

# CITY OF REDONDO BEACH, CALIFORNIA ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED  
JUNE 30, 2022



CITY OF REDONDO BEACH, CALIFORNIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2022

Prepared by:  
Financial Services Department

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ANNUAL COMPREHENSIVE FINANCIAL REPORT  
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REPORT  
OF THE  
CITY OF REDONDO BEACH, CALIFORNIA  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2022

PREPARED BY FINANCIAL  
SERVICES DEPARTMENT

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## **INTRODUCTORY SECTION**

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July 20, 2023

Honorable Mayor, City Council and  
Residents of the City of Redondo Beach:

Typically, we deliver the Annual Comprehensive Financial Report (ACFR) by the second Council meeting in December of each year. The FY 2021-22 ACFR was delayed as a result of new requirements associated with Government Accounting Standards Board (GASB) 87 but is now complete and ready for presentation on behalf of the City of Redondo Beach, California (City), for the fiscal year ended June 30, 2022. These financial statements are presented in conformance with generally accepted accounting principles (GAAP) and audited by an independent firm of licensed certified public accountants in accordance with generally accepted auditing standards.

As per the City Charter, the role of the ACFR is to inform the Mayor and City Council of all financial and administrative activities of the previous fiscal year. This report also informs the residents of Redondo Beach and the larger financial community. For the residents, the report provides an opportunity to correlate City services and accomplishments with the expenditure of financial resources. For the financial community, this report provides information necessary to evaluate financial practices of the City, assure their soundness in accordance with GAAP, and determine the financial capacity of the City to incur and service debt for long-range capital planning.

Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including disclosures, rests with the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. GAAP requires that management provide a narrative introduction, i.e., overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal complements the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the ACFR.

## PROFILE OF THE CITY OF REDONDO BEACH

The City of Redondo Beach, incorporated in 1892, is located in the South Bay region of Los Angeles County and spans 6.3 square miles. The City of Redondo Beach has a population of approximately 66,484 and remains a highly residential, non-industrial community. The City is highly educated and largely upscale, with a median home cost of \$1,410,000, per HdL.

Redondo Beach has significant concentrations of employment in the northern portion of the City anchored by Northrop Grumman. It also maintains strong retail centers at the South Bay Galleria, on the east end of the City, a vibrant hospitality sector near the Harbor/Pier area, and an eclectic mix of specialty shops, restaurants and services in the Riviera Village, at the south end of the City. Based on the number of full-time employees, the top ten employers in Redondo Beach are Northrop Grumman, Redondo Beach Unified School District, City of Redondo Beach, The Cheesecake Factory, Macy's, Target Stores, Frontier, United States Post Office, Silverado Beach Cities, and Civic Financial Services.

The City is divided into five Council Districts and operates under a Council-Manager form of government. One councilperson is elected from each district and serves a term of four years, with a limit of two full terms. The Mayor is elected by the City at large and is also limited to serving two full terms of four years each. Other elected officials are the City Treasurer, City Attorney and City Clerk - all serving terms of four years, but can be re-elected an unlimited number of times. The City Council is responsible for City policy, passing Municipal Code Ordinances, adopting the budget, and appointing committees/commissions and the City Manager.

In addition to sitting as the governing board of the City, the Mayor and City Council act as the Board of Directors for various component units of the City: the Redondo Beach Housing Authority, the Redondo Beach Public Financing Authority, the Redondo Beach Community Financing Authority, the Parking Authority of the City of Redondo Beach, and the Redevelopment/Successor Agency of the City of Redondo Beach. The City Manager is responsible for carrying out the policies and ordinances of the City Council and for appointing the non-elected heads of the City's various departments. In May 2008, the Mayor and City Council established an audit committee to enhance the City's communication with its independent accounting firm, ensuring increased involvement by the governing board in the City's accounting processes. And, in September 2015, the City Council adopted a resolution to expand the membership of the audit committee to include the elected City Clerk and the elected City Treasurer.

The City is classified as a full-service City, providing public safety (police and fire protection), recreation and community services, libraries, parks, maintenance and improvement of streets and infrastructure, planning and zoning, housing, economic development, transit, and general government. The City also operates and maintains a recreational harbor under a trust agreement with the State of California.

The annual budget serves as the foundation for the City's fiscal plan and policy prioritization. The City Council is required to adopt an annual budget on or before June 30 of each year for the General Fund, Special Revenue Funds, Enterprise Funds, Capital Projects Fund, and Internal Service Funds. The City also adopts a five-year capital improvement program and a Redevelopment/Successor Agency budget.

The total adopted budget represents the level of appropriated budgetary control, which is defined as the total budget for all funds and divisions, and all revisions and amendments approved by the City Council subsequent to the initial budget adoption. The City Manager may authorize transfers within each fund and between line items or programs within each department, however, supplemental appropriations and transfers between funds or departments during the budget year must be approved by four affirmative votes of the City Council. Unexpended or unencumbered appropriations expire at the end of each fiscal year. Encumbered appropriations and appropriations related to grants and donations are re-appropriated in the ensuing year's budget by action of the City Council. The City utilizes an encumbrance system, whereby commitments, such as purchase orders and unperformed contracts, are recorded as assigned fund balances at year end.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### ***Significant Events, Accomplishments and Economic Development Activities***

Over time, Redondo Beach has remained fiscally sound through proactive management, disciplined oversight of expenditures, development of a diversified revenue base, and optimizing public/private partnerships that reduce City costs, create new public amenities and increase revenue. These financial practices have enabled the City to maintain healthy capital and operating funding reserves and achieve an Aa1 credit rating. During FY 2020-21, the COVID-19 pandemic created an unprecedented fiscal management challenge as two of the City's primary sources of revenue – sales taxes and transient occupancy taxes - were severely threatened by limited business operations. Both sales tax and transit occupancy tax recovered significantly in FY 2021-22.

For most of FY 2021-22, the City's economic development efforts focused on strengthening and supporting the three commercial zones within the City – the Artesia/Aviation Commercial Corridor, the Riviera Village Business District, and the Redondo Beach Waterfront.

Within the Riviera Village Business District, the City worked with the Riviera Village Association to develop “parklets” to provide outdoor space for local business to operate under state mandated restrictions. While originally envisioned as temporary outdoor dining locations, parklets have been approved to operate until the end of 2023 due to their popularity and success in the community.

In July the City introduced a program to collect \$2 per square foot for outdoor dining space, and continues to engage the Riviera Village Association to envision the future of outdoor dining to bring additional life and commercial activity to this already vibrant area.

Within the Waterfront, the City instituted a storefront improvement program for businesses located along International Boardwalk in an effort to revitalize the area. Grant funding, ranging from \$2,500 to \$50,000, is available to support improvements/upgrades to storefronts and facades. The objectives of the Program are to encourage and induce private investment in the International Boardwalk commercial corridor; enhance the appearance of the storefronts, and reduce vacancies. In addition, as part of a long-term planning effort within King Harbor, the City has completed the process of preparing a Public Amenities Plan that identifies more than 40 projects to improve upon the public amenities offered to waterfront visitors. Projects include a new public boat launch, renovated Seaside Lagoon, improved pedestrian and bicycle connections, and overall improvements to accommodate for Sea Level Rise among many others. The plan represents a financial commitment from the City to improve upon existing building/infrastructure inventory for the commercial businesses located within the harbor.

The City continues to work on revitalization efforts within the Artesia and Aviation commercial corridors. Specifically, City staff prepared municipal code text amendments to adjust development standards with the intent to reduce vacancies, encourage preferred uses such as restaurants and office space to locate within the area, and allow for larger buildings on each property. Relaxing minimum parking requirements and an increasing the maximum allowed floor area ratio development standard are expected to encourage development of these preferred uses in the future.

The City Council approved the redevelopment of the South Bay Galleria Mall on the Artesia Corridor as a mixed-use project, which proposes for a mix of retail expansion (including retail stores, dining, and entertainment), a 150-room hotel, 300 residential apartments of which 20% will be “affordable units,” and a skate park. Of the retail square footage, at least 25% will be commercial office space. The project has been separated into phases. Building permit plans for Phase 1 have been submitted for review by City staff and construction is expected to begin in mid-2023. Phase 1 includes a great lawn, skate park, residential units, retail square-footage and the hotel.

Outside of the commercial zones, construction has begun on a mixed-use project that includes 115 apartment units, a revitalized 110-room hotel (that had previously been dormant), and approximately 20,000 square feet of commercial space that was approved by the City Council on the corner of PCH and Palos Verdes Blvd. Demolition, site preparation work and parking levels are complete, and hotel renovations are underway. Further construction of the full project, including the commercial spaces will begin later in 2023.

Construction has also started on 36 residential town homes located on Fisk Lane & 190<sup>th</sup> Street, which will feature units ranging in size from 1,800-2,300 square feet. Construction is expected to be completed in 2023. In addition, a commercial development by GrubHaus on Artesia Blvd & Mackay Lane was approved by the Planning Commission in December 2022. The development will include an 8,000 square-foot property that will house outdoor multi-unit micro-kitchens and other food options for the Redondo Beach community to enjoy.

The number of projects under construction or preparing for construction reflect the City's strong property values and potential for increased tax revenues in the City, driven in large part by the Redondo Beach's high quality of life, continued excellence of the Redondo Beach Unified School District and close proximity to LAX airport and the Silicon Beach technology hub.

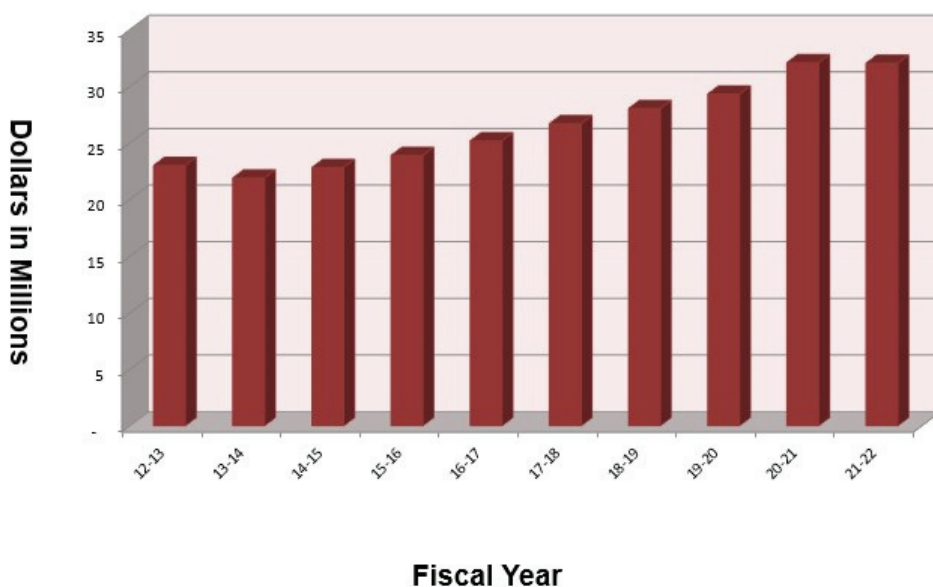
### **Property Tax**

Property tax is the City's largest revenue source, which is imposed on real property (land and permanently attached improvements, such as buildings) and tangible personal property (moveable property) located within the City. Property is initially assessed by the County Assessor at a tax rate of 1.0% of the assessed value and can rise no more than 2.0% each year. The City receives revenues equal to 16.5% of the tax rate from the County of Los Angeles Auditor/Controller's Office. This equals 16.5 cents out of each dollar of property tax collected in Los Angeles County.

For FY 2021-22, property tax revenue was based on calendar year 2020 property values. The actual revenues were higher than budgeted. The FY 2021-22 citywide assessed valuation experienced a positive change of \$616.5 million, or 3.31%, increasing to \$19.26 billion. The City's assessed valuation amount is derived 82.6% from residential properties, 7.9% from commercial properties, 3.5% from industrial properties, and the remaining 6.0% from vacant, institutional, and other properties.

During FY 2021-22, property tax revenue (including homeowners' exemptions) decreased \$47,643, or -0.15%, to \$32.0 million despite the median sale price of a single-family home in Redondo Beach reaching \$1,400,000 (a \$150,000, or 12.0%, increase), an all-time high.

### **Property Tax**



## Sales Tax

The City's second largest revenue source is sales tax. The sales tax rate in Los Angeles County was 9.50% for FY 2021-22. Redondo Beach receives 1% of taxable sales from the California Department of Tax and Fee Administration. FY 2015-16 was the final year of the revenue swapping procedure commonly referred to as the "triple flip." With the triple flip, twenty-five percent of the City's traditional sales tax base was committed to the State for deficit reduction bonds, and then reimbursed in the same amount as additional property tax revenue to the City.

Following the COVID driven decrease in FY 2019-20, sales tax revenue increased in FY 2021-22. The increase in sales was driven by increased activity in restaurants and hotels, general consumer goods, state and county pools, business and industry, fuel and service stations and building and construction contributed to the rise in revenue.



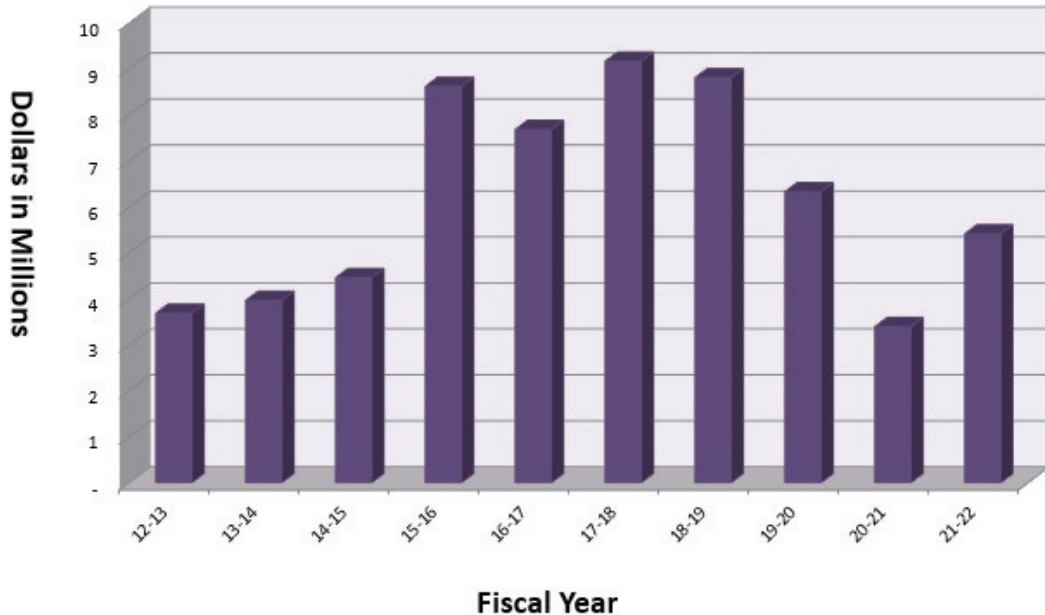
### ***Transient Occupancy Tax (TOT)***

The City's third largest revenue source, transient occupancy tax (TOT), is imposed on occupants of hotels, motels, inns, tourist homes or other lodging facilities, unless such occupancy is for 30 days or longer. The tax is applied to the customer's lodging bill at a rate of 12%, which was increased 2% in July 2005. TOT revenue in Redondo Beach has been greatly impacted by the COVID-19 pandemic.

Historically, through FY 2016-17, 10% of the TOT received by the City was contributed to the Redondo Beach Chamber of Commerce and Visitors Bureau to support marketing and tourism in the City. This amount was not netted against revenues, but rather reflected in the City's expenditures.

The City's TOT revenue was experiencing positive growth prior to FY 2019-20. There was a slow recovery in FY 2020-2021, and FY 2021-22 produced an even greater increase in the TOT revenue from local hoteliers, with additional revenue from properties expected to come online in the coming fiscal years.

### **Transient Occupancy Tax**

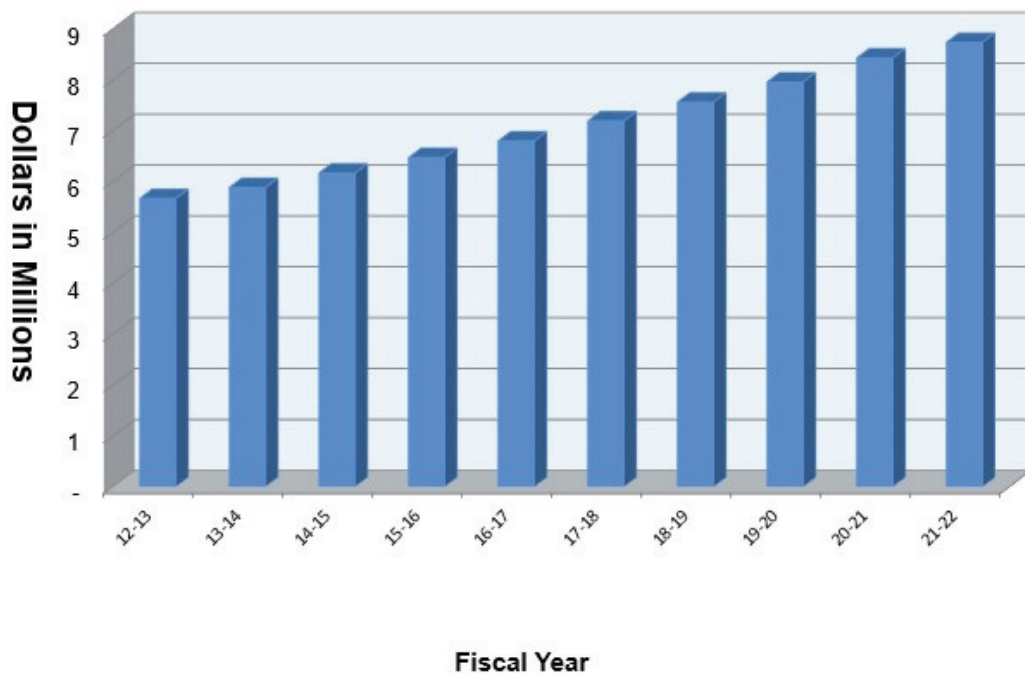


### **Vehicle License Fees (VLF)**

The City's fourth largest revenue source is vehicle license fees (property tax in lieu of VLF and motor vehicle in-lieu tax) and is imposed by the State on owners of registered vehicles for the privilege of operating a vehicle on public highways. A portion of the tax is disbursed to cities based on a per capita formula. The license fee paid to the State by vehicle owners is 0.65% of the market value of the motor vehicle; however, cities are due 2% of the market value of the motor vehicle. Since there is a discrepancy of 1.35% in what the State collects and what cities are due, the State backfills the additional 1.35% from its General Fund in the form of property tax revenue.

Since FY 2011-12, the City has seen increased VLF revenue due to the growth in property tax in lieu of VLF with relatively flat motor vehicle in-lieu tax. In FY 2021-22, VLF revenue totaled \$8.7 million, increasing by 3.62%, to \$304,935, from the prior year. This increase comprises gains in property tax in lieu of VLF revenues of \$276,960 and increased motor vehicle in-lieu tax revenues of \$27,975.

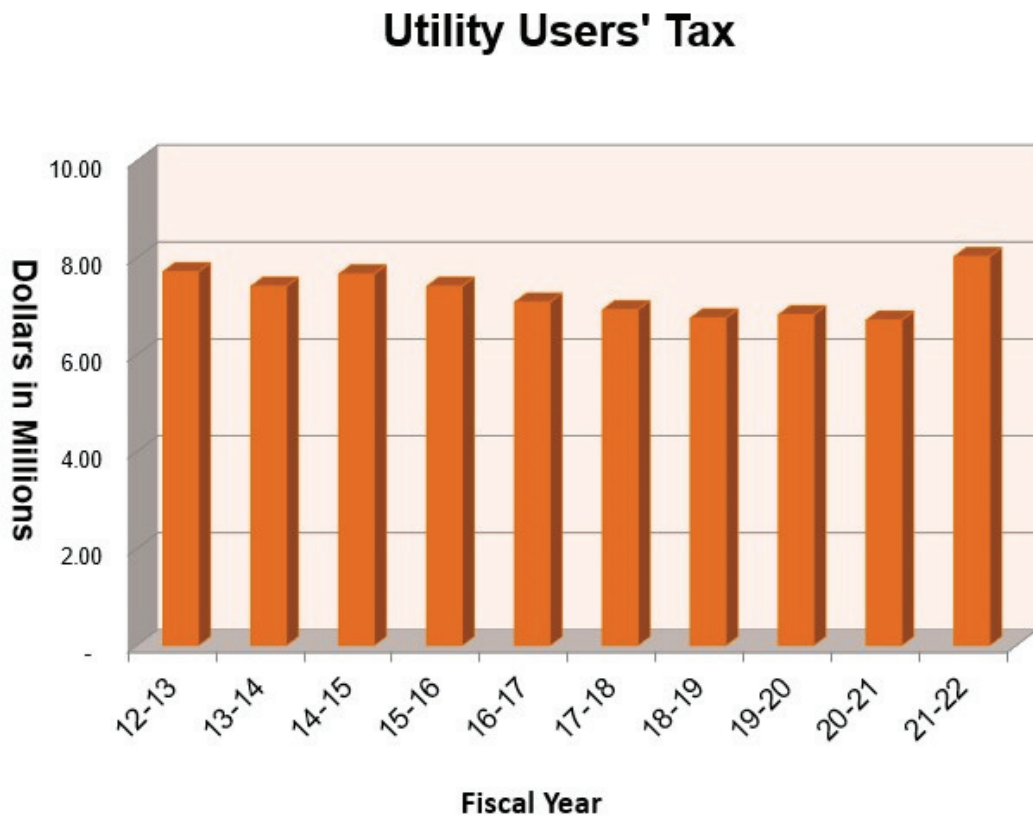
### **Vehicle License Fees**



### ***Utility Users' Tax (UUT)***

The City's fifth largest revenue source, utility users' tax (UUT), is imposed on consumers of electric, gas, cable services, water and telephone services. Redondo Beach's UUT rate is set at 4.75%. Over time, the City's UUT collections have declined or remained relatively flat as more consumers move away from cable to internet based streaming services which are not taxed.

UUT revenue for FY2020-21 totaled \$8.0 million, reflecting a increase from the prior year of \$1.3 million, or 19.53%. There was an overall increase in UUT revenues due to gas, electric and water usage all increasing as a result of many factors including increased user rates, population growth, more remote workers, inflation and gas prices.



## **CAPITAL IMPROVEMENT PROJECT PLANNING, ACCOMPLISHMENTS AND ACTIVITIES**

Over the past year, the City continued to plan, design, and construct a significant number of capital improvement projects. Street improvement projects continued to represent much of the work plan, however, projects in other areas were completed throughout the City as well.

The City continued to make progress on several Regional Measure R funded transportation-related capital projects. Commercial construction has begun on a number of projects and others are in design review with Caltrans pending resolution of right of way acquisition issues. Regional Measure R funds were secured to complete the Kingsdale Widening Project which is anticipated to be complete in 2023.

The City has been productive in completing roadway improvement projects, including Phase 2 of the Citywide Slurry Seal Project, traffic signal improvements and drainage improvements. There are also plans and specifications being drawn for additional resurfacing and curb ramp improvements to enhance the pedestrian experience in the City. Other enhanced amenities include adding electric charging stations, constructing skate parks, and improving existing dog parks while seeking opportunities to add dog runs at City facilities.

The City continues to devote significant resources to the maintenance and improvement of its wastewater infrastructure. In the waterfront, the Harbor Dredging Project is awaiting final permit from the Army Corp of Engineers, with an anticipated construction in spring of 2023, the replacement or refurbishment of the remaining harbor rails was completed. The completion of the amenities plan also promises to bring significant progress to the waterfront, including the addition of a boat launch and the replacement of the hand launch, among others.

In summary, the City completed 7 CIP projects in FY 2021-22 and designed and/or awarded an additional 17 projects for execution in FY 2021-22 for a total capital expenditure of approximately \$13.5 million. The FY 2022-23 CIP contained \$55.1M of carryover funding for 112 previously approved projects and \$34.5M of appropriations for 37 previously approved projects and 10 new projects, for a total FY 2022-23 CIP of approximately \$89.6M and 122 projects. The combined effect of the City's continuing capital project planning and execution efforts will have a positive impact on the community for generations to come.

## CASH MANAGEMENT POLICIES AND PRACTICES

The City invests all idle cash in various investment instruments, as authorized within the City's Statement of Investment Policy. The City Treasurer employs a buy and hold philosophy of cash management, ensuring the full return of all investment principal. In February of 2013, the City commenced utilization of FHN Financial Main Street Advisors in providing non-discretionary investment management services to the City Treasurer. Composition of the City's investment portfolio consists of a well-diversified mix of US Treasury securities, Federal Agency securities, FDIC insured collateralized deposits, and a blend of A-AAA rated Corporate Medium-Term Notes, all of which are structured along a five-year ladder maturity schedule. In addition, sufficient portfolio liquidity is maintained through continued maintenance of a significant portion of the investment portfolio's position in the State managed Local Agency Investment Fund, or LAIF.

The City maintains an Investment Policy certified for reporting excellence by the Government Investment Officers Association (GIOA) and has established both a written investment policy and investment procedures manual. The Investment Policy is reviewed by both the City Council and the Budget and Finance Commission on an annual basis. The investment policy's established performance benchmark is the thirty-month moving average of the ICE B of A zero to five-year Treasury index.

The level of investments maintained with LAIF fluctuates in accordance with variations in both the City's operational and capital improvement program cash flow requirements. The LAIF balance is maintained at a level of \$5 to \$25 million, or a range of 5% to 25% of the general portfolio's assets on average, ensuring maintenance of sufficient investment portfolio liquidity. The yield provided by LAIF has decreased over the past years in line with the overall decrease in short-term market interest rates. Idle investment funds above the liquidity threshold have been placed primarily in Federal Agency investments within the two to five-year investment maturity range. The reduction in market interest rates experienced over the past year have been both anticipated and well managed, proactively responding to both the City's operating and capital improvement cash flow requirements. The City's investment portfolio consistently meets the primary objectives set forth in the City's investment policy.

