noncertified Children				0
Other (Specify):				0
	<b>TOTAL REVENUE</b>	\$49,564	\$20,188	\$69,752

**SECTION IV - REIMBURSABLE EXPENSES**

<i>Direct Payments to Providers (FCCH Only)</i>		\$833,943	\$297,852	\$1,131,795
1000 Certificated Salaries		63,738	26,004	89,742
2000 Classified Salaries		177,169	55,639	232,808
3000 Employee Benefits		75,197	18,984	94,181
4000 Books and Supplies		3,084	25,333	28,417
5000 Services and Other Operating Expenses		30,167	28,931	59,098
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment (program-related)				0
6500 Replacement Equipment (program-related)				0
Depreciation or Use Allowance				0
Start-Up Expenses (service level exemption)			-	0
Budget Impasse Credit	Contract #			0
	Contract #			0
Indirect Costs.	Rate: 10.00% (Rate is Self-Calculating)		50,424	50,424
	<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$1,183,298	\$503,167	\$1,686,465
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)		\$60,942	\$149,941	\$210,883

**FOR CDE-A&I USE ONLY:**

**Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program**

**Requirements of the California Department of Education, Child Development Division:**

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

- YES  
 NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

- YES  
 NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to

### AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: City of Gardena Family Child Care Program

Fiscal Year End: June 30, 2016

Vendor No. 2180

Independent Auditor's Name: The Pun Group, LLP

**RESERVE ACCOUNT TYPE (Check One):**

- Center Based  
 Resource and Referral  
 Alternative Payment

COLUMN A	COLUMN B	COLUMN C
PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

**LAST YEAR:**

<b>1. Beginning Balance</b> (must equal ending balance from Last Year's AUD 9530-A)	\$14,249	\$0	\$14,249
<b>2. Plus Transfers from Contracts to Reserve Account</b> (based on last year's post-audit CDFS 9530, Section IV):			
Contract No. CCTR 5075		\$62,884	
Contract No.			0
Total Transferred from Contracts to Reserve Account	0	62,884	0
<b>3. Less Excess Reserve to be Billed</b> (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)	\$0		\$0
<b>4. Ending Balance on Last Year's Post-Audit CDFS 9530</b>	\$14,249	\$62,884	\$77,133

**THIS YEAR:**

<b>5. Plus Interest Earned This Year on Reserve Funds</b> (column A must agree with this year's CDFS 9530-A, Section II)	\$497	\$26	\$523
<b>6. Less Transfers to Contracts from Reserve Account</b> (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
Contract No.	\$0	\$0	\$0
Contract No.			0
Total Transferred to Contracts from Reserve Account	0	0	0
<b>7. Ending Balance on</b> June 30, 2016 (column A must agree with this year's CDFS 9530-A, Section IV)	\$14,746	\$62,910	\$77,656

**COMMENTS - If necessary, attach additional sheets to explain adjustments:**

**City of Gardena Family Child Care Program**  
**Schedule of Renovation and Repair Expenditures Utilizing Contract Funds**  
**For the Year Ended June 30, 2016**

Expenditures Under \$10,000 Unit Cost		Expenditures Over \$10,000 Unit Cost With CDD Approval		Expenditures Over \$10,000 Unit Cost Without CDD Approval	
Cost	Item	Cost	Item	Cost	Item
\$ -	No renovation and repair expenditures using contract funds	\$ -	No renovation and repair expenditures using contract funds	\$ -	No renovation and repair expenditures using contract funds

**City of Gardena Family Child Care Program**  
**Schedule of Equipment Expenditures Utilizing Contract Funds**  
**For the Year Ended June 30, 2016**

Expenditures Under \$5,000 Unit Cost		Expenditures Over \$5,000 Unit Cost With CDD Approval		Expenditures Over \$5,000 Unit Cost Without CDD Approval	
Cost	Item	Cost	Item	Cost	Item
\$ -	No equipment purchases using contract funds	\$ -	No equipment purchases using contract funds	\$ -	No equipment purchases using contract funds

**City of Gardena Family Child Care Program**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2016**

---

**A. Current Year Findings and Questioned Costs**

No findings or questioned costs were noted on the Program for the year ended June 30, 2016.

**B. Prior Year Findings and Questioned Costs**

No findings or questioned costs were noted on the Program for the year ended June 30, 2015.

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# **The Municipal Bus Line Enterprise Fund of the City of Gardena**

Gardena, California

## **Independent Auditors' Reports and Financial Statements**

*For the Years Ended June 30, 2016 and 2015*



**The Municipal Bus Line Enterprise Fund of the City of Gardena  
For the Years Ended June 30, 2016 and 2015**

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## INDEPENDENT AUDITORS' REPORT

To the Members of City Council  
of the City of Gardena  
Gardena, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Municipal Bus Line Enterprise Fund (the "Bus Line") of the City of Gardena, California (the "City"), which comprise of the Statements of Net Position as of June 30, 2016 and 2015, and the related Statements of Revenues, Expenses and Changes in Net Position, and Cash Flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the Bus Line's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City's Bus Line as of June 30, 2016 and 2015, and the results of its operations and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 1, the financial statements present only the Bus Line and do not purport to, and do not, present the financial position of the City as of June 30, 2016 and 2015, the changes in its financial position, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Management has omitted the Management's Discussion and Analysis ("MD&A") that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America required that the Schedule of the proportionate Share of Net Pension Liabilities and Related Ratios – CalPERS, the Schedule of Contributions – CalPERS, and the Schedule of Funding Progress – Other Postemployment Benefits on page 35 to 37 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 an opinion on the Bus Line's financial statements. The Schedule of Farebox Recovery Ratio Calculation is presented for purposes of additional analysis and is not a required part of the 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 Bus Line's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Bus Line's financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Farebox Recovery Ratio Calculation is fairly stated, in all material respects, in relation to the Bus Line's financial statements as a whole.

To the Members of City Council  
of the City of Gardena  
Gardena, California  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 on our consideration of the City's internal control over Bus Line's 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 to describe the scope of our testing of internal control over Bus Line's financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Bus Line's financial reporting and compliance.

*The PwC Group, LLP*

Santa Ana, California  
December 1, 2016

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE (INCLUDING THOSE CONTAINED IN THE TDA STATUTES AND  
CALIFORNIA CODES OF REGULATIONS) AND OTHER MATTERS OF THE BUS LINE  
BASED ON AN AUDIT OF THE BUS LINE'S FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditors' Report**

To the Members of 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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the standards for financial statement and compliance audits contained in the TDA statutes and California Codes of Regulations, issued by California Department of Transportation, the financial statements of the Municipal Bus Line Enterprise Fund (the "Bus Line") of the City of Gardena, California (the "City"), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated December 1, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the Bus Line's financial statements, we considered the City's internal control over the Bus Line's financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over the Bus Line's financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control of the Bus Line.

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 Bus Line's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Members of City Council  
of the City of Gardena  
Gardena, California  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bus Line's financial statements are free of material misstatement, we performed tests of the City's 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 the Bus Line's financial statement amounts. However, providing an opinion on compliance with these 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 over the Bus Line 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 over the Bus Line and compliance. Accordingly, this communication is not suitable for any other purpose.

*The PwC Group, LLP*

Santa Ana, California  
December 1, 2016



**REPORT ON COMPLIANCE FOR THE BUS LINE;  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE TRANSPORTATION DEVELOPMENT ACT**

**Independent Auditors' Report**

To the Members of City Council  
of the City of Gardena  
Gardena, California

**Report on Compliance for the Bus Line**

We have audited the City of Gardena, California's (the "City") compliance with the types of compliance requirements described in §6667 of the California Code of Regulation, Title 21, Division 3, Chapter 3, Article 5.5 that could have a direct and material effect on the City's Bus Line for the year ended June 30, 2016.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Bus Line.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's Bus Line based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Transportation Development Act Guidebook – Statutes and California Codes of Regulations, April, 2013, issued by the California Department of Transportation Division of Mass Transportation. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Bus Line occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Bus Line. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on the Bus Line***

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Bus Line for the year ended June 30, 2016.

To the Members of City Council  
of the City of Gardena  
Gardena, California  
Page 2

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on the Bus Line to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Bus Line and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of §6667 of the California Codes of Regulation, Title 21, Division 3, Chapter 3, Article 5.5. Accordingly this report is not suitable for any other purpose.

*The PwC Group, LLP*

Santa Ana, California  
December 1, 2016



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE  
FOR MEASURE R AND PUBLIC TRANSPORTATION MODERNIZATION,  
IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)**

To the Members of City Council  
of the City of Gardena  
Gardena, California

We have examined the City of Gardena, California's (the "City") compliance with the compliance requirements for Measure R described in Traffic Relief and Rail Expansion Ordinance (the "Ordinance") and for Public Transportation Modernization Improvement and Service Enhancement Account ("PTMISEA") described in California Government Code §8879.55 paragraph (f) and the allocation instructions and resolutions of the Los Angeles County Metropolitan Transportation Authority during the year ended June 30, 2016. Management is responsible for City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the City's compliance with specified requirements.

*Measure R*

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the Measure R funds for the year ended June 30, 2016 as scheduled below:

Unexpended monies at July 1, 2015	\$	2,941,831
Monies received:		
FY2015-16 Measure R allocation		1,983,104
Interest income		28,215
Expenditures incurred		(1,058,316)
Unexpended monies at June 30, 2016	\$	3,894,834

During the year ended June 30, 2016, the Bus Line received \$1,983,104 in Measure R monies. For the year ended June 30, 2016, the Bus Line earned \$28,215 of interest income from the unspent monies. The Bus Line expended \$1,058,316 in Measure R monies during the year ended June 30, 2016.

To the Members of City Council  
of the City of Gardena  
Gardena, California  
Page 2

*PTMISEA*

In our opinion the City complied, in all material respects, with the aforementioned requirements for the PTMISEA funds for the year ended June 30, 2016 as scheduled below:

Unexpended proceeds at July 1, 2015	\$ 1,766,111
Proceeds received:	
FY2015-16 PTMISEA Allocation	-
Interest income	3,583
Expenses incurred:	
Buses and equipment	<u>(1,393,891)</u>
Unexpended proceeds at June 30, 2016	<u>\$ 375,803</u>

During the fiscal year ended June 30, 2016, the Bus Line did not receive PTMISEA monies. For the year ended June 30, 2016, the Bus Line earned \$3,583 of interest income from the unspent monies. The Bus Line expended proceeds from the PTMISEA in the amount of \$1,393,891 during the year ended June 30, 2016.

*The Pw Group, LLP*

Santa Ana, California  
December 1, 2016

## **FINANCIAL STATEMENTS**

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**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Statements of Net Position**  
**June 30, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 7,672,027	\$ 9,911,718
Due from other governments	4,568,572	2,618,563
Accounts receivable	175,011	909,971
Inventories and prepaid items	531,023	457,182
Total current assets	12,946,633	13,897,434
Noncurrent assets:		
Capital assets, net	61,342,886	67,186,355
Total assets	74,289,519	81,083,789
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pension	1,163,588	1,014,203
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	177,793	329,860
Accrued expenses	7,716	30,065
Accrued payroll and related taxes	383,387	344,439
Unearned revenues	7,447,820	7,503,234
Compensated absences - due within one year	234,720	219,545
Total current liabilities	8,251,436	8,427,143
Noncurrent liabilities:		
Compensated absences - due in more than one year	938,880	878,182
Net pension liabilities (Note 6)	12,394,309	10,288,210
Net other postemployment benefits obligation	5,511,364	4,756,944
Total noncurrent liabilities	18,844,553	15,923,336
Total liabilities	27,095,989	24,350,479
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pension	1,568,340	4,006,041
<b>NET POSITION</b>		
Investment in capital assets	61,342,886	67,186,355
Unrestricted (deficit)	(14,554,108)	(13,444,883)
Total net position	\$ 46,788,778	\$ 53,741,472

See accompanying Notes to the Financial Statements.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2016 and 2015**

	2016	2015
<b>OPERATING REVENUES:</b>		
Passenger fares	\$ 2,559,383	\$ 2,868,630
Service charges for maintenance of City vehicles	126,190	182,973
<b>Total operating revenues</b>	<b>2,685,573</b>	<b>3,051,603</b>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	13,279,306	13,648,104
Material and operations	5,654,292	5,721,774
Other operating expenses	1,835,385	1,729,829
Depreciation	4,520,751	3,889,500
<b>Total operating expenses</b>	<b>25,289,734</b>	<b>24,989,207</b>
<b>OPERATING LOSS</b>	<b>(22,604,161)</b>	<b>(21,937,604)</b>
<b>NONOPERATING REVENUES:</b>		
Other local assistance	8,185,710	8,973,993
Local transportation fund	4,880,144	5,080,318
Federal transit assistance	2,886,719	1,716,723
State transit assistance fund	763,563	636,824
Other state assistance	189,340	-
Interest income	51,372	17,698
Loss on disposal of assets	(77,190)	(84,336)
Other	13,589	1,244,882
<b>Total nonoperating revenues</b>	<b>16,893,247</b>	<b>17,586,102</b>
<b>LOSS BEFORE</b>		
<b>CONTRIBUTIONS AND TRANSFERS</b>	<b>(5,710,914)</b>	<b>(4,351,502)</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>		
Capital contributions (Note 8)	1,850,968	832,350
Transfers from (to) City of Gardena	(3,092,748)	3,500
<b>Total contributions and transfers</b>	<b>(1,241,780)</b>	<b>835,850</b>
<b>Change in net position</b>	<b>(6,952,694)</b>	<b>(3,515,652)</b>
<b>NET POSITION:</b>		
Beginning of year	53,741,472	57,257,124
End of year	<b>\$ 46,788,778</b>	<b>\$ 53,741,472</b>

See accompanying Notes to the Financial Statements.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2016 and 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers and users	\$ 3,420,533	\$ 2,268,884
Cash payments to suppliers of goods and services	(7,737,934)	(7,522,108)
Cash payments to employees	(12,891,052)	(11,990,855)
Other receipts	13,589	-
<b>Net cash (used in) operating activities</b>	<b>(17,194,864)</b>	<b>(17,244,079)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash received from operating grants	14,900,053	17,046,245
Cash received from other noncapital financing activities	-	1,244,882
<b>Net cash provided by noncapital financing activities</b>	<b>14,900,053</b>	<b>18,291,127</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Transfer from the City of Gardena*	-	3,500
Cash received from capital grants	1,850,968	832,350
Acquisition of capital assets	(1,847,220)	(865,996)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>3,748</b>	<b>(30,146)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	51,372	17,698
<b>Net cash provided by investing activities</b>	<b>51,372</b>	<b>17,698</b>
<b>Net increase (decrease) in cash</b>	<b>(2,239,691)</b>	<b>1,034,600</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	9,911,718	8,877,118
End of year	<u>\$ 7,672,027</u>	<u>\$ 9,911,718</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH (USED IN) OPERATING ACTIVITIES:</b>		
Operating loss	\$ (22,604,161)	\$ (21,937,604)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,520,751	3,889,500
Other revenue	13,589	-
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	734,960	(782,719)
Decrease (increase) in inventories and prepaid items	(73,841)	(43,295)
Decrease (increase) in deferred outflows of resources related to pension	(149,386)	(194,813)
Increase (decrease) in accounts payable	(152,067)	(51,975)
Increase (decrease) in accrued expenses	(22,349)	24,765
Increase (decrease) in accrued payroll and related taxes	38,948	74,642
Increase (decrease) in compensated absences	75,873	46,601
Increase (decrease) in net pension liabilities	2,106,099	(3,976,062)
Increase (decrease) in net other postemployment benefits obligations	754,420	1,700,840
Increase (decrease) in deferred inflows of resources related to pension	(2,437,700)	4,006,041
<b>Net cash (used in) operating activities</b>	<b>\$ (17,194,864)</b>	<b>\$ (17,244,079)</b>

\* Transfer of land in the amount of \$3,092,748 from the Bus Line to the City is a non-cash item for the year ended June 30, 2016.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2016 and 2015**

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**Note 1 – Summary of Significant Accounting Policies**

**A. *The Reporting Entity***

The financial statements of the Municipal Bus Line Enterprise Fund (the “Bus Line”) of the City of Gardena, California (the “City”) are intended to present the financial position and results of the operations of the bus line services. The financial statements of the Bus Line are included in the basic financial statements of the City.