As of June 30, 2022, the City's general portfolio was invested as follows:

Comparison of Investment Portfolio Positions F.Y. 2021-2022								
	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
Investment Type		%		%		%		
Cash in Banks & Money Markets	\$11,834,546	*	\$11,833,288	*	\$14,063,300	*	\$ 15,087,417	*
Local Agency Investment Fund	\$9,000,500	10.7%	\$20,012,320	21.9%	\$20,018,196	20.81%	\$ 20,033,972	18.43%
Federal Agency Issues	\$30,579,369	36.3%	\$30,574,250	33.5%	\$40,569,151	42.18%	\$ 45,564,006	41.92%
Commercial Paper	\$0	0.0%	\$0	0.0%	\$0	0.00%	\$0	0.00%
Corporate Medium Term Notes	\$15,948,457	19.0%	\$15,957,757	17.5%	\$10,963,900	11.40%	\$ 8,974,595	8.26%
Bank Certificates of Deposit	\$1,735,250	2.1%	\$1,735,339	1.9%	\$1,735,425	1.80%	\$ 1,239,505	1.14%
Treasuries	\$26,896,065	32.0%	\$22,894,191	25.1%	\$22,899,581	23.81%	\$ 32,878,387	30.25%
Total: Investment Portfolio	\$84,159,641	100%	\$91,173,857	100.0%	\$96,186,253	100.00%	\$ 108,690,464	100.00%
Weighted Average Maturity (Yrs)	2.06		1.81		2.03		1.92	
Portfolio Effective Rate of Return (YTD)	2.24%		1.90%		1.53%		1.47%	
L.A.I.F. Yield	0.21%		0.21%		0.22%		0.86%	
Yield on Benchmark	0.76%		0.62%		0.59%		0.68%	
Interest earned YTD	\$497,915.05		\$817,147		\$1,021,840		\$1,342,113	
General Fund Contribution (60%)	\$298,749		\$490,288		\$613,104		\$805,267.80	

As required by GASB 31, the City recorded the unrealized gain/loss on certain investments to account for the market value on June 30, 2022. The portfolio market value, \$105,962,775, dropped below the book value of \$108,690,464 by \$-2,727,690 of the current market value of the investments within the City's investment portfolio. This unrealized loss in the value of investments results from structural factors and interest rate movements within the financial marketplace over the past year impacting the market valuation of the City's investments in both Federal Agency issues and Corporate Medium-Term Notes.



## **RISK MANAGEMENT**

The City maintains a self-insurance program for workers' compensation and liability claims. The program accumulates resources in the Self-Insurance Program internal service fund to meet potential losses. For FY 2021-22, the self-insurance retention (SIR) is \$750,000 for workers' compensation and \$500,000 for general liability. Excess coverage up to \$50 million for each workers' compensation claim is provided by a third-party private insurer, and excess liability up to \$30 million for each occurrence is covered by Public Risk Innovation, Solutions, and Management (PRISM), formally the California State Association of Counties – Excess Insurance Authority (CSAC-EIA).

PRISM is a joint powers authority for 95% of California counties as well as 68% of California municipalities where risks and losses are pooled together to keep annual premiums low. Both the workers' compensation and liability claim programs are managed by a third-party claims administrator under the direction of the Risk Management Division of the Human Resources Department.

The amounts included in the Self-Insurance Program internal service fund are significant, partly due to requirements of GASB 10. In complying with GASB 10, the City must record as a liability and expenditure not only actual risk/loss experienced in the areas of workers' compensation and liability, but also claims incurred but not reported (IBNR). IBNR claims include exposure for losses of which a city is not yet aware, as well as any statistically probable increase in costs for accidents that are already known to the City. The appropriate amount to include on the financial statements for IBNR claims is typically developed by an actuary.

As of June 30, 2022, the City recorded the following:

### ***Workers' Compensation Claims***

Claims payable totaled \$16.5 million representing a decrease of approximately \$0.3 million, or 1.9%, from the prior period. This decrease is attributable to lower estimated reserve requirements and the settlement of claims in previous years.

### ***Liability Claims***

Claims payable totaled \$7.7 million representing an increase of approximately \$1.1 million, or 16.6%, from the prior period. This increase is attributable to higher estimated reserve requirements and the additional claims over the previous years.

### ***Unemployment Insurance***

The City participates in a direct-cost reimbursement method for unemployment insurance. This program is administered by the State Employment Development Department (EDD) to provide salary continuance for terminated employees. For FY 2021-22, reimbursement to EDD was \$47,077.97.

## **PENSION AND OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The City provides three Tier 1 defined benefit pension plans – two for safety employees (3% at 55 for Fire and 3% at 50 for Police) and one for miscellaneous employees (2% at 55). Beginning July 2012, two additional Tier 2 defined benefit pension plans were provided – one for safety employees (3% at 55 for both Fire and Police) and one for miscellaneous employees (2% at 60). Beginning January 2013, pursuant to the California Public Employee's Pension Reform Act of 2013 (PEPRA), Tier 3 defined benefit pension plans were added, 2.7% at 57 for safety employees and 2% at 62 for miscellaneous employees. These plans are part of the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. The City makes contributions to the plans based on amounts determined by CalPERS actuaries. Employees of some bargaining groups paid a portion of the employee and/or employer contribution to CalPERS.

CalPERS began to separate the City's employer contributions into their "normal cost" and "unfunded liability" portions in FY 2017-18. The normal cost portion continued to be paid as a percentage of payroll, while the unfunded liability portion was paid as a flat dollar amount. In FY 2021-22, the percentage-based portion of the rate decreased from 9.342% to 9.30% for the miscellaneous group and from 23.353% to 22.930% for public safety. The balance of the CalPERS annual expense is made up by the City's unfunded liability contribution for all funds, which increased from \$4,511,145 to \$5,047,153 for the miscellaneous group and from \$8,730,646 to \$9,959,251 for public safety and a total payment amount of \$15,006,404. During FY 2021-2022 the City issued lease revenue bonds to pay off over \$220M in unfunded liability thus reducing future costs and creating budget stability for the future.

In addition to the unfunded liability payoff of \$193.2 million paid from the bond proceeds, the contributions paid by the City for pension benefit employer and employer-paid member contributions was \$6.6 million. Approximately 83.7%, or \$5.5 million, was charged to the General Fund. The budget in all funds for these FY 2021-22 contributions was \$7.1 million.

Aside from contributing to CalPERS, the City also contributes to Social Security. The FY 2021-22 total cost for Social Security and Medicare coverage was \$2.1 million, of which \$1.5 million, or 67.7%, was from the General Fund. Safety employees do not participate in Social Security and Medicare, except for those employees hired after 1986, who are required to participate in Medicare.

The City also provides post-retirement health care benefits to its employees in accordance with agreements reached with various employee bargaining groups. The City pays for retirees' health care premiums in these plans up to limits established in the agreements with the bargaining units. After age 64, only the City's minimum health premium contribution under the Public Employees' Medical and Hospital Care Act (PEHMCA) is paid. These payments are paid via an Other Post-Employment Benefits (OPEB) trust, which was established by the City in FY 2009-2010 to comply with GASB 45. The OPEB trust allows the City to prefund actuarially derived OPEB costs that are expected to be incurred in future periods. In FY 2021-22, the City contributed \$2.0 million to the OPEB trust to cover current and future retiree medical benefits; however, future contributions may vary based on updated actuarial studies. As of June 30, 2022, the City was providing full benefits to 147 participants.

## **AWARDS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Redondo Beach for its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021. This makes 29 consecutive years that the City has been awarded this achievement. In order to be awarded this certificate, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

For FY 2021-22, the City will again apply to the GFOA for the Certificate of Achievement for Excellence in Financial Reporting. We believe that our current annual comprehensive financial report continues to meet and exceed the criteria to receive this certificate, and we will be submitting it to GFOA for consideration.

## ACKNOWLEDGMENTS

The timely preparation of this report has been accomplished with the efficient and dedicated services of the staff of the Financial Services Department. We also thank the City's independent auditors, Lance, Soll, & Lunghard, LLP, Certified Public Accountants, for their assistance and expertise, and all City departments for their cooperation during the audit engagement and their participation in preparing this report. We would like to express our appreciation to the Mayor and City Council, the City's Audit Committee, and the Budget and Finance Commission for conducting the City's financial affairs in an engaged and responsible manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'MW', is written over a horizontal line.

MIKE WITZANSKY  
City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Redondo Beach  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrell*

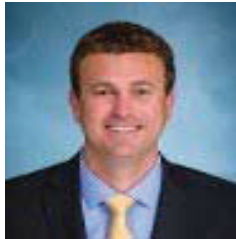
Executive Director/CEO

# CITY OF REDONDO BEACH

## MAYOR AND CITY COUNCIL



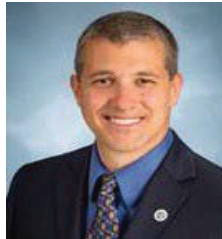
Bill Brand  
Mayor



Nils Nehrenheim  
Councilmember  
District 1



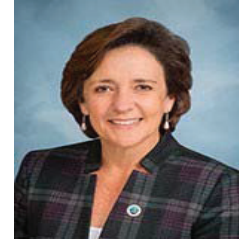
Todd Loewenstein  
Councilmember  
District 2



Christian Horvath  
Councilmember  
District 3



Zein Obagi, Jr.  
Councilmember  
District 4



Laura Emdee  
Councilmember  
District 5

## CITY OFFICIALS

Joseph Hoefgen  
City Manager

Michael Witzansky  
Assistant City Manager



Michael Webb  
City Attorney



Eleanor Manzano  
City Clerk



Steven Diels  
City Treasurer

Cameron Harding  
Community Services Director

Keith Kauffman  
Interim Fire Chief

Stephen Proud  
Waterfront and Economic Development Director

Chris Benson  
Information Technology Director

Jennifer Paul  
Finance Director

Brandy Forbes  
Community Development Director

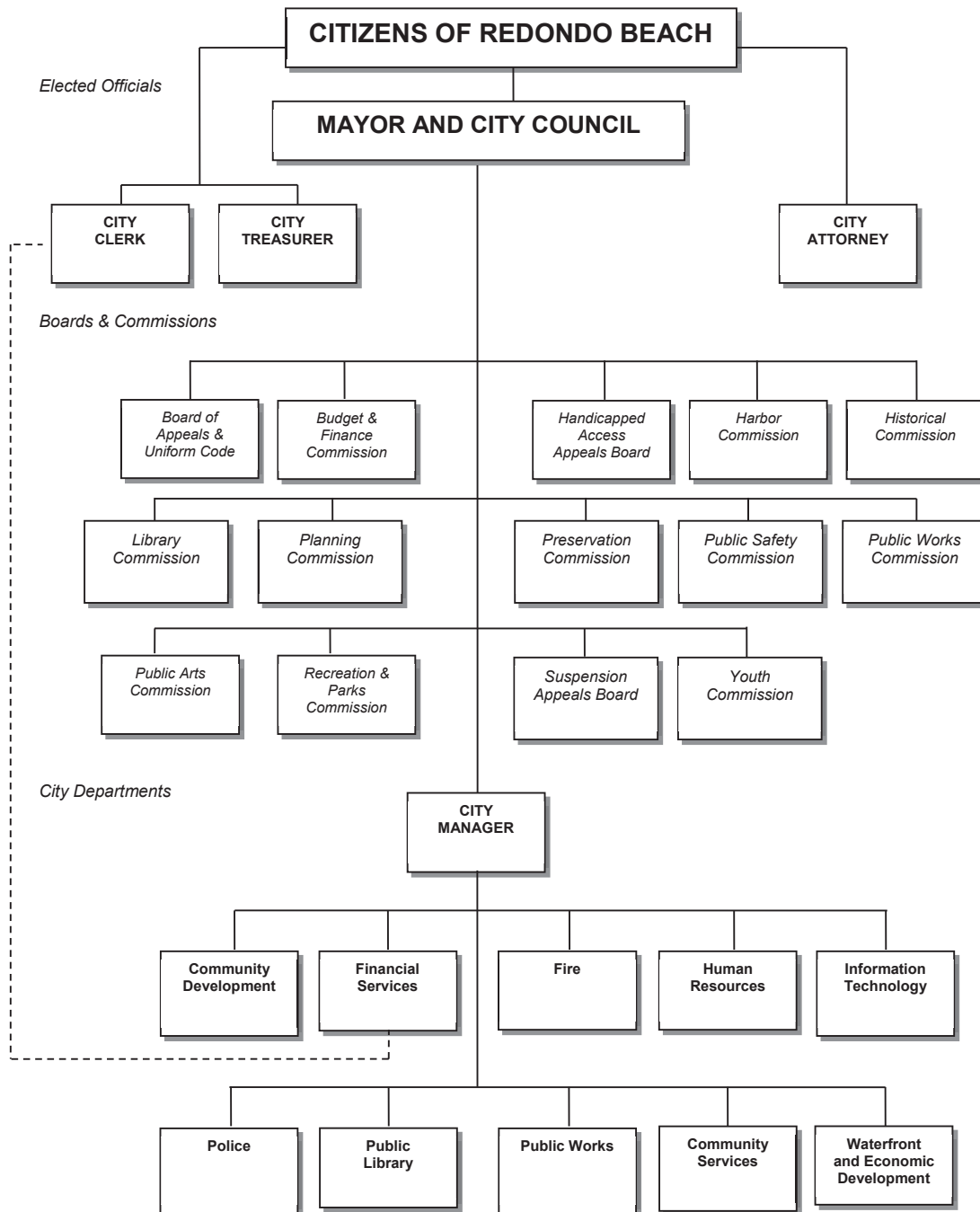
Keith Kauffman  
Chief of Police

Susan Anderson  
Library Director

Ted Semaan  
Public Works Director

Diane Strickfaden  
Human Resources Director

# CITY OF REDONDO BEACH, CALIFORNIA ORGANIZATIONAL CHART



## FINANCIAL SECTION

This Section Contains The Following Subsections:

REPORT OF INDEPENDENT AUDITORS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
BASIC FINANCIAL STATEMENTS  
NOTES TO FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTARY INFORMATION  
SUPPLEMENTAL INFORMATION

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Redondo Beach, California

### Report on the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redondo Beach, California, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

##### *Change in Accounting Principle*

As described in Note 5 to the financial statements, in the fiscal year ended June 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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



To the Honorable Mayor and Members of the City Council  
City of Redondo Beach, California

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### ***Other Reporting Responsibilities***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, the Other Intergovernmental Grant special revenue fund, and the Low-Mod Income Housing special revenue fund, the modified approach for the City's infrastructure assets, the schedules of changes in net pension liability and related ratios, the schedules of employer plan contributions, the schedule of changes in net OPEB liability and related ratios, the schedule of contributions, and the modified approach for City's streets infrastructure capital assets as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic



To the Honorable Mayor and Members of the City Council  
City of Redondo Beach, California

financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

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

#### *Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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Brea, California  
July 20, 2023

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## CITY OF REDONDO BEACH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Redondo Beach (the "City") provides the Management Discussion and Analysis of the City's Annual Comprehensive Financial Report (ACFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements, which follow. Keep in mind that the Financial Highlights, immediately following, are strictly snapshots of information. Net position, changes in net position, and fund disclosures are discussed in more detail later in the report.

#### ***Financial Highlights - Primary Government***

- *Government-Wide Highlights*

*Net Position* - Assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2022, by \$121.3 million. Assets and deferred outflows for governmental activities exceeded liabilities and deferred inflows by \$42.5 million and assets and deferred outflows for business-type activities exceeded liabilities and deferred inflows by \$78.8 million.

*Changes in Net Position* - The City's net position increased \$28.2 million in fiscal year 2021-2022. Net position of governmental activities increased \$25.6 million, and net position of business-type activities increased \$2.6 million.

- *Fund Highlights*

*Governmental Funds* - At the close of fiscal year 2021-2022, the City's total governmental funds reported a fund balance of \$69.0 million, an increase of \$19.7 million from the prior year. Highlighted below are this year's major funds included in this grouping.

*General Fund* - The fund balance of the General Fund (including Special Revenue – CalPERS Reserve Fund is zero) on June 30, 2022, was \$29.4 million, an increase of \$11.1 million from the prior year.

*Special Revenue - Other Intergovernmental Grants Fund* - The fund balance of the Special Revenue – Other Intergovernmental Grants Fund on June 30, 2022, was negative \$(6.9) million, an increase to the negative fund balance by \$(2.9) million from the prior year.

*Special Revenue - Low-Mod Income Housing Fund* - The fund balance of the Special Revenue - Low-Mod Income Housing Fund on June 30, 2022, was \$3.8 million, a decrease of \$0.3 million from the prior year.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### ***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 private-sector business. They are comprised of the following:

- ***Statement of Net Position***

The Statement of Net Position presents summarized information of all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This financial statement combines and consolidates governmental funds' current financial resources with capital assets and long-term obligations.

- ***Statement of Activities***

The Statement of Activities presents information showing how the government's net assets changed during the 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

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, cultural and leisure services and housing and community development. Business type activities include operations of the harbor, sewer (wastewater), solid waste, and transit.

The government-wide financial statements include not only the City itself (known as the primary government), but also the activities of legally separate component units: the Parking Authority of the City of Redondo Beach, the Redondo Beach Public Financing Authority (PFA), the Redondo Beach Community Financing Authority (CFA), and the Redondo Beach Housing Authority. Because the City Council acts as the governing board for each of these component units and because they function as part of the City government, their activities are blended with those of the primary government.

The government-wide financial statements can be found behind the tab section titled Government-Wide Financial Statements.

## ***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.

The fund financial statements provide detail information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement No. 34 (GASB 34) and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, while all Non-Major Funds are summarized and presented in a single column.

- ***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 evaluating a government's near-term financial 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. A reconciliation of both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance with the government-wide financial statements can be found on pages behind the tab section titled Government-Wide Financial Statements.

The City has 25 governmental funds, of which four are considered major funds for presentation purposes. Each major fund is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The City's four major funds are: the General Fund, the Other Intergovernmental Grants Special Revenue Fund, the Low-Mod Income Housing Special Revenue Fund, and the Public Financing Authority Debt Service Fund. Data from the non-major governmental funds (e.g., State Gas Tax Fund, Proposition A Fund, Storm Drain Fund, Disaster Recovery Fund...) are combined into a single aggregated presentation. The governmental funds financial statements can be found on pages behind the tab section titled Fund Financial Statements. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements on pages behind the tab section titled Non-Major Governmental Funds.

- *Proprietary Funds*

The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for harbor activities, solid waste (i.e., collection, recycling and hazardous waste disposal), operations and maintenance of City sewers, and transit activities. Internal service funds are used to accumulate and account for the City's vehicles, building maintenance and repair, major facilities repair, information technology, emergency communications, and insurance. Because internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds' financial statements provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary funds' financial statements use the accrual basis of accounting. Separate financial statements are provided for Harbor Uplands, Harbor Tidelands, Solid Waste, Wastewater, and Transit. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for each internal service fund is provided in the form of combining statements in the Internal Service Funds section of this report.

The basic proprietary funds financial statements can be found behind the tab section titled Fund Financial Statements.

- *Fiduciary Funds*

Fiduciary (Custodial and Private-Purpose Trust Fund) funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs.

### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found behind the tab section titled Notes to the Financial Statements.

### ***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes disclosure of the modified approach for the city pavement infrastructure and budgetary, pension plan information, and other post-employment benefit (OPEB) information. This information can be found behind the tab section titled Required Supplementary Information.

**City of Redondo Beach's Change in Net Position**  
**Fiscal Year Ended June 30, 2022**

	Governmental Activities		Business-Type Activities		Total	
	2021-2022	2020-2021	2021-2022	2020-2021	2021-2022	2020-2021
Current and Other Assets	\$ 130,567,291	\$ 98,165,767	\$ 110,578,388	\$ 37,189,847	\$ 241,145,679	\$ 135,355,614
Capital Assets, Net						
Depreciation	173,951,544	165,089,706	65,507,733	64,712,037	239,459,277	229,801,743
Total Assets	304,518,835	263,255,473	176,086,121	101,901,884	480,604,956	365,157,357
Deferred Outflows of Resources	212,434,927	28,936,314	19,788,365	3,107,210	232,223,292	32,043,524
Long-Term Liabilities Outstanding	394,961,140	256,311,238	37,928,561	25,410,825	432,889,701	281,722,063
Other Liabilities	24,170,684	15,335,074	2,802,326	2,860,306	26,973,010	18,195,380
Total Liabilities	419,131,824	271,646,312	40,730,887	28,271,131	459,862,711	299,917,443
Deferred Inflows of Resources	55,334,762	3,661,613	76,333,391	489,143	131,668,153	4,150,756
Net Investment in Capital Assets	171,948,912	164,993,054	60,441,156	59,334,911	232,390,068	224,327,965
Restricted	31,374,924	27,392,685	-	-	31,374,924	27,392,685
Unrestricted	(160,836,660)	(175,501,877)	18,369,052	16,913,909	(142,467,608)	(158,587,968)
Total Net Position	\$ 42,487,176	\$ 16,883,862	\$ 78,810,208	\$ 76,248,820	\$ 121,297,384	\$ 93,132,682

*Current and Other Assets include: Cash and investments; Accounts receivable; Receivables for interest, taxes, and notes and loans; Internal balances (due to/from and advances between business activities and governmental activities); Due from other governments; Advances to Successor Agency; Prepaid items; and Restricted cash and investments with fiscal agents.*

*Capital Assets include: Assets net of depreciation as well as assets not being depreciated (e.g., Streets, Land, and Construction in progress).*

*Deferred Outflows of Resources include: Deferred charge on debt refunding, pension related items, and OPEB related items.*

*Long-Term Liabilities Outstanding include: Compensated absences payable, Claims and judgments payable, and Long-term debt payable.*

*Other Liabilities include: Accounts payable, Accrued liabilities; Pollution remediation liability; Accrued interest; Unearned revenue; and Deposits payable.*

*Deferred Inflows of Resources include: Pension related items and OPEB related items.*

### ***Net Position***

The chart above reflects the City's combined net position (governmental and business-type activities) of \$121.3 million at the close of fiscal year ending June 30, 2022.

The largest portion of the City's total net position (170.3%) reflects investment in capital assets (e.g., land, streets, sewers, buildings, machinery, and equipment) net of outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining City net position represents resources that are either subject to external restrictions (e.g., certain capital projects, debt service) or unrestricted. The unrestricted net position is negative primarily as a result of pension related reporting first implemented in Fiscal Year 2014-2015 pursuant to GASB Statement No. 68.

### ***Changes in Net Position***

Also noted in the chart above, the City's Fiscal Year 2021-2022 total net position increased by \$28.1 million, or 30.2%, from the prior year. The governmental activities net position increased \$25.6 million, or 85.9%, and business-type activities net position increased \$2.5 million, or 3.36%.

Within total assets, capital assets, net of accumulated depreciation, increased by \$9.6 million, or 4.2%. This increase in capital assets also resulted in a corresponding increase in Net Investments in Capital Assets of \$8.1 million, or 3.6%. The increase in net position is due to these capital asset increases and an increase in deferred inflows of resources related to pensions and other post-employment benefits (OPEB) of \$51.3 million. The significant increase in deferred inflows, outflows, and long-term liabilities reflects the City's July 2021 issuance of Lease Revenue Bonds (Lease Revenue Bond Series 2021A) in the amount of \$226.2 million to pay the entire amount of the City's current unfunded accrued liability.

**City of Redondo Beach's Change in Net Position**  
**Fiscal Year Ended June 30, 2022**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2021-2022</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2020-2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 37,519,643	\$ 30,079,265	\$ 24,818,750	\$ 20,030,397	\$ 62,338,393	\$ 50,109,662
Operating grants and contributions	14,317,249	14,547,505	4,291,625	2,853,567	18,608,874	17,401,072
Capital grants and contributions	7,786,097	2,285,961	-	-	7,786,097	2,285,961
Total program revenues	59,622,989	46,912,731	29,110,375	22,883,964	88,733,364	69,796,695
General revenues:						
Property taxes	44,424,757	43,705,194	-	-	44,424,757	43,705,194
Transient occupancy taxes	5,419,197	3,400,322	-	-	5,419,197	3,400,322
Sales taxes	11,813,896	10,018,217	-	-	11,813,896	10,018,217
Franchise taxes	1,864,336	1,731,846	-	-	1,864,336	1,731,846
Business license taxes	1,193,814	1,211,539	-	-	1,193,814	1,211,539
Utility users' taxes	8,024,511	6,713,480	-	-	8,024,511	6,713,480
Other taxes	1,133,754	1,019,041	-	-	1,133,754	1,019,041
Motor vehicle in-lieu - unrestricted	77,111	49,136	-	-	77,111	49,136
Use of money and property	83,927	1,408,878	(576,550)	(72,233)	(492,623)	1,336,645
Other	714,946	1,642,581	-	186,831	714,946	1,829,412
Total general revenues	74,750,249	70,900,234	(576,550)	114,598	74,173,699	71,014,832
Total revenue	134,373,238	117,812,965	28,533,825	22,998,562	162,907,063	140,811,527
Expenses:						
General government	10,676,673	11,692,177	-	-	10,676,673	11,692,177
Public safety	50,336,195	68,527,338	-	-	50,336,195	68,527,338
Public works	17,327,400	11,119,995	-	-	17,327,400	11,119,995
Cultural and leisure services	11,259,954	10,033,842	-	-	11,259,954	10,033,842
Housing and community development	12,241,640	14,439,178	-	-	12,241,640	14,439,178
Interest on long-term debt	7,161,637	1,117,677	-	-	7,161,637	1,117,677
Harbor Tidelands	-	-	7,593,555	4,636,895	7,593,555	4,636,895
Harbor Uplands	-	-	5,671,184	5,898,608	5,671,184	5,898,608
Wastewater	-	-	2,766,293	3,319,536	2,766,293	3,319,536
Solid Waste	-	-	5,270,585	5,115,305	5,270,585	5,115,305
Transit	-	-	4,437,245	4,440,739	4,437,245	4,440,739
Total expenses	109,003,499	116,930,207	25,738,862	23,411,083	134,742,361	140,341,290
Change in net position before transfers	25,369,739	882,758	2,794,963	(412,521)	28,164,702	470,237
Transfers	233,575	273,989	(233,575)	(273,989)	-	-
Change in net position	25,603,314	1,156,747	2,561,388	(686,510)	28,164,702	470,237
Net position, beginning of year	16,883,862	15,727,115	76,248,820	76,935,330	93,132,682	92,662,445
<b>Net position, end of year</b>	<b>\$ 42,487,176</b>	<b>\$ 16,883,862</b>	<b>\$ 78,810,208</b>	<b>\$ 76,248,820</b>	<b>\$ 121,297,384</b>	<b>\$ 93,132,682</b>

Levels of revenues and expenditures also impact current assets and other liabilities and, therefore, cause changes in net position. As reflected above, total revenues increased in fiscal year 2021-2022 by \$22.1 million, or 15.7%. Decreases in program revenues are primarily reflected in charges for services. General revenue decreased overall as a result of lower transient occupancy tax revenue.