As an operator of a public transportation system, the City is eligible for Transportation Development Act (“TDA”) Public Utilities Code Section 99260 (“TDA Section 99260”) funds. These funds were allocated by the Los Angeles County Metropolitan Transportation Authority (“MTA”) to supplement the City’s transit operations.

**B. *Financial Statements Presentation and Measurement Focus***

The accompanying financial statements present only the Bus Line and are not intended to present the financial position, changes in financial position, or cash flows of the City in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The accounting policies of the Bus Line are in conformity with U.S. GAAP applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing accounting and financial reporting principles.

The financial statements are prepared 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 Statements of Net Position. The Statements of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position.

**C. *Basis of Accounting***

The Bus Line is maintained on the accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period when a liability is incurred.

Operating revenues are those revenues that are generated from the primary operations of the Bus Line. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the Bus Line. All other expenses are reported as nonoperating expenses.

**D. *Cash and Cash Equivalents, and Investments***

The Bus Line’s cash is pooled with the City’s internal investment pool, which is 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.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

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

***E. Fair Value Measurements***

In accordance with GASB Statement No.72, Fair Value Measurement and Application, this statement defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the statements of net position, 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. Grants***

Grant revenues and receivables are recorded when earned on grants that have been approved and funded by the grantor. Grant sources include Federal Transit Administration, Transportation Development Act, Measure R, Proposition 1B, Proposition A and Proposition C.

***G. Inventories***

Inventories consist of materials and supplies which are valued at cost on a first-in, first-out basis. Inventories are recorded as an expense when consumed for financial statement purposes but recorded as inventory when purchased.

***H. Capital Assets***

The Bus Line’s capital assets include buildings, buses, vehicles, furniture and equipment which are recorded at historical cost or estimated historical cost if actual cost is not available. The City’s policy is to capitalize all assets with a unit cost of \$5,000 or more, and a useful life of more than one year. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which range from three to sixty years.

***I. 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; grants received but not yet earned.

***J. Compensated Absences***

It is the City’s policy to accrue annual leave when incurred. 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.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

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

**K. Pension**

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 (Note 6). 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:

<u>CalPERS</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Valuation Date	June 30, 2014	June 30, 2013
Measurement Date	June 30, 2015	June 30, 2014
Measurement Period	July 1, 2014 to June 30, 2015	July 1, 2013 to June 30, 2014

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.

**L. Net Position**

Net position is classified as follows:

Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation.

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 related inflows of resources that are not included in the determination of investment in capital assets or the restricted component of net position.

At June 30, 2016 and 2015, there was no “restricted” component of net position for the Bus Line.

**M. Reclassification**

The paratransit local assistance revenue in the amount of \$294,630 was reclassified from passenger fares to other local assistance in the Statements of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2015. The reclassification also resulted in reclassifying the same amount from cash provided by operating activities to cash provided by noncapital financing activities in the Statements of Cash Flows for the year ended June 30, 2015.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

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

***N. Use of Estimates***

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

***O. Accounting Changes***

GASB Statement No. 72, Fair Value Measurement and Application -This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement became effective for periods beginning after June 15, 2015 and did not have any measurement impact on the Bus Line's investment portfolio, except for the additional disclosure regarding to the measurement input for the years ended June 30, 2016 and 2015.

GASB Statement No. 73, Accounting and Financial reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 - This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans and Statement 68 for pension plans and pensions that are within their respective scopes. This statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the Bus Line's financial statements for the years ended June 30, 2016 and 2015.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments- This statement establishes standards relating to the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement became effective for periods beginning after June 15, 2015, and should be applied retroactively. This statement did not have a significant impact on the Bus Line's financial statements for the years ended June 30, 2016 and 2015.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants- This statement establishes standards relating accounting and financial reporting for certain external investment pools and pool participants. This statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the Bus Line's financial statements for the years ended June 30, 2016 and 2015.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

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**Note 2 – Cash and Investments**

The Bus Line's share of the City's cash and investments at June 30, 2016 and 2015 were \$7,672,027 and \$9,911,718, respectively.

Cash is deposited in the City's internal investment pool, which is reported at fair value. The Bus Line does not own specifically identifiable securities in the City's pool. Interest income is allocated based on average cash balances. Investment policies and associated risk factors applicable to the Bus Line are those of the City and are included in the City's basic financial statements.

For cash flows purposes, all cash and investments of the Bus Line are considered to be cash and cash equivalents.

**Note 3 – Due from Other Governments**

Due from other governments consisted of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Los Angeles County Metropolitan Transportation Authority	\$ 1,580,381	\$ 759,878
Los Angeles County	798,053	160,926
U.S. Department of Transportation Federal Transit Administration	<u>2,190,138</u>	<u>1,697,759</u>
<b>Total</b>	<u>\$ 4,568,572</u>	<u>\$ 2,618,563</u>

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

**Note 4 – Capital Assets**

Changes in capital assets of the Bus Line for the years ended June 30, 2016 and 2015 are as follows:

	Balance July 1, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
<b>Nondepreciable assets:</b>					
Land	\$ 16,049,153	\$ -	\$ -	\$ (3,092,748)	\$ 12,956,405
Construction in progress	91,925	30,648	-	(32,713)	89,860
Total nondepreciable assets	<u>16,141,078</u>	<u>30,648</u>	<u>-</u>	<u>(3,125,461)</u>	<u>13,046,265</u>
<b>Depreciable capital assets:</b>					
Building	26,962,077	-	-	-	26,962,077
Building improvements	12,931,350	-	-	-	12,931,350
Buses	32,487,008	1,393,893	-	-	33,880,901
Machinery and equipment	5,215,685	410,204	(114,689)	32,713	5,543,913
Furniture and fixtures	1,326,714	12,475	-	-	1,339,189
Infrastructure	1,010,672	-	-	-	1,010,672
Total capital assets, being depreciated	79,933,507	1,816,572	(114,689)	32,713	81,668,103
Less accumulated depreciation:	(28,888,230)	(4,520,751)	37,499	-	(33,371,482)
Net depreciable capital assets:	<u>51,045,277</u>	<u>(2,704,179)</u>	<u>(77,190)</u>	<u>32,713</u>	<u>48,296,621</u>
Total capital assets, net	<u>\$ 67,186,355</u>	<u>\$ (2,673,531)</u>	<u>\$ (77,190)</u>	<u>\$ (3,092,748)</u>	<u>\$ 61,342,886</u>

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
<b>Nondepreciable assets:</b>					
Land	\$ 16,049,153	\$ -	\$ -	\$ -	\$ 16,049,153
Construction in progress	1,318,572	240,613	(33,646)	(1,433,614)	91,925
Total nondepreciable assets	<u>17,367,725</u>	<u>240,613</u>	<u>(33,646)</u>	<u>(1,433,614)</u>	<u>16,141,078</u>
<b>Depreciable capital assets:</b>					
Building	26,962,077	-	-	-	26,962,077
Building improvements	12,931,350	-	-	-	12,931,350
Buses	31,928,830	-	(52,488)	610,666	32,487,008
Machinery and equipment	3,870,939	625,383	(103,585)	822,948	5,215,685
Furniture and fixtures	1,336,721	-	(10,007)	-	1,326,714
Infrastructure	1,010,672	-	-	-	1,010,672
Total capital assets, being depreciated	78,040,590	625,383	(166,080)	1,433,614	79,933,507
Less accumulated depreciation:	(25,114,120)	(3,889,500)	115,390	-	(28,888,230)
Net depreciable capital assets:	<u>52,926,470</u>	<u>(3,264,117)</u>	<u>(50,690)</u>	<u>1,433,614</u>	<u>51,045,277</u>
Total capital assets, net	<u>\$ 70,294,195</u>	<u>\$ (3,023,504)</u>	<u>\$ (84,336)</u>	<u>\$ -</u>	<u>\$ 67,186,355</u>

Depreciation expenses of the Bus Line were \$4,520,751 and \$3,889,500 for the years ended June 30, 2016 and 2015, respectively.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

**Note 5 – Unearned Revenues**

Unearned revenues represent excess operating and excess capital assistance. The following represents the amounts at June 30, 2016 and 2015:

	2016	2015
State of California Emergency Management Agency	36,529	7,948
Proposition A - Local Return	2,926,900	2,767,698
Proposition C - Discretionary Transit Security	19,646	19,646
Measure R - Bus Operations	3,894,834	2,941,831
California Department of Transportation - Low Carbon Transit Operation Program	111,484	-
Others	82,624	-
Proposition 1B - Public Transportation Modernization Improvement and Service Enhancement Account ("PTMISEA")	375,803	1,766,111
<b>Total</b>	<b>\$7,447,820</b>	<b>\$ 7,503,234</b>

**Note 6 – Employees' Retirement Plan – CalPERS**

The following is summary of net pension liabilities and related deferred outflows and inflows of resources at June 30, 2016 and 2015:

	2016	2015
<b>Deferred outflows of resources:</b>		
Pension contribution after measurement date:		
CalPERS - Miscellaneous	\$ 1,163,588	\$ 1,014,203
<b>Total deferred outflows of resources</b>	<b>\$ 1,163,588</b>	<b>\$ 1,014,203</b>
<b>Net pension liabilities</b>	<b>\$ 12,394,309</b>	<b>\$ 10,288,210</b>
<b>Total net pension liabilities</b>	<b>\$ 12,394,309</b>	<b>\$ 10,288,210</b>
<b>Deferred inflows of Resources:</b>		
Differences between Expected and Actual Experience on pension investments		
CalPERS - Miscellaneous	\$ 181,738	-
Changes in Assumption		
CalPERS - Miscellaneous	851,902	-
Difference in projected and actual earnings on pension investments:		
CalPERS - Miscellaneous	534,700	4,006,041
<b>Total deferred inflows of resources</b>	<b>\$ 1,568,340</b>	<b>\$ 4,006,041</b>

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

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**Note 6 – Employees’ Retirement Plan – CalPERS (Continued)**

***General Information about the Pension Plan***

**Plan Description**

The City contribution to the California Public Employees Retirement System (“PERS”), an agent multiple-employer defined benefit pension plan for the Bus Line employees in the miscellaneous plan. 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, 2014 and 2013 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 becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for Service Retirement upon attainment of age 52 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member’s highest 36 or 12 consecutive months’ full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% of average final 12 months compensation. Retirement benefit for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if 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.

An employee’s beneficiary may receive the basic death benefit if the employee dies 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 7.65 or 7.5 percent per year, plus a lump sum in the amount of one month’s salary for each completed year of current service, up to a maximum of six months’ salary. For purposes of this benefit, one month’s salary is defined as the member’s average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree’s designated survivor(s), or to the retiree’s estate.

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

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

**Note 6 – Employees’ Retirement Plan – CalPERS (Continued)**

*General Information about the Pension Plan (Continued)*

Employees Covered by Benefit Terms

At June 30, 2014 and 2013, the valuation date, the following employees were covered by the benefit terms under the City’s miscellaneous plan:

	2014	2013
Active employees	136	129
Transferred and terminated employees	15	29
Retired Employees and Beneficiaries	36	36
Total	187	194

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers are 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. For the measurement periods ended June 30, 2015 and 2014, respectively, the active classic miscellaneous employee contribution rates were 7% and 6.991% of annual pay; the active PEPRA miscellaneous employee contribution rate were both 6.75% of annual pay; the employer’s contribution rates were 11.501% and 9.262% of classic miscellaneous employee annual payroll, and the employer’s contribution rates were both 6.75% of PEPRA miscellaneous employee annual payroll.

*Net Pension Liability*

Actuarial Methods and Assumption Used to Determine Total Pension Liability

For the measurement periods ended June 30, 2015 and 2014, the total pension liability was determined by rolling forward the June 30, 2014 and 2013 total pension liability, respectively. The June 30, 2015 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rates	7.65% for June 30, 2015 measurement date 7.50% for June 30, 2014 measurement date
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment; includes Inflation for June 30, 2015 measurement date 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation for June 30, 2014 measurement date
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds. The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

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**Note 6 – Employees’ Retirement Plan – CalPERS (Continued)**

*Net Pension Liability (Continued)*

*Actuarial Methods and Assumption Used to Determine Total Pension Liability (Continued)*

All other actuarial assumptions used in the June 30, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website under Forms and Publications.

*Change of Assumption*

GASB 68, paragraph 68 states that the long- term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changes from 7.5% (net of administrative expense in 2014) to 7.65 percent as of June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

*Discount Rate*

The discount rate used to measure the June 30, 2015 total pension liability was 7.65 percent and the discount rate used to measure the June 30, 2014 total pension liability was 7.50 percent, which is net of administrative expenses. An investment return excluding administrative expenses would have been 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table in the next page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

**Note 6 – Employees’ Retirement Plan – CalPERS (Continued)**

*Net Pension Liability (Continued)*

Discount Rate (Continued)

Asset Class	New Strategic Allocation		Real Return	Real Return
	June 30, 2014	June 30, 2013	Years 1 - 10 <sup>1</sup>	Years 11+ <sup>1</sup>
Global Equity	51.00%	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	6.00%	0.45%	3.36%
Private Equity	10.00%	12.00%	6.83%	6.95%
Real Estate	10.00%	11.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	3.00%	4.50%	5.09%
Liquidity	2.00%	2.00%	-0.55%	-1.05%
	100.00%	100.00%		

<sup>1</sup> An expected inflation of 2.5% and 3.0% used for Years 1-10 and Years 11+, respectively.