Citywide total expenses increased \$5.6 million, or 4%, when compared to fiscal year 2020-2021. The increase in expenses was primarily related to increased personnel costs with higher CalPERS contributions and fiscal year 2019-2020 work on capital improvement projects.

## Governmental Activities

As reflected in the Changes in Net Position schedule above, the total governmental activity expenses were \$109 million in fiscal year 2021-2022; and total revenues from governmental activities were \$134.3 million, of which 44.4% were derived from program revenues primarily consisting of charges for services and grants.

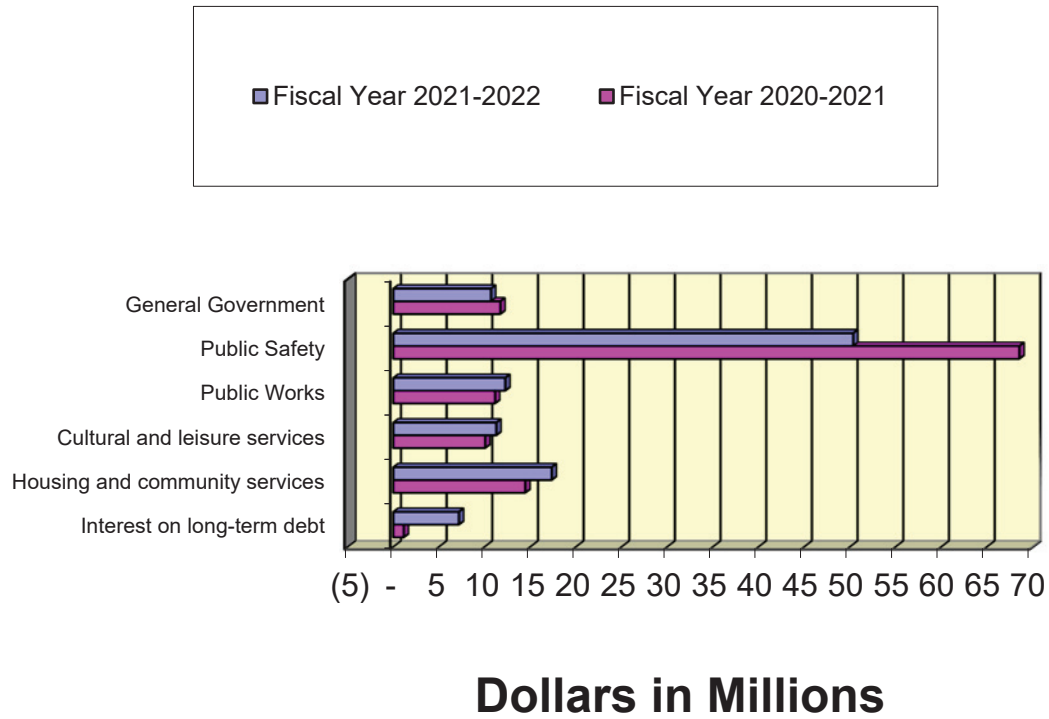
As shown on the following chart, the governmental activity expenses net of program revenues, increased \$7.9 million, or 7.27%, in fiscal year 2021-2022. As with the increase in citywide total expenses, the increase reflects higher expenditures for pension-related items and capital improvement projects.

Governmental Activities	Impact to Net Assets		Percent Increase (Decrease)
	2021-2022	2020-2021	
<i>Expenses Net of Program Revenues*</i>			
General Government	\$ 10,676,673	\$ 11,692,177	(9.51) %
Public Safety	50,336,195	68,527,338	(36.14) %
Public Works	12,241,640	11,119,995	9.16 %
Cultural and leisure services	11,259,954	10,033,842	10.89 %
Housing and community services	17,327,400	14,439,178	16.67 %
Interest on long-term debt	<u>7,161,637</u>	<u>1,117,677</u>	84.39 %
<i>Total Governmental Activity Expenses Net of Program Revenues</i>	<u>109,003,499</u>	<u>116,930,207</u>	(7.27) %

*\*Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues.*

The chart below is a graphical representation of the schedule above.

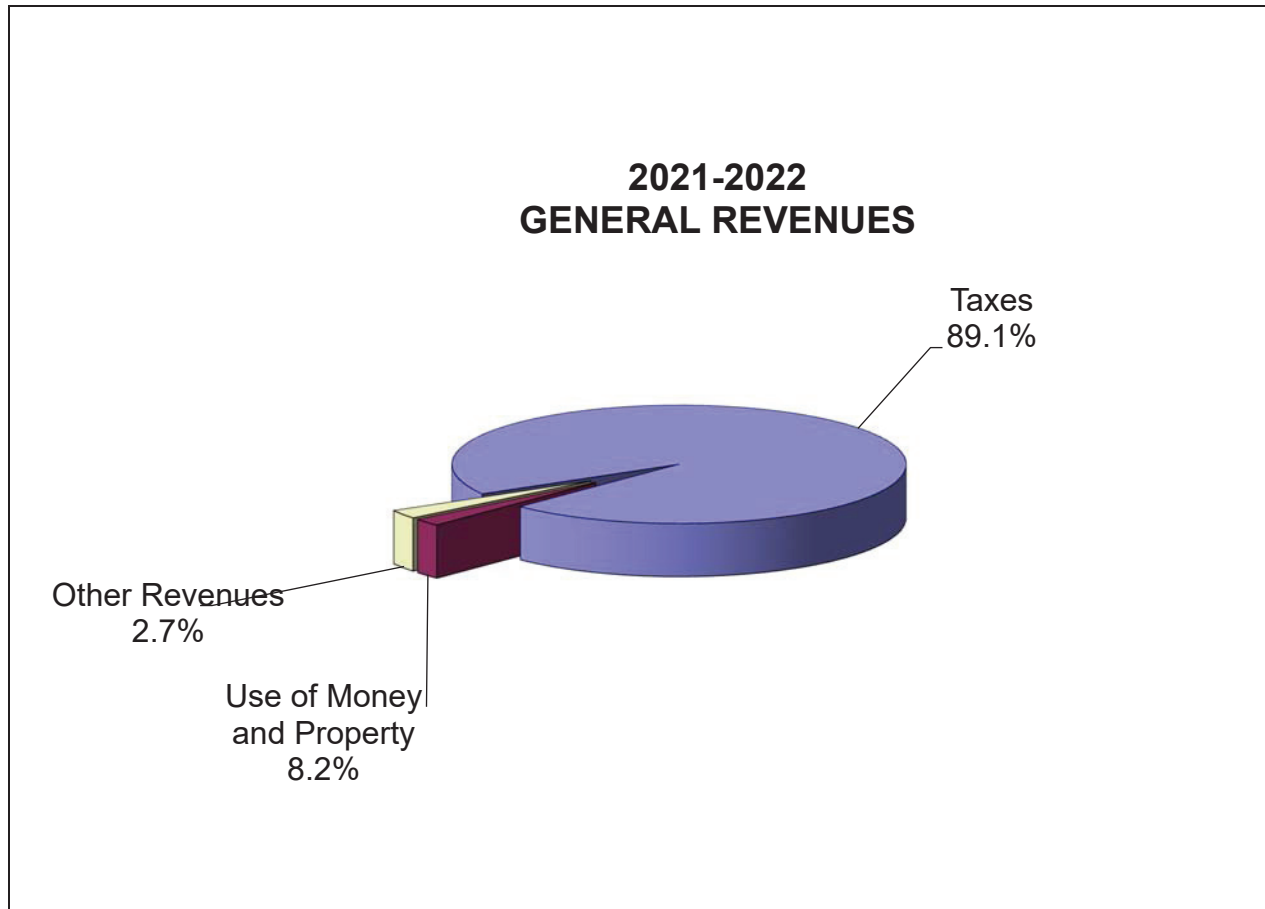
## EXPENSES NET OF PROGRAM REVENUES



### General Revenues Related to Governmental Activities

<b>General Revenues</b>	<b>2021-2022</b>	<b>2020-2021</b>	<b>Increase / (Decrease)</b>
Taxes	\$ 73,874,265	\$ 67,799,639	8.2%
Use of Money and Property	83,927	1,408,878	-1937.8%
Other Revenues	792,057	1,691,717	-113.6%
Total General Revenues	<u>74,735,458</u>	<u>70,900,234</u>	5.1%

General revenues are all other revenues not attributable to a specific program and, therefore, not categorized as program revenues. These revenues include taxes, use of money and property, and other revenues and increased 5.1%.



### ***Business-Type Activities***

The City has five business-type activities: Harbor Tidelands, Harbor Uplands, Solid Waste, Wastewater, and Transit. The total net position of the business-type activities increased by \$2.6 million from the prior year.

Harbor Tidelands is used for the operations of small boat harbor facilities available to the general public, including related pier activities. This fund is restricted under the City Tidelands Trust Agreement with the State of California. In fiscal year 2021-2022, the total net position of the Harbor Tidelands decrease \$123 thousand from prior year.

Harbor Uplands is also used for the operations of small boat harbor facilities available to the general public, including related pier activities. However, the use of these funds is subject only to the decisions of the City Council. In fiscal year 2021-2022, the total net position of Harbor Uplands increase by \$50 thousand from prior year.

Wastewater is funded by a capital facility charge, more commonly referred to as a sewer user fee. These funds are used to support the City's sewer infrastructure operations and improvements. In fiscal year 2021-2022, the total net position of Wastewater increased \$1.9 million from the prior year.

Solid Waste is the City's comprehensive solid waste program, which includes refuse collection, recycling, and hazardous waste disposal services. The solid waste program is supported through user service fees. In fiscal year FY 2021-2022, the total net position of Solid Waste increased \$0.3 million from prior year.

Transit operations provide transportation services mainly to the cities of Redondo Beach, Hermosa Beach, and Manhattan Beach. The transit system is supported through bus passes, passenger fares, Transportation Development Act Article 4 funding, and Propositions A and C discretionary funding. In fiscal year 2021-2022, the total net position of Transit increased \$0.3 million from the prior year.

### **INTERNAL SERVICE FUNDS**

The City has six internal service funds, as well as overhead. The internal service funds are: Vehicle Replacement, Building Occupancy, Information Technology, Self-Insurance Program, Emergency Communications, and Major Facilities Repair. These funds are used to account for interdepartmental operations where service providers (e.g., fleet, IT, building maintenance) recoup costs by charging user departments.

### **FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS**

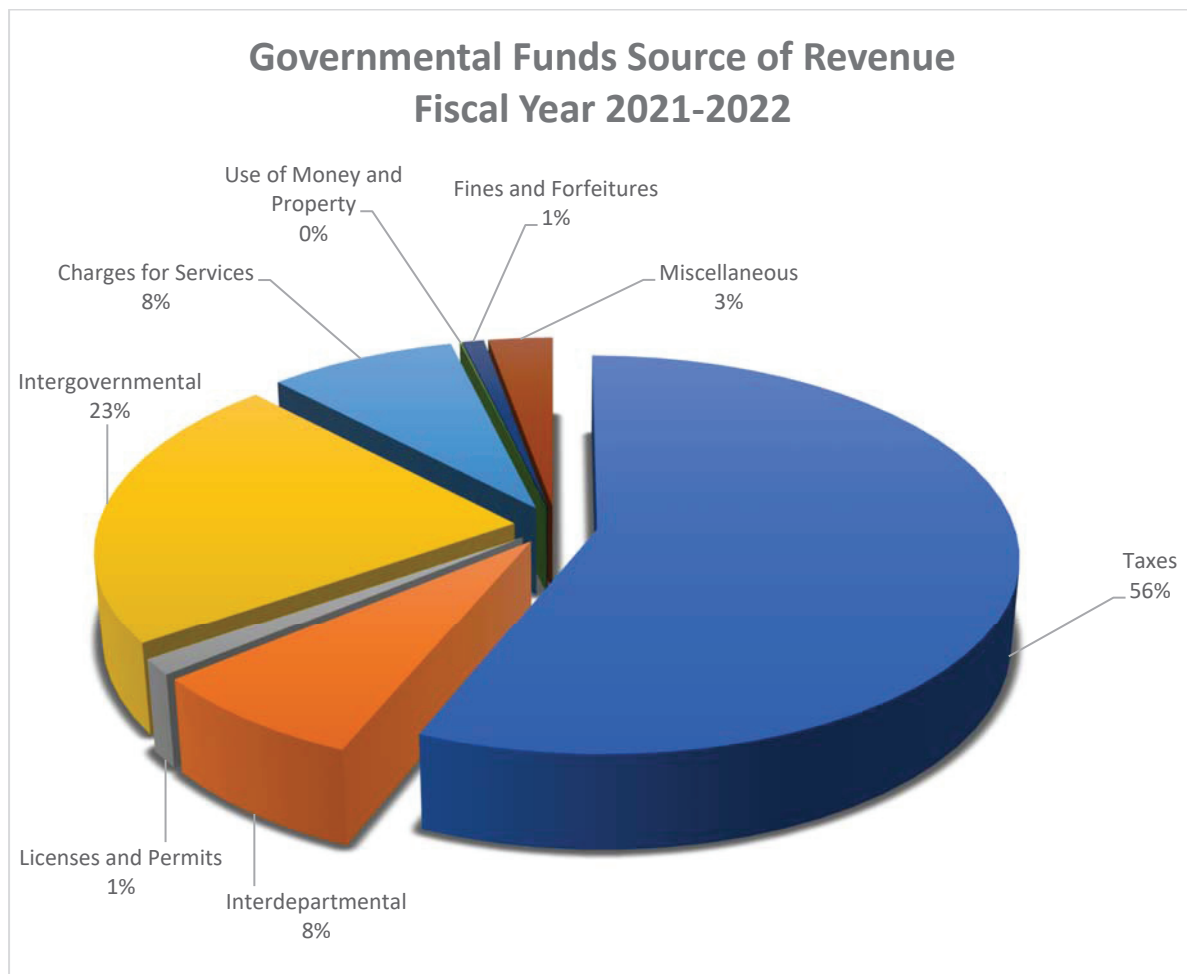
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Please note that unlike the Government-Wide financial statements displayed previously, the fund financial statements which follow are not reflected on a full accrual basis. Therefore, amounts reflected in the fund financial statements versus the Government-Wide statements may differ due to this change in accounting methodology.

## Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**Governmental Funds** - The following schedule is a summary of governmental fund revenues for fiscal year ended June 30, 2022, and includes Major and Non-Major Funds. It reflects the amount and percent of increase or decrease of each source of revenue compared to the prior year.

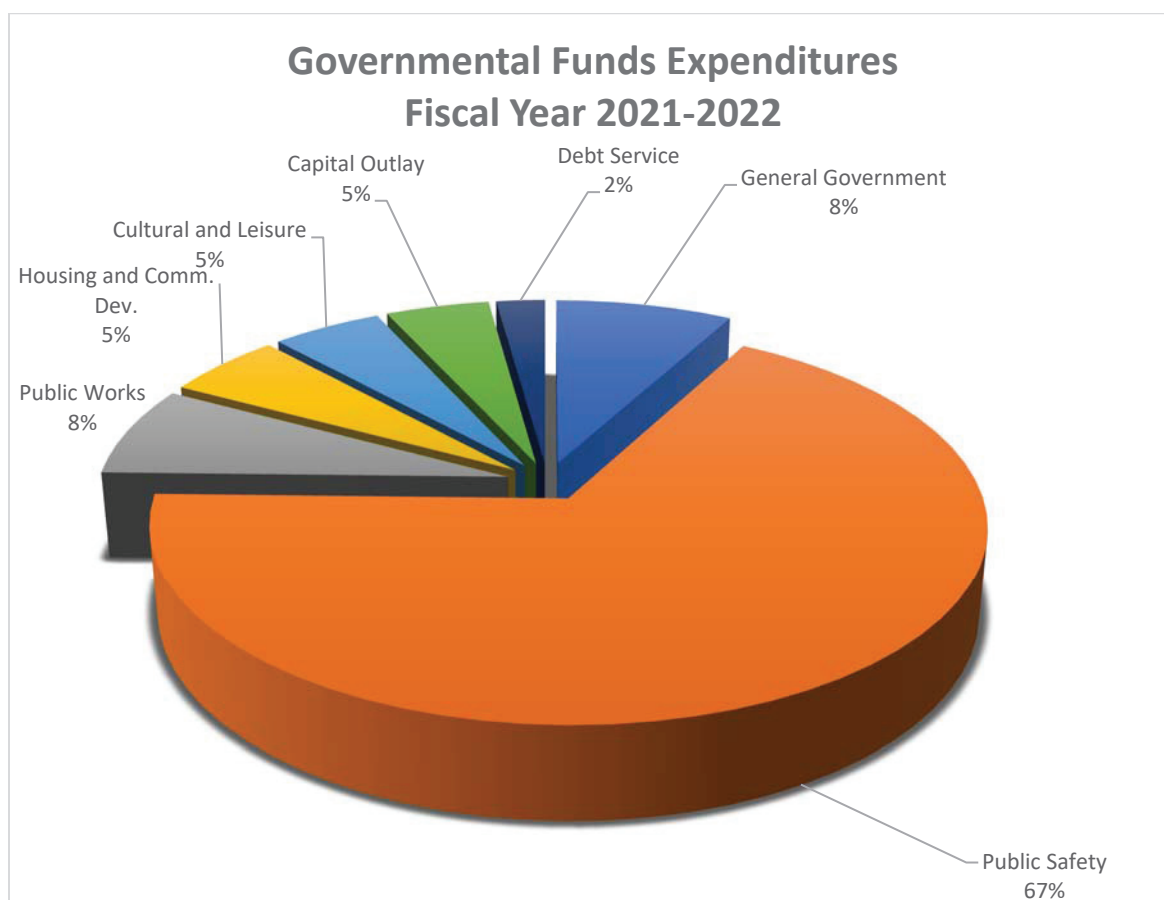
<b>Source of Revenue</b>	<b>Amount</b>	<b>of Total</b>	<b>Amount</b>	<b>(Decrease)</b>	<b>(Decrease)</b>
Taxes	\$ 73,874,265	60.5%	\$ 67,799,639	\$ 6,074,626	8.96
Interdepartmental	10,034,053	0.8%	9,379,851	(8,375,798)	(89.30)
Licenses and Permits	1,731,396	1.4%	1,641,684	89,712	5.46
Intergovernmental	29,628,555	24.3%	19,252,605	10,375,950	53.89
Charges for Services	10,895,140	8.9%	8,482,823	2,412,317	28.44
Use of Money and Property	83,927	0.1%	1,408,878	(1,339,742)	(95.09)
Fines and Forfeitures	1,247,572	1.0%	1,331,574	(84,002)	(6.31)
Miscellaneous	3,727,529	3.1%	6,194,701	(2,467,172)	(39.83)
<b>Total</b>	<b>\$ 131,222,437</b>	<b>100.0%</b>	<b>\$ 115,491,755</b>	<b>\$ 6,685,891</b>	<b>5.79</b>



Total governmental fund revenues increased \$6.7 million, or 5.8%, from fiscal year 2020-2021. Taxes increased \$6 million, or 9%, primarily from transient occupancy tax revenue with closed and nearly empty hotels as a result of the COVID-19 restrictions. Intergovernmental revenue increased \$10.4 million, or 54.0%, with higher funding from sources recorded in the Intergovernmental Grants Fund for various capital improvement projects and bus purchases.

The following schedule is a summary of governmental fund expenditures by function for fiscal year ended June 30, 2022, and includes both Major and Non-Major Funds. It reflects the amount and percent of increase or decrease for each functional category of expenditures compared to the prior year.

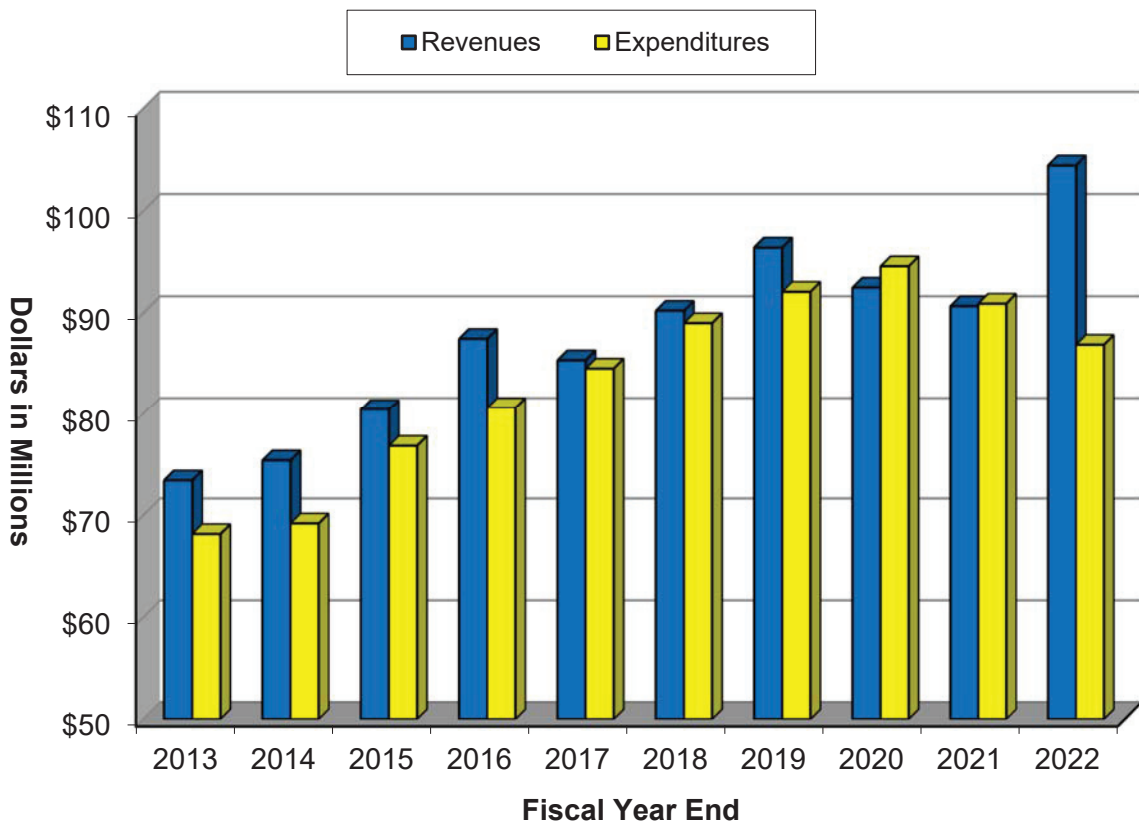
<b>Expenditures</b>	<b>FY 21-22 Amount</b>	<b>Percent of Total</b>	<b>FY 20-21 Amount</b>	<b>Increase (Decrease) From Prior Year</b>	<b>Percent Increase (Decrease)</b>
Current:					
General Government	\$ 24,894,820	8.0%	\$ 11,365,610	\$ 13,529,210	119.0%
Public Safety	209,643,074	67.4%	60,812,252	148,830,822	244.7%
Public Works	23,081,641	7.4%	10,936,532	12,145,109	111.1%
Housing and Comm. Dev.	16,644,042	5.3%	9,364,095	7,279,947	77.7%
Cultural and Leisure	15,492,140	5.0%	11,522,810	3,969,330	34.4%
Total Current Expenditures	289,755,717	93.1%	104,001,299	185,754,418	178.6%
Capital Outlay	14,567,037	4.7%	13,563,804	1,003,233	7.4%
Debt Service:	6,859,846	2.2%	1,650,981	5,208,865	315.5%
Total	\$ 311,182,600	100.0%	\$ 119,216,084	\$ 191,966,516	161.0%



Total governmental fund expenditures decreased \$4 million, or 4.4%, from fiscal year 2020-2021. As mentioned earlier, the variances are attributable to:

- Current expenditures increased by \$192 million, or 161%, with higher personnel costs from higher CalPERS contributions.
- Capital outlay expenditures increased by \$1 million, or 7.4%, reflecting the fluctuating nature of capital improvement project expenses.
- Debt service expenditures increased by \$5.2 million or 315% in accordance with the debt payment schedules, including the first year of payments on the 2019 Lease Revenue Refunding Bonds.

Although there are three major funds in the City of Redondo Beach (the General Fund, the Other Intergovernmental Grants Fund, and the Low-Mod Income Housing Fund), the following discussions focus on the General Fund, which is the major operating fund of the City.



General Fund expenditures have exceeded revenues only during the two fiscal years most impacted by the COVID-19 pandemic (fiscal years 2019-2020 and 2020-2021). When compared to fiscal year 2020-2021, fiscal year 2021-2022 revenues increased by \$6.7 million, or 5.8%, while expenditures increased by \$192.0 million, or 161%.

### **General Fund Balance**

The fund balance of the General Fund as of June 30, 2022, was \$29.3 million, an increase of \$11 million or 60.6%, when compared to the prior year. The City Council approved the constraints of the General Fund balance reflected below.

	FY 2019-2020	FY 2020-2021	FY 2021-2022
General Fund Contingency	\$ 7,585,231	\$ 7,241,252	\$ 8,599,208
Compensated Absences	770,942	756,422	785,832
Carryover Assignments	502,930	289,290	1,845,807
Capital Projects	-	1,000,000	-
Encumbrances	1,292,166	981,809	1,270,389
Petty Cash	10,800	12,800	12,800
CalPERS	6,572,307	5,105,721	7,975,721
Future Year's Appropriations	-	762,577	8,531,279
Unassigned Balance	704,067	2,039,523	276,536

As part of year-end activities, the City Council reviews the General Fund balance and determines how the City should commit/assign the unrestricted portion. As illustrated above, Council constraints of General Fund balance over the past several years reflect the City's Strategic Plan. Aside from policy-designated amounts (i.e., General Fund Contingency and Compensated Absences), much of the money is committed or assigned to accomplish strategic goals.

### **Other Intergovernmental Grants Fund Balance**

The fund balance of the Other Intergovernmental Grants Fund as of June 30, 2022 was \$(6.9) million, an increase to the negative fund balance of \$2.9 million, when compared to the prior year. Revenues and expenditures of the fund, where monies from Federal, State and other governmental agencies are used primarily for capital improvement projects, tend to fluctuate from year to year depending on resources received from other governmental agencies.