*Changes in the Net Pension Liability*

Proportionate Share of Net Pension Liability

The Bus Line proportionate share of net pension liability of the City’s miscellaneous plan is determined by the City’s CalPERS long term projected contribution made by the Bus Line over the total miscellaneous plan contribution. The following table shows the Bus Line’s proportionate share of the City’s miscellaneous plan net pension liability over the measurement periods ended June 30, 2015 and 2014.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 68,437,015	\$ 58,148,805	\$ 10,288,210
Balance at June 30, 2015 (Measurement Date)	69,906,464	57,512,155	12,394,309
Net Changes during 2014-2015	1,469,449	(636,650)	2,106,099

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2013 (Valuation Date)	\$ 65,558,441	\$ 51,294,168	\$ 14,264,272
Balance at June 30, 2014 (Measurement Date)	68,437,015	58,148,805	10,288,210
Net Changes during 2013-2014	2,878,575	6,854,636	(3,976,062)

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

**Note 6 – Employees’ Retirement Plan – CalPERS (Continued)**

*Changes in the Net Pension Liability (Continued)*

Proportionate Share of Net Pension Liability (Continued)

The Bus Line’s proportionate shares of the net pension liabilities are as follows:

	2016		2015
June 30, 2014	50.3182%	June 30, 2013	50.3182%
June 30, 2015	50.3182%	June 30, 2014	50.3182%
Change - Increase (Decrease)	0.0000%	Change - Increase (Decrease)	0.0000%

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

The following presents the net pension liability of the Plan as of the measurement date of June 30, 2015 and 2014, calculated using the discount rate of 7.65% and 7.50%, respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65% and 6.50%, respectively) or 1 percentage-point higher (8.65% and 8.50%, respectively) than the current rate:

Measurement Date	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.65%)	Rate (7.65%)	(8.65%)
June 30, 2015	\$ 21,302,074	\$ 12,394,309	\$ 5,009,732

Measurement Date	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.50%)	Rate (7.50%)	(8.50%)
June 30, 2014	\$ 18,735,498	\$ 10,288,210	\$ 3,251,501

Pension Plan Fiduciary Net Position

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

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

**Note 6 – Employees’ Retirement Plan – CalPERS (Continued)**

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

For the measurement periods ending June 30, 2015 and 2014, the Bus Line incurred a pension expense of \$682,601 and \$866,673 respectively.

As of measurement date of June 30, 2015 and 2014, the Bus Line has deferred outflows and deferred inflows of resources related to pensions as follows for the miscellaneous plan:

	2016		2015	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 1,163,588	\$ -	\$ 1,014,203	\$ -
Difference between expected and actual experience	-	(181,738)	-	-
Changes of assumptions	-	(851,902)	-	-
Net difference between projected and actual earning on pension plan investments	-	(534,701)	-	(4,006,041)
<b>Total</b>	<b>\$ 1,163,588</b>	<b>\$ (1,568,341)</b>	<b>\$ 1,014,203</b>	<b>\$ (4,006,041)</b>

The amounts above are net of outflows and inflows recognized in the 2014-2015 and 2013-2014 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 for the 2014-15 and 2013-14 measurement periods are 3.6 and 3.7 years, which were obtained by dividing the total service years of 3,528 and 3,538 (the sum of remaining service lifetimes of the active employees) by 973 and 953 (the total number of participants: active, inactive, and retired), respectively.

\$1,163,588 and \$1,014,203 reported as deferred outflows of resources related to pensions resulting from the Bus Line’s portion of the City’s contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the years ended June 30, 2017 and 2016, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

<b>Deferred Outflows/ (Inflows) of Resources</b>			
<b>Miscellaneous Plan</b>			
Year Ended June 30	2016	Year Ended June 30	2015
2017	\$ (781,606)	2016	\$ (1,001,510)
2018	(781,606)	2017	(1,001,510)
2019	(622,585)	2018	(1,001,510)
2020	617,456	2019	(1,001,511)
2021	-	2020	-
Thereafter	-	Thereafter	-
	<b>\$ (1,568,341)</b>		<b>\$ (4,006,041)</b>

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

**Note 7 – Net Other Postemployment Benefits Liability**

***Plan Description***

The Bus Line employees participate in the City’s postemployment benefits (the “Plan”), which provides retiree healthcare benefits for employees who retire simultaneously from PERS and the City and who meet the qualifying criteria negotiated by the various City labor groups. The City offers Kaiser 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.

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 paid by the City were both \$1,060 per month per retiree during the years ended June 30, 2016 and 2015.

***Eligibility***

All of the Plan’s employees became participants in accordance with 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. Participants of the Plan related to the Bus Line included 108 and 101 full time active employees at June 30, 2016 and 2015, respectively, and 36 retirees at both June 30, 2016 and 2015.

***Funding Policy***

The contribution requirements for Plan members and the Bus Line are established by the MOU as negotiated by each group or bargaining unit. The contribution is based on projected pay-as-you-go financing requirements. For the years ended June 30, 2016 and 2015, the Bus Line contributed \$469,580 and 468,520, respectively.

***Annual OPEB Cost and Net OPEB Obligation***

The Bus Line’s annual Other Postemployment Benefit (“OPEB”) cost (expense) is calculated based on the *Annual Required Contribution* (“ARC”), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. Using this method to amortize its Unfunded Actuarial Accrued Liability (“UAAL”) during the current fiscal year, the City has internally assigned \$5,511,364 and \$4,756,944 for the net Bus Line OPEB obligations at June 30, 2016 and 2015, respectively.

The following table shows the components of the Bus Line’s annual OPEB cost for the years, the amount actually contributed to the plan, and changes in the Bus Line’s net OPEB obligation at June 30, 2016 and 2015.

	2016	2015
Annual required contribution	\$ 1,389,000	\$ 1,287,000
Interest on net OPEB obligation	156,000	129,000
Adjustment to annual required contribution	(321,000)	(252,000)
Annual OPEB cost	1,224,000	1,164,000
Other adjustment to OPEB cost	-	1,005,360
Contributions made	(469,580)	(468,520)
Increase in net OPEB obligation	754,420	1,700,840
Net OPEB obligation - beginning of year	4,756,944	3,056,104
Net OPEB obligation - end of year	\$ 5,511,364	\$ 4,756,944

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

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**Note 7 – Net Other Postemployment Benefits Liability (Continued)**

***Annual OPEB Cost and Net OPEB Obligation (Continued)***

The Bus Line’s annual OPEB cost, annual contributions, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2016 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual Contribution	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ -	\$ -	0.00%	3,056,104
6/30/2015	2,169,360	468,520	21.60%	4,756,944
6/30/2016	1,224,000	469,580	38.36%	5,511,364

***Funded Status and Funding Progress***

As of June 30, 2014, the Actuarial Accrued Liability for benefits was \$13,601,000, and the actuarial value of assets was \$0, resulting in an UAAL of \$(13,601,000). The covered payroll (annual payroll of active employees covered by the Plan) was \$5,784,000, and the ratio of UAAL to the covered payroll was 235 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.00 percent investment rate of return (net of administrative expenses), which is based on the expected return on funds invested, and an annual healthcare cost trend rate of 7.80 percent initially reduced by decrements to an ultimate rate of 5.00 percent thereafter. The actuarial assumption for inflation was 3.00 percent, and the aggregate payroll increases was 3.25 percent used in the actuarial valuation. The unfunded actuarial accrued liability will be amortized as a level percentage of projected covered payroll on a closed basis. The UAAL is being amortized as level percentage of future payroll on a 30 year closed amortization period.

**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended June 30, 2016 and 2015**

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**Note 8 – Capital Contributions**

The following represents the different sources of capital contributions for the year ended June 30, 2016 and 2015:

	2016	2015
TDA Local Transportation Funds	\$ 8,989	\$ 30,330
Proposition 1B - Security	14,469	289,029
Proposition 1B - Capital	1,393,891	14,569
Municipal Operator Service Improvement Program ("MOSIP")	390,751	377,102
Federal Transit Assistance funds	35,955	121,320
California Energy Commission	6,913	-
<b>Total</b>	<b>\$ 1,850,968</b>	<b>\$ 832,350</b>

**Note 9 – Related Party Transactions**

Certain general and administrative costs are allocated to the Bus Line by the City based upon an approved cost allocation plan. Such allocated costs were \$1,835,385 and \$1,763,475 for the years ended June 30, 2016 and 2015 respectively. The Bus Line also received revenues of \$126,190 and \$182,973 from the City for maintenance of City vehicles for the years ended June 30, 2016 and 2015, respectively.

**Note 10 – Commitments & Contingencies**

**A. Lawsuits**

The Bus Line is presently involved in certain matters of litigation that have arisen in the normal course of conducting the Bus Line's business. Management believes, based upon consultation with attorneys that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the Bus Line. Additionally, the Bus Line's management believes that the Bus Line's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

**B. Federal and State Grant Programs**

The City participates in Federal and State grant programs for the Bus Line, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended and applicable State requirements. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Bus Line management anticipates such amounts, if any, will be immaterial.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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**The Municipal Bus Line Enterprise Fund of the City of Gardena  
Required Supplementary Information (Unaudited)  
For the Years Ended June 30, 2016 and 2015**

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**Schedule of Proportionate Share of the Net Pension Liabilities and Related Ratios – CalPERS**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Bus Line**

	June 30, 2015	June 30, 2014 <sup>1</sup>
Bus Line Proportion of the Net Pension Liability	50.31818%	50.31818%
Bus Line's Proportionate Share of the net Pension Liability	\$ 12,394,309	\$ 10,288,210
Bus Line's Covered-Employee Payroll	\$ 9,662,040	\$ 8,756,618
Bus Line's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	128.28%	117.49%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	82.27%	84.97%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

**The Municipal Bus Line Enterprise Fund of the City of Gardena  
Required Supplementary Information (Unaudited) (Continued)  
For the Years Ended June 30, 2016 and 2015**

**Schedule of Contributions – CalPERS**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") - Bus Line**

	2015-16	2014-15	2013-14 <sup>1</sup>
Actuarially determined contribution	\$ 1,163,588	\$ 1,014,203	\$ 819,390
Contributions in relation to the actuarially determined contribution	(1,163,588)	(1,014,203)	(819,390)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll <sup>2,3</sup>	\$ 9,320,552	\$ 9,049,080	\$ 8,756,818
Contributions as a percentage of covered-employee payroll <sup>2</sup>	12.48%	11.21%	9.36%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the City.

<sup>3</sup> Payroll from prior year \$9,049,080 for the Bus Line was assumed to increase by the 3.00 percent payroll growth assumption.

**Notes to Schedule:**

**Change in Benefit Terms:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

**Changes of Assumptions:** The discount rate was changed from 7.5 percent ( net of administrative expense) to 7.65 percent.

**The Municipal Bus Line Enterprise Fund of the City of Gardena  
Required Supplementary Information (Unaudited) (Continued)  
For the Years Ended June 30, 2016 and 2015**

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***Schedule of Funding Progress – Other Postemployment Benefits***

The Bus Line's schedule of funding progress for the past three actuarial valuations is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (A - B)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a % of Payroll (A-B) / C
6/30/2010	-	9,828,000	(9,828,000)	0.00%	4,480,000	(219.38)%
6/30/2012	-	14,689,000	(14,689,000)	0.00%	4,779,000	(307.37)%
6/30/2014	-	13,601,000	(13,601,000)	0.00%	5,784,000	(235.15)%

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**SUPPLEMENTARY INFORMATION**

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**The Municipal Bus Line Enterprise Fund of the City of Gardena**  
**Supplementary Information**  
**For the Years Ended June 30, 2016 and 2015**

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**Schedule of Farebox Recovery Ratio Calculation**

The Bus Line is subject to the provisions of TDA Section 99268.3 and must maintain a minimum fare ratio of 20%. In 2004, various regulatory changes (including the Salinas Act) were made to the components of this calculation.

For the years ended June 30, 2016 and 2015, the Bus Line's Farebox recovery ratios of operating revenues to operating expenses were as follows:

	2016	2015
Operating revenues:		
Passenger fares	\$ 2,559,383	\$ 2,868,630
Local support:		
Paratransit Local Assistance	341,181	294,630
Proposition A - Local Return	925,293	1,053,442
Service charges for maintenance of City's vehicles	126,190	182,973
LACMTA - Metro Express Lanes Direct Allocation Funds	800,000	800,000
State of California - Underground Storage Tank Cleanup Fund	116,527	440,512
Low Carbon Transit Operation Program	38,999	-
Other nonoperating revenues	13,589	4,370
Total operating revenues	\$ 4,921,162	\$ 5,644,557
Operating expenses	\$ 25,289,734	\$ 24,989,207
Less: Depreciation expense	(4,520,751)	(3,889,500)
Total operating expenses, excluding depreciation	\$ 20,768,983	\$ 21,099,707
Farebox recovery ratio	24%	27%

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# City of Gardena City Council Meeting

Agenda Item No. 8. A. ( 5 )  
Department: ELECTED and ADMINISTRATIVE OFFICES

**AGENDA REPORT SUMMARY** Meeting Date: 12/13/2016

**TO: THE HONORABLE MEMBERS OF THE CITY COUNCIL**

**AGENDA TITLE: CITY COUNCIL AUTHORIZATION FOR CITY MANAGER TO ENTER INTO A LETTER OF INTENT TO PREPAY THE GROUND LEASE FOR CELL TOWER AT VINCENT BELL PARK, 14708 SOUTH HALLDALE AVENUE, GARDENA, WITH PHOENIX TOWER INTERNATIONAL**

<u>COUNCIL ACTION REQUIRED:</u>	<u>Action Taken</u>
Authorize City Manager to Enter into Letter of Intent to Prepay Bell Park Cell Tower Ground Lease	

**RECOMMENDATION AND STAFF SUMMARY:**

Staff respectfully recommends that the City Council authorize the City Manager to enter into a Letter of Intent to Prepay the Ground Lease for Cell Tower at Vincent Bell Park with Phoenix Tower International.

**Background Information:**

In January 2010, the City Council approved a Ground Lease with T-Mobile West Corporation for the installation of a Cell Tower at Bell Park. The Ground Lease Agreement provided a 30-year lease commencing at the conclusion of the construction.

Construction ended in June 2010. The Agreement provided for monthly rent of \$1,995 with a 3.0% increase each year. The current rent is \$2,300 per month.

Phoenix Tower International purchased 600 towers from T-Mobile West in November 2015. The City has received a proposal from Phoenix Tower International to prepay the Lease of the Bell Park Tower.