### **Low-Mod Income Housing Fund Balance**

The fund balance of the Low-Mod Income Housing Fund as of June 30, 2022 was \$3.8 million, a decrease of \$295.5 thousand, when compared to the prior year. Housing assets transferred from the dissolved Redevelopment Agency and funds generated from those assets are used to assist with housing needs for low- and moderate- income individuals.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended fiscal year 2021-2022 budget totaled \$91.1 million, including net amendments to the originally adopted budget and excluding transfers out of \$5.9 million. The City Council adopts budget adjustments during the year to reflect both changed priorities and consideration of events that took place subsequent to the budget adoption. The amendments can be briefly summarized as follows:

- Funding of prior-year encumbrances of \$981,809.
- Funding of carry-over appropriations of \$289,291.
- Increased mid-year appropriations by \$1,919,872.
- Appropriations for employee wage and benefit payments of \$334,327.

Budget amendments were funded from/credited to available fund balance. During the year, however, revenues exceeded budgetary estimates by approximately \$1.4 million and expenditures were \$1.2 million less than budgetary estimates, primarily due to contractual services that were not completed by year-end.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### ***Capital Assets***

Capital assets of the City, including infrastructure assets are those assets used in the performance of the City's functions. At June 30, 2022, net capital assets of the governmental and business-type activities totaled \$173.9 million and \$65.5 million, respectively. Depreciation on capital assets is recognized in the Government-Wide financial statements.

The City has elected to use the "Modified Approach" as defined by GASB 34 for infrastructure reporting for its paving system (streets). Under GASB 34, eligible infrastructure capital assets are not required to be depreciated as long as:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of: 1) an up-to-date inventory, 2) condition assessments which summarize the results using a measurement scale, and 3) estimated annual amounts budgeted to maintain and preserve an established condition assessment level.
- The City documents the eligible infrastructure capital assets being preserved approximately at the established and disclosed condition assessment level.

Prior to fiscal year 2008-2009, the City's PQI rating, an amalgam of the PCR and the International Roughness Index (IRI) established by the World Bank, was based on a 10.0 scale. In fiscal year 2008-2009, the PQI rating was converted to a 100 point scale to make it comparable to alternative pavement rating methods. In fiscal year 2017-2018, the City moved to the PCI rating, an alternate paving rating method, which is most frequently used by adjacent cities for an easier comparison. In line with the Capital Improvement Program and as presented to the City Council on January 16, 2018, City policy is to achieve an average PCI rating of 75 for all streets beginning in fiscal year 2028. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds. As of June 30, 2022, the City's street system was rated at a PCI of 69.

The City's budget for street maintenance for the fiscal year ended June 30, 2022, was \$35.9 million. Actual expenditures were \$3.9 million, with the remaining budget carried forward as continuing appropriations. The City is judiciously investing in this infrastructure asset as part of the five-year Capital Improvement Program and will continue to rehabilitate and maintain its streets in order to achieve this goal. The estimated expenditures required to maintain and improve the overall condition of the streets from July 1, 2022 through June 30, 2023 is a minimum of \$4.3 million.

More information on the modified approach for City streets infrastructure capital assets is behind the tab section titled Required Supplementary Information.

	Original Cost	Accumulated Depreciation	Book Value
<b>Capital Assets - Governmental Activities</b>			
Land	\$ 16,522,947	\$ -	\$ 16,522,947
Construction in Progress	25,823,514	-	25,823,514
Infrastructure - Street	54,054,036		54,054,036
Building and Improvements	58,117,371	(28,216,727)	29,900,644
Furniture and Equipment	13,326,744	(9,761,089)	3,565,655
Automotive Equipment	18,247,872	(14,739,373)	3,508,499
Right-to-use buildings	2,245,558	(264,926)	1,980,632
Infrastructure - other than Street	99,670,237	(61,074,620)	38,595,617
<b>Total</b>	<b>\$ 288,008,279</b>	<b>\$ (114,056,735)</b>	<b>\$ 173,951,544</b>
<b>Capital Assets - Business-Type Activities</b>			
Land	\$ 20,323,255	-	\$ 20,323,255
Construction in Progress	7,068,220	-	7,068,220
Building and Improvements	39,016,662	(21,743,313)	17,273,349
Furniture and Equipment	1,082,431	(975,251)	107,180
Automotive Equipment	3,601,229	(2,346,350)	1,254,879
Infrastructure	33,634,669	(14,153,819)	19,480,850
<b>Total</b>	<b>\$ 104,726,466</b>	<b>\$ (39,218,733)</b>	<b>\$ 65,507,733</b>

For more information on the City's capital assets, refer to Note 7 of the Notes to Financial Statements.

## DEBT ADMINISTRATION

Debt service funds are used to account for the accumulation of resources for payment of interest and principal on bonds issued by the City. The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita for the fiscal year 2021-2022 are provided below. These indicators provide important information for management and concerned citizens, as well as potential investors.

	Amount	Ratio of Debt to Assessed Value of Property	Debt per Capita
Net Direct Bonded Debt	\$ 19,262,680,032	1.34%	\$ 3,737.46

Bonds issued by the Community Financing Authority (CFA), a component unit of the City, were issued to finance various improvements to, and to remedy a variety of deficiencies in the facilities of the Wastewater Enterprise. In FY 2018-2019, the CFA issued bonds to refund various leaseback contingencies and finance the purchase of a sublease between the City and Redondo Fisherman's Cove Company. The City has no general obligation bond indebtedness.

For a complete listing of the City's long-term debt obligations, refer to Note 9 of the Notes to Financial Statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In considering Fiscal Year 2022-2023, the local economy continues to be impacted by the coronavirus pandemic.

- Only impacted by possible payment delinquencies, property tax revenue for fiscal year 2022-2023 is projected to increase by \$1.5 million, or 5.1%, to \$32.3 million, reflecting an incremental improvement in property values as assessed in calendar year 2021. Redondo Beach's housing market has remained fairly stable due to its coastal location. Property tax revenue is the City's primary source of operating revenue.
- Sales and Use Tax revenue is projected to increase revenue is projected to increase \$928K, or 8.5%, to \$11.8M, reflecting the reopening of the City's retail establishments. The City's pre-pandemic (FY 2018-19) revenue was approximately \$10.6M.
- Utility Users' Tax (UUT) revenue is projected to remain flat at \$7.1 million. This estimate is based upon analysis of the projected performance from each of the categorical components of the City's UUT tax base, including electricity, natural gas, telecommunications, water, and cable television. A decreased usage of utilities (primarily water and electric) during the pandemic-related business closures is not offsetting the increased residential usage as more individuals work from home. UUT revenue provides support for essential City operational services.
- Transient Occupancy Tax (TOT) revenue is projected to increase by \$0.8 million, or 16.5%, to \$5.8M which is still below pre-pandemic levels of approximately \$9,000,000. In addition to the anticipated slow recovery in tourism, nearly all of the TOT revenue for the Marine Avenue hotels will need to be returned to replenish the reserve account that has been used during the pandemic.

General Fund appropriations for fiscal year 2022-2023 are projected at \$107.8 million, excluding transfers; or \$111.9 million, including \$4.1 million in transfers out. Personnel costs in the General Fund increased \$1M, or 1.9%. The FY 2022-23 proposed personnel amounts reflect restoration of previously deauthorized positions.

During fiscal year 2021-2022, Redondo Beach experienced a 3.3% change in real property assessed valuations, compared to the 2020-2021 increase of 6.1%. Transient occupancy tax saw a 59.4% revenue increase, and sales tax saw an 18% increase while falling from ranking 42 to 62 in total taxable retail sales out of 88 cities in Los Angeles County. The unemployment rate for Redondo Beach in 2022 fell to 3.9% from 6.5% in 2021 and a pandemic-high peak of 9.4% in 2020. This is below the Los Angeles County and the State of California 2022 unemployment rates of 4.9% and 4.1%, respectively.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances 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 Financial Services Department at 415 Diamond Street, Redondo Beach California 90277, phone 310-318-0683, or e-mail [FinanceMail@redondo.org](mailto:FinanceMail@redondo.org).

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## **BASIC FINANCIAL STATEMENTS**

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## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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## CITY OF REDONDO BEACH

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 91,740,889	\$ 37,989,362	\$ 129,730,251
Receivables:			
Accounts	3,802,802	850,867	4,653,669
Taxes	7,001,286	253,752	7,255,038
Accrued interest	255,076	193,802	448,878
Notes and loans	2,992,785	-	2,992,785
Leases	5,682,921	71,025,495	76,708,416
Internal balances	348,444	(348,444)	-
Prepaid costs	116,816	30,000	146,816
Due from other governments	17,357,666	581,056	17,938,722
Advances to Successor Agency	535,731	-	535,731
Restricted assets:			
Cash with fiscal agent	732,875	2,498	735,373
Capital assets not being depreciated	96,400,497	27,391,473	123,791,970
Capital assets, net of depreciation	77,551,047	38,116,260	115,667,307
<b>Total Assets</b>	<b>304,518,835</b>	<b>176,086,121</b>	<b>480,604,956</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	308,493	308,493
Deferred pension related items	209,061,461	19,092,968	228,154,429
Deferred OPEB related items	3,373,466	386,904	3,760,370
<b>Total Deferred Outflows of Resources</b>	<b>212,434,927</b>	<b>19,788,365</b>	<b>232,223,292</b>
<b>Liabilities:</b>			
Accounts payable	6,644,346	1,392,587	8,036,933
Accrued liabilities	3,238,033	-	3,238,033
Accrued interest	966,330	75,310	1,041,640
Unearned revenue	356,289	45,799	402,088
Deposits payable	3,206,981	225,634	3,432,615
Pollution remediation liability	150,000	-	150,000
Compensated absences due in one year	950,251	113,759	1,064,010
Claims payable due in one year	919,969	-	919,969
Long-term obligations due in one year	7,738,485	949,237	8,687,722
Noncurrent liabilities:			
Net pension liability due in more than one year	131,085,713	13,247,510	144,333,223
Net OPEB liability due in more than one year	10,145,820	1,163,623	11,309,443
Compensated absences due in more than one year	2,850,752	341,273	3,192,025
Claims payable due in more than one year	23,318,210	-	23,318,210
Long-term obligations due in more than one year	227,560,645	23,176,155	250,736,800
<b>Total Liabilities</b>	<b>419,131,824</b>	<b>40,730,887</b>	<b>459,862,711</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	43,149,447	5,022,725	48,172,172
Deferred OPEB related items	6,535,049	749,504	7,284,553
Deferred leases related items	5,650,266	70,561,162	76,211,428
<b>Total Deferred Inflows of Resources</b>	<b>55,334,762</b>	<b>76,333,391</b>	<b>131,668,153</b>
<b>Net Position:</b>			
Net investment in capital assets	171,948,912	60,441,156	232,390,068
Restricted for:			
Housing and community development	13,095,608	-	13,095,608
Public safety	580,712	-	580,712
Public works	7,234,872	-	7,234,872
Debt service	5,041,013	-	5,041,013
Low and moderate income housing	5,422,719	-	5,422,719
Unrestricted	(160,836,660)	18,369,052	(142,467,608)
<b>Total Net Position</b>	<b>\$ 42,487,176</b>	<b>\$ 78,810,208</b>	<b>\$ 121,297,384</b>

See Notes to Financial Statements.

## CITY OF REDONDO BEACH

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

		Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
	Expenses			
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 10,676,673	\$ 17,442,962	\$ 2,068	\$ -
Public safety	50,336,195	6,389,408	2,129,871	-
Housing and community development	12,241,640	3,426,571	814,145	779,653
Cultural and leisure services	11,259,954	7,840,440	7,583,138	5,535,453
Public works	17,327,400	2,420,262	3,788,027	1,470,991
Interest on long-term debt and fiscal charges	7,161,637	-	-	-
<b>Total Governmental Activities</b>	<b>109,003,499</b>	<b>37,519,643</b>	<b>14,317,249</b>	<b>7,786,097</b>
Business-Type Activities:				
Harbor Tidelands	7,593,555	7,611,643	-	-
Harbor Uplands	5,671,184	6,239,484	1,000,000	-
Wastewater	2,766,293	5,417,916	-	-
Solid Waste	5,270,585	5,549,427	26,067	-
Transit	4,437,245	280	3,265,558	-
<b>Total Business-Type Activities</b>	<b>25,738,862</b>	<b>24,818,750</b>	<b>4,291,625</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 134,742,361</b>	<b>\$ 62,338,393</b>	<b>\$ 18,608,874</b>	<b>\$ 7,786,097</b>
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purpose				
Transient occupancy taxes				
Sales taxes				
Franchise taxes				
Business licenses taxes				
Utility users tax				
Other taxes				
Motor vehicle in lieu - unrestricted				
Use of money and property				
Other				
<b>Transfers</b>				
<b>Total General Revenues and Transfers</b>				
Change in Net Position				
Net Position at Beginning of Year				
<b>Net Position at End of Year</b>				

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 6,768,357	\$ -	\$ 6,768,357
(41,816,916)	-	(41,816,916)
(7,221,271)	-	(7,221,271)
9,699,077	-	9,699,077
(9,648,120)	-	(9,648,120)
(7,161,637)	-	(7,161,637)
<b>(49,380,510)</b>	<b>-</b>	<b>(49,380,510)</b>
-	18,088	18,088
-	1,568,300	1,568,300
-	2,651,623	2,651,623
-	304,909	304,909
-	(1,171,407)	(1,171,407)
<b>-</b>	<b>3,371,513</b>	<b>3,371,513</b>
<b>(49,380,510)</b>	<b>3,371,513</b>	<b>(46,008,997)</b>
44,424,757	-	44,424,757
5,419,197	-	5,419,197
11,813,896	-	11,813,896
1,864,336	-	1,864,336
1,193,814	-	1,193,814
8,024,511	-	8,024,511
1,133,754	-	1,133,754
77,111	-	77,111
83,927	(576,550)	(492,623)
714,946	-	714,946
233,575	(233,575)	-
<b>74,983,824</b>	<b>(810,125)</b>	<b>74,173,699</b>
25,603,314	2,561,388	28,164,702
16,883,862	76,248,820	93,132,682
<b>\$ 42,487,176</b>	<b>\$ 78,810,208</b>	<b>\$ 121,297,384</b>

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## **FUND FINANCIAL STATEMENTS**

*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

## CITY OF REDONDO BEACH

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

		Special Revenue Funds	
	General	Other Intergovernmental Grants	Low-Mod Income Housing
<b>Assets:</b>			
Pooled cash and investments	\$ 15,469,649	\$ -	\$ 1,373,280
Receivables:			
Accounts	3,192,800	429,000	-
Taxes	6,555,813	-	-
Accrued interest	210,047	-	-
Notes and loans	18,605	-	2,647,951
Leases	4,137,426	-	-
Prepaid costs	52,821	57,000	-
Due from other governments	5,136,813	7,016,518	-
Due from other funds	6,809,022	-	-
Advances to Successor Agency	-	-	535,731
Restricted assets:			
Cash and investments with fiscal agents	701,717	-	-
<b>Total Assets</b>	<b>\$ 42,284,713</b>	<b>\$ 7,502,518</b>	<b>\$ 4,556,962</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 2,121,704	\$ 1,393,487	\$ 22,102
Accrued liabilities	3,196,699	-	-
Unearned revenues	94,673	261,616	-
Deposits payable	3,206,981	-	-
Due to other funds	-	5,828,029	303,213
Pollution remediation liability	150,000	-	-
<b>Total Liabilities</b>	<b>8,770,057</b>	<b>7,483,132</b>	<b>325,315</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	31,075	6,878,141	389,992
Deferred leases related items	4,114,583	-	-
<b>Total Deferred Inflows of Resources</b>	<b>4,145,658</b>	<b>6,878,141</b>	<b>389,992</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	52,821	-	-
Notes and loans	18,605	-	-
<b>Restricted for:</b>			
Housing and community development	-	-	-
Public safety	-	-	-
Public works	-	-	-
Debt service	-	-	-
Low and moderate income housing	-	-	3,841,655
<b>Committed to:</b>			
Contingency	8,599,208	-	-
<b>Assigned to:</b>			
Capital projects	-	-	-
Compensated absences	785,832	-	-
Future pension payments	7,975,721	-	-
Continuing operations	11,660,275	-	-
<b>Unassigned</b>	276,536	(6,858,755)	-
<b>Total Fund Balances</b>	<b>29,368,998</b>	<b>(6,858,755)</b>	<b>3,841,655</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 42,284,713</b>	<b>\$ 7,502,518</b>	<b>\$ 4,556,962</b>

## CITY OF REDONDO BEACH

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Debt Service Funds		
	Public Financing Authority	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Pooled cash and investments	\$ 2,976,655	\$ 35,546,532	\$ 55,366,116
Receivables:			
Accounts	4,856	124,616	3,751,272
Taxes	-	445,473	7,001,286
Accrued interest	334	44,695	255,076
Notes and loans	-	326,229	2,992,785
Leases	1,545,495	-	5,682,921
Prepaid costs	-	-	109,821
Due from other governments	4,891,240	313,095	17,357,666
Due from other funds	544,986	3,054,145	10,408,153
Advances to Successor Agency	-	-	535,731
Restricted assets:			
Cash and investments with fiscal agents	7,324	-	709,041
<b>Total Assets</b>	<b>\$ 9,970,890</b>	<b>\$ 39,854,785</b>	<b>\$ 104,169,868</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 476	\$ 1,150,394	\$ 4,688,163
Accrued liabilities	-	-	3,196,699
Unearned revenues	-	-	356,289
Deposits payable	-	-	3,206,981
Due to other funds	3,399,779	528,688	10,059,709
Pollution remediation liability	-	-	150,000
<b>Total Liabilities</b>	<b>3,400,255</b>	<b>1,679,082</b>	<b>21,657,841</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	538,428	7,837,636
Deferred leases related items	1,535,683	-	5,650,266
<b>Total Deferred Inflows of Resources</b>	<b>1,535,683</b>	<b>538,428</b>	<b>13,487,902</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	52,821
Notes and loans	-	-	18,605
<b>Restricted for:</b>			
Housing and community development	-	13,095,608	13,095,608
Public safety	-	580,712	580,712
Public works	-	7,234,872	7,234,872
Debt service	5,034,952	6,061	5,041,013
Low and moderate income housing	-	1,581,064	5,422,719
<b>Committed to:</b>			
Contingency	-	-	8,599,208
<b>Assigned to:</b>			
Capital projects	-	15,208,719	15,208,719
Compensated absences	-	-	785,832
Future pension payments	-	-	7,975,721
Continuing operations	-	-	11,660,275
<b>Unassigned</b>	-	(69,761)	(6,651,980)
<b>Total Fund Balances</b>	<b>5,034,952</b>	<b>37,637,275</b>	<b>69,024,125</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,970,890</b>	<b>\$ 39,854,785</b>	<b>\$ 104,169,868</b>

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CITY OF REDONDO BEACH

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

Fund balances of governmental funds		\$ 69,024,125
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		165,309,954
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$(223,005,308)	
Lease payable	(2,002,632)	
Net OPEB liability	(9,550,666)	
Net pension liability	(125,791,495)	
Compensated absences	<u>(3,505,707)</u>	(363,855,808)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(966,330)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		7,837,636
Deferred outflows and inflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources - pension related items		198,810,975
Deferred inflows of resources - pension related items		(40,907,580)
Deferred outflows of resources - OPEB related items		3,175,578
Deferred inflows of resources - OPEB related items		<u>(6,151,701)</u>
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>10,210,327</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 42,487,176</u></b>

## CITY OF REDONDO BEACH

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	General	Special Revenue Funds	
		Other Intergovernmental Grants	Low-Mod Income Housing
<b>Revenues:</b>			
Taxes	\$ 73,699,610	\$ -	\$ -
Interdepartmental	10,034,053	-	-
Licenses and permits	1,731,398	-	-
Intergovernmental	6,136,835	5,799,532	-
Charges for services	9,009,337	-	-
Use of money and property	(194,345)	-	75,465
Fines and forfeitures	1,180,975	-	-
Miscellaneous	2,871,155	-	21,000
<b>Total Revenues</b>	<b>104,469,018</b>	<b>5,799,532</b>	<b>96,465</b>
<b>Expenditures:</b>			
Current:			
General government	10,771,669	166,613	-
Public safety	53,879,562	399,290	-
Housing and community development	3,232,474	131,278	104,262
Cultural and leisure services	9,294,093	233,627	287,699
Public works	6,914,996	72,844	-
Capital outlay	2,557,035	7,529,336	-
Debt service:			
Principal retirement	242,926	-	-
Interest and fiscal charges	8,899	-	-
Cost of issuance	-	-	-
<b>Total Expenditures</b>	<b>86,901,654</b>	<b>8,532,988</b>	<b>391,961</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,567,364	(2,733,456)	(295,496)
<b>Other Financing Sources (Uses):</b>			
Transfers in	196,128	-	-
Transfers out	(8,919,217)	(117,152)	-
Leases issued	2,245,558	-	-
Lease revenue bonds issued	-	-	-
<b>Total Other Financing Sources (Uses):</b>	<b>(6,477,531)</b>	<b>(117,152)</b>	<b>-</b>
Net Change in Fund Balances	11,089,833	(2,850,608)	(295,496)
Fund Balances, Beginning of Year	18,279,165	(4,008,147)	4,137,151
<b>Fund Balances, End of Year</b>	<b>\$ 29,368,998</b>	<b>\$ (6,858,755)</b>	<b>\$ 3,841,655</b>

## CITY OF REDONDO BEACH

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	Debt Service Funds		
	Public Financing Authority	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ -	\$ 174,655	\$ 73,874,265
Interdepartmental	-	-	10,034,053
Licenses and permits	-	-	1,731,398
Intergovernmental	-	17,692,188	29,628,555
Charges for services	-	1,885,803	10,895,140
Use of money and property	661,129	(458,322)	83,927
Fines and forfeitures	-	66,597	1,247,572
Miscellaneous	-	835,374	3,727,529
<b>Total Revenues</b>	<b>661,129</b>	<b>20,196,295</b>	<b>131,222,439</b>
<b>Expenditures:</b>			
Current:			
General government	13,956,538	-	24,894,820
Public safety	155,043,149	321,073	209,643,074
Housing and community development	5,927,007	7,249,021	16,644,042
Cultural and leisure services	5,666,398	10,323	15,492,140
Public works	11,928,100	4,165,701	23,081,641
Capital outlay	-	4,480,666	14,567,037
Debt service:			
Principal retirement	570,000	-	812,926
Interest and fiscal charges	4,939,893	-	4,948,792
Cost of issuance	1,098,128	-	1,098,128
<b>Total Expenditures</b>	<b>199,129,213</b>	<b>16,226,784</b>	<b>311,182,600</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(198,468,084)	3,969,511	(179,960,161)
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,671,011	8,915,217	10,782,356
Transfers out	-	(1,512,412)	(10,548,781)
Leases issued	-	-	2,245,558
Lease revenue bonds issued	197,138,488	-	197,138,488
<b>Total Other Financing Sources (Uses):</b>	<b>198,809,499</b>	<b>7,402,805</b>	<b>199,617,621</b>
Net Change in Fund Balances	341,415	11,372,316	19,657,460
Fund Balances, Beginning of Year	4,693,537	26,264,959	49,366,665
<b>Fund Balances, End of Year</b>	<b>\$ 5,034,952</b>	<b>\$ 37,637,275</b>	<b>\$ 69,024,125</b>

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**CITY OF REDONDO BEACH**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Net change in fund balances - total governmental funds \$ 19,657,460

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 14,264,911	
Depreciation	<u>(4,128,392)</u>	10,136,519

Repayment of long-term liability is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Whereas, issuance of long-term liabilities is a current financial resource in the governmental funds, but the issuance increase long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and deferral on loss of refunding when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal repayments	812,926	
Amortization of bond premiums/discounts	(24,902)	
Leases payable	(2,245,558)	
Issuance of long-term debt	<u>(197,138,488)</u>	(198,596,022)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. (790,006)

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (122,693)

Governmental funds report all contributions in relation to the annual required contribution for pensions as expenditures, however, in the Statement of Activities, pension expense is actually determined and certain pension related adjustments are deferred to future periods. 190,169,044

Governmental funds report all contributions in relation to the annual required contribution for OPEB as expenditures, however, in the Statement of Activities, OPEB expense is actually determined and certain pension related adjustments are deferred to future periods. 735,518

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 3,093,619

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 1,319,875

**Change in Net Position of Governmental Activities** **\$ 25,603,314**

## CITY OF REDONDO BEACH

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste
<b>Assets:</b>				
Current:				
Cash and investments	\$ 12,515,348	\$ 3,102,693	\$ 20,791,150	\$ 1,580,171
Receivables:				
Accounts	351,466	333,942	19,313	146,146
Taxes	-	-	137,783	115,969
Accrued interest	96,928	36,849	60,025	-
Leases	46,974,983	24,050,512	-	-
Prepaid costs	30,000	-	-	-
Due from other governments	-	-	-	-
Due from other funds	234,297	-	-	-
Restricted:				
Cash with fiscal agent	926	450	616	194
<b>Total Current Assets</b>	<b>60,203,948</b>	<b>27,524,446</b>	<b>21,008,887</b>	<b>1,842,480</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	20,718,761	23,546,410	19,982,081	17,522
<b>Total Noncurrent Assets</b>	<b>20,718,761</b>	<b>23,546,410</b>	<b>19,982,081</b>	<b>17,522</b>
<b>Total Assets</b>	<b>80,922,709</b>	<b>51,070,856</b>	<b>40,990,968</b>	<b>1,860,002</b>
<b>Deferred Outflows of Resources:</b>				
Deferred charge on refunding	-	-	308,493	-
Deferred pension related items	10,010,548	3,415,604	3,293,414	1,285,469
Deferred OPEB related items	183,781	83,882	62,595	30,610
<b>Total Deferred Outflows of Resources</b>	<b>10,194,329</b>	<b>3,499,486</b>	<b>3,664,502</b>	<b>1,316,079</b>
<b>Liabilities:</b>				
Current:				
Accounts payable	377,766	55,433	267,553	67,441
Accrued interest	39,427	13,082	13,263	5,087
Unearned revenues	-	-	-	42,218
Deposits payable	142,879	82,755	-	-
Due to other funds	544,986	-	-	-
Accrued compensated absences	56,182	2,504	18,879	11,321
Accrued claims and judgments	-	-	-	-
Long-term debt - due within one year	326,802	108,432	434,938	42,168
<b>Total Current Liabilities</b>	<b>1,488,042</b>	<b>262,206</b>	<b>734,633</b>	<b>168,235</b>
Noncurrent:				
Accrued compensated absences	168,547	7,514	56,637	33,961
Accrued claims and judgments	-	-	-	-
Long-term debt - due in more than one year	9,489,410	3,148,560	8,242,360	1,224,440
Net pension liability	7,227,438	3,179,774	1,628,384	811,799
Net OPEB liability	552,728	252,277	188,255	92,059
<b>Total Noncurrent Liabilities</b>	<b>17,438,123</b>	<b>6,588,125</b>	<b>10,115,636</b>	<b>2,162,259</b>
<b>Total Liabilities</b>	<b>18,926,165</b>	<b>6,850,331</b>	<b>10,850,269</b>	<b>2,330,494</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension related items	2,459,231	1,208,691	776,728	387,223
Deferred OPEB related items	356,019	162,494	121,258	59,296
Deferred lease related items	46,690,613	23,870,549	-	-
<b>Total Deferred Inflows of Resources</b>	<b>49,505,863</b>	<b>25,241,734</b>	<b>897,986</b>	<b>446,519</b>
<b>Net Position:</b>				
Net investment in capital assets	20,718,761	23,546,410	14,915,504	17,522
Unrestricted	1,966,249	(1,068,133)	17,991,711	381,546
<b>Total Net Position</b>	<b>\$ 22,685,010</b>	<b>\$ 22,478,277</b>	<b>\$ 32,907,215</b>	<b>\$ 399,068</b>