The proposal is for a lump sum payment of \$404,000 at or upon the Closing Date of 02/03/2017. The City would extend the term end date from June 2041 to June 2047.

Prepaying the lease provides an opportunity for the City to use funds for Capital Improvements that are needed at Bell Park and several other facilities.

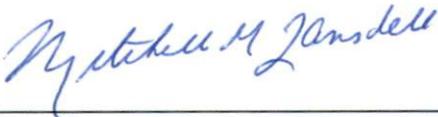
Staff recommends that the prepayment be committed to Park Capital Improvements.

**FINANCIAL IMPACT/COST:**

Revenue: \$404,000 to General Fund

**ATTACHMENT:**

1) Letter of Intent from Phoenix Tower International (dated 11/18/2016)

Submitted by , Mitchell G. Lansdell, City Manager Dated: 12/08/2016



**PHOENIX  
TOWER**  
INTERNATIONAL

**Phoenix Tower International  
1001 Yamato Rd, Suite 105  
Boca Raton, FL 33431  
Phone: 561.257.0557  
Fax: 561.257.0558**

11/18/2016

*PRIVATE & CONFIDENTIAL*

City of Gardena

Re: Letter of Intent to prepay the ground lease under the US-CA-1101 light pole antenna structure

Dear City Manager Lansdell and City Council:

Phoenix Tower US Development, LLC ("PTI"), is pleased to submit this letter of intent for a proposed transaction (the "Transaction") to prepay and extend the ground lease under the City's light pole on which PTI has wireless communication equipment (hereinafter known as the "Land Lease") as listed on Exhibit A from the City of Gardena ("LANDLORD") pursuant to a 30 year lease extension between the parties ("Letter of Intent").

I. Proposed Transaction

PTI proposes to prepay and extend the Land Lease from LANDLORD pursuant to the terms and conditions precedent set forth herein and such other terms and conditions to be mutually agreed to by PTI and LANDLORD in the definitive closing documents (the "Closing Documents").

II. Material Conditions

Closing of the Transaction is subject, *inter alia*, to the following conditions:

- Completion of the Transaction will require final customary due diligence by PTI and its accounting and legal representatives; which shall include:
  - A final review of the title and survey for all ground leases (if any) and/ or easements under the Land Lease;
  - Review of all Phase 1's and any other environmental reports (including NEPA reports) for the Land;
  - Full access to additional due diligence materials in the possession of LANDLORD related to the proposed Transaction as reasonably requested by PTI;
- Negotiation of all agreements satisfactory to PTI and LANDLORD to complete the Transaction, including, without limitation, the Closing Documents;
- No material adverse change in the business or prospects of LANDLORD with respect to the Land Lease;
- Receipt of all required consents, waivers and approvals with respect to the Land Lease including lender consent or standard subordination and non-disturbance agreement if applicable;
- Other customary closing conditions

III. Transaction Consideration

**PTI would pay LANDLORD \$404,000.00 in transaction consideration**

IV. Timing

The parties shall endeavor in good faith to negotiate the definitive agreements and close the Transaction on or before 2/3/2017 (the "Closing Date"), provided, however, that no party hereto shall have any obligation to enter into any such definitive agreement, nor have any obligation to close the Transaction except as expressly provided in any definitive Closing Documents. During the period commencing on the date of this Letter of Intent and continuing until the earlier to occur of: (i) the closing of the Transaction; and (ii) the date this Letter of Intent is terminated in writing by either party pursuant to the provisions set forth below (such period, the "Exclusivity Period"), LANDLORD may not, directly or indirectly, solicit or encourage any offers for the Land Lease from any other third party, except for PTI. This Letter of Intent may be terminated by either party by giving written notice to the other party if the Transaction shall not have closed on or before 2/3/2017 or by the mutual consent of both parties. No such termination will affect a party's liability, if any, for any prior breach of any of the legally binding provisions of this Letter of Intent. PTI may assign its rights under this Letter of Intent to an affiliate without the prior written consent of LANDLORD.

V. Costs.

All costs and expenses related to negotiation of the Transaction (including legal fees, financial advisor fees, accounting fees and broker and finder's fees) shall be borne by the party who incurred such costs or expenses regardless of whether or not any of the definitive agreements with respect to the Transaction is executed and delivered by the parties or their affiliates.

VI. Governing Law.

The parties hereto agree that this letter of intent shall be governed by and construed in accordance with the laws of the State of Nevada without regards to the principles of conflicts of laws thereof.

VII. Limitation on Damages.

Each of the parties hereto (a) agrees that no actual damages shall be recoverable under this Letter of Intent, and (b) hereby waives any right to recover special, punitive, consequential, incidental or exemplary damages (including claims for lost profits) in connection with this Letter of Intent.

VIII. Legally Binding Commitment

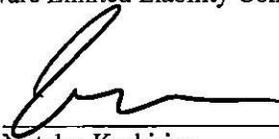
The parties agree that, except as provided in Articles IV through VII hereof, which are intended to be and shall be legally binding and enforceable, this Letter of Intent, is not intended to create any legally binding obligations on the part of any party, or any of their respective affiliates, and no such obligations will exist unless and until a definitive agreement with respect to the Transaction is executed and delivered by the parties or their affiliates in their sole discretion, and then only as and to the extent provided in such definitive agreement.

If the foregoing is acceptable to you, please sign, date and return to us a signed counterpart of this Letter of Intent. This Letter of Intent will expire if we do not receive such signed counterpart documents by 12/23/2016. If there are any questions regarding our proposal, please do not hesitate to call Robert Atherton at 714-655-1509.

Very Truly Yours,

Agreed and Accepted by:

PHOENIX TOWER US DEVELOPMENT, LLC,  
A Delaware Limited Liability Company

By:   
Name: Natalya Kashirina  
Title: Vice President, M&A  
Date: November 18, 2016

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_, 2016

Exhibit "A"

Leased area to be extended for 30 years from LANDLORD to PTI

Site ID: US-CA-1101

Tower Address: 14708 S. Halldale Avenue, Gardena CA 90247



# City of Gardena City Council Meeting

## AGENDA REPORT SUMMARY

Agenda Item No. 8. A. ( 6 )  
Department: ELECTED and ADMINISTRATIVE OFFICES  
Meeting Date: 12/13/2016  
Ordinance: No. 1772

TO: THE HONORABLE MEMBERS OF THE CITY COUNCIL

AGENDA TITLE: **ORDINANCE NO. 1772, AMENDING CHAPTER 9.64 OF THE GARDENA MUNICIPAL CODE RELATING TO SEX OFFENDER RESIDENCY RESTRICTIONS**

<p><b>COUNCIL ACTION REQUIRED:</b> Introduce Ordinance No. 1772</p>	<p><u>Action Taken</u></p>
<p><b>RECOMMENDATION AND STAFF SUMMARY:</b></p> <p>Staff respectfully recommends that the City Council <u>introduce Ordinance No. 1772</u>, and hold a second reading and adopt the ordinance at the January 10, 2017, meeting.</p> <p><u>Background Information:</u></p> <p>The City is a defendant in an action challenging certain sex offender residency restrictions contained in the Gardena Municipal Code. The matter was mediated and the mediator recommended a settlement, as follows:</p> <ul style="list-style-type: none"> <li>• The Municipal Code would be amended to allow up to one registrant to reside in any dwelling unit in a single family, duplex, multi-family or hotel/motel complex and would preserve the restriction on more than one registrant per unit unless the second person is legally-related by blood, marriage or adoption;</li> <li>• Plaintiffs' attorney be paid Six Thousand Two Hundred Fifty Dollars (\$6,250.00) in attorney's fees; and</li> <li>• Plaintiffs will dismiss the action with prejudice.</li> </ul> <p>The City Council authorized the settlement at its October 25, 2016, Council Meeting. Ordinance No. 1772 makes the modifications called for in the settlement.</p> <p>The California Supreme Court's decision in <i>In Re Taylor, 60 Cal.4th 1019 (2015)</i> held that residency restrictions that severely limit housing opportunities are unconstitutional as applied. Thereafter this suit was filed challenging the City's residency restrictions. The City Council repealed the Code's residential exclusion zones and this case continued with its challenge to the City's concentration limitations. Plaintiffs claim those blanket restrictions violate the Supreme Court's holding and make too many units of affordable housing unavailable to registrants.</p> <p>This ordinance eliminates per building concentrations restrictions but preserves per unit restrictions. In the course of the litigation, the City retained Amy Phenix, Ph.D, as an expert witness. Her report found there to be a positive correlation between concentrations of registered sex offenders and recidivism. That study justifies continuing the City's per unit concentration restrictions.</p>	
<p><b>FINANCIAL IMPACT/COST: N/A</b></p>	
<p><b>ATTACHMENT:</b></p> <p>1) Ordinance No. 1772</p>	
<p>Submitted by <u><i>Mitchell G. Lansdell</i></u>, Mitchell G. Lansdell, City Manager Dated: 12/08/2016</p>	

**ORDINANCE NO. 1772**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GARDENA, CALIFORNIA, AMENDING CHAPTER 9.64 OF THE GARDENA MUNICIPAL CODE RELATING TO SEX OFFENDER RESIDENCY RESTRICTIONS**

WHEREAS, the City Council wishes to resolve pending litigation challenging sex offender residency restrictions contained in the Gardena Municipal Code; and

WHEREAS, the California Supreme Court's decision in *In Re Taylor*, 60 Cal.4<sup>th</sup> 1019 (2015) held that residency restrictions that severely limit housing opportunities are unconstitutional as applied; and

WHEREAS, in enacting this ordinance the City Council is aware of studies showing a positive correlation between concentrations of registered sex offenders and recidivism and, accordingly, the City Council wishes to preserve certain concentration restrictions on occupancy in a manner that will not severely limit housing opportunities;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDENA, CALIFORNIA, DOES HEREBY ORDAIN, AS FOLLOWS:

**SECTION 1.** Chapter 9.64 of the Gardena Municipal Code is amended to read as follows:

**Chapter 9.64  
SEX OFFENDER RESIDENCY RESTRICTIONS**

**9.64.010 Definitions.**

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For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning:

- A. "Hotel" or "motel" shall have those meanings as set forth in Chapter [18.04](#).
- B. "Inn" shall mean any boardinghouse, lodginghouse or roominghouse (as those terms are defined in Chapter [18.04](#)).
- C. "Multiple dwelling" shall have that meaning as set forth in Chapter [18.04](#). This includes apartment houses and condominiums, but does not include hotels, motels, or inns.
- D. "One-family dwelling" shall have that meaning as set forth in Chapter [18.04](#).
- E. "Owner's authorized agent" shall mean any natural person, firm, association, joint venture, joint stock company, partnership, organization, club, company, corporation,

business trust or the manager, lessee, agent, servant, office or employee authorized to act for the owner of a property.

F. "Permanent resident" shall mean any person who, as of a given date, obtained the right to occupy a dwelling including but not limited to a one-family dwelling, multifamily dwelling, two-family dwelling, hotel, motel, or inn for more than thirty consecutive days.

G. "Property owner" as applied to buildings and land shall mean the owner of record of any parcel of real property as designated on the county assessor's tax roll, or a holder of a subsequently recorded deed to the property, and shall include any part owner, joint owner, tenant, tenant in common, or joint tenant, of the whole or part of such a building or land.

H. "Responsible party" shall mean the property owner and/or owner's authorized agent.

I. "Sex offender" means any person for whom registration is required pursuant to Section [290](#) of the California Penal Code, regardless of whether that person is on parole or probation.

J. "Temporary resident" means any person who, for a period of thirty days or less, obtained the right to occupy a dwelling including, but not limited to, a hotel, motel or inn.

K. "Two-family dwelling" shall have that meaning as set forth in Chapter [18.04](#).

**9.64.020 [deleted]**

**9.64.030 Sex offender violation – One-family dwellings.**

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No sex offender shall be a permanent or temporary resident in a one-family dwelling already occupied by another sex offender, unless those persons are legally related by blood, marriage or adoption.

**9.64.040 Sex offender violation – Two-family dwellings.**

---

No sex offender shall be a permanent or temporary resident in a two-family dwelling already occupied by another sex offender, unless those persons are legally related by blood, marriage or adoption.

**9.64.050 Sex offender violation – Multiple dwellings.**

---

No sex offender shall be a permanent or temporary resident in the same dwelling unit of a multiple dwelling already occupied by another sex offender, unless those persons are legally related by blood, marriage or adoption.

**9.64.060 [deleted]**

**9.64.070 Sex offender violation – Hotel/motel/inn rooms.**

---

No sex offender shall be a permanent or temporary resident in the same guest room of a hotel, motel, or inn already occupied by another sex offender, unless those persons are legally related by blood, marriage or adoption.

**9.64.080 [deleted]**

**9.64.090 Responsible party violation – One-family dwellings.**

---

No responsible party shall knowingly rent a one-family dwelling to, or allow occupancy as a permanent or temporary resident by, more than one sex offender during any given period of tenancy, unless those persons are legally related by blood, marriage or adoption.

**9.64.100 Responsible party violation – Two-family dwellings.**

---

No responsible party shall knowingly rent a unit within a two-family dwelling to, or allow occupancy as a permanent or temporary resident by, more than one sex offender during any given period of tenancy, unless those persons are legally related by blood, marriage or adoption.

**9.64.110 [deleted]**

**9.64.120 Responsible party violation – Multiple dwellings.**

---

No responsible party shall knowingly rent a unit within a multiple dwelling to, or allow occupancy as a permanent or temporary resident by, more than one sex offender during any given period of tenancy, unless those persons are legally related by blood, marriage or adoption.

**9.64.130 [deleted]**

**9.64.140 Responsible party violation – Hotel/motel/inn.**

---

No responsible party shall knowingly rent a guest room in a hotel, motel, or inn to, or allow occupancy as a permanent or temporary resident by, more than one sex offender, unless those persons are legally related by blood, marriage, or adoption.

**9.64.150 [deleted]**

**9.64.160 Offenses constituting nuisances.**

---

Any two-family dwelling, hotel, motel, inn, multiple dwelling, or one-family dwelling operated or maintained in a manner inconsistent with the occupancy requirements of this chapter are declared to be unlawful and are defined as and declared to be public nuisances per se that are injurious to the public health, safety, and welfare.

**9.64.170 Nuisances – Recovery of abatement expenses.**

---

A. In any civil action or proceeding, administrative proceeding, or special proceeding, including, but not limited to, those brought to abate a public nuisance, the prevailing party will be entitled to recovery of all staff time costs, costs of abatement, attorney's fees and expenses; provided, that attorneys' fees will only be available in those actions or proceedings in which the city has provided notice at the commencement of such action or proceeding that it intends to seek and recover its own attorneys' fees. In no action or proceeding will an award of attorneys' fees exceed the amount of reasonable attorneys' fees incurred by the city in the action or proceeding.

B. Moneys due the city pursuant to this chapter may be recovered in an appropriate civil action. Alternatively, such liability may be enforced by special assessment proceedings against the parcel of land upon which the nuisance existed, which proceedings must be conducted in a manner substantively similar to proceedings prescribed in Chapter [8.64](#) of this code relating to assessment for abatement of property nuisances.

**9.64.180 Penalties.**

---

Every person who violates any provision of this chapter shall be guilty of a misdemeanor and shall be subject to the penalties as set forth in Chapter [1.16](#) of this code. Each day that such violation exists shall be deemed a new and separate offense.

**9.64.190 Criminal penalties do not satisfy administrative or civil actions.**

Neither the arrest, prosecution, conviction, imprisonment, or payment of any fine for the violation of this chapter shall satisfy or diminish the authority of the city to institute administrative or civil actions seeking enforcement of any or all of the provisions of this chapter.

**9.64.200 Timing of application of this chapter.**

Notwithstanding anything to the contrary contained herein, this chapter shall apply to all sex offenders who establish a new residence within the city of Gardena after the effective date of this chapter, and to all responsible parties who allow occupancy by a sex offender within the city of Gardena after the effective date of this chapter. Nothing in this chapter is intended to limit the obligations of a sex offender to comply with the requirements of state law, including, but not limited to, California Penal Code Section [3003.5](#).

**SECTION 2.** The City Clerk shall certify the passage of this ordinance and shall cause the same to be entered in the book of original ordinances of said City; shall make a minute passage and adoption thereof in the records of the meeting at which time the same is passed and adopted; and shall, within fifteen (15) days after the passage and adoption thereof, cause the same to be published as required by law, in a publication of general circulation.

**SECTION 3.** This ordinance shall not become effective or be in force until thirty (30) days from and after the date of its adoption.

Passed, approved, and adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
MARK HENDERSON, Mayor Pro Tem

ATTEST:

\_\_\_\_\_  
MINA SEMENZA, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
PETER L. WALLIN, City Attorney



# City of Gardena City Council Meeting

Agenda Item No. 8. B. ( 1 )

Department: POLICE, STREETS & DEVELOPMENT SVCS.

Meeting Date: 12/13/2016

## AGENDA REPORT SUMMARY

TO: THE HONORABLE MEMBERS OF CITY COUNCIL

AGENDA TITLE: **AUTHORIZE AGREEMENT WITH CONVERGINT TECHNOLOGIES FOR THE UPGRADE OF WIRELESS TECHNOLOGY FOR THE VIDEO POLICING SYSTEM IN THE AMOUNT NOT TO EXCEED \$125,000**

<u>COUNCIL ACTION REQUIRED:</u>	<u>Action Taken</u>
Authorize and execute agreement.	
<u>RECOMMENDATION AND STAFF SUMMARY:</u>	
<p>On July 1, 2016, the City of Gardena signed a maintenance agreement with Convergent Technologies to provide quarterly maintenance on the Video Policing System at the Police Department and GTRANS. In addition to the quarterly maintenance, Convergent has an agreement to provide additional repair and replacement services on a time and materials basis.</p> <p>In February 2016, Staff requested an analysis by Convergent Technologies of the wireless system for the Video Policing System, due to the fact that we had many cameras that were intermittently out of order. Some of these technological difficulties stem from the technology being six years old and reaching end of life.</p> <p>Convergent provided a proposal of how to alleviate these issues which involves adding licensed links and replacing radios. Convergent has been able to negotiate a promotional offer with Siklu, a radio developer, which has reduced our cost by over \$11,000. In addition, they have included an upgrade to links to a maximum throughput which would normally require a paid upgrade of \$500 per radio, thereby offering an additional \$10,000 in upgrades at no additional cost as part of the promotion. This promotion expires in December.</p> <p>The total cost of this Wireless Upgrade proposal is \$106,988. Staff respectfully requests that the City Council authorize and execute the agreement, and provide authorization up to \$125,000 to cover contingency costs if necessary.</p>	
<u>FINANCIAL IMPACT/COST:</u>	
Not to exceed \$125,000 which will be paid using Asset Forfeiture Funds.	
<u>ATTACHMENTS:</u>	
Staff Report Proposal from Convergent Technologies	
Submitted by: <u>Edward Medrano</u> , Edward Medrano, Director Police, Streets & Development Services Date: <u>12/6/16</u>	
Concurred by: <u>Mitchell G. Lansdell</u> , Mitchell G. Lansdell, City Manager Date: <u>12/6/16</u>	

# CITY COUNCIL MEETING AGENDA STAFF REPORT

Agenda Item No.	8. B. ( 1 )
Department:	POLICE, STREETS & DEVELOPMENT SVCS.
Meeting Date:	12/13/2016

## AGENDA TITLE:

**AUTHORIZE AGREEMENT WITH CONVERGINT TECHNOLOGIES FOR THE UPGRADE OF WIRELESS TECHNOLOGY FOR THE VIDEO POLICING SYSTEM IN THE AMOUNT NOT TO EXCEED \$125,000**

## RECOMMENDATION:

Staff respectfully recommends that the City Council authorize and execute the agreement.

## BACKGROUND / ANALYSIS:

On July 1, 2016, the City of Gardena signed a maintenance agreement with Convergent Technologies to provide quarterly maintenance on the Video Policing System at the Police Department and GTRANS. In addition to the quarterly maintenance, Convergent has an agreement to provide additional repair and replacement services on a time and materials basis.

In February 2016, Staff requested an analysis by Convergent Technologies of the wireless system for the Video Policing System, due to the fact that we had many cameras that were intermittently out of order. Some of these technical difficulties stem from the technology being six years old and reaching end of life. As a result of this assessment, the following issues were found:

1. Many of the wireless radios are operating on different versions of firmware.
2. Some locations are experiencing a large amount of interference. The solution to this is to add licensed frequencies at strategic locations to eliminate that noise.
3. There is an Ethernet loop on the network.
4. Wireless radios need to be re-aimed to avoid interference.
5. Some radios have delayed boot up which can be caused by interference or that the radio has reached its end of life.

Convergent provided us with a proposal of how to alleviate these issues which involves adding licensed links and replacing radios. Convergent has been able to negotiate a promotional offer with Siklu, a radio developer, which has reduced our cost by over \$11,000. In addition, they have included an upgrade to links to a maximum throughput which would normally require a paid upgrade of \$500 per radio, thereby offering an additional \$10,000 in upgrades at no additional cost as part of the promotion. The total cost of this Wireless Upgrade proposal is \$106,988. This promotion expires in December.

## FISCAL IMPACT:

The total cost of this proposal is \$106,988. Staff respectfully requests that the City Council authorize and execute the agreement, and provide authorization up to \$125,000 to cover contingency costs if necessary, which will be paid using Asset Forfeiture Funds.

**CONCLUSION:**

**IN CONCLUSION**, Staff respectfully requests that the City Council authorize and execute this agreement, and funds not to exceed \$125,000 for the upgrade of the Video Policing System's wireless technology.

Submitted by:  Date: 12/6/16  
Edward Medrano, Director  
Police, Streets & Development Services

Attachment:  
(1) Convergent Technologies Proposal



## Security Proposal

**Date:** November 8, 2016

**Quotation:** 5016210768

**To:** City of Gardena  
1700 West 162nd St.  
Gardena, CA 90247

**Project:** Gardena Wireless Upgrade-11-07-16  
FOB Shipping Point

**Attn:** Lt. Steve Prendergast

**From:** Convergent Technologies

**Billed Upon Storage** Billed Progressively

Fabian Escalante  
fabian.escalante@convergent.com

**Mobile:** (949) 940-6428

**Direct:** (714) 546-2780

**Fax:** (714) 546-2457

Convergent Technologies is pleased to provide this proposal for your consideration. This quotation shall remain firm for a period of forty-five (45) days from the proposal date, and price is based upon delivery of equipment within three (3) months. Convergent Technologies payment terms are net 30.

## Security System Scope of Work

Convergent Technologies' scope of work includes furnishing the material listed in the attached bill of materials (BOM) as outlined below and with regards to the data listed in the clarifications and exclusions section of this proposal.

Convergent Technologies will replace and upgrade the radios at the following locations to address the recommendations set forth in the Site Assessment Report dated October 14, 2016.

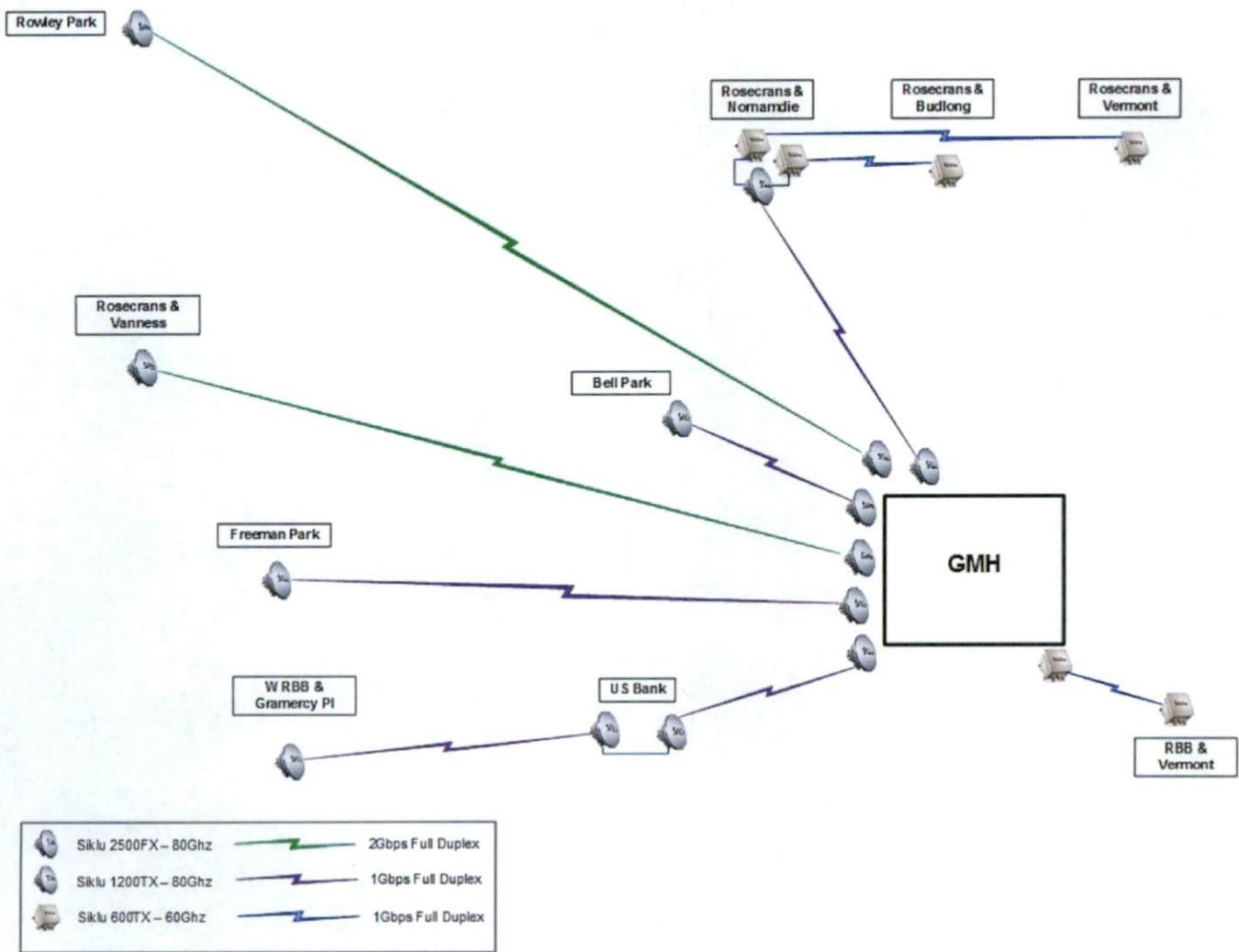
- Add a full duplex, 2GB licensed link from "Rosecrans & Van Ness" to Gardena Memorial Hospital
- Add a full duplex, 1GB licensed from "Redondo Beach Blvd & Gramercy" to US Bank
- Add a full duplex, 1GB licensed from US Bank to Gardena Memorial Hospital
  - US Bank: 1600 W Redondo Beach Blvd
  - Gardena Memorial Hospital: 1145 W Redondo Beach Blvd
- Add a full duplex, 2GB licensed from "Rowley Park" to Gardena Memorial Hospital
- Add a full duplex, 1GB licensed from "Rosecrans & Budlong" to Gardena Memorial Hospital
- Add a full duplex, 1GB licensed from "Freeman Park" to Gardena Memorial Hospital
- Add a full duplex, 1GB licensed from "Bell Park" to Gardena Memorial Hospital

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- Add a full duplex, 1GB licensed from "Redondo Beach Blvd & Vermont" to Gardena Memorial Hospital
- Add a full duplex, 1GB licensed from "Rosecrans & Normandie" to Gardena Memorial Hospital
- Add a full duplex, 1GB licensed from "Rosecrans & Budlong" to "Rosecrans & Normandie"
- Add a full duplex, 1GB licensed from "Rosecrans & Vermont" to "Rosecrans & Normandie"

Warranty

Convergent will provide a one year material warranty on all equipment provided by Convergent. Provision materials after the first year will be billed on a time and materials basis.