## CITY OF REDONDO BEACH

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Transit	Totals	
<b>Assets:</b>			
Current:			
Cash and investments	\$ -	\$ 37,989,362	\$ 36,374,773
Receivables:			
Accounts	-	850,867	51,530
Taxes	-	253,752	-
Accrued interest	-	193,802	-
Leases	-	71,025,495	-
Prepaid costs	-	30,000	6,995
Due from other governments	581,056	581,056	-
Due from other funds	-	234,297	-
Restricted:			
Cash with fiscal agent	312	2,498	23,834
<b>Total Current Assets</b>	<b>581,368</b>	<b>111,161,129</b>	<b>36,457,132</b>
Noncurrent:			
Capital assets - net of accumulated depreciation	1,242,959	65,507,733	8,641,590
<b>Total Noncurrent Assets</b>	<b>1,242,959</b>	<b>65,507,733</b>	<b>8,641,590</b>
<b>Total Assets</b>	<b>1,824,327</b>	<b>176,668,862</b>	<b>45,098,722</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	308,493	-
Deferred pension related items	1,087,933	19,092,968	10,250,486
Deferred OPEB related items	26,036	386,904	197,888
<b>Total Deferred Outflows of Resources</b>	<b>1,113,969</b>	<b>19,788,365</b>	<b>10,448,374</b>
<b>Liabilities:</b>			
Current:			
Accounts payable	624,394	1,392,587	1,956,183
Accrued interest	4,451	75,310	41,334
Unearned revenues	3,581	45,799	-
Deposits payable	-	225,634	-
Due to other funds	37,755	582,741	-
Accrued compensated absences	24,873	113,759	73,824
Accrued claims and judgments	-	-	919,969
Long-term debt - due within one year	36,897	949,237	342,615
<b>Total Current Liabilities</b>	<b>731,951</b>	<b>3,385,067</b>	<b>3,333,925</b>
Noncurrent:			
Accrued compensated absences	74,614	341,273	221,472
Accrued claims and judgments	-	-	23,318,210
Long-term debt - due in more than one year	1,071,385	23,176,155	9,948,575
Net pension liability	400,115	13,247,510	5,294,218
Net OPEB liability	78,304	1,163,623	595,154
<b>Total Noncurrent Liabilities</b>	<b>1,624,418</b>	<b>37,928,561</b>	<b>39,377,629</b>
<b>Total Liabilities</b>	<b>2,356,369</b>	<b>41,313,628</b>	<b>42,711,554</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	190,852	5,022,725	2,241,867
Deferred OPEB related items	50,437	749,504	383,348
Deferred lease related items	-	70,561,162	-
<b>Total Deferred Inflows of Resources</b>	<b>241,289</b>	<b>76,333,391</b>	<b>2,625,215</b>
<b>Net Position:</b>			
Net investment in capital assets	1,242,959	60,441,156	8,641,590
Unrestricted	(902,321)	18,369,052	1,568,737
<b>Total Net Position</b>	<b>\$ 340,638</b>	<b>\$ 78,810,208</b>	<b>\$ 10,210,327</b>

## CITY OF REDONDO BEACH

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			
	Harbor Tidelands	Harbor Uplands	Wastewater	Solid Waste
<b>Operating Revenues:</b>				
Sales and service charges	\$ 821,759	\$ 2,165,448	\$ 5,417,916	\$ 5,273,286
Harbor rentals	6,778,041	4,036,761	-	-
Miscellaneous	11,843	37,275	-	276,141
<b>Total Operating Revenues</b>	<b>7,611,643</b>	<b>6,239,484</b>	<b>5,417,916</b>	<b>5,549,427</b>
<b>Operating Expenses:</b>				
Administration and general	648,975	585,424	310,858	52,181
Personnel services	4,591,622	2,780,378	708,422	690,497
Contractual services	650,497	426,748	459,791	4,133,366
Internal service charges	989,999	1,283,922	538,353	351,248
Depreciation expense	425,708	499,709	419,108	6,367
<b>Total Operating Expenses</b>	<b>7,306,801</b>	<b>5,576,181</b>	<b>2,436,532</b>	<b>5,233,659</b>
Operating Income (Loss)	304,842	663,303	2,981,384	315,768
<b>Nonoperating Revenues (Expenses):</b>				
Intergovernmental	-	1,000,000	-	26,067
Interest revenue	(43,110)	133,131	(666,571)	-
Interest expense	(286,754)	(95,003)	(329,761)	(36,926)
Gain (loss) on disposal of capital assets	-	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(329,864)</b>	<b>1,038,128</b>	<b>(996,332)</b>	<b>(10,859)</b>
Income (Loss) Before Transfers	(25,022)	1,701,431	1,985,052	304,909
Transfers in	-	-	-	4,000
Transfers out	(98,223)	(1,651,397)	-	-
Changes in Net Position	(123,245)	50,034	1,985,052	308,909
<b>Net Position:</b>				
Beginning of Year	22,808,255	22,428,243	30,922,163	90,159
<b>End of Fiscal Year</b>	<b>\$ 22,685,010</b>	<b>\$ 22,478,277</b>	<b>\$ 32,907,215</b>	<b>\$ 399,068</b>

## CITY OF REDONDO BEACH

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Transit	Totals	
<b>Operating Revenues:</b>			
Sales and service charges	\$ 255	\$ 13,678,664	\$ 21,293,982
Harbor rentals	-	10,814,802	-
Miscellaneous	25	325,284	210,271
<b>Total Operating Revenues</b>	<b>280</b>	<b>24,818,750</b>	<b>21,504,253</b>
<b>Operating Expenses:</b>			
Administration and general	503,047	2,100,485	11,166,410
Personnel services	154,292	8,925,211	3,085,894
Contractual services	3,310,313	8,980,715	2,296,792
Internal service charges	299,918	3,463,440	1,821,260
Depreciation expense	137,507	1,488,399	1,571,393
<b>Total Operating Expenses</b>	<b>4,405,077</b>	<b>24,958,250</b>	<b>19,941,749</b>
Operating Income (Loss)	(4,404,797)	(139,500)	1,562,504
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental	3,265,558	4,291,625	-
Interest revenue	-	(576,550)	-
Interest expense	(32,168)	(780,612)	(299,809)
Gain (loss) on disposal of capital assets	-	-	57,180
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,233,390</b>	<b>2,934,463</b>	<b>(242,629)</b>
Income (Loss) Before Transfers	(1,171,407)	2,794,963	1,319,875
Transfers in	1,512,045	1,516,045	-
Transfers out	-	(1,749,620)	-
Changes in Net Position	340,638	2,561,388	1,319,875
<b>Net Position:</b>			
Beginning of Year	-	76,248,820	8,890,452
<b>End of Fiscal Year</b>	<b>\$ 340,638</b>	<b>\$ 78,810,208</b>	<b>\$ 10,210,327</b>

## CITY OF REDONDO BEACH

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Harbor Tidelands</b>	<b>Harbor Uplands</b>	<b>Wastewater</b>	<b>Solid Waste</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 7,319,750	\$ 5,854,799	\$ 5,393,968	\$ 5,506,653
Cash paid to suppliers for goods and services	(2,423,728)	(2,495,843)	(1,804,055)	(5,121,223)
Cash paid to employees for services	(12,639,448)	(4,487,799)	(4,451,889)	(1,830,093)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(7,743,426)</b>	<b>(1,128,843)</b>	<b>(861,976)</b>	<b>(1,444,663)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers out	(98,223)	(1,651,397)	-	-
Cash transfers in	-	-	-	4,000
Payment to other funds	(127,461)	-	-	-
Received from other funds	-	-	-	-
Proceeds from non-capital debt issued	9,816,212	3,256,992	3,302,228	1,266,608
Interest paid on non-capital debt	(247,327)	(81,921)	(108,616)	(31,839)
Cash received from other governments	-	1,000,000	-	26,067
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>9,343,201</b>	<b>2,523,674</b>	<b>3,193,612</b>	<b>1,264,836</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(743,438)	(75,909)	(1,464,748)	-
Principal paid on capital debt	-	-	(310,000)	-
Interest paid on capital debt	-	-	(208,430)	-
Proceeds from sale of capital assets	-	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(743,438)</b>	<b>(75,909)</b>	<b>(1,983,178)</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	(99,843)	100,418	(652,507)	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(99,843)</b>	<b>100,418</b>	<b>(652,507)</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>756,494</b>	<b>1,419,340</b>	<b>(304,049)</b>	<b>(179,827)</b>
Cash and Cash Equivalents at Beginning of Year	11,759,780	1,683,803	21,095,815	1,760,192
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 12,516,274</b>	<b>\$ 3,103,143</b>	<b>\$ 20,791,766</b>	<b>\$ 1,580,365</b>

## CITY OF REDONDO BEACH

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>		<b>Governmental Activities- Internal Service Funds</b>
	<b>Transit</b>	<b>Totals</b>	
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ (17,010)	\$ 24,058,160	\$ 21,467,342
Cash paid to suppliers for goods and services	(4,084,258)	(15,929,107)	(14,694,155)
Cash paid to employees for services	(1,565,266)	(24,974,495)	(14,663,294)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(5,666,534)</b>	<b>(16,845,442)</b>	<b>(7,890,107)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers out	-	(1,749,620)	-
Cash transfers in	1,512,045	1,516,045	-
Payment to other funds	-	(127,461)	-
Received from other funds	37,755	37,755	-
Proceeds from non-capital debt issued	1,108,282	18,750,322	10,291,190
Interest paid on non-capital debt	(27,717)	(497,420)	(255,134)
Cash received from other governments	2,796,175	3,822,242	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>5,426,540</b>	<b>21,751,863</b>	<b>10,036,056</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	-	(2,284,095)	(301,227)
Principal paid on capital debt	-	(310,000)	(96,652)
Interest paid on capital debt	-	(208,430)	(3,341)
Proceeds from sale of capital assets	-	-	61,695
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(2,802,525)</b>	<b>(339,525)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	-	(651,932)	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>-</b>	<b>(651,932)</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(239,994)</b>	<b>1,451,964</b>	<b>1,806,424</b>
Cash and Cash Equivalents at Beginning of Year	240,306	36,539,896	34,592,183
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 312</b>	<b>\$ 37,991,860</b>	<b>\$ 36,398,607</b>

## CITY OF REDONDO BEACH

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Harbor Tidelands</b>	<b>Harbor Uplands</b>	<b>Wastewater</b>	<b>Solid Waste</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 304,842	\$ 663,303	\$ 2,981,384	\$ 315,768
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	425,708	499,709	419,108	6,367
(Increase) decrease in accounts receivable	(5,768)	(204,122)	6,184	(42,774)
(Increase) decrease in taxes receivable	-	-	(30,132)	-
(Increase) decrease in leases receivable	(46,974,983)	(24,050,512)	-	-
(Increase) decrease in deferred outflow pension related items	(8,785,217)	(3,002,029)	(2,866,411)	(1,122,255)
(Increase) decrease in deferred outflow OPEB related items	2,255	6,318	4,702	748
(Increase) decrease in prepaid expense	-	-	-	-
Increase (decrease) in accounts payable	172,794	(35,164)	(372,290)	(531,562)
Increase (decrease) in deposits payable	(1,755)	(600)	-	-
Increase (decrease) in unearned revenue	-	-	-	-
Increase (decrease) in claims and judgments	-	-	-	-
Increase (decrease) in net pension liability	(1,876,451)	103,327	(1,552,378)	(403,988)
Increase (decrease) in OPEB liability	(307,051)	(164,585)	(122,763)	(52,866)
Increase (decrease) in deferred inflow pension related items	2,422,667	1,186,897	742,858	374,277
Increase (decrease) in deferred inflow OPEB related items	183,128	78,669	58,716	30,153
Increase (decrease) in deferred inflow lease related items	46,690,613	23,870,549	-	-
Increase (decrease) in compensated absences	5,792	(80,603)	(130,954)	(18,531)
<b>Total Adjustments</b>	<b>(8,048,268)</b>	<b>(1,792,146)</b>	<b>(3,843,360)</b>	<b>(1,760,431)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (7,743,426)</b>	<b>\$ (1,128,843)</b>	<b>\$ (861,976)</b>	<b>\$ (1,444,663)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Net Amortization of Premium and Deferred Loss	\$ -	\$ -	\$ 549	\$ -

## CITY OF REDONDO BEACH

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Transit	Totals	
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (4,404,797)	\$ (139,500)	\$ 1,562,504
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	137,507	1,488,399	1,571,393
(Increase) decrease in accounts receivable	-	(246,480)	(36,911)
(Increase) decrease in taxes receivable	-	(30,132)	-
(Increase) decrease in leases receivable	-	(71,025,495)	-
(Increase) decrease in deferred outflow pension related items	(945,010)	(16,720,922)	(8,920,746)
(Increase) decrease in deferred outflow OPEB related items	37	14,060	10,347
(Increase) decrease in prepaid expense	-	-	691
Increase (decrease) in accounts payable	71,215	(695,007)	(84,892)
Increase (decrease) in deposits payable	-	(2,355)	-
Increase (decrease) in unearned revenue	(17,290)	(17,290)	-
Increase (decrease) in claims and judgments	-	-	769,637
Increase (decrease) in net pension liability	(664,520)	(4,394,010)	(4,609,361)
Increase (decrease) in OPEB liability	(42,195)	(689,460)	(367,211)
Increase (decrease) in deferred inflow pension related items	179,515	4,906,214	2,140,743
Increase (decrease) in deferred inflow OPEB related items	26,206	376,872	189,829
Increase (decrease) in deferred inflow lease related items	-	70,561,162	-
Increase (decrease) in compensated absences	(7,202)	(231,498)	(116,130)
<b>Total Adjustments</b>	<b>(1,261,737)</b>	<b>(16,705,942)</b>	<b>(9,452,611)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (5,666,534)</b>	<b>\$ (16,845,442)</b>	<b>\$ (7,890,107)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Net Amortization of Premium and Deferred Loss	\$ -	\$ 549	\$ -

## CITY OF REDONDO BEACH

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2022

		Private-Purpose Trust Fund
	Custodial Funds	Redevelopment Obligation Retirement Fund
<b>Assets:</b>		
Pooled cash and investments	\$ 178,012	\$ 1,266,231
Receivables:		
Accounts	37,758	21,649
Accrued interest	-	3,485
<b>Total Assets</b>	<b>215,770</b>	<b>1,291,365</b>
<b>Liabilities:</b>		
Accrued interest	-	145,885
Due to other governments	-	1,631,240
Advances from City	-	535,731
Long-term liabilities:		
Due in one year	-	545,000
Due in more than one year	-	15,020,257
<b>Total Liabilities</b>	<b>-</b>	<b>17,878,113</b>
<b>Net Position:</b>		
Held in trust for other purposes	215,770	(16,586,748)
<b>Total Net Position</b>	<b>\$ 215,770</b>	<b>\$ (16,586,748)</b>

## CITY OF REDONDO BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2022

		Private-Purpose Trust Fund
	Custodial Funds	Redevelopment Obligation Retirement Fund
<b>Additions:</b>		
Charges for services	\$ -	\$ 257,241
Investment earnings	-	(4,344)
<b>Total Additions</b>	<b>-</b>	<b>252,897</b>
<b>Deductions:</b>		
Administrative expenses	-	257,717
Interest expense	-	291,770
<b>Total Deductions</b>	<b>-</b>	<b>549,487</b>
<b>Changes in Net Position</b>	<b>-</b>	<b>(296,590)</b>
<b>Net Position:</b>		
Beginning of the year, as originally reported	215,770	(17,517,259)
Restatements	-	1,227,101
Beginning of the year, as restated	215,770	(16,290,158)
<b>Net Position - End of the Year</b>	<b>\$ 215,770</b>	<b>\$ (16,586,748)</b>

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## **NOTES TO FINANCIAL STATEMENTS**

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NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022

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

The basic financial statements of the City of Redondo Beach, California (City) have been prepared in conformity with generally accepted accounting principles (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 more significant of the City's accounting policies are described below.

**a. Financial Reporting Entity**

The City was incorporated on April 29, 1892, under the laws of the State of California and enjoys all the rights and privileges applicable to a Charter City. It is governed by an elected Mayor and a five-member council.

As required by GAAP, the financial statements present the City and its component units, entities for which the City is substantively the same governing body of the component unit's governing body and there is either a financial benefit or burden relationship between the City and the component units. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The City had no discretely presented component units. The following entities are reported as blended component units:

The Parking Authority of the City of Redondo Beach (Parking Authority) was established on March 3, 1969, pursuant to the provisions of the Streets and Highway Code of the State of California. The principal purpose of the Parking Authority is to provide public off-street parking within the City. The Parking Authority serves all the citizens of the government and is governed by a board comprised of the government's elected council. The Parking Authority is considered a blended component unit due to the financial benefit or burden relationship the Parking Authority shares with the City as its financial transactions are reported in a Debt Service Fund. Separate financial statements are not prepared for this blended component unit.

The Redondo Beach Housing Authority (Housing Authority) was formed on June 2, 1975, for the purpose of providing affordable, decent housing for lower income residents of the City. The Housing Authority operates the Fair Housing and Section 8 housing programs. The Housing Authority serves all the citizens of the government and is governed by a board comprised of the government's elected council. The Housing Authority is considered a blended component unit due to the financial benefit or burden relationship the Housing Authority shares with the City as its financial transactions are reported in a Special Revenue Fund. Separate financial statements are not prepared for this blended component unit.

The Redondo Beach Public Financing Authority (Public Financing Authority), a joint powers authority, was formed on June 25, 1996, to provide financing for capital improvement projects. The Redevelopment Agency joined with the City to form the Public Financing Authority to operate rental property and issue bonds to provide funds for public capital improvements. The Public Financing Authority has the same governing board as the City, which also performs all accounting and administrative functions for the Public Financing Authority. The Public Financing Authority is considered a blended component unit due to the financial benefit or burden relationship the Public Financing Authority shares with the City as its financial transactions are reported in a Debt Service Fund. Separate financial statements are not prepared for this blended component unit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

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

The Redondo Beach Community Financing Authority (Community Financing Authority), a joint powers authority was formed on January 31, 2012, to provide financing for capital improvement projects as the State's elimination of the Redevelopment Agency, which was a member of the Public Financing Authority, created the need for a new financing authority. The Parking Authority joined with the City to form the Community Financing Authority. The Community Financing Authority has the same governing board as the City, which also performs all accounting and administrative functions for the Community Financing Authority. The Community Financing Authority is considered a blended component unit due to the financial benefit or burden relationship the Community Financing Authority shares with the City as its financial transactions are combined with the Public Financing Authority and reported in a Debt Service Fund. The Community Financing Authority does not issue separate financial statements.

**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 with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental 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.

Government - Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, deferred inflows of resources, 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. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses reported for specific functions.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

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

Certain eliminations have been made in regard 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 to/from other funds
- Advances to/from other funds
- Transfers in/out

*Governmental Fund Financial Statements*

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The City has presented all major funds that have met the applicable criteria.

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 presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except for revenues subject to accrual (generally 60 days after year-end), which are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, franchise taxes, special assessments, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable or unearned revenue is removed, and revenue is recognized.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

- General Fund - The City's primary operating fund that accounts for all financial resources of the general government except those required to be accounted for in another fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

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

- Other Intergovernmental Grants Special Revenue Fund - To account for federal, state and other governmental agencies grant funding that supplements local funding.
- Low-Mod Income Housing Asset Special Revenue Fund - To account for all transferred housing assets of the dissolved Redevelopment Agency and funds generated from those housing assets.
- Public Financing Authority – to account for the issuance of debt to finance public capital improvement projects and to account for the payment of interest and principal on debt incurred.

*Proprietary Fund Financial Statements*

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each proprietary fund.

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.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (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. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following enterprise funds as major proprietary funds:

- Harbor Tidelands Fund – To account for the operations of small boat harbor facilities available to the general public, including related pier activities. The use of this fund is restricted under the City Tideland Trust Agreement with the State of California.
- Harbor Uplands Fund – To account for the operations of small boat harbor facilities available to the general public, including related pier activities. The use of this fund is subject only to the decisions of the City Council.
- Wastewater Fund – To account for the capital facility charge and a sewer user fee. The charges are designed to reimburse the City's wastewater system for the capital and maintenance and operations costs necessary for providing wastewater capacity to system users. These charges are associated with the expansion of the system required over time to address increases in wastewater flow generated by new development.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

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

- Solid Waste Fund – To accounts for the revenues and expenses related to the City's comprehensive solid waste program, which includes refuse collection, recycling and hazardous waste disposal.
- Transit Fund – To accounts for public transportation programs and projects of the City.

*Fiduciary Fund Financial Statements*

Fiduciary Funds are using the "*economic resources*" measurement focus and the accrual basis of accounting. The City reports a private-purpose trust and a custodial fund. Private-purpose trust funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. Custodial funds account for assets held by the city for other governments or individuals in a custodial capacity.

**c. Cash, Cash Equivalents and Investments**

The City pools its available cash for investment purposes. 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. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk
- Foreign Currency Risk

For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

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

**d. Restricted Cash and Investments**

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt, for acquisition and construction of capital projects, or to serve as collateral for debt. Cash and investments are also restricted for deposits held for others within the enterprise funds.

**e. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**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 either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans)." Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

**g. Capital Assets**

In the Government-Wide Financial Statements, capital assets, which include land, buildings, right-to-use buildings, improvements, equipment, furniture, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets and capital assets received in a service concession are valued at their acquisition value rather than fair value. City policy has set the capitalization threshold for reporting capital assets at the following:

General Capital Assets	\$ 5,000
Infrastructure Capital Assets	25,000
Buildings, Paring Structures and Parking Lots	100,000

The City has chosen the Modified Approach for reporting of the Street Pavement Subsystem infrastructure assets, and as a result no depreciation is recorded for that system; instead, all expenditures made for these assets, except for additions and improvements, are expensed in the year incurred. For all other assets, depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	5-45
Equipment	5-20
Vehicles	4-20
Infrastructure	5-60

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**


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

The City defines infrastructure as the physical assets that allow the City to function. These assets include:

- Streets system
- Site amenities such as parking and landscaped areas used by the City in the conduct of its business
- Underground utilities

Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these financial statements; however, the City maintains detailed information on these subsystems.

In May 2020, a physical assessment of all pavement segments was conducted to assess the existing surface condition of each of the individual pavement segments. Upon completion of the study, a Pavement Condition Index (PCI) was calculated for each segment in the City's pavement network to reflect the overall pavement condition. Ratings ranged from 0 to 100. A PCI of 0 would correspond to badly deteriorated pavement with virtually no remaining life; a PCI of 100 would correspond to pavement with proper engineering design and construction at the beginning of its life cycle. During the year, the comprehensive survey is updated to reflect the pavement's current condition.

The following conditions were defined:

<u>Condition</u>	<u>Rating</u>
Very Good	70-100
Good	50-69
Poor	25-49
Very Poor	0-24

In line with the Capital Improvement Program and as presented to the City Council on January 16, 2018, City policy is to achieve an average PCI rating of 75 for all streets beginning in fiscal year 2028. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds. For 2020, 2021 and 2022, the City's street system was rated at a PCI of 66, 72 and 70 on the average, respectively.

For a detailed description of the Modified Approach, see the Required Supplementary Information section of this report.

For all other infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting. As such, the City records the assets at historical cost and depreciates them over their useful lives, and regularly evaluates them for impairment. Expenditures that extend the life of the asset are capitalized.

In the governmental fund financial statements, capital assets are not presented. Consequently, capital assets are a reconciling item and are shown in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

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

**h. 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, governmental fund types do not recognize interest payable, while proprietary fund and fiduciary fund types recognize the interest payable when the liability is incurred.

**i. Unearned/Unavailable Revenue**

In the financial statements, unearned revenue is recognized for transactions in which revenue has not yet been earned, and unavailable revenue is recognized for transactions in which revenue is measurable but not available. Typical transactions recorded as unearned revenues in the financial statements are prepaid charges for services, and grants received but not yet earned. Typical transactions recorded as unavailable revenues in the financial statements are long term loans receivable, and reimbursable grants that are not collected in the City's availability period.

**j. Compensated Absences Payable**

Only the short-term liability for compensated absences (the amount due to employees for future absences, such as vacation and compensatory time, which are attributable to services already rendered) is reported as a current liability in the governmental funds and only if they have matured, for example, as a result of employee resignations and retirements; the long-term liability is reported in the government-wide financial statements. The short-term liability is the amount that will be liquidated with current financial resources and is expected to be paid during the next fiscal year. All of the liability for compensated absences applicable to proprietary funds is reported in those funds.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Employees may accrue from two to three times their annual accrual rate. Upon termination an employee will be paid for any unused accrued vacation pay. Sick leave is payable when an employee is unable to work because of illness. Unused sick leave is forfeited upon termination.

**k. Claims and Judgments Payable**

The short-term and long-term claims are reported as liabilities in the Self-Insurance Program Internal Service Fund. The short-term liability which will be liquidated with *current financial resources* is the amount of the settlement reached, but unpaid, related to claims and judgments entered.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

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

**I. Long-Term Debt**

*Government-Wide Financial Statements*

Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount.

*Fund Financial Statements*

The fund financial statements do not present long-term debt. Consequently, long-term debt is a reconciling item and is shown in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount.