# Performance Items

Yes	No	Description	Yes	No	Description
/		Material (listed on the BOM)	/		Installation of Conduit and Boxes
/		Freight (prepaid)	/		Installation of Wire Hangers
/		Applicable Taxes	/		Specialty Back Boxes
/		One-Year Warranty on Parts	/		Installation of Specialty Back Boxes
/		One-Year Warranty on Labor	/		Connection to Building Fire Alarm Panel
/	/	Low Voltage Permits	/		Installation & Power of Control Panels
/	/	Electrical Installation Permit	/		Installation & Power of CCTV Cameras
/	/	Engineering and Drawings	/		Installation & Power of Intrusion Panels
/	/	Record Documentation (As-Built)	/		Installation & Power of Intercom System
/	/	Floor plan with device placement and numbering (requires customer CAD)	/		Installation & Power of Video Recorders (DVR/NVR)
/	/	Door wiring typical connections	/		120 VAC Power Receptacles
/	/	Panel wiring point with to point connections	/		Lifts and Hoists
/	/	Riser drawing with home run wiring	/		Floor Coverings for Lifts and Hoists
/	/	Equipment rack layout drawing	/		Fire Stopping (Excludes Existing Penetrations)
/	/	Panel Wall Elevation drawing (may require customer CAD)	/		Patching and Painting
/	/	Authority having Jurisdiction permit drawing (requires customer CAD)	/		Electrified Door Locking Hardware
/	/	System Programming	/		Additional Lighting Requirements for Cameras
/	/	Project Management	/		Ceiling Tiles and Ceiling Grid Repairs
/	/	Mounting/Termination of Proposed Devices	/		On-Site Lockable Storage Facility
/	/	Testing of all Proposed Devices	/		Vertical Core Drilling
/	/	Operations & Maintenance Manuals	/		Horizontal Core Drilling
/	/	Owner Training	/		Loading Software on Customer Provided Computer
/	/	System Meets Plans/Drawings	/		Servers by Convergent
/	/	System is Design-Build	/		Servers by Others
/	/	Payment & Performance Bonds	/		Workstations by Convergent
/	/	Installation of Wire and Cable	/		Workstations by Others



# Convergent Technologies

1667 North Batavia Street  
 Orange, CA 92867  
 (714) 546-2780 Fax (714) 546-2457

QUOTATION

5016210768

No	Qty	Part	Description	Manufacturer	Unit Price	Ext. Price
<b>Rosecrans &amp; Vermont</b>						
1	2	EH-600TX-ODU-PO	EtherHaul-600TX PoE ODU with Integrated antenna- with 500Mbps rate upgradeable to 1Gbps	Siklu	\$1,321.30	\$2,642.60
2	2	EH-600-MK	EtherHaul-600 Mounting Kit	Siklu	\$128.46	\$256.92
3	2	EH-60W-AC-POE-U	PoE Injector 60W (100-240 AC source, US AC cable)	Siklu	\$100.93	\$201.86
4	1	EH-UPG-500-1000	Upgrade from 500 to 1000 Mbps	Siklu	\$0.00	\$0.00
5	1	EH-OPT-AES	AES Encryption Feature Option	Siklu	\$0.00	\$0.00
6	1	EH-POE-PSE	PoE output license (per radio) 1 x 13W and 1 x 26W to power up to 2 cameras	Siklu	\$0.00	\$0.00
7	1	MISC-MOUNTING-	MISC-MOUNTING-HARDWARE	X-ANXT	\$540.54	\$540.54
<b>Rosecrans &amp; Budlong</b>						
8	2	EH-600TX-ODU-PO	EtherHaul-600TX PoE ODU with Integrated antenna- with 500Mbps rate upgradeable to 1Gbps	Siklu	\$1,321.30	\$2,642.60
9	2	EH-600-MK	EtherHaul-600 Mounting Kit	Siklu	\$128.46	\$256.92
10	2	EH-60W-AC-POE-U	PoE Injector 60W (100-240 AC source, US AC cable)	Siklu	\$100.93	\$201.86
11	1	EH-OPT-AES	AES Encryption Feature Option	Siklu	\$0.00	\$0.00
12	1	EH-UPG-500-1000	Upgrade from 500 to 1000 Mbps	Siklu	\$0.00	\$0.00
13	1	EH-POE-PSE	PoE output license (per radio) 1 x 13W and 1 x 26W to power up to 2 cameras	Siklu	\$0.00	\$0.00
14	1	MISC-MOUNTING-	MISC-MOUNTING-HARDWARE	X-ANXT	\$540.54	\$540.54
<b>Rosecrans &amp; Normandie</b>						
15	2	EH-1200TX-ODU-E	EtherHaul-1200TX ODU with antenna ADAPTER and 700Mbps rate upgradable to 1G	Siklu	\$1,293.77	\$2,587.54
16	2	EH-MK-1FT	EtherHaul Mounting Kit for 1 ft Antenna	Siklu	\$133.05	\$266.10



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QUOTATION

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No	Qty	Part	Description	Manufacturer	Unit Price	Ext. Price
17	2	EH-ANT-1FT	EtherHaul 1 ft. antenna (FCC/ETSI)	Siklu	\$266.09	\$532.18
18	2	EH-60W-AC-POE-U	PoE Injector 60W (100-240 AC source, US AC cable)	Siklu	\$100.93	\$201.86
19	2	EH-OPT-AES	AES Encryption Feature Option	Siklu	\$0.00	\$0.00
20	1	EH-UPG-700-1000	Upgrade from 700 to 1000 Mbps	Siklu	\$0.00	\$0.00
21	1	EH-POE-PSE	PoE output license (per radio) 1 x 13W and 1 x 26W to power up to 2 cameras	Siklu	\$0.00	\$0.00
22	1	SR-FCC-REG	Link FCC Registration	Siklu	\$211.04	\$211.04
23	1	MISC-MOUNTING-	MISC-MOUNTING-HARDWARE	X-ANXT	\$540.54	\$540.54
			<b>W RBB &amp; Gramercy</b>			
24	2	EH-1200TX-ODU-E	EtherHaul-1200TX ODU with antenna ADAPTER and 700Mbps rate upgradable to 1G	Siklu	\$1,293.77	\$2,587.54
25	2	EH-MK-1FT	EtherHaul Mounting Kit for 1 ft Antenna	Siklu	\$133.05	\$266.10
26	2	EH-ANT-1FT	EtherHaul 1 ft. antenna (FCC/ETSI)	Siklu	\$266.09	\$532.18
27	2	EH-60W-AC-POE-U	PoE Injector 60W (100-240 AC source, US AC cable)	Siklu	\$100.93	\$201.86
28	2	EH-OPT-AES	AES Encryption Feature Option	Siklu	\$0.00	\$0.00
29	1	EH-UPG-700-1000	Upgrade from 700 to 1000 Mbps	Siklu	\$0.00	\$0.00
30	1	EH-POE-PSE	PoE output license (per radio) 1 x 13W and 1 x 26W to power up to 2 cameras	Siklu	\$0.00	\$0.00
31	1	SR-FCC-REG	Link FCC Registration	Siklu	\$211.04	\$211.04
32	1	MISC-MOUNTING-	MISC-MOUNTING-HARDWARE	X-ANXT	\$540.54	\$540.54
			<b>US Bank</b>			
33	2	EH-1200TX-ODU-E	EtherHaul-1200TX ODU with antenna ADAPTER and 700Mbps rate upgradable to 1G	Siklu	\$1,293.77	\$2,587.54
34	2	EH-MK-1FT	EtherHaul Mounting Kit for 1 ft Antenna	Siklu	\$133.05	\$266.10



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## QUOTATION

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No	Qty	Part	Description	Manufacturer	Unit Price	Ext. Price
35	2	EH-ANT-1FT	EtherHaul 1 ft. antenna (FCC/ETSI)	Siklu	\$266.09	\$532.18
36	2	EH-60W-AC-POE-U	PoE Injector 60W (100-240 AC source, US AC cable)	Siklu	\$100.93	\$201.86
37	2	EH-OPT-AES	AES Encryption Feature Option	Siklu	\$0.00	\$0.00
38	1	EH-UPG-700-1000	Upgrade from 700 to 1000 Mbps	Siklu	\$0.00	\$0.00
39	1	EH-POE-PSE	PoE output license (per radio) 1 x 13W and 1 x 26W to power up to 2 cameras	Siklu	\$0.00	\$0.00
40	1	SR-FCC-REG	Link FCC Registration	Siklu	\$211.04	\$211.04
41	1	MISC-MOUNTING-	MISC-MOUNTING-HARDWARE	X-ANXT	\$1,351.35	\$1,351.35
<b>RBB &amp; Vermont</b>						
42	2	EH-600TX-ODU-PO	EtherHaul-600TX PoE ODU with Integrated antenna- with 500Mbps rate upgradeable to 1Gbps	Siklu	\$1,321.30	\$2,642.60
43	2	EH-600-MK	EtherHaul-600 Mounting Kit	Siklu	\$128.46	\$256.92
44	2	EH-60W-AC-POE-U	PoE Injector 60W (100-240 AC source, US AC cable)	Siklu	\$100.93	\$201.86
45	1	EH-OPT-AES	AES Encryption Feature Option	Siklu	\$0.00	\$0.00
46	1	EH-POE-PSE	PoE output license (per radio) 1 x 13W and 1 x 26W to power up to 2 cameras	Siklu	\$0.00	\$0.00
47	1	EH-UPG-500-1000	Upgrade from 500 to 1000 Mbps	Siklu	\$0.00	\$0.00
48	1	MISC-MOUNTING-	MISC-MOUNTING-HARDWARE	X-ANXT	\$540.54	\$540.54
<b>Bell Park</b>						
49	2	EH-1200TX-ODU-E	EtherHaul-1200TX ODU with antenna ADAPTER and 700Mbps rate upgradable to 1G	Siklu	\$1,293.77	\$2,587.54
50	2	EH-MK-1FT	EtherHaul Mounting Kit for 1 ft Antenna	Siklu	\$133.05	\$266.10
51	2	EH-ANT-1FT	EtherHaul 1 ft. antenna (FCC/ETSI)	Siklu	\$266.09	\$532.18



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## QUOTATION

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No	Qty	Part	Description	Manufacturer	Unit Price	Ext. Price
52	2	EH-60W-AC-POE-U	PoE Injector 60W (100-240 AC source, US AC cable)	Siklu	\$100.93	\$201.86
53	2	EH-OPT-AES	AES Encryption Feature Option	Siklu	\$0.00	\$0.00
54	1	EH-UPG-700-1000	Upgrade from 700 to 1000 Mbps	Siklu	\$0.00	\$0.00
55	1	EH-POE-PSE	PoE output license (per radio) 1 x 13W and 1 x 26W to power up to 2 cameras	Siklu	\$0.00	\$0.00
56	1	SR-FCC-REG	Link FCC Registration	Siklu	\$211.04	\$211.04
57	1	MISC-MOUNTING-	MISC-MOUNTING-HARDWARE	X-ANXT	\$540.54	\$540.54
<b>Rowley Park</b>						
58	1	EH-2500FX-ODU-A	EtherHaul-2500FX ODU, with AES HW & license, with ANT adapter, Tx High, Power: POE&DC, 1G upgradable to 2GE, ports:2xcopper+ 2xfiber, High Power	Siklu	\$4,707.12	\$4,707.12
59	1	EH-2500FX-ODU-A	EtherHaul-2500FX ODU, with AES HW & license, with ANT adapter, Tx Low, Power: POE&DC, 1G upgradable to 2GE, ports:2xcopper+ 2xfiber, High Power	Siklu	\$4,707.12	\$4,707.12
60	1	EH-MK-1FT	EtherHaul Mounting Kit for 1 ft Antenna	Siklu	\$133.05	\$133.05
61	1	EH-ANT-1FT	EtherHaul 1 ft. antenna (FCC/ETSI)	Siklu	\$266.09	\$266.09
62	1	EH-ANT-2FT-SET	EtherHaul 2 ft. antenna (FCC/ETSI) and mounting kit	Siklu	\$839.58	\$839.58
63	2	EH-60W-AC-POE-U	PoE Injector 60W (100-240 AC source, US AC cable)	Siklu	\$100.93	\$201.86
64	1	EH-UPG-1000-2000	Upgrade from 1000 to 2000 Mbps	Siklu	\$0.00	\$0.00
65	1	EH-POE-PSE	PoE output license (per radio) 1 x 13W and 1 x 26W to power up to 2 cameras	Siklu	\$0.00	\$0.00
66	1	SR-FCC-REG	Link FCC Registration	Siklu	\$211.04	\$211.04
67	1	MISC-MOUNTING-	MISC-MOUNTING-HARDWARE	X-ANXT	\$540.54	\$540.54



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QUOTATION

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No	Qty	Part	Description	Manufacturer	Unit Price	Ext. Price
<b>Rosecrans &amp; Van Ness</b>						
68	1	EH-2500FX-ODU-A	EtherHaul-2500FX ODU, with AES HW & license, with ANT adapter, Tx High, Power: POE&DC, 1G upgradable to 2GE, ports:2xcopper+ 2xfiber, High Power	Siklu	\$4,707.12	\$4,707.12
69	1	EH-2500FX-ODU-A	EtherHaul-2500FX ODU, with AES HW & license, with ANT adapter, Tx Low, Power: POE&DC, 1G upgradable to 2GE, ports:2xcopper+ 2xfiber, High Power	Siklu	\$4,707.12	\$4,707.12
70	1	EH-MK-1FT	EtherHaul Mounting Kit for 1 ft Antenna	Siklu	\$133.05	\$133.05
71	1	EH-ANT-1FT	EtherHaul 1 ft. antenna (FCC/ETSI)	Siklu	\$266.09	\$266.09
72	1	EH-ANT-2FT-SET	EtherHaul 2 ft. antenna (FCC/ETSI) and mounting kit	Siklu	\$839.58	\$839.58
73	2	EH-60W-AC-POE-U	PoE Injector 60W (100-240 AC source, US AC cable)	Siklu	\$100.93	\$201.86
74	1	EH-UPG-1000-2000	Upgrade from 1000 to 2000 Mbps	Siklu	\$0.00	\$0.00
75	1	EH-POE-PSE	PoE output license (per radio) 1 x 13W and 1 x 26W to power up to 2 cameras	Siklu	\$0.00	\$0.00
76	1	SR-FCC-REG	Link FCC Registration	Siklu	\$211.04	\$211.04
77	1	MISC-MOUNTING-	MISC-MOUNTING-HARDWARE	X-ANXT	\$540.54	\$540.54
<b>Freeman Park</b>						
78	2	EH-1200TX-ODU-E	EtherHaul-1200TX ODU with antenna ADAPTER and 700Mbps rate upgradable to 1G	Siklu	\$1,293.77	\$2,587.54
79	1	EH-MK-1FT	EtherHaul Mounting Kit for 1 ft Antenna	Siklu	\$133.05	\$133.05
80	1	EH-ANT-1FT	EtherHaul 1 ft. antenna (FCC/ETSI)	Siklu	\$266.09	\$266.09
81	1	EH-ANT-2FT-SET	EtherHaul 2 ft. antenna (FCC/ETSI) and mounting kit	Siklu	\$839.58	\$839.58



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QUOTATION

5016210768

No	Qty	Part	Description	Manufacturer	Unit Price	Ext. Price	
82	2	EH-60W-AC-POE-U	PoE Injector 60W (100-240 AC source, US AC cable)	Siklu	\$100.93	\$201.86	
83	2	EH-OPT-AES	AES Encryption Feature Option	Siklu	\$0.00	\$0.00	
84	1	EH-UPG-700-1000	Upgrade from 700 to 1000 Mbps	Siklu	\$0.00	\$0.00	
85	1	EH-POE-PSE	PoE output license (per radio) 1 x 13W and 1 x 26W to power up to 2 cameras	Siklu	\$0.00	\$0.00	
86	1	SR-FCC-REG	Link FCC Registration	Siklu	\$211.04	\$211.04	
87	1	MISC-MOUNTING-	MISC-MOUNTING-HARDWARE	X-ANXT	\$540.54	\$540.54	
						Equipment Total	\$57,086.11
						Installation	\$44,764.14
						Sales Tax	\$5,137.75
						Total	\$106,988.00

## Alternates

- NA

## Clarifications and Exclusions

- All work proposed herein, shall be performed during normal business hours Monday through Friday 8:00 am - 5:00 pm.
- All low voltage wiring shall be installed in open air.
- Customer will take responsibility for trimming all trees and/or shrubs that may block camera views.
- Provision or installation of electrical circuits, UPS and/or other electrical materials not included.
- Permits or associated fees are not included.
- City to provide traffic control as needed.
- City to coordinate access with Gardena Memorial Hospital and US Bank.
- Twenty-Five percent (25%) of the proposed sell price shall be payable to Convergent Technologies for project mobilization. Mobilization shall be invoiced and due upon customer acceptance of this proposal.
- Anything in the Contract Documents notwithstanding, in no event shall either Contractor or Subcontractor be liable for special, indirect, incidental or consequential damages, including commercial loss, loss of use, or lost profits, even if either party has been advised of the possibility of such damages.
- Convergent Technologies reserves the right to negotiate mutually acceptable contract terms and conditions with customer by making mutually agreeable changes to the formal contract included in the Bid Documents.