**m. Pension Plans**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

**n. Net Position**

In the Government-Wide Financial Statements, net position is classified in the following categories:

*Net Investment in Capital Assets* - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

*Restricted Net Position* - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

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

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

**o. Fund Balances**

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable – Nonspendable fund balances are items that are not expected to be converted to cash, such as prepaid items and inventories, or items that are required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resources providers, such as grant providers, constitutionally, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed - Committed fund balances include amounts that can be used only for the specific purposes when the City Council passes a resolution that places specific constraints on how the resources may be used. The City Council can modify or rescind the resolution at any time through passage of an additional resolution.

Assigned - Assigned fund balances comprise amounts intended to be used by the government for specific purposes, but are neither restricted nor committed. Intent is expressed when the City Council approves which resources should be assigned to expenditures of particular purposes during the adoption of the annual budget. The City Manager uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's fund financial statements.

Unassigned - Unassigned fund balance is a residual (surplus) classification used for the General Fund only and includes amounts not contained in the other classifications. Unassigned amounts in the General Fund are technically available for any purpose. If a governmental fund, other than the General Fund, has a fund balance deficit, it will be reported as a negative amount in the unassigned classification in that fund.

**p. Spending Policy**

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

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 source:

- Restricted
- Committed
- Assigned
- Unassigned

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

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

**q. Property Taxes**

Under California law, property taxes are assessed and collected by the counties on 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.

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

**r. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

**s. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunding debt. Secondly, the City also has deferred outflows related to pensions, which arises only under a full accrual basis of accounting. Accordingly, this item (pension related items), is reported only in the government-wide statement of net position. This includes pension contributions subsequent to the measurement date of the net pension liability and other amounts (see Note 11), which are amortized by an actuarial determined period. Thirdly, the City has deferred outflows related to Other Post-Employment Benefits (OPEB), which include contributions subsequent to the measurement date of the total OPEB liability and other amounts:

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in this category:

1. Unavailable revenue reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grant revenues. These amounts are deferred and recognized as an inflow of resources in the period when they become available.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**


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

2. Pension and OPEB related deferred inflows are reported only on the Statement of Net Position. The government reports deferred inflows of resources related to pensions arising from certain changes in the net pension liability, net pension asset, or net OPEB asset. Deferred inflows and outflows of resources related to changes in the net pension liability, net pension asset, and net OPEB asset are recognized systematically over time. Amounts are first recognized in the year the change occurs. The remaining amounts are to be recognized in future periods. The recognition period differs depending on the source of the change, and they currently are amortized over 5 years or the average remaining service life time.
3. A deferred inflow of resources related to leases is reported for the value of lease receivable payments to be recognized as an inflow of resources in a systematic and rational manner over the term of the lease agreements.

**t. Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

**u. Recognition of Deferred Outflows and Deferred Inflows of Resources**

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARL) (8.5 years at July 1, 2021)

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**Note 2: Stewardship, Compliance, and Accountability**

## Deficit Fund Balance

The following funds had a deficit balance as of June 30, 2022:

Major Funds	
Other Intergovernmental Grants	\$ (6,858,755)
Non-Major Funds	
Local Transportation Article 3	(907)
Community Development Block Grant	(68,854)
Internal Service Funds	
Building Occupancy	(99,599)
Self-Insurance Program	(11,254,483)
Private-Purpose Trust Fund	(16,586,748)

The deficit fund balances are expected to be recovered through grant and other reimbursement revenues. For the Private-Purpose Trust Fund, deficit will be recovered from future payments from the County Redevelopment Property Tax Trust Fund.

**Note 3: Cash and Investments**

Cash and investments are presented on the Statement of Net Position as follows at June 30, 2022:

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 91,740,889	\$ 37,989,362	\$ 129,730,251	\$ 1,444,243	\$ 131,174,494
Restricted cash and investments with fiscal agents	732,875	2,498	735,373	-	735,373
	<u>\$ 92,473,764</u>	<u>\$ 37,991,860</u>	<u>\$ 130,465,624</u>	<u>\$ 1,444,243</u>	<u>\$ 131,909,867</u>

Cash, cash equivalents, and investments consisted of the following at June 30, 2022:

Cash and cash equivalents:	
Petty cash	\$ 12,800
Demand deposits - City	22,636,856
Demand deposits - Successor Agency	801,426
Total cash and cash equivalents	<u>23,451,082</u>
Investments:	
Local Agency Investment Fund (LAIF) - City	19,956,523
Local Agency Investment Fund (LAIF) - Successor Agency	1,838,087
Negotiable certificates of deposit	1,226,022
Corporate Bonds	8,852,270
US Government Securities	31,265,000
Federal Agency Securities	44,585,510
Total investments	<u>107,723,412</u>
Total cash and investments	<u>131,174,494</u>
Cash and investments with fiscal agents	<u>735,373</u>
Total	<u>\$ 131,909,867</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

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

**a. Cash Deposits**

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

**b. Investments**

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

- United States Treasury Bills, Notes and Bonds
- Obligations issued by the Federal Government
- Bankers' Acceptances with a maturity of 180 days or less
- Time Certificates of Deposits
- Negotiable Certificates of Deposit
- Commercial Paper with a maturity of 270 days or less
- Local Agency Investment Fund (LAIF) limited to \$65,000,000 by LAIF
- Medium-Term Notes (5 year maximum) of Domestic Corporations or Depository Institutions
- Mutual Funds
- Guaranteed Investment Contracts not to exceed \$5 million annually
- Certificate of Deposit Placement Services
- Collateralized Bank Deposits
- Supranationals

The City investment policy applies to all financial assets, investment activities and debt issues of the City (including funds which are invested by trustees appointed under debt trust indentures, with direction from the City Treasurer).

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2022, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities.

Structured Notes Debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/ or that have embedded forwards or options.

Asset-Backed Securities Generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2022, the City and the Successor Agency had \$21,794,610 invested in LAIF, which had invested 1.10% of the pool investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 0.987125414 was used to calculate the fair value of the investments in LAIF.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

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

**c. Deposit and Investment Risk**

*Credit Risk*

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "A" or higher by Standard and Poor's (S&P) or "A2" or higher by Moody's. As of June 30, 2022, all MTN's were rated "A2" or higher by Moody's. As of June 30, 2022, the City's Federal Agency investments were rated "AA+" by Moody's and "Aaa" by S&P. All securities were investment grade and were in accordance with State and City law. Investments in U.S. government securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2022, the City's investments in external investment pools are unrated.

*Custodial Credit Risk*

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The carrying amounts of the City's cash deposits were \$23,438,282 at June 30, 2022. Bank balances at June 30, 2022, were \$23,904,388 which were fully insured or collateralized with securities 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 fair 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 which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

*Concentration of Credit Risk*

The City's investment policy imposes restrictions on the maximum percentage it can invest in a single type of investment. Investments in Federal Agencies have the implied guarantee of the United States government. While all the City's investments are in compliance with the City's investment policy as of June 30, 2022, in accordance with GASB Statement No. 40, if a City has invested more than 5% of its total investments in any one issuer, they are exposed to concentration of credit risk. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

## Note 3: Cash and Investments (Continued)

As of June 30, 2022, the City has invested more than 5% of its total investment value with the following issuers:

		% of Total Investments
Federal Home Loan Bank	\$ 17,358,880	14%
Federal Farm Credit Bank	15,402,420	16%
Federal National Mortgage Association	6,833,910	6%
Federal Home Loan Mortgage Corporation	4,990,300	5%
	<u>\$ 44,585,510</u>	<u>41%</u>

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 50% of the City's portfolio shall mature in three years or less; and at least 25% in one year or less. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2022, the City had the following investments and remaining maturities:

Investment Types	Investment Maturities				Fair Value
	Up to 1 year	1 to 2 years	2 to 3 years	3 to 5 years	
External Investment Pools -	\$ 21,794,610	\$ -	\$ -	\$ -	\$ 21,794,610
Local Agency Investment Fund					
Negotiable certificate of deposits	248,543	736,490	240,989	-	1,226,022
US Treasury Notes	9,968,950	3,854,680	1,929,300	15,512,070	31,265,000
Federal Agencies					
Federal Farm Credit Bank	2,001,420	10,476,360	2,924,640	-	15,402,420
Federal Home Loan Bank	4,002,360	-	1,985,800	11,370,720	17,358,880
Fannie Mae	-	-	-	-	-
Federal National Mortgage Association	1,999,060	-	4,834,850	-	6,833,910
Federal Home Loan Mortgage Corporation	-	-	-	4,990,300	4,990,300
Corporate Bonds	1,999,000	6,853,270	-	-	8,852,270
Total Investments	<u>\$ 42,013,943</u>	<u>\$ 21,920,800</u>	<u>\$ 11,915,579</u>	<u>\$ 31,873,090</u>	<u>\$ 107,723,412</u>

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**Note 3: Cash and Investments (Continued)**Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2022.

Investments by Fair Value Level	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
US Treasury Notes	\$ 31,265,000	\$ 31,265,000	\$ -	\$ -
Federal Farm Credit Bank	15,402,420	-	15,402,420	-
Federal Home Loan Bank	17,358,880	-	17,358,880	-
Federal Home Loan Mortgage Corporation	4,990,300	-	4,990,300	-
Federal National Mortgage Association	6,833,910	-	6,833,910	-
Corporate Bonds	8,852,270	-	8,852,270	-
Negotiable Certificates of Deposit	1,226,022	-	1,226,022	-
Total Investments by Fair Value Level	85,928,802	\$ 31,265,000	\$ 54,663,802	\$ -
Investments measured at Net Asset Value				
Local Agency Investment Fund (LAIF)	21,794,610			
Total Investments	\$ 107,723,412			

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Investments classified in Level 2 of the fair value hierarchy are valued using specified fair value factors. Federal Agency Securities classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes.

**Note 4: Receivables**

The following is a summary of receivables net of allowances for uncollectible amounts at June 30, 2022:

	Government-wide Statement of Net Position		Fiduciary Funds Statement of Net Position	Total
	Governmental Activities	Business-Type Activities		
Accounts Receivable	\$ 3,802,802	\$ 850,867	\$ 59,407	\$ 4,713,076
Taxes receivable	7,001,286	253,752	-	7,255,038
Accrued interest receivable	255,076	193,802	3,485	452,363
Notes and loans receivable	2,992,785	-	-	2,992,785
Leases receivable	5,682,921	71,025,495	-	76,708,416
	<u>\$ 19,734,870</u>	<u>\$ 72,323,916</u>	<u>\$ 62,892</u>	<u>\$ 92,121,678</u>

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

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**Note 4: Receivables (Continued)**

At June 30, 2022, the Fund Financial Statements show the following receivables:

**a. Accounts Receivable**

Accounts receivable consisted of amounts accrued in separate funds in the ordinary course of operations. The total amount of accounts receivable for each major fund and non-major fund in the aggregate as of June 30, 2022, was as follows:

Governmental Funds:	
General Fund	\$ 3,192,800
Other Intergovernmental Grants	429,000
Public Financing Authority	4,856
Remaining Governmental Funds	<u>124,616</u>
Total Governmental Funds	<u>3,751,272</u>
Proprietary Funds:	
Harbor Tidelands	351,466
Harbor Uplands	333,942
Wastewater	19,313
Solid Waste	146,146
Internal Service Funds	<u>51,530</u>
Total proprietary funds	<u>902,397</u>
Total	<u>\$ 4,653,669</u>

**b. Accrued Interest Receivable**

Interest receivable consists of interest from investments pooled by the City and is distributed among the funds according to their ending cash balances. The interest receivable as of June 30, 2022, was as follows:

Governmental Funds:	
General Fund	\$ 210,047
Public Financing Authority	334
Remaining Governmental Funds	<u>44,695</u>
Total Governmental Funds	<u>255,076</u>
Proprietary Funds:	
Harbor Tidelands	96,928
Harbor Uplands	36,849
Wastewater	<u>60,025</u>
Total proprietary funds	<u>193,802</u>
Total	<u>\$ 448,878</u>

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

## Note 4: Receivables (Continued)

## c. Taxes Receivable

At June 30, 2022, the City had the following taxes receivable:

	Governmental Funds		Proprietary Funds		Total
	General Fund	Non-Major Governmental Funds	Wastewater Fund	Solid Waste Fund	
Type of Taxes					
Property Taxes	\$ 2,006,179	\$ 445,473	\$ 137,783	\$ 115,969	\$ 2,705,404
Sales Taxes	2,160,696	-	-	-	2,160,696
Transient Occupancy Taxes	1,260,891	-	-	-	1,260,891
Utility Users Taxes	693,272	-	-	-	693,272
Franchise Taxes	53,808	-	-	-	53,808
Transfer Taxes	380,967	-	-	-	380,967
Total Taxes	<u>\$ 6,555,813</u>	<u>\$ 445,473</u>	<u>\$ 137,783</u>	<u>\$ 115,969</u>	<u>\$ 7,255,038</u>

## d. Notes and Loans Receivable

At June 30, 2022, the City had the following notes and loans receivable:

	Governmental Funds			Total
	General Fund	Low-Mod Income Housing	Non-Major Governmental Funds	
Home Rehabilitation Loans	\$ -	\$ 389,992	\$ -	\$ 389,992
Housing Assistance Loans	-	-	326,229	326,229
Senior Housing Program	-	2,257,959	-	2,257,959
Computer Loan Program	18,605	-	-	18,605
Total	<u>\$ 18,605</u>	<u>\$ 2,647,951</u>	<u>\$ 326,229</u>	<u>\$ 2,992,785</u>

Home Rehabilitation Loans

At June 30, 2022, the City was owed, in its Low and Moderate Income Housing Asset Special Revenue Fund, \$389,992 for various home rehabilitation loans made by the City. The terms of repayment vary. Because the notes do not meet the City's availability criteria for revenue recognition, the City has classified the revenue related to these loans as deferred inflows of resources in the governmental funds. Revenue is recognized in the year of repayment. All loans are secured by trust deeds.

Housing Assistance Loans

At June 30, 2022, the City was owed, in its Community Development Block Grant Special Revenue Fund, \$326,229 for various housing assistance loans made by the City. The terms of repayment vary. Because the notes do not meet the City's availability criteria for revenue recognition, the City has classified the revenue related to these loans as deferred inflows of resources. Revenue is recognized in the year of repayment. All loans are secured by trust deeds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

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**Note 4: Receivables (Continued)**

Senior Housing Program

On June 21, 1995, the Agency loaned \$2,200,000 to the Corporate Fund for Housing (a California non-profit public benefit corporation) for the McCandless senior housing complex. The loan term is for 45 years and bears interest at 2% per annum. Any portion of the Agency loan remaining unpaid upon the 45th anniversary of completion will be forgiven. Repayments will be made from residual receipts of the housing complex. The loan is secured by the Agency Deed of Trust. At June 30, 2022, the loan receivable included accrued interest of \$57,959.

Computer Loan Program

The City has a computer loan program for employees to purchase computers. The maximum loan amount per employee is \$1,500 with a repayment term maximum of two years. Repayments from the employees are made through payroll deductions. At June 30, 2022, the loan receivable balance was \$18,605.

**Note 5: Leases**

The City implemented GASB Statement No. 87 in the fiscal year ended June 30, 2022. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

**a. Leases Receivable and Deferred Inflows of Resources**

The City entered into 31 leases as a Lessor for the use of various pieces of land and building. The terms range from 2 to 90 year beginning on the contract commencement date. As of June 30, 2022, the City reported a lease receivable of \$76,708,416, \$5,682,921 for governmental funds and \$71,025,495 for proprietary funds, respectively. The lessees were required to make monthly payments in fiscal year 2021-2022 ranging from \$788 to \$105,400. The leases have interest rates ranging from 0.218% to 2.217%. The value of the deferred inflow of resources as of June 30, 2022, was \$76,211,428 \$5,650,266 for governmental funds and \$70,561,162 for proprietary funds respectively, and the City recognized lease revenue of \$4,102,591, \$493,836 for governmental funds and \$3,607,755 for proprietary funds, respectively. The lessees have various extension options, ranging from one 12-month option to two 60-month options. Variable and other miscellaneous payments are not included in the amount receivable.

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

## Note 5: Leases (Continued)

The following is a schedule, by year, of minimum future lease rentals on non-cancellable operating leases as of June 30, 2022:

Fiscal Year	Governmental Activities		
	Lease Receivable	Interest Income	Minimum Future Rental Revenue
2023	\$ 461,758	\$ 80,060	\$ 541,818
2024	437,854	75,753	513,607
2025	357,334	71,636	428,970
2026	361,387	67,584	428,971
2027	365,485	63,485	428,970
2028 - 2032	397,459	287,349	684,808
2033 - 2037	107,996	277,004	385,000
2038 - 2042	117,599	267,401	385,000
2043 - 2047	128,056	256,943	384,999
2048 - 2052	139,444	245,556	385,000
2053 - 2057	151,843	233,156	384,999
2058 - 2062	165,346	219,654	385,000
2063 - 2067	180,049	204,951	385,000
2068 - 2072	196,059	188,940	384,999
2073 - 2077	213,494	171,506	385,000
2078 - 2082	232,478	152,521	384,999
2083 - 2087	253,151	131,849	385,000
2088 - 2092	275,662	109,338	385,000
2093 - 2097	300,175	84,825	385,000
2098 - 2102	326,867	58,132	384,999
2103 - 2107	355,934	29,066	385,000
2108 - 2110	157,491	2,926	160,417
Total	<u>\$ 5,682,921</u>	<u>\$ 3,279,635</u>	<u>\$ 8,962,556</u>

Fiscal Year	Business-Type Activities		
	Lease Receivable	Interest Income	Minimum Future Rental Revenue
2023	\$ 3,364,775	\$ 1,083,244	\$ 4,448,019
2024	3,482,441	1,046,647	4,529,088
2025	3,489,997	1,008,789	4,498,786
2026	3,532,716	970,322	4,503,038
2027	2,843,591	932,181	3,775,772
2028 - 2032	7,708,133	4,270,481	11,978,614
2033 - 2037	6,444,259	3,688,259	10,132,518
2038 - 2042	6,445,658	3,156,993	9,602,651
2043 - 2047	7,018,759	2,583,891	9,602,650
2048 - 2052	7,642,817	1,959,834	9,602,651
2053 - 2057	8,322,361	1,280,289	9,602,650
2058 - 2062	7,926,376	551,578	8,477,954
2063 - 2067	2,272,556	138,783	2,411,339
2068 - 2072	531,056	6,232	537,288
Total	<u>\$ 71,025,495</u>	<u>\$ 22,677,523</u>	<u>\$ 93,703,018</u>

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

Note 5: Leases (Continued)

b. Lease Payable and Right to Use Lease Assets

On July 1<sup>st</sup>, 2021, the City leased a building located at 1922 Artesia Boulevard for its Community Services Department for 102 months. A lease liability was recorded in the amount of \$2,245,558. As of June 30, 2022, the lease liability is \$2,002,632. The City is required to make monthly fixed payments of \$20,798. The lease has an interest rate of 0.4570%. The value of the right to use the asset as of June 30, 2022, is \$2,245,558 with accumulated amortization of \$264,183. The City has one extension option on the lease of 60 months.

The right to use leased assets at June 30, 2022, include the following:

<u>Lease Underlying Asset</u>	<u>Amount of Leased Capital Assets</u>	<u>Accumulated Amortization</u>
Community Service Department Building	<u>\$ 2,245,558</u>	<u>\$ 264,183</u>

Future principal and interest requirements to maturity for the lease liability are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 247,722	\$ 8,636	\$ 256,358
2024	253,481	7,492	260,973
2025	259,349	6,321	265,670
2026	265,328	5,124	270,452
2027	271,422	3,899	275,321
2028 - 2030	705,330	4,200	709,530
Total	<u>\$ 2,002,632</u>	<u>\$ 35,672</u>	<u>\$ 2,038,304</u>

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

## Note 6: Interfund Transactions

## a. Government-Wide Financial Statements

Internal Balances: At June 30, 2022, the City had the following internal receivables and payables for covering cash shortfalls:

	Internal Balances Receivable Governmental Activities
Internal Balances Payable Business-Type Activities	<u>\$ 348,444</u>

Transfers: The City had the following transfers as of June 30, 2022:

	Transfers In Business-Type Activities
Transfers Out Governmental Activities	<u>\$ 233,575</u>

## b. Fund Financial Statements

Due to/from Other Funds

The City had the following due to/from other funds as of June 30, 2022:

Due to Other Funds	Due from Other Funds				
	Governmental Funds			Enterprise Funds	
	General Fund	Public Financing Authority	Other Governmental Funds	Harbor Tidelands	Total
Governmental funds:					
Other Intergovernmental Grants	\$ 5,828,029	\$ -	\$ -	\$ -	\$ 5,828,029
Low-Mod Income Housing	303,213	-	-	-	303,213
Public Financing Authority	149,092	-	3,054,145	196,542	3,399,779
Other Governmental Funds	528,688	-	-	-	528,688
Enterprise Funds:					
Harbor Tidelands	-	544,986	-	-	544,986
Transit	-	-	-	37,755	37,755
Total	<u>\$ 6,809,022</u>	<u>\$ 544,986</u>	<u>\$ 3,054,145</u>	<u>\$ 234,297</u>	<u>\$ 10,642,450</u>

The \$5,828,029 due to other funds in the Other Intergovernmental Grants Fund is to cover negative cash balances.

The \$303,213 due to other funds in the Low-Mod Income Housing Fund is to due to the General Fund for housing compliance services.

Of the \$3,399,779 due to other funds in the Public Financing Authority, \$3,054,145 is due to the Capital Improvement Projects fund to cover project expenditures, \$149,092 is due to the General Fund for expenditures made on behalf of the Public Financing Authority and \$196,542 is for Kincaids rental income passed through to the Harbor Tidelands Fund.

The \$544,986 due to other funds in the Harbor Tidelands Fund is to cover the obligations of the Public Financing Authority (PFA) including a loan payoff and any excess of the Kincaid's Restaurant rental income.

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

## Note 6: Interfund Transactions (Continued)

Transfers

The City had the following transfers as of June 30, 2022:

Transfers Out	Transfers In					
	Governmental Funds			Enterprise Funds		
	General Fund	Public Financing Authority	Other Governmental Funds	Solid Waste	Transit	Total
Governmental funds:						
General Fund	\$ -	\$ -	\$ 8,915,217	\$ 4,000	\$ -	\$ 8,919,217
Other Intergovernmental Grants	97,538	19,614	-	-	-	117,152
Other Governmental Funds	367	-	-	-	1,512,045	1,512,412
Enterprise Funds:						
Harbor Tidelands	98,223	-	-	-	-	98,223
Harbor Uplands	-	1,651,397	-	-	-	1,651,397
Total	<u>\$ 196,128</u>	<u>\$ 1,671,011</u>	<u>\$ 8,915,217</u>	<u>\$ 4,000</u>	<u>\$ 1,512,045</u>	<u>\$ 12,298,401</u>

Of the \$8,919,217 transfer from the General Fund, \$7,918,163 was to fund capital projects, and \$997,054 was a street landscaping and lighting district subsidy.

Of the \$1,512,374 transfer from the non-major governmental funds, \$1,512,045 was transferred to the Transit Enterprise Fund from the Proposition A fund for a transit subsidy.

The \$98,223 transfer from the Harbor Tidelands Enterprise Fund to the General Fund was for the property tax in lieu fee.

The \$1,651,397 transfer from the Harbor Uplands Enterprise Fund to the Public Financing Authority for the 2019 Lease Revenue Refunding bond debt service payments.

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**Note 7: Capital Assets**

The City elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its street pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the "Modified Approach" is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the Basic Approach whereby accumulated depreciation and depreciation expense have been recorded.

At June 30, 2022, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 16,522,947	\$ 20,323,255	\$ 36,846,202
Construction in progress	25,823,514	7,068,218	32,891,732
Infrastructure-streets	54,054,036	-	54,054,036
Total non-depreciable assets	96,400,497	27,391,473	123,791,970
Depreciable assets:			
Buildings and improvements	58,117,371	39,016,662	97,134,033
Right-to-use buildings	2,245,558	-	2,245,558
Furniture and equipment	13,326,744	1,082,431	14,409,175
Automotive equipment	18,247,872	3,601,229	21,849,101
Infrastructure	99,670,237	33,634,671	133,304,908
Total depreciable assets	191,607,782	77,334,993	268,942,775
Less accumulated depreciation for:			
Buildings and improvements	28,216,727	21,743,313	49,960,040
Right-to-use buildings	264,926	-	264,926
Furniture and equipment	9,761,089	975,251	10,736,340
Automotive equipment	14,739,373	2,346,350	17,085,723
Infrastructure	61,074,620	14,153,819	75,228,439
Total accumulated depreciation	114,056,735	39,218,733	153,275,468
Total depreciable assets, net	77,551,047	38,116,260	115,667,307
Total capital assets, net	\$ 173,951,544	\$ 65,507,733	\$ 239,459,277

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

## Note 7: Capital Assets (Continued)

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

	Balance at June 30, 2021	Additions	Deletions	Transfers	Balance at June 30, 2022
Non-depreciable assets:					
Land	\$ 16,522,947	\$ -	\$ -	\$ -	\$ 16,522,947
Construction in progress	18,498,741	10,249,033	(183,976)	(2,740,284)	25,823,514
Infrastructure - streets	54,054,036	-	-	-	54,054,036
Total non-depreciable assets	89,075,724	10,249,033	(183,976)	(2,740,284)	96,400,497
Depreciable assets:					
Buildings and improvements	54,813,679	563,408	-	2,740,284	58,117,371
Right-to-use buildings	-	2,245,558	-	-	2,245,558
Furniture and equipment	12,991,382	335,362	-	-	13,326,744
Automotive equipment	18,677,720	170,704	(600,552)	-	18,247,872
Infrastructure	98,484,188	1,186,049	-	-	99,670,237
Total depreciable assets	184,966,969	4,501,081	(600,552)	2,740,284	191,607,782
Less accumulated depreciation for:					
Buildings and improvements	26,824,785	1,391,942	-	-	28,216,727
Right-to-use buildings	-	264,926	-	-	264,926
Furniture and equipment	9,325,707	435,382	-	-	9,761,089
Automotive equipment	13,574,495	1,760,915	(596,037)	-	14,739,373
Infrastructure	59,228,000	1,846,620	-	-	61,074,620
Total accumulated depreciation	108,952,987	5,699,785	(596,037)	-	114,056,735
Total depreciable assets, net	76,013,982	(1,198,704)	(4,515)	2,740,284	77,551,047
Governmental activities capital assets, net	\$ 165,089,706	\$ 9,050,329	\$ (188,491)	\$ -	\$ 173,951,544

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2022, as follows:

General Government	
General Government	\$ 47,985
Public Safety	490,654
Public Works	2,752,422
Cultural and Leisure Services	837,331
Internal Services Funds	
Vehicle Replacement	1,247,308
Building Occupancy	11,750
Information Technology	58,016
Emergency Communications	231,628
Major Facilities Repair	22,691
Total Depreciation Expense	<u>\$ 5,699,785</u>

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

## Note 7: Capital Assets (Continued)

The following is a summary of changes in the capital assets for business-type activities for the year ended June 30, 2022:

	Balance at June 30, 2021	Additions	Deletions	Transfers	Balance at June 30, 2022
Non-depreciable assets:					
Land	\$ 20,323,255	\$ -	\$ -	\$ -	\$ 20,323,255
Construction in progress	6,320,109	2,121,984	-	(1,373,875)	7,068,218
Total non-depreciable assets	26,643,364	2,121,984	-	(1,373,875)	27,391,473
Depreciable assets:					
Buildings and improvements	39,016,662	-	-	-	39,016,662
Furniture and equipment	1,082,431	-	-	-	1,082,431
Automotive equipment	3,601,229	-	-	-	3,601,229
Leased equipment	-	-	-	-	-
Infrastructure	32,098,685	162,111	-	1,373,875	33,634,671
Total depreciable assets	75,799,007	162,111	-	1,373,875	77,334,993
Less accumulated depreciation for:					
Buildings and improvements	20,838,974	904,339	-	-	21,743,313
Furniture and equipment	964,297	10,954	-	-	975,251
Automotive equipment	2,207,679	138,671	-	-	2,346,350
Leased equipment	-	-	-	-	-
Infrastructure	13,719,384	434,435	-	-	14,153,819
Total accumulated depreciation	37,730,334	1,488,399	-	-	39,218,733
Total depreciable assets, net	38,068,673	(1,326,288)	-	1,373,875	38,116,260
Business-type activities capital assets, net	\$ 64,712,037	\$ 795,696	\$ -	\$ -	\$ 65,507,733

Depreciation expense for business-type activities for the fiscal year ended June 30, 2022, was charged as follows:

Harbor Tidelands	\$ 425,708
Harbor Uplands	499,709
Wastewater	419,108
Solid Waste	6,367
Transit	137,507
	<u>\$ 1,488,399</u>

In the governmental fund financial statements, capital assets are not presented. Consequently, capital assets are a reconciling item and are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**Note 8: Compensated Absences Payable**

The following is a summary of compensated absences payable transactions for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Compensated absences payable	\$ 3,794,440	\$ 5,932,317	\$ (5,925,754)	\$ 3,801,003	\$ 950,251
Business-Type Activities:					
Compensated absences payable	686,530	474,577	(706,075)	455,032	113,759
Total	<u>\$ 4,480,970</u>	<u>\$ 6,406,894</u>	<u>\$ (6,631,829)</u>	<u>\$ 4,256,035</u>	<u>\$ 1,064,010</u>

The long-term portion of compensated absences payable has been accrued for the Governmental Activities on the Government-Wide Financial Statement. Also, compensated absences are generally liquidated by the General Fund. There is no fixed payment schedule to pay these liabilities.

**Note 9: Long-Term Liabilities**

The following is a summary of long-term liabilities transactions for the year ended June 30, 2022:

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
CFA 2019A Lease Revenue Refunding Bonds	\$ 27,110,000	\$ -	\$ (570,000)	\$ 26,540,000	\$ 585,000
Unamortized bond discount	(698,082)	-	24,902	(673,180)	-
CFA Lease Revenue Bonds Series 2021A	-	207,429,678	-	207,429,678	6,905,763
Financed purchase	96,652	-	(96,652)	-	-
Leases (See Note 5 b.)	-	2,245,558	(242,926)	2,002,632	247,722
Total governmental activities	<u>\$ 26,508,570</u>	<u>\$ 209,675,236</u>	<u>\$ (884,676)</u>	<u>\$ 235,299,130</u>	<u>\$ 7,738,485</u>
Business-type Activities:					
Wastewater Revenue Refunding 2014 Series A	\$ 5,370,000	\$ -	\$ (310,000)	\$ 5,060,000	\$ 325,000
Unamortized bond premium	341,326	-	(26,256)	315,070	-
CFA Lease Revenue Bonds Series 2021A	-	18,750,322	-	18,750,322	624,237
Total business-type activities	<u>\$ 5,711,326</u>	<u>\$ 18,750,322</u>	<u>\$ (336,256)</u>	<u>\$ 24,125,392</u>	<u>\$ 949,237</u>

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

## Note 9: Long-Term Liabilities (Continued)

Community Financing Authority (CFA) 2019A Lease Revenue Refunding Bonds

The Community Financing Authority issued refunding revenue bonds dated February 2019, totaling \$28,015,000. The proceeds of the bonds were used to refund the various leaseback contingencies and finance the purchase of a sublease between the City and Redondo Fisherman's Cove Company. The Bonds shall bear interest at rates between 4.00% and 5.00% and interest is payable on each May 1 and November 1, commencing November 1, 2019. The bonds are payable from base rental payments. Principal is due annually beginning on May 1, 2020, in amounts ranging from \$350,000 to \$1,585,000. The bonds mature on May 1, 2049. The bonds are subject to optional and mandatory early redemption provisions. As of June 30, 2022, the balance outstanding was \$26,540,000, with an unamortized discount of \$673,180.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2022, including interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 585,000	\$ 1,065,738	\$ 1,650,738
2024	605,000	1,048,188	1,653,188
2025	625,000	1,030,038	1,655,038
2026	640,000	1,010,506	1,650,506
2027	665,000	989,706	1,654,706
2028-2032	3,675,000	4,713,825	8,388,825
2033-2037	4,460,000	3,972,113	8,432,113
2038-2042	5,460,000	3,018,150	8,478,150
2043-2047	6,720,000	1,814,538	8,534,538
2048-2049	3,105,000	393,338	3,498,338
Total	<u>\$ 26,540,000</u>	<u>\$ 19,056,140</u>	<u>\$ 45,596,140</u>

The following is a summary of the 2019A Lease Revenue Refunding unamortized discount outstanding at June 30, 2022:

Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
<u>\$ (698,082)</u>	<u>\$ -</u>	<u>\$ 24,902</u>	<u>\$ (673,180)</u>

Financed Purchases

The City has entered into various purchase agreements to acquire equipment. These purchase agreements have been classified as financed purchases. The related assets have been capitalized in the government-wide financial statements at the present value of the required payments. As of June 30, 2022, the financed purchases have been paid off.

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

## Note 9: Long-Term Liabilities (Continued)

Wastewater Revenue Bonds 2014, Series A

On March 25, 2014, the City issued \$7,230,000 of Wastewater Revenue Refunding Bonds for the purpose of refunding \$7,230,000 of then-outstanding 2004 Wastewater Revenue Refunding Bonds. The purpose of the bonds was to finance certain improvements and related facilities that constitute part of the Wastewater Enterprise Fund. The serial bonds in the amount of \$4,795,000 mature through May 1, 2029 and bear a variable interest rate ranging from 3% to 5% per annum. Term bonds in the amount of \$2,435,000 mature through May 1, 2034, and bear interest at the rate of 4%. The serial bonds maturing on or after May 1, 2015, are subject to optional redemption provisions. The term bonds are subject to optional and mandatory redemption provisions. The bonds are payable solely from and secured by a pledge of and lien upon the net revenues of the Wastewater Enterprise Fund.

As of June 30, 2022, the balance outstanding was \$5,060,000, with an unamortized bond premium of \$315,070.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2022, including interest, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 325,000	\$ 221,738	\$ 546,738
2024	340,000	205,488	545,488
2025	355,000	188,488	543,488
2026	375,000	170,738	545,738
2027	395,000	151,988	546,988
2028-2032	2,240,000	495,450	2,735,450
2033-2034	1,030,000	62,200	1,092,200
Total	<u>\$ 5,060,000</u>	<u>\$ 1,496,090</u>	<u>\$ 6,556,090</u>

The following is a summary of the 2014 Revenue Bond Series A unamortized premium outstanding at June 30, 2022:

Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
<u>\$ 341,326</u>	<u>\$ -</u>	<u>\$ (26,256)</u>	<u>\$ 315,070</u>

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

## Note 9: Long-Term Liabilities (Continued)

Community Financing Authority (CFA) Lease revenue Bonds Series 2021A

In July 2021, the Redondo Beach Community Financing Authority (CFA) issued \$226,180,000 Lease Revenue Bonds Series 2021A (federally taxable) to fund a portion of the City's obligation to the California Public Employees' Retirement System. The bond will be payable from base rental payment made by the City to the Authority as rental for portion of certain street located in the City. The bonds include \$115,865,000 serial bonds with principal due on May 1 of each year starting in 2023 until 2026 and ranging in amount of \$7,530,000 to \$9,485,000. The bonds also include term bonds in the amount of \$51,785,000 and 58,530,000 due May 1, 2041 and 2049 respectively. Interest payable on the bonds ranges from 0.415% to 3.068% payable semiannually.

As of June 30, 2022, \$207,429,678 of the liability is reported in governmental activities and \$18,750,322 is reported in business-type activities. The annual requirements to amortize the outstanding bond indebtedness including interest are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 7,530,000	\$ 5,571,552	\$ 13,101,552
2024	7,560,000	5,540,302	13,100,302
2025	7,615,000	5,484,283	13,099,283
2026	7,695,000	5,408,057	13,103,057
2027	7,795,000	5,306,406	13,101,406
2028-2032	41,175,000	24,334,314	65,509,314
2033-2037	46,250,000	19,262,049	65,512,049
2038-2042	52,245,000	12,175,120	64,420,120
2043-2047	38,905,000	4,766,598	43,671,598
2047	9,410,000	418,782	9,828,782
Total	<u>\$ 226,180,000</u>	<u>\$ 88,267,463</u>	<u>\$ 314,447,463</u>

In the event of default, there is no remedy of acceleration of any Base Rental Payments which have not come due, and no right for the Authority to terminate the Lease and re-let the Leased Property. The sole remedy provided for in the Lease is to exercise any action at law or in equity necessary or desirable to collect the amounts due under the Lease.

In addition, the City is reporting a deferred charge on refunding as a deferred outflows of resources. The following is a summary of the amortization of the deferred charge for the fiscal year ending June 30, 2022:

Deferred outflows of resources	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Deferred loss on refunding	<u>\$ 334,200</u>	<u>\$ -</u>	<u>\$ (25,707)</u>	<u>\$ 308,493</u>

CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022

**Note 10: Risk Management**

The City is exposed to risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; and currently reports all of its risk management activities in its Self-Insurance Program Internal Service Fund.

The City has adopted a self-insurance workers' compensation program, which is administered by a third-party agent, AdminSure. The self-insurance coverage for each claim is limited to \$750,000. Excess coverage of up to \$50,000,000 for each claim is provided by the Public Risk Innovations, Solutions, and Management (PRISM), an insurance pool, in which a consortium of counties and cities has agreed to share risks and losses. As of June 30, 2022, the estimated claims payable for workers' compensation was \$16,533,937, which included claims incurred but not reported (IBNR). The current year's portion of the claims was \$623,655.

For general liability claims, the City is also self-insured up to \$500,000 for each occurrence. The self-insurance program is administered by a third-party agent, AdminSure. Each claim in excess of the self-insured retention of up to \$30,000,000 is covered by the CSAC-EIA. As of June 30, 2022, the estimated claims payable for general liability was \$7,704,242, which included IBNR. The current year's portion was \$296,314. Governmental activities claims and judgments are generally liquidated by the General Fund.

	Liability on June 30, 2022
General Liability	\$ 7,704,242
Workers' Compensation	16,533,937
Total Claims Payable	<u>\$ 24,238,179</u>
Due within on year	\$ 919,969
Due in more than one year	23,318,210
	<u>\$ 24,238,179</u>

The following is a summary of the changes in the claim liability over the past two fiscal years. Changes in the reported liability resulted from the following:

Fiscal Year	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
2020-2021					
Workers'comp	\$ 17,312,132	\$ 1,428,804	\$ (1,881,954)	\$ 16,858,982	\$ 710,192
General liabilities	7,369,000	3,059,977	(3,819,417)	6,609,560	1,358,340
Total	<u>\$ 24,681,132</u>	<u>\$ 4,488,781</u>	<u>\$ (5,701,371)</u>	<u>\$ 23,468,542</u>	<u>\$ 2,068,532</u>
2021-2022					
Workers'comp	\$ 16,858,982	\$ 1,326,703	\$ (1,651,748)	\$ 16,533,937	\$ 623,656
General liabilities	6,609,560	6,977,768	(5,883,086)	7,704,242	296,313
Total	<u>\$ 23,468,542</u>	<u>\$ 8,304,471</u>	<u>\$ (7,534,834)</u>	<u>\$ 24,238,179</u>	<u>\$ 919,969</u>

Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's coverage during the year. The estimated claims payable for workers' compensation and general liability is based on estimates provided by the third-party administrator, the City Attorney, the Risk Management staff, and the City's actuary.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**
**Note 11: Employee Retirement Plans****a. Pension Plans*****Plan Description***

The Plans are agent, multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information are listed in the June 30, 2020 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

***Benefits Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

	Miscellaneous		
	Tier 1	Tier 2	Tier 3
		On or after May 1, 2012 and before January 1, 2013	On or after January 1, 2013
Hire date	Prior to May 1, 2012		
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426%-2.418%	1.092%-2.418%	1.0%-2.5%
Required employee contribution rates	7.00%	7.00%	7.25%
Required employer contribution rates.	32.000%	32.000%	32.000%

	Safety		
	Tier 1	Tier 2	Tier 3
		On or after May 1, 2012 and before January 1, 2013	On or after January 1, 2013
Hire date	Prior to May 1, 2012		
Benefit formula	Police - 3% @ 50 Fire - 3% @ 55	Police & Fire 3% @ 55	Police & Fire 2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefits, as a % of eligible compensation	2.4-3%	2.4-3%	2%-2.7%
Required employee contribution rates	9.00%	9.00%	12.00%
Required employer contribution rates	75.300%	75.300%	75.300%

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**


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**Note 11: Employee Retirement Plans (Continued)**

As of the valuation date of June 30, 2020, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	509	301
Inactive employees entitled to but not yet receiving benefits	391	54
Active employees	330	145
Total	1,230	500

**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 the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to finance the costs and 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2022, the employer contributions recognized as a reduction to the net position liability for all the Plans was \$19,225,924.

**Net Pension Liability**

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Changes of Assumptions**

There was no change in assumption in 2021.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**


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**Note 11: Employee Retirement Plans (Continued)*****Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

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

	Miscellaneous	Safety
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases (1)	3.30% to 14.20%	3.30% to 10.90%
Mortality Rate Table (2)	Derived using CalPERS membership data for all funds the lesser of contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter	
Post Retirement Benefit Increase		

- (1) Annual increases vary by category, entry age, and duration of service.
- (2) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

***Long-term Expected Rate of Return***

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**


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**Note 11: Employee Retirement Plans (Continued)**

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

<b>Asset Class (1)</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1-10 (2)</b>	<b>Real Return Years 11+ (3, 4)</b>
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(1) In the System's ACFR, Liquidity is included in Short-term Investments; Inflation Assets are included in both Public Equity and Fixed Income.

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

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

(4) Figures are based on the previous ALM of 2017.

**Discount Rate**

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

**Subsequent Events**

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

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

In July 2021, the Redondo Beach Community Financing Authority (CFA) issued \$226,180,000 Lease Revenue Bonds Series 2021A (federally taxable) to fund a portion of the City's obligation to the CalPERS.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**
**Note 11: Employee Retirement Plans (Continued)*****Changes in the Net Pension Liability***

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

<b>Miscellaneous Plan</b>	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2020 - Measurement Date	<b>\$ 226,547,915</b>	<b>\$ 160,829,688</b>	<b>\$ 65,718,227</b>
Changes Recognized for the Measurement Period:			
Service Cost	3,267,559	-	3,267,559
Interest on the Total Pension Liability	15,785,975	-	15,785,975
Differences between Expected and Actual Experience	(1,273,036)	-	(1,273,036)
Contributions from the Employer	-	6,313,617	(6,313,617)
Contributions from the Employees	-	1,370,930	(1,370,930)
Net Investment Income	-	36,083,015	(36,083,015)
Benefit Payments, including Refunds of Employee Contributions	(12,251,572)	(12,251,572)	-
Administrative Expense	-	(160,659)	160,659
Net Changes during 2020-21	<b>5,528,926</b>	<b>31,355,331</b>	<b>(25,826,405)</b>
Balance at: 6/30/2021 - Measurement Date (1)	<b>\$ 232,076,841</b>	<b>\$ 192,185,019</b>	<b>\$ 39,891,822</b>

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

<b>Safety Plan</b>	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2020 - Measurement Date	<b>\$ 393,507,603</b>	<b>\$ 249,798,149</b>	<b>\$ 143,709,454</b>
Changes Recognized for the Measurement Period:			
Service Cost	5,458,828	-	5,458,828
Interest on the Total Pension Liability	27,413,478	-	27,413,478
Differences between Expected and Actual Experience	(1,214,915)	-	(1,214,915)
Contributions from the Employer	-	12,912,307	(12,912,307)
Contributions from the Employees	-	1,789,951	(1,789,951)
Net Investment Income	-	56,472,719	(56,472,719)
Benefit Payments, including Refunds of Employee Contributions	(23,233,659)	(23,233,659)	-
Administrative Expense	-	(249,533)	249,533
Net Changes during 2020-21	<b>8,423,732</b>	<b>47,691,785</b>	<b>(39,268,053)</b>
Balance at: 6/30/2021 - Measurement Date (1)	<b>\$ 401,931,335</b>	<b>\$ 297,489,934</b>	<b>\$ 104,441,401</b>

<sup>1</sup> The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described in the previous section of this note, this may differ from the plan assets reported in the funding actuarial valuation report.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**
**Note 11: Employee Retirement Plans (Continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

<b>Net Pension Liability</b>			
	<b>Discount Rate - 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
Miscellaneous Plan	\$ 68,284,110	\$ 39,891,822	\$ 16,236,969
Safety Plan	153,961,533	104,441,401	63,334,574
	<u>\$ 222,245,643</u>	<u>\$ 144,333,223</u>	<u>\$ 79,571,543</u>

***Pension Plan Fiduciary Net Position***

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

For the measurement period ending June 30, 2021 (the measurement date) and fiscal year ending June 30, 2022, the City incurred a pension expense of \$1,323,357 and \$7,529,780 the miscellaneous and safety plans, respectively.

As of June 30, 2022, the following were the reported deferred outflows of resources and deferred inflows of resources related to all pension plans:

	<b>Safety - Police</b>		<b>Safety - Fire</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
City pension contribution subsequent to measurement date	\$ 70,741,466	\$ -	\$ 155,882,954	\$ -
Difference between expected and actual experience	-	(1,094,425)	1,530,009	(835,254)
Net difference between projected and actual earnings on pension plan investments	-	(17,933,698)	-	(28,308,795)
<b>Total</b>	<b>\$ 70,741,466</b>	<b>\$ (19,028,123)</b>	<b>\$ 157,412,963</b>	<b>\$ (29,144,049)</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**
**Note 11: Employee Retirement Plans (Continued)**

Contributions subsequent to the measurement date in the amount of \$70,741,466 and \$155,882,954 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. These amounts include the proceed of the Redondo Beach Community Financing Authority (CFA) issued \$226,180,000 Lease Revenue Bonds Series 2021A (federally taxable) issued in July 2021 to fund a portion of the City's obligation to the California Public Employees' Retirement System. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	<i>Miscellaneous</i>	<i>Safety</i>
	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2022	\$ (5,341,684)	\$ (6,166,024)
2023	(4,431,847)	(6,803,907)
2024	(4,299,975)	(6,856,714)
2025	(4,954,617)	(7,787,395)
	<u>\$ (19,028,123)</u>	<u>\$ (27,614,040)</u>

**b. Other Post-Employment Benefits*****Plan Description and Eligibility***

In addition to the pension benefits described above, the City provides certain health insurance benefits, in accordance with memorandums of understanding, to retired employees through the California Employers' Retiree Benefit Trust (CERBT) Fund, which is an agent multiple-employer plan administered by CalPERS. The City provides medical insurance for employees in accordance with agreements reached with various bargaining groups. The City shall pay the single retiree medical premium rate, for qualified retirees, for a medical insurance plan in which the retiree is enrolled from among those medical plans provided by the City. These contributions of the City for such medical premiums shall cease on the date the retiree becomes eligible to enroll in the Federal Medicare program and/or any Medicare supplemental plans. Membership of the plan consisted of the following at June 30, 2021 (the measurement date).

	Number of Employees
Active Employees	386
Inactives currently receiving benefits	170
Inactives entitled to but not yet receiving benefits	319
Total	<u>875</u>

***Contributions***

The required contribution of the City is based on a percentage of PERSable payroll. For the measurement date ended June 30, 2021 the City's cash contributions were \$1,975,728.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**


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**Note 11: Employee Retirement Plans (Continued)*****Actuarial Methods and Assumptions Used to Determine Net OPEB Liability***

The City's net OPEB Liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Contribution Policy	City contributes full actuarially determined contribution
Discount Rate and	6.25% at June 30, 2021
Long-Term Expected Rate	6.75% at June 30, 2020
of Return on Assets	Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.5%
Mortality, Retirement, Disability, Termination	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Salary Increases	Aggregate - 2.75% annually Merit - CalPERS 2000-2019 Experience Study
Medical Trend	Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare - n/a
PEMHCA Minimum Increases	4% annually
Medical Participation for Additional Benefit	Currently covered - 100%, 90%, 60%, 50% for employees receiving 100%, 75%, 50%, 25% City paid premium respectively Not currently covered - 90% of above rates
PEMHCA Medical Participation	Currently covered - 10% for 2021, increasing to ultimate rate of 50% in 2033 Not currently covered - 90% of above rates
Life Insurances Participation	Future retirees: 10%
Change of assumptions	Discount rate was updated based on newer capital market assumptions Update to CalPERS demographic, mortality, projection scale, and participation assumptions Reduce inflation by 25 bp
Changes of benefit items	None
Events subsequent to June 30, 2021 measurement date and before June 30, 2022	CalPERS approved new CERBT asset allocations in March 2022. This is not expected to impact the expected long-term rate of return assumption for CERBT Strategy 1.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**
**Note 11: Employee Retirement Plans (Continued)*****Long-term Expected Rate of Return***

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

<u>Asset Class Component</u>	<u>Target Allocation CERBT - Strategy 1</u>	<u>Expected Real Rate of Return</u>
Global Equity	59%	4.56%
Fixed Income	25%	0.78%
TIPS	5%	-0.08%
Commodities	3%	1.22%
REITs	8%	4.06%
(1) Assumed Long-Term Rate of Inflation		2.50%
(2) Expected Long-Term Net Rate of Return, rounded to the nearest quarter percent		6.25%

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

***Discount Rate***

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***Changes in the OPEB Liability.***

	<u>Total OPEB Liability (a)</u>	<u>Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (c) = (a) - (b)</u>
Balance at June 30, 2021 (valuation date June 30, 2020)	\$ 24,010,965	\$ 7,727,279	\$ 16,283,686
Changes recognized for the measurement period:			
Service cost	869,592	-	869,592
Interest	1,620,655	-	1,620,655
Benefit changes	-	-	-
Actual vs. expected experience	(3,732,173)	-	(3,732,173)
Assumption changes	700,641	-	700,641
Contributions - employer	-	1,975,728	(1,975,728)
Net investment income	-	2,465,620	(2,465,620)
Benefit payments	(1,741,685)	(1,741,685)	-
Administrative expenses	-	(8,390)	8,390
Net changes	<u>(2,282,970)</u>	<u>2,691,273</u>	<u>(4,974,243)</u>
Balance at June 30, 2022 (measurement date June 30, 2021)	<u>\$ 21,727,995</u>	<u>\$ 10,418,552</u>	<u>\$ 11,309,443</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

**Note 11: Employee Retirement Plans (Continued)*****Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the City if it were calculated using discount rate that is one percentage point lower or one percentage point higher than the current rate for the measurement period ended June 30, 2021.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 13,376,811	\$ 11,309,443	\$ 9,513,087

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

The following presents the net OPEB liability of the City if it were calculated using health care cost-trend rates that are one percentage point lower or one percentage point higher than the current rate for the measurement period ended June 30, 2021.

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 9,256,341	\$ 11,309,443	\$ 13,743,492

***OPEB Plan Fiduciary Net Position***

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

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

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$823,063. As of fiscal year ended June 30, 2022 (June 30, 2021 measurement date), the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 2,024,144	\$ -
Differences between expected and actual experience	-	4,727,138
Changes of assumptions	1,736,226	1,162,439
Net difference between projected and actual earnings on OPEB plan investments	-	1,394,976
Total	<u>\$ 3,760,370</u>	<u>\$ 7,284,553</u>

The \$2,024,144 reported as deferred outflows of resources related to contributions subsequent to measurement date will be recognized as a reduction to net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

## CITY OF REDONDO BEACH

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**Note 11: Employee Retirement Plans (Continued)**

Year Ended June 30	Deferred Outflow / (Inflows) of Resources
2023	\$ (1,028,914)
2024	(1,014,596)
2025	(1,005,548)
2026	(988,418)
2027	(602,625)
Thereafter	(908,226)
	<u>\$ (5,548,327)</u>

**Note 12: Commitments and Contingencies****a. Lawsuits**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

**b. Federal and State Grant Programs**

The City participates in Federal and State grant programs. These programs are subject to audit. No cost disallowance is expected as a result of any audits. Expenditures which may be disallowed, if any, by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**c. Commitments**

The following material construction commitments existed at June 30, 2022:

Project Name	Contract Amount	Expenditures to date as of June 30, 2022	Remaining Commitments
RB Transit Center Construction	\$ 13,487,448	\$ 11,150,313	\$ 2,337,135
Alta Vista Pump Station Project	3,090,150	1,166,309	1,923,841
MBB & Inglewood	888,201	117,091	771,110
Beryl St. Improvements	2,388,137	1,361,100	1,027,037
Harbor Patrol Dock	2,990,267	-	2,990,267
Harbor Railing Project	1,571,546	184,861	1,386,685

**Note 13: Pollution Remediation Obligations**

The Department of Toxic Substances Control (DTSC) filed a regulatory Notice of Violation against the City regarding the Redondo Beach Police Department's gun range concerning issues with contamination from lead bullet fragments. Cleanup, fines, assessments, and settlements incurred by the City for this DTSC action were approximately \$282,000. This liability has been accrued in the General Fund, and the City does not anticipate any recoveries reducing the liability, nor any further liability from this DTSC investigation as the DTSC has closed the matter.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

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**Note 13: Pollution Remediation Obligations (Continued)**

Neighboring property owners adjacent to the gun range also filed civil claims for bodily injury and property damage due to alleged lead exposure. This matter is currently in mediation and in preparation for arbitration. Defense costs are being covered by several of the City's historical insurance policies and the related insurance carriers defending under a reservation of rights.