## Project Investment

Total Project Investment:

\$106,988.00\*

\* sales tax included

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Thank you for considering Convergent Technologies for your Security needs. If you have any questions or would like additional information, please don't hesitate to contact me immediately. If you would like to proceed with the scope of work as outlined in this proposal, please sign below and fax directly to our office.

Sincerely,

---

Convergent Technologies  
Fabian Escalante

By signing below, I accept this proposal and agree to the Terms and Conditions contained herein

---

Customer Name (Printed)

---

Date

---

Authorized Signature

---

Printed Name/Title

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## Terms and Conditions

Throughout this Installation Proposal, the term, "Convergent" refers to the Convergent Technologies' affiliate operating in the state/province in which the work is being performed, specifically, "Convergent Technologies LLC", "Convergent Technologies LP" or "Convergent Technologies LTD".

### SECTION 1. THE WORK

This Installation Proposal takes precedence over and supersedes any and all prior proposals, correspondence, and oral agreements or representations relating to the work set forth in the attached scope of work ("Work"). This Installation Proposal commences on the Start Date as specified in the attached scope of work, and represents the entire agreement between Convergent and Customer (the "Agreement") and it may only be amended by a written document signed by both Convergent and Customer. In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement shall remain in full force.

Convergent agrees in accordance with the mutually agreed project schedule:

- a. To submit shop drawings, product data, samples and similar submittals if required in performing the Work;
- b. To pay for all labor, materials, equipment, tools, supervision, programming, testing, startup and documentation required to perform the Work in accordance with the Agreement;
- c. Secure and pay for permits and governmental fees, licenses and inspections necessary for proper execution and completion of the Work; and
- d. Hire subcontractors and order material to perform part of the Work, if necessary, while remaining responsible for the completion of the Work.

Customer agrees in accordance with the mutually agreed project schedule, and at no cost to Convergent

- a. To promptly approve submittals provided by Convergent;
- b. To provide access to all areas of the facility which are necessary to complete the Work;
- c. To supply suitable electrical service as required by Convergent; and
- d. That in the event of any emergency or systems failure, reasonable safety precautions will be taken by Customer to protect life and property during the period of time from when Convergent is first notified of the emergency or failure and until such time that Convergent notifies the Customer that the systems are operational or that the emergency has cleared.

### SECTION 2. PRICING

Pricing and amounts proposed shall remain valid for 30 days unless otherwise specified. Price includes only the material listed based on Convergent's interpretation of plans and specifications unless noted otherwise. Additional equipment, unless negotiated prior to order placement, will be billed accordingly. Sales taxes, (and in Canada GST/PST) and any other taxes assessed on Customer shall be added to the price upon invoice to Customer.

### SECTION 3. INVOICE REMITTANCE AND PAYMENT

Customer agrees to pay Convergent twenty-five (25%) percent of the total price as a mobilization fee at the time of executing this Agreement.

If the Work is performed over more than a month, Convergent will invoice Customer each month for the Work performed during the previous month. Customer agrees to pay the amount due to Convergent as invoiced, within thirty (30) days of the date of such invoice. If the Work is completed in less than one month, Customer agrees to pay Convergent in full after the Work has been performed within thirty (30) days of the date of being invoiced. Invoices shall not include or be subject to a project retention percentage. If Customer is overdue in any payment to Convergent, Convergent shall be entitled to suspend the Work until paid, and charge Customer an interest rate 1 and 1/2% percent per month, (or the maximum rate permitted by law), and may avail itself of any other legal or equitable remedy. Customer shall reimburse Convergent costs incurred in collecting any amounts that become overdue, including attorney fees, court costs and any other reasonable expenditure.

### SECTION 4. WARRANTY

Convergent provides the following warranty to the Customer:

For the period of one (1) year, commencing at the earlier of substantial completion of the Work, or first beneficial use, ("Warranty Period"):

- a. That Work performed under this Agreement will be of good quality;
- b. That all equipment will be new unless otherwise required or permitted by this Agreement;
- c. That the Work will be free from defects not inherent in the quality required or permitted; and
- d. That the Work will conform to the requirements of this Agreement.

The Customer's sole remedy for any breach of this warranty is that Convergent shall remove, replace and/or repair at its own expense any defective or improper Work, discovered within the Warranty Period, provided Convergent is notified in writing of any defect within the Warranty Period.

Any equipment or products installed by Convergent in the course of performing the Work hereunder shall only carry such warranty as is provided by the manufacturer thereof, which Convergent hereby assigns to Customer without recourse to Convergent. Upon request of Customer, Convergent will use all reasonable efforts to assist Customer in enforcing any such third party warranties. This warranty excludes remedy for damage or defect caused by abuse, modifications not executed by Convergent, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage. NO FURTHER WARRANTIES OR GUARANTIES, EXPRESS OR IMPLIED, ARE MADE WITH RESPECT TO ANY GOODS OR SERVICES PROVIDED UNDER THIS AGREEMENT, AND ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY DISCLAIMED.

### SECTION 5. CHANGES

Without invalidating this Agreement or any bond given hereunder, Customer or Convergent may request changes in the Work. Any changes to the Work and any adjustment to the Agreement Price or the time for completion of the Work shall be in writing signed by both Customer and Convergent. If Customer orders any additional work or causes any material interference with Convergent's performance of the Work, Convergent shall be entitled to an equitable adjustment in the time for performance and in the Agreement Price, including a reasonable allowance for overhead and profit.

### SECTION 6. FORCE MAJEURE

Neither Customer nor Convergent shall be responsible or liable for, shall incur expense for, or be deemed to be in breach of this Agreement because of any delay in the performance of their respective obligations pursuant to this Agreement due solely to circumstances beyond their reasonable control ("Force Majeure") and without the fault or negligence of the party experiencing such delay, provided that the party experiencing the delay shall promptly give written notification to the other party within five (5) days after such party has learned of the Force Majeure. A Force Majeure event shall include, but not be limited to: accident, fire, storm, water, flooding, negligence, vandalism, power failure, installation of incompatible equipment, improper operating procedures, source current fluctuations or lighting. If performance by either party is delayed due to Force Majeure, the time for that performance shall be extended for a period of time reasonably necessary to overcome the effect of the delay. Any Services required by Convergent due to reasons set forth in this Force Majeure Section shall be charged to Customer in addition to any amounts due under this Agreement.



**Terms and Conditions Continued**

**SECTION 7. INSURANCE**

Convergent shall have the following insurance coverage during the term of this Agreement, and shall provide certificates of insurance to the Customer prior to beginning work hereunder:

Worker's Compensation	Statutory Limits
Employer's Liability	\$1,000,000 per occurrence/aggregate
Commercial General Liability	\$1,000,000 per occurrence/aggregate
	\$2,000,000 general aggregate
Automobile Liability	\$1,000,000 per occurrence/aggregate
Excess/Umbrella Liability	\$4,000,000 per occurrence/aggregate

All insurance policies carried by Convergent hereunder shall be primary to and noncontributory with the insurance afforded to Customer, and shall name the Customer as "additional insured", with respect to liability arising out of work performed by Convergent, as applicable, but only to the extent of liabilities falling within the indemnity obligations of Convergent, pursuant to the terms of this Agreement. Convergent shall provide to the Customer no less than thirty (30) days notice prior to the termination or cancellation of any such insurance policy.

**SECTION 8. INDEMNIFICATION**

Convergent shall indemnify and hold Customer harmless from and against claims, damages, losses and expenses, (including, but not limited to, reasonable attorney's fees), attributable to bodily injury, sickness, disease or death, or to destruction of tangible property, but only to the extent caused by: a) the negligent or willful acts or omissions of Convergent or Convergent's employees or subcontractors while on Customer's site, or b) the malfunction of the equipment supplied by Convergent, or c) Convergent's breach of this Agreement.

IN NO EVENT SHALL EITHER CONVERGENT OR CUSTOMER BE LIABLE TO THE OTHER PARTY HERETO FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING COMMERCIAL LOSS, LOSS OF USE OR LOST PROFITS, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL CONVERGENT BE LIABLE TO CUSTOMER FOR ANY AMOUNTS IN EXCESS OF THE AMOUNTS PAID BY CUSTOMER TO CONVERGENT.

It is understood and agreed by the parties hereto that Convergent is or may be providing monitoring and or intrusion products which are designed to provide notification of certain events but are not intended to be guarantees or insurers against any acts for which they are supposed to monitor or inform. As required by the monitoring and intrusion industry and the manufacturers thereof, Convergent's indemnification obligation pursuant to Section 8 herein, does not apply to the extent the loss indemnified against is caused by any monitoring or intrusion product or software provided by but not manufactured by Convergent. Convergent shall have **no** liability to Customer for any losses to the extent such losses are caused by the monitoring or intrusion product or software. Customer shall indemnify, defend, and hold harmless Convergent, from and against all claims, lawsuits, damages, losses and expenses by persons not a party to this Agreement, but only to the extent caused by such monitoring or intrusion product or software provided by but not manufactured by Convergent.

**SECTION 9. COMPLIANCE WITH LAW, EEO & SAFETY**

This Agreement shall be governed and construed in accordance with the laws of the state/province in which the Work is being performed. Convergent agrees to comply with all laws and regulations relating to or governing the Work. Convergent agrees to comply with all reporting requirements imposed by law or this Agreement. Convergent shall comply with all safety related laws and regulations and with the safety program of the Customer, provided such program is supplied to Convergent prior to beginning work.

In the event that Convergent discovers or suspects the presence of hazardous materials, or unsafe working conditions at Customer's facility where the Work is to be performed, Convergent is entitled to stop the Work at that facility if such hazardous materials, or unsafe working conditions were not provided by or caused by Convergent. Convergent in its sole discretion shall determine when it is "safe" to return to perform the Work at Customer's facility. Convergent shall have no responsibility for the discovery, presence, handling, removing or disposal of or exposure of persons to hazardous materials in any form at the Customer's facility. Customer shall indemnify and hold harmless Convergent from and against claims, damages, losses and expenses, including but not limited to, reasonable attorney's fees, arising out of or resulting from undisclosed hazardous materials, or unsafe working conditions at Customer's facility.

**SECTION 10. DISPUTES**

In the event of any dispute between Convergent and Customer, Convergent and Customer shall first attempt to resolve the dispute in the field, but if that is not successful, then in a meeting between authorized officers of each company. If settlement attempts are not successful, then the dispute shall be subject to and decided by mediation or arbitration. Such mediation or arbitration shall be conducted in accordance with the Construction Industry Mediation or Arbitration Rules of the American Arbitration Association currently in effect and shall be a final binding resolution of the issues presented between the parties.

**SECTION 11. MISCELLANEOUS**

Neither party to this Agreement shall assign this Agreement without the prior written consent of the other party hereto. Convergent may assign this Agreement to any of its parents, subsidiary or affiliated companies or any entity majority owned by Convergent.

Notices shall be in writing and addressed to the other party, in accordance with the names and addresses of the parties as shown above. All notices shall be effective upon receipt by the party to whom the notice was sent.

A waiver of the terms hereunder by one party to the other party shall not be effective unless in writing and signed by a person with authority to commit the Customer or Convergent and delivered to the non-waiving party according to the notice provision herein. No waiver by Customer or Convergent shall operate as a continuous waiver, unless the written waiver specifically states that it is a continuous waiver of the terms stated in that waiver. The Sections regarding invoicing, warranty and indemnity shall survive the termination of this Agreement.



# City of Gardena

## City Council Meeting

Agenda Item No. 8. B. ( 2 )

Department: POLICE, STREETS & DEVELOPMENT SVCS.

Meeting Date: 12/13/2016

### AGENDA REPORT SUMMARY

TO: THE HONORABLE MEMBERS OF CITY COUNCIL

AGENDA TITLE: **ACCEPTANCE OF PROJECTS AND NOTICE OF COMPLETION  
139<sup>TH</sup> STREET IMPROVEMENT  
WESTERN AVENUE TO BUDLONG AVENUE, JN 893  
ALL AMERICAN ASPHALT**

<u>COUNCIL ACTION REQUIRED:</u>	Action Taken
Accept and Order the Recordation of Notice of Completion	

#### RECOMMENDATION AND STAFF SUMMARY:

Staff respectfully recommends that the City Council accept the work and order the recordation of Notice of Completion.

This project cold milled and paved approximately 140,000 square feet of asphalt pavement, removed and replaced 636 linear feet of curb and gutter, 8,574 square feet of sidewalk, installed 10 new street trees, and constructed 11 new A.D.A. compliant curb ramps on 139<sup>th</sup> Street from Western Avenue to Budlong Avenue.

Sufficient funds to complete this project were appropriated by the City Council in the 2015-2016 Capital Improvement Budget using Proposition C Local Return Funds.

#### FINANCIAL IMPACT/COST:

Amount of Expense: \$384,475.54 Construction Contract + Design & Engineering  
 Funding Source: Proposition C Local Return Funds  
 Anticipated Revenue: \$500,000

#### ATTACHMENTS:

Notice of Completion

Submitted by: Edward Medrano, Edward Medrano, Director  
Police, Streets & Development Services Date: 12/6/16

Concurred by: Mitchell G. Lansdell, Mitchell G. Lansdell, City Manager Date: 12/6/16



State of California

County of \_\_\_\_\_

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by  
\_\_\_\_\_, proved to me on the basis of satisfactory  
evidence to be the person(s) who appeared before me.

Signature \_\_\_\_\_

Seal



# City of Gardena

## City Council Meeting

### AGENDA REPORT SUMMARY

Agenda Item No.: 8.C.(1)

Department: Recreation, Human Services,  
Parks & Facilities

Meeting Date: December 13, 2016

Resolution No.: 6248

**TO: THE HONORABLE MEMBERS OF CITY COUNCIL**

**AGENDA TITLE: Approval of Amendment 01 to Local Agreement Number CCTR-6075 with the California Department of Education and Adoption of Resolution Number 6248 for FY 2016-2017**

**COUNCIL ACTION REQUIRED:**

Adopt Resolution Number 6248  
Approval of Amendment 01 to Local Agreement Number CCTR - 6075 with the California Department of Education

**RECOMMENDATION AND STAFF SUMMARY:**

Staff respectfully recommends that City Council approve Amendment 01 to Local Agreement CCTR-6075 and adopt Resolution Number 6248 authorizing the Mayor Pro Tem and the City Clerk to execute the agreement with the California Department of Education which has been approved as to form by the City Attorney. The Amendment provides additional funding for the Gardena Family Child Care Program (GFCC). It increases the current contract by \$88,713 from \$1,727,122 to \$1,815,835. This reflects an increase in payment of the Standard Reimbursement Rate per child day from \$38.29 to \$40.20.

GFCC provides quality, educational, subsidized child care in licensed family child care homes in Gardena and bordering cities. Services are provided to low-income families whose parents are employed, in school/training seeking employment or are incapacitated and require assistance. Support services are also provided for the benefit of the total family.

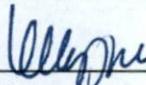
GFCC staff not only provides services to children and families but also offers technical assistance to family child care providers in the GFCC network in areas such as curriculum, the child care environment, behavioral problems, and developmental and age appropriate practices.

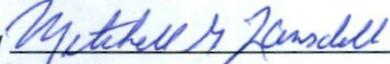
**FINANCIAL IMPACT/COST:**

Additional Revenue of \$88,713 from the Department of Education for the Family Child Care Program.  
No impact on the City of Gardena's General Fund.

**ATTACHMENTS:**

1. Amendment 01 to Local Agreement Number CCTR-6075 with the California Department of Education
2. Amendment 01 Encumbrance Page
3. Resolution Number 6248

Submitted by , Kelly Fujio, Director of Recreation,  
Signature Human Services, Parks, & Facilities Date 12/7/16

Concurred by , Mitchell G. Lansdell, City Manager Date 12/7/16  
Signature



**CALIFORNIA DEPARTMENT OF EDUCATION**  
 1430 N Street  
 Sacramento, CA 95814-5901

**F.Y. 16 - 17**

**Amendment 01**

**LOCAL AGREEMENT FOR CHILD DEVELOPMENT SERVICES**  
 Budget Act/Rate Increase

**DATE:** July 01, 2016  
**CONTRACT NUMBER:** CCTR-6075  
**PROGRAM TYPE:** GENERAL CHILD CARE & DEV PROGRAMS  
**PROJECT NUMBER:** 19-2180-00-6

**CONTRACTOR'S NAME:** CITY OF GARDENA

This agreement with the State of California dated July 01, 2016 designated as number CCTR-6075 shall be amended in the following particulars but no others:

The Maximum Reimbursable Amount (MRA) payable pursuant to the provisions of this agreement shall be amended by deleting reference to \$1,727,122.00 and inserting \$1,815,835.00 in place thereof.

The Maximum Rate per child day of enrollment payable pursuant to the provisions of this agreement shall be amended by deleting reference to the Previous Rate of \$38.29 and inserting the Blended Rate of \$40.20 in place thereof.

The Blended Rate is an average of the Previous Rate and the Previous Rate increased by ten percent. This increase represents the ten percent increase to the Standard Reimbursement Rate, which is effective January 1, 2017, pursuant to the Budget Act of 2016.

**SERVICE REQUIREMENTS**

The minimum Child Days of Enrollment (CDE) Requirement shall be amended by deleting reference to 45,106.0 and inserting 45,170.0 in place thereof.

Minimum Days of Operation (MDO) Requirement shall be 255. (No change)

EXCEPT AS AMENDED HEREIN all terms and conditions of the original agreement shall remain unchanged and in full force and effect.

**APPROVED AS TO FORM**  
 BY   
**PETER L. WALLIN**  
**CITY ATTORNEY**

STATE OF CALIFORNIA		CONTRACTOR			
BY (AUTHORIZED SIGNATURE)		BY (AUTHORIZED SIGNATURE)			
PRINTED NAME OF PERSON SIGNING Sueshil Chandra, Manager		PRINTED NAME AND TITLE OF PERSON SIGNING Mark E. Henderson, Mayor Pro Tem			
TITLE Contracts, Purchasing and Conference Services		ADDRESS 1700 West 162nd Street, Gardena, CA. 90247			
AMOUNT ENCUMBERED BY THIS DOCUMENT \$ 88,713  PRIOR AMOUNT ENCUMBERED FOR THIS CONTRACT \$ 1,727,122  TOTAL AMOUNT ENCUMBERED TO DATE \$ 1,815,835	PROGRAM/CATEGORY (CODE AND TITLE) Child Development Programs		FUND TITLE		Department of General Services use only
	(OPTIONAL USE) See Attached				
	ITEM See Attached	CHAPTER	STATUTE	FISCAL YEAR	
	OBJECT OF EXPENDITURE (CODE AND TITLE) 702				
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.		T.B.A. NO.	B.R. NO.		
SIGNATURE OF ACCOUNTING OFFICER See Attached		DATE			

CONTRACTOR'S NAME: CITY OF GARDENA

CONTRACT NUMBER: CCTR-6075

# Amendment 01

AMOUNT ENCUMBERED BY THIS DOCUMENT \$ 0	PROGRAM/CATEGORY (CODE AND TITLE) Child Development Programs	FUND TITLE Federal		
PRIOR AMOUNT ENCUMBERED \$ 516,261	(OPTIONAL USE)0656 13609-2180	FC# 93.596	PC# 000321	
TOTAL AMOUNT ENCUMBERED TO DATE \$ 516,261	ITEM 30.10.020.001 6100-194-0890	CHAPTER 23	STATUTE 2016	FISCAL YEAR 2016-2017
	OBJECT OF EXPENDITURE (CODE AND TITLE) 702 SACS: Res-5025 Rev-8290			

AMOUNT ENCUMBERED BY THIS DOCUMENT \$ 0	PROGRAM/CATEGORY (CODE AND TITLE) Child Development Programs	FUND TITLE Federal		
PRIOR AMOUNT ENCUMBERED \$ 237,132	(OPTIONAL USE)0656 15136-2180	FC# 93.575	PC# 000324	
TOTAL AMOUNT ENCUMBERED TO DATE \$ 237,132	ITEM 30.10.020.001 6100-194-0890	CHAPTER 23	STATUTE 2016	FISCAL YEAR 2016-2017
	OBJECT OF EXPENDITURE (CODE AND TITLE) 702 SACS: Res-5025 Rev-8290			

AMOUNT ENCUMBERED BY THIS DOCUMENT \$ 88,713	PROGRAM/CATEGORY (CODE AND TITLE) Child Development Programs	FUND TITLE General		
PRIOR AMOUNT ENCUMBERED \$ 973,729	(OPTIONAL USE)0656 23254-2180			
TOTAL AMOUNT ENCUMBERED TO DATE \$ 1,062,442	ITEM 30.10.020.001 6100-194-0001	CHAPTER 23	STATUTE 2016	FISCAL YEAR 2016-2017
	OBJECT OF EXPENDITURE (CODE AND TITLE) 702 SACS: Res-6105 Rev-8590			

I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above. SIGNATURE OF ACCOUNTING OFFICER	T.B.A. NO.	B.R. NO.
	DATE	

## RESOLUTION NO. 6248

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDENA, CALIFORNIA, APPROVING AMENDMENT 01 TO LOCAL AGREEMENT CCTR-6075 WITH THE CALIFORNIA DEPARTMENT OF EDUCATION

WHEREAS, the City of Gardena wishes to enter into a Contract with the California Department of Education which provides funds for child care and child development services; and

WHEREAS, it is necessary that the City of Gardena designate and authorize a representative to sign the Local Agreement/Contract in order to administer said services.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDENA DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

SECTION 1. Approves the California Department of Education Amendment 01 to Local Agreement No. CCTR-6075, attached hereto as Exhibit A.

SECTION 2. Designates the Mayor, or in his absence the Mayor Pro Tem, and the City Clerk to execute the contract and all documents necessary to accompany said contract, including all amendments to said contract within the fiscal year.

SECTION 3. That this Resolution shall be effective immediately.

BE IT FURTHER RESOLVED that the City Clerk shall certify to the passage and adoption of this Resolution; shall cause the same to be entered among the original Resolutions of said City; and shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council of said City in the minutes of the meeting at which the same is passed and adopted.

Passed, approved, and adopted this 13th day of December 2016.

\_\_\_\_\_  
MARK E. HENDERSON, Mayor Pro Tem

ATTEST:

\_\_\_\_\_  
MINA SEMENZA, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
PETER L. WALLIN, City Attorney



# City of Gardena City Council Meeting

Agenda Item No. 8.D. ( 1 )  
Department: Transportation  
Meeting Date: December 13, 2016

## AGENDA REPORT SUMMARY

TO: THE HONORABLE MEMBERS OF CITY COUNCIL

AGENDA TITLE: Award of Contract to EIGER TechSystems for Consulting Services  
in the amount of \$29,967.00

<p><b><u>COUNCIL ACTION REQUIRED:</u></b></p> <p>Staff respectfully recommends that Council authorize the award of contract to EIGER TechSystems, 621 Strand Street Suite 005, Santa Monica, CA 90405, in the amount of \$29,967.00.</p>	<p><u>Action Taken</u></p>
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<p><b><u>RECOMMENDATION AND STAFF SUMMARY:</u></b></p> <p>GTrans recommends that the City Council authorize the award of contract to EIGER TechSystems to provide consulting services for the procurement of an Automatic Passenger Counter (APC) system. Automatic Passenger Counter (APC) systems are machines that use electronic sensors to automatically count the number of passengers that board and disembark at each bus stop. When implemented together with an AVL system, a transit agency can track the number of riders by stop, by trip, and by time of day. APC data can be used for mandatory ridership and performance reporting to the National Transit Database (NTD). While the same information can be collected manually, it can be inefficient to have operators perform counts in addition to vehicle operations and fare collection duties. APC's offer a valuable alternative, saving time and collecting thorough ridership data that serves as a tool for performance evaluation and service planning.</p> <p>Ultimately, the development of the technical specifications is critical to the success of the APC system and GTrans believes that EIGER TechSystems has the experience, design concept and implementation knowledge needed to assist in the execution of the procurement process to assure a quality end product.</p> <p>It is staff's recommendation that Council authorize the award of contract to EIGER TechSystems to provide consulting services for the procurement of an Automatic Passenger Counter (APC) system. Staff recommends EIGER TechSystems based on the amount of previous experience with implementing and designing the infrastructure needed for APCs as well as implementing and designing the infrastructure needed for APCs to integrate with other systems. In conjunction with the amount of IT related projects EIGER has managed, EIGER TechSystems' proposal displayed the best understanding of GTrans' requirements.</p>
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<p><b><u>FINANCIAL IMPACT/COST:</u></b></p> <p>Anticipated cost: \$29,967.00 Funding Source: FY2017 Transportation Operating Budget There is no impact on the General Fund</p>
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<p><b><u>ATTACHMENTS:</u></b></p> <p>Attachment A – EIGER Tech System Proposal</p>
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<p>Submitted by <u>Ernie Crespo</u>, Signature</p>	<p>Ernie Crespo, Transportation Director</p>	<p>Date <u>12/7/16</u></p>
<p>Concurred by <u>Mitchell G. Lansdell</u>, Signature</p>	<p>Mitchell G. Lansdell, City Manager</p>	<p>Date <u>12/7/16</u></p>



## APC Statement of Work

### Discovery Phase

EIGER TechSystems will conduct a discovery workshop meeting with key GTrans stakeholders to assess the current IT environment at GTrans for an APC system. The stakeholders in attendance for the workshop from GTrans shall include the Transit Director, IT staff, planning staff, and the maintenance manager. EIGER will conduct a site visit to review the onboard systems and IT areas at GTrans. The information gained from the workshop and site visit will be incorporated into the APC RFP.

### Technical Specifications

EIGER TechSystems will develop technical specifications for the procurement and installation of onboard APCs that shall include the APC sensor performance requirements from the Culver CityBus SmartBus specifications. The technical specifications shall include requirements for the APCs to be capable of interfacing to a CAD/AVL system that will be implemented at a later date. When integrated with the CAD/AVL system, the APC counts will be wirelessly downloaded and processed by the CAD/AVL system. GTrans will review the draft specifications and provide comments. EIGER will modify the draft specifications and prepare the final specifications. EIGER will provide suggestions for evaluation criteria and payment milestone language for the RFP that GTrans will prepare.

### Procurement Support

EIGER TechSystems will provide support to GTrans staff for the procurement of the onboard APC sensors. The support will include assistance with responses to questions, evaluation of proposals (4 max), participation in technical interviews for two finalists, development of a BAFO, and advice regarding the final selection.

### Costs

Loaded Hourly Rate:	211.49	118.80	65.34				
	Nelson Lee	Guy Yamato	EIGER Admin	EIGER Total	EIGER Labor	EIGER ODC	EIGER TOTAL
<b>Task 1 Discovery Phase</b>	<b>14</b>	<b>9</b>	<b>2</b>	<b>25</b>	<b>4,161</b>	<b>54</b>	<b>4,215</b>
Meeting and Site visit	10	6	1	17	2,893	\$54	\$2,947
Research	4	3	1	8	1,268	\$0	\$1,268
<b>Task 2 Specs</b>	<b>32</b>	<b>16</b>	<b>18</b>	<b>66</b>	<b>9,845</b>	<b>54</b>	<b>9,899</b>
Draft Technical Specifications	20	10	10	40	6,071	\$54	\$6,125
Final Technical Specifications	8	4	6	18	2,559	\$0	\$2,559
RFP Development	4	2	2	8	1,214	\$0	\$1,214
<b>Task 3 Procurement Support</b>	<b>52</b>	<b>32</b>	<b>12</b>	<b>96</b>	<b>15,583</b>	<b>270</b>	<b>15,853</b>
Prebid, Addendums	8	4	4	16	2,428	\$54	\$2,482
Proposal Review, Interviews	30	16	4	50	8,507	\$108	\$8,615
BAFO and Selection	14	12	4	30	4,648	\$108	\$4,756
<b>TOTAL</b>	<b>182</b>	<b>105</b>	<b>62</b>	<b>349</b>	<b>\$29,589</b>	<b>\$378</b>	<b>29,967</b>