Cleanup and settlements currently are estimated to be \$150,000, using assumptions based on similar cleanup and settlements previously paid in the DTSC matter. Plaintiffs' demands are significantly higher.

The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, changes in evidence, or changes in applicable laws or regulations. Similarly, bodily injury claims are estimated based on current evidence (or lack thereof) presented by the various plaintiffs and are subject to revision if additional admissible evidence is presented during preparation for arbitration.

**Note 14: Successor Agency**

**Dissolution of California Redevelopment Agencies**

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Most cities in California had established a redevelopment agency that was included in the reporting entity of the City as a blended component unit (since the City Council, in many cases, also served as the governing board for those agencies).

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. If the City declines to accept the role of successor agency, other local agencies may elect to perform this role. If no local agency accepts the role of successor agency the Governor is empowered by the Bill to establish a local "designated local authority" to perform this role. On January 10, 2012 the City Council met and created a Successor Agency in accordance with the Bill as part of the City's resolution number 12-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

**a. Long Term Debt**

In future fiscal years, successor agencies will only be allocated tax revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**
**Note 14: Successor Agency (Continued)**

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency is reported in the governmental funds of the City. After the date of dissolution, activities of the dissolved redevelopment agency are reported in a fiduciary trust fund (private purpose trust fund) in the fiduciary statements of the City.

In accordance with the provisions of Assembly Bill X1 26 (Bill) and the California Supreme Court's decision to uphold the Bill, the obligations of the former redevelopment agency became vested with the funds established for the successor agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former redevelopment agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

The debt of the Successor Agency as of June 30, 2022 is as follows:

	Balance June 30, 2021	Adjustments *	Additions	Deletions	Balance June 30, 2022	Amounts Due Within One Year
Successor Agency:						
County Deferral Loan-1983 Tax Increment	\$ 6,934,419	\$ (704,445)	\$ -	\$ 210,879	\$ 6,019,095	\$ -
County Deferral Loan-1984 Tax Increment	7,154,367	(522,656)	-	345,549	6,286,162	-
City Loan-South Bay Center	3,760,000	-	-	500,000	3,260,000	545,000
Total	<u>\$ 17,848,786</u>	<u>\$ (1,227,101)</u>	<u>\$ -</u>	<u>\$ 1,056,428</u>	<u>\$ 15,565,257</u>	<u>\$ 545,000</u>

\* Adjustments were made to correct prior year payments made by the County from Redevelopment Property Tax Trust Fund (RPTTF) on the County Deferral Loans.

**1983 Tax Increment Deferral** - On November 15, 1983, the Agency and the County of Los Angeles (County) entered into an agreement for reimbursement of tax increment funds. It was recognized that the South Bay Center Project Area needed to utilize a substantial portion of the annual tax increment in the early years to finance its redevelopment activities. Therefore, the County taxing entities agreed to defer receipt of tax increment reimbursement from the Agency. This deferral is debt of the Agency to be repaid only from the Agency's share of future pledged tax increment. There is no fixed payment schedule to repay this loan and the loan is non-interest bearing. The balance outstanding at June 30, 2022, was \$6,019,095.

**1984 Tax Increment Deferral** - On February 14, 1984, the Agency and the County entered into an agreement for reimbursement of tax increment funds. It was recognized that the Aviation High School Project Area needed to utilize a substantial portion of the annual tax increment in the early years to finance its redevelopment activities. Therefore, the County taxing entities agreed to defer receipt of tax increment

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**


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**Note 14: Successor Agency (Continued)**

reimbursement from the Agency. This deferral is debt of the Agency to be repaid only from the Agency's share of future pledged tax increment. There is no fixed payment schedule to repay this loan and the loan is non-interest bearing. The balance outstanding at June 30, 2022, was \$6,286,162.

**South Bay Center City Loan** – On July 1, 1996, the Public Financing Authority advanced \$8,660,000 to the former Redevelopment Agency for improvements within the South Bay Center Redevelopment Project Area. This advance was made through the Authority's purchase of the Agency's 1996 tax allocation bonds and bears interest at 8.95% per annum. As of June 30, 2022, the balance outstanding was \$3,260,000.

**b. Advances from City**

During the 2014-2015 fiscal year, the Successor Agency Oversight Board adopted resolutions approving the repayment of loans from the Low and Moderate Income Housing fund of the former Redevelopment Agency for legally required payments to the Supplemental Educational Revenue Augmentation Fund (SERAF) for Fiscal Years 2009-2010 and 2010-2011. As of June 30, 2022, the outstanding balance was \$535,731.

**c. Net Position Restatement**

Beginning net position in the Redevelopment Obligation Retirement Fund Private-Purpose Trust Fund was restated to correct prior year payments made by the County from the Redevelopment Property tax Trust Fund (RPTTF) on the 1983 and 1984 Tax incremental deferral loans not recorded by the Successor Agency.

	July 1st, 2021 as Previously Reported	Error Correction	July 1st, 2021 As Restated
Fiduciary Funds			
Private Purpose Trust Fund	<u>\$ (17,517,259)</u>	<u>\$ 1,227,101</u>	<u>\$ (16,290,158)</u>

**Note 15: Risks and Uncertainties****a. Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**b. Successor Agency**

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2022 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by

**CITY OF REDONDO BEACH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

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**Note 15: Risks and Uncertainties (Continued)**

the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although the Successor Agency expects such amounts, if any, to be immaterial.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2022

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**Note 1: Budgetary Information**

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30, and is a vehicle that openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year.
2. The City Council's policy is to adopt an annual line-item budget for the general, special revenue, debt service, and capital projects funds.
3. Public hearings are conducted prior to its adoption by the Council.
4. Supplemental appropriations, when required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager.
5. Expenditures may not exceed appropriations at the departmental level, which is the legal level of control.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general, special revenue, debt service, and capital projects funds. Unexpended and unencumbered appropriations of these governmental funds automatically lapse at the end of the fiscal year. Encumbrances outstanding at year-end are reported with restricted, committed, assigned, and/or unassigned fund balances. They do not constitute expenditures or estimated liabilities. Budgets were legally adopted for all governmental funds with the exception of the Parking Authority Debt Service Fund, the Pier Parking Structure Rehabilitation Capital Projects Fund, and Major Facilities Reconstruction Capital Projects Fund.

The following are the budget comparison schedules for General Fund, Other Intergovernmental Grants Special Revenue Fund and Low-Mod Income Housing Special Revenue Fund.

As of June 30, 2022, the Cultural and Leisure Services department in the Low-Mod Income Housing fund had expenditures of \$287,699 exceeding appropriations of \$279,000 by \$8,699.

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## CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 18,279,165	\$ 18,279,165	\$ 18,279,165	\$ -
<b>Resources (Inflows):</b>				
Taxes	67,535,000	70,164,789	73,699,610	3,534,821
Interdepartmental	9,379,851	10,034,053	10,034,053	-
Licenses and permits	1,694,814	1,712,455	1,731,398	18,943
Intergovernmental	2,575,540	6,061,080	6,136,835	75,755
Charges for services	7,132,076	7,675,029	9,009,337	1,334,308
Use of money and property	2,411,396	2,348,253	(194,345)	(2,542,598)
Fines and forfeitures	1,346,000	1,226,620	1,180,975	(45,645)
Miscellaneous	3,280,163	3,331,191	2,871,155	(460,036)
Transfers in	2,874,946	2,874,946	196,128	(2,678,818)
Leases	-	-	2,245,558	2,245,558
<b>Amounts Available for Appropriations</b>	<b>116,508,951</b>	<b>123,707,581</b>	<b>125,189,869</b>	<b>1,482,288</b>
<b>Charges to Appropriation (Outflow):</b>				
General government				
Mayor and city council	785,775	766,844	651,870	114,974
City clerk	1,185,135	1,315,768	1,008,617	307,151
City treasurer	397,786	397,663	310,594	87,069
City attorney	3,348,037	3,646,193	3,224,366	421,827
City manager	1,019,549	1,142,978	955,049	187,929
Human resources	2,374,175	2,580,642	2,187,134	393,508
Financial services	2,447,855	2,715,439	2,434,039	281,400
Public safety				
Police	37,761,241	38,262,690	36,786,514	1,476,176
Fire	17,810,188	18,161,009	17,093,048	1,067,961
Housing and community development				
Community development	2,928,181	3,201,487	2,905,162	296,325
Waterfront and economic development	397,386	476,169	327,312	148,857
Cultural and leisure services				
Community services	5,976,172	5,610,601	5,377,587	233,014
Library	4,327,907	4,136,536	3,916,506	220,030
Public works				
Public works	6,685,001	7,854,782	6,914,996	939,786
Capital outlay	167,785	616,846	2,557,035	(1,940,189)
Debt service:				
Principal retirement	-	242,926	242,926	-
Interest and fiscal charges	-	8,899	8,899	-
Transfers out	13,794,396	5,887,502	8,919,217	(3,031,715)
<b>Total Charges to Appropriations</b>	<b>101,406,569</b>	<b>97,024,974</b>	<b>95,820,871</b>	<b>1,204,103</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 15,102,382</b>	<b>\$ 26,682,607</b>	<b>\$ 29,368,998</b>	<b>\$ 2,686,391</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 OTHER INTERGOVERNMENTAL GRANTS  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (4,008,147)	\$ (4,008,147)	\$ (4,008,147)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	11,810,729	14,420,045	5,799,532	(8,620,513)
<b>Amounts Available for Appropriations</b>	<b>7,802,582</b>	<b>10,411,898</b>	<b>1,791,385</b>	<b>(8,620,513)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	605,540	928,297	166,613	761,684
Public safety	182,380	766,149	399,290	366,859
Community development	-	748,985	131,278	617,707
Cultural and leisure services	-	568,995	233,627	335,368
Public works	76,970	76,970	72,844	4,126
Capital outlay	10,941,610	31,376,367	7,529,336	23,847,031
Transfers out	4,229	4,229	117,152	(112,923)
<b>Total Charges to Appropriations</b>	<b>11,810,729</b>	<b>34,469,992</b>	<b>8,650,140</b>	<b>25,819,852</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (4,008,147)</b>	<b>\$ (24,058,094)</b>	<b>\$ (6,858,755)</b>	<b>\$ 17,199,339</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 LOW-MOD INCOME HOUSING  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$4,137,151	\$ 4,137,151	\$ 4,137,151	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	75,465	75,465
Miscellaneous	269,520	269,520	21,000	(248,520)
<b>Amounts Available for Appropriations</b>	<b>4,406,671</b>	<b>4,406,671</b>	<b>4,233,616</b>	<b>(173,055)</b>
<b>Charges to Appropriation (Outflow):</b>				
Housing and community development	150,000	288,837	104,262	184,575
Cultural and leisure services	279,000	279,000	287,699	(8,699)
<b>Total Charges to Appropriations</b>	<b>429,000</b>	<b>567,837</b>	<b>391,961</b>	<b>175,876</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$3,977,671</b>	<b>\$ 3,838,834</b>	<b>\$ 3,841,655</b>	<b>\$ 2,821</b>

## CITY OF REDONDO BEACH

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**MISCELLANEOUS PLAN - AGENT MULTIPLE-EMPLOYER**  
**AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015	2016	2017	2018
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 2,874,216	\$ 2,537,587	\$ 2,658,781	\$ 3,296,064
Interest	12,419,054	12,947,817	13,391,115	13,844,417
Difference between Expected and Actual Experience	-	(58,913)	(717,631)	808,043
Changes in Assumptions	-	(3,072,251)	-	11,132,579
Benefit Payments, Including				
Refunds of Employee Contributions	(7,872,679)	(8,784,656)	(9,282,593)	(10,173,782)
<b>Net Change in Total Pension Liability</b>	<b>7,420,591</b>	<b>3,569,584</b>	<b>6,049,672</b>	<b>18,907,321</b>
<b>Total Pension Liability - Beginning</b>	<b>168,086,614</b>	<b>175,507,205</b>	<b>179,076,789</b>	<b>185,126,461</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 175,507,205</b>	<b>\$ 179,076,789</b>	<b>\$ 185,126,461</b>	<b>\$ 204,033,782</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	\$ 2,678,754	\$ 2,783,258	\$ 3,517,596	\$ 4,018,170
Contributions - Employee	1,301,991	1,282,878	1,361,650	1,404,270
Plan to Plan Resource Movement	-	2,745	(2,463)	-
Net Investment Income	21,314,935	3,161,165	777,656	14,967,632
Benefit Payments, Including				
Refunds of Employee Contributions	(7,872,679)	(8,784,656)	(9,282,593)	(10,173,782)
Administrative Expense	-	(158,175)	(85,184)	(200,883)
Other Miscellaneous Income/(Expense)	-	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>17,423,001</b>	<b>(1,712,785)</b>	<b>(3,713,338)</b>	<b>10,015,407</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>124,062,963</b>	<b>141,485,964</b>	<b>139,773,179</b>	<b>136,059,841</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 141,485,964</b>	<b>\$ 139,773,179</b>	<b>\$ 136,059,841</b>	<b>\$ 146,075,248</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 34,021,241</b>	<b>\$ 39,303,610</b>	<b>\$ 49,066,620</b>	<b>\$ 57,958,534</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>80.62%</b>	<b>78.05%</b>	<b>73.50%</b>	<b>71.59%</b>
<b>Covered Payroll</b>	<b>\$ 17,538,911</b>	<b>\$ 17,124,613</b>	<b>\$ 19,222,807</b>	<b>\$ 19,613,902</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>193.98%</b>	<b>229.52%</b>	<b>255.25%</b>	<b>295.50%</b>

(1) Historical information is required only for measurement years for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

**Notes to Schedule:**Benefit Changes:

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

Changes of Assumptions:

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

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 3,370,814	\$ 3,397,192	\$ 3,426,450	\$ 3,267,559
14,225,068	14,990,021	15,398,568	15,785,975
(291,950)	4,185,447	(1,088,566)	(1,273,036)
(1,050,285)	-	-	-
(10,849,928)	(11,341,781)	(11,856,917)	(12,251,572)
<b>5,403,719</b>	<b>11,230,879</b>	<b>5,879,535</b>	<b>5,528,926</b>
<b>204,033,782</b>	<b>209,437,501</b>	<b>220,668,380</b>	<b>226,547,915</b>
<b>\$ 209,437,501</b>	<b>\$ 220,668,380</b>	<b>\$ 226,547,915</b>	<b>\$ 232,076,841</b>
\$ 4,408,505	\$ 5,141,337	\$ 5,895,816	\$ 6,313,617
1,456,828	1,461,551	1,487,258	1,370,930
(355)	-	-	-
12,226,183	9,905,031	7,811,724	36,083,015
(10,849,928)	(11,341,781)	(11,856,917)	(12,251,572)
(227,625)	(108,939)	(222,338)	(160,659)
(432,265)	355	-	-
<b>6,581,343</b>	<b>5,057,554</b>	<b>3,115,543</b>	<b>31,355,331</b>
<b>146,075,248</b>	<b>152,656,591</b>	<b>157,714,145</b>	<b>160,829,688</b>
<b>\$ 152,656,591</b>	<b>\$ 157,714,145</b>	<b>\$ 160,829,688</b>	<b>\$ 192,185,019</b>
<b>\$ 56,780,910</b>	<b>\$ 62,954,235</b>	<b>\$ 65,718,227</b>	<b>\$ 39,891,822</b>
<b>72.89%</b>	<b>71.47%</b>	<b>70.99%</b>	<b>82.81%</b>
<b>\$ 20,156,748</b>	<b>\$ 21,343,149</b>	<b>\$ 20,914,206</b>	<b>\$ 19,503,029</b>
<b>281.70%</b>	<b>294.96%</b>	<b>314.23%</b>	<b>204.54%</b>

**CITY OF REDONDO BEACH**

**SCHEDULE OF PLAN CONTRIBUTIONS  
MISCELLANEOUS PLAN - AGENT MULTIPLE-EMPLOYER  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially Determined Contribution	\$ 2,783,258	\$ 3,517,053	\$ 4,018,056	\$ 4,399,141
Contribution in Relation to the Actuarially Determined Contribution	(2,783,258)	(3,517,053)	(4,018,056)	(4,399,141)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 17,124,613	\$ 19,222,807	\$ 19,613,902	\$ 20,156,748
Contributions as a Percentage of Covered Payroll	16.25%	18.30%	20.49%	21.82%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

(2) In July 2021, the Redondo Beach Community Financing Authority (CFA) issued \$226,180,000 Lease Revenue Bonds Series 2021A (federally taxable) to fund a portion of the City's unfunded pension obligation with the California Public Employees' Retirement System.

**Note to Schedule:**

Valuation Date:	June 30, 2020
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Assets valuation method	Fair Value of Assets.
Discount rate	7.00% (net of investment and administrative expenses)
Projected Salary Increases	Varies by Entry Age and Service
Inflation	2.50%
Payroll growth	2.75%

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2019	2020	2021	2022
\$ 5,140,690	\$ 5,895,512	\$ 6,313,617	\$ 4,739,046
(5,140,690)	(5,895,512)	(6,313,617)	(70,741,465) (2)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,002,419)</u>
\$ 21,343,149	\$ 20,914,206	\$ 19,503,029	\$ 18,792,136
24.09%	28.19%	32.37%	376.44%

## CITY OF REDONDO BEACH

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**SAFETY PLAN - AGENT MULTIPLE-EMPLOYER**  
**AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015	2016	2017	2018
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 4,500,890	\$ 4,369,526	\$ 4,352,710	\$ 5,065,945
Interest	21,930,219	22,764,197	23,438,824	23,940,703
Difference between Expected and Actual Experience	-	854,509	(769,075)	(493,558)
Changes in Assumptions	-	(5,276,514)	-	19,087,843
Benefit Payments, Including				
Refunds of Employee Contributions	(16,352,903)	(17,197,393)	(17,877,775)	(18,716,805)
<b>Net Change in Total Pension Liability</b>	<b>10,078,206</b>	<b>5,514,325</b>	<b>9,144,684</b>	<b>28,884,128</b>
<b>Total Pension Liability - Beginning</b>	<b>298,328,930</b>	<b>308,407,136</b>	<b>313,921,461</b>	<b>323,066,145</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 308,407,136</b>	<b>\$ 313,921,461</b>	<b>\$ 323,066,145</b>	<b>\$ 351,950,273</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	\$ 5,790,913	\$ 6,493,477	\$ 7,448,334	\$ 8,431,955
Contributions - Employee	2,003,854	1,397,695	1,457,236	1,592,490
Plan to Plan Resource Movement	-	(2,745)	2,463	-
Net Investment Income	34,672,500	5,030,896	1,150,020	23,744,382
Benefit Payments, Including				
Refunds of Employee Contributions	(16,352,903)	(17,197,393)	(17,877,775)	(18,716,805)
Administrative Expense	-	(251,346)	(136,109)	(317,989)
Other Miscellaneous Income/(Expense)	-	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>26,114,364</b>	<b>(4,529,416)</b>	<b>(7,955,831)</b>	<b>14,734,033</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>201,747,147</b>	<b>227,861,511</b>	<b>223,332,095</b>	<b>215,376,264</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 227,861,511</b>	<b>\$ 223,332,095</b>	<b>\$ 215,376,264</b>	<b>\$ 230,110,297</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 80,545,625</b>	<b>\$ 90,589,366</b>	<b>\$ 107,689,881</b>	<b>\$ 121,839,976</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>73.88%</b>	<b>71.14%</b>	<b>66.67%</b>	<b>65.38%</b>
<b>Covered Payroll</b>	<b>\$ 14,418,451</b>	<b>\$ 15,122,058</b>	<b>\$ 15,770,385</b>	<b>\$ 16,424,748</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>558.63%</b>	<b>599.05%</b>	<b>682.86%</b>	<b>741.81%</b>

(1) Historical information is required only for measurement years for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

**Notes to Schedule:**Benefit Changes:

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

Changes of Assumptions:

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

2019	2020	2021	2022
\$ 5,468,356	\$ 5,753,947	\$ 5,883,763	\$ 5,458,828
24,611,566	25,990,861	26,796,647	27,413,478
817,752	9,616,039	968,299	(1,214,915)
(1,235,646)	-	-	-
(20,097,705)	(20,998,140)	(22,018,409)	(23,233,659)
<b>9,564,323</b>	<b>20,362,707</b>	<b>11,630,300</b>	<b>8,423,732</b>
<b>351,950,273</b>	<b>361,514,596</b>	<b>381,877,303</b>	<b>393,507,603</b>
<b>\$ 361,514,596</b>	<b>\$ 381,877,303</b>	<b>\$ 393,507,603</b>	<b>\$ 401,931,335</b>
\$ 9,310,708	\$ 10,499,397	\$ 11,860,288	\$ 12,912,307
1,887,216	1,753,382	1,816,584	1,789,951
(559)	-	-	-
19,399,983	15,582,752	12,249,408	56,472,719
(20,097,705)	(20,998,140)	(22,018,409)	(23,233,659)
(358,575)	(170,963)	(347,134)	(249,533)
(680,940)	559	-	-
<b>9,460,128</b>	<b>6,666,987</b>	<b>3,560,737</b>	<b>47,691,785</b>
<b>230,110,297</b>	<b>239,570,425</b>	<b>246,237,412</b>	<b>249,798,149</b>
<b>\$ 239,570,425</b>	<b>\$ 246,237,412</b>	<b>\$ 249,798,149</b>	<b>\$ 297,489,934</b>
<b>\$ 121,944,171</b>	<b>\$ 135,639,891</b>	<b>\$ 143,709,454</b>	<b>\$ 104,441,401</b>
66.27%	64.48%	63.48%	74.02%
<b>\$ 17,552,942</b>	<b>\$ 18,388,027</b>	<b>\$ 18,508,977</b>	<b>\$ 18,079,966</b>
694.72%	737.65%	776.43%	577.66%

**CITY OF REDONDO BEACH**

**SCHEDULE OF PLAN CONTRIBUTIONS  
SAFETY PLAN - AGENT MULTIPLE-EMPLOYER  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially Determined Contribution	\$ 6,493,477	\$ 7,448,335	\$ 8,431,955	\$ 9,310,585
Contribution in Relation to the Actuarially Determined Contribution	(6,493,477)	(7,448,335)	(8,431,955)	(9,310,585)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 15,122,058	\$ 15,770,385	\$ 16,424,748	\$ 17,552,942
Contributions as a Percentage of Covered Payroll	42.94%	47.23%	51.34%	53.04%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

(2) In July 2021, the Redondo Beach Community Financing Authority (CFA) issued \$226,180,000 Lease Revenue Bonds Series 2021A (federally taxable) to fund a portion of the City's unfunded pension obligation with the California Public Employees' Retirement System.

**Note to Schedule:**

Valuation Date:	June 30, 2020
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Assets valuation method	Fair Value of Assets.
Discount rate	7.00% (net of investment and administrative expenses)
Projected Salary Increases	Varies by Entry Age and Service
Inflation	2.50%
Payroll growth	2.75%

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<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 10,498,710	\$ 11,860,372	\$ 12,912,307	\$ 9,558,876
(10,498,710)	(11,860,372)	(12,912,307)	(155,882,954) (2)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (146,324,078)</u>
 \$ 18,388,027	 \$ 18,508,977	 \$ 18,079,966	 \$ 15,212,797
 57.10%	 64.08%	 71.42%	 1024.68%

## CITY OF REDONDO BEACH

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2018	2019	2020	2021	2022
<b>Total OPEB Liability</b>					
Service cost	\$ 560,000	\$ 885,210	\$ 911,766	\$ 854,481	\$ 869,592
Interest on the total OPEB liability	1,521,000	1,581,920	1,635,748	1,592,234	1,620,655
Actual and expected experience difference	(3,502,000)	-	(147,110)	-	(3,732,173)
Changes in assumptions	2,900,000	-	(1,415,841)	(359,831)	700,641
Changes in benefit terms	2,593,000	-	-	-	-
Benefit payments	(2,002,000)	(1,868,747)	(1,523,667)	(1,620,198)	(1,741,685)
<b>Net change in total OPEB liability</b>	<b>2,070,000</b>	<b>598,383</b>	<b>(539,104)</b>	<b>466,686</b>	<b>(2,282,970)</b>
<b>Total OPEB liability - beginning</b>	<b>21,415,000</b>	<b>23,485,000</b>	<b>24,083,383</b>	<b>23,544,279</b>	<b>24,010,965</b>
<b>Total OPEB liability - ending (a)</b>	<b>23,485,000</b>	<b>24,083,383</b>	<b>23,544,279</b>	<b>24,010,965</b>	<b>21,727,995</b>
<b>Plan Fiduciary Net Position</b>					
Contribution - employer	1,428,000	2,191,008	2,217,998	2,214,831	1,975,728
Net investment income	632,000	469,710	497,289	300,557	2,465,620
Benefit payments	(2,002,000)	(1,868,747)	(1,523,667)	(1,620,198)	(1,741,685)
Administrative expense	(3,000)	(9,679)	(5,691)	(9,132)	(8,390)
<b>Net change in plan fiduciary net position</b>	<b>55,000</b>	<b>782,292</b>	<b>1,185,929</b>	<b>886,058</b>	<b>2,691,273</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,818,000</b>	<b>4,873,000</b>	<b>5,655,292</b>	<b>6,841,221</b>	<b>7,727,279</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>4,873,000</b>	<b>5,655,292</b>	<b>6,841,221</b>	<b>7,727,279</b>	<b>10,418,552</b>
<b>Net OPEB Liability/(Assets) - ending (a) - (b)</b>	<b>\$ 18,612,000</b>	<b>\$ 18,428,091</b>	<b>\$ 16,703,058</b>	<b>\$ 16,283,686</b>	<b>\$ 11,309,443</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	20.75%	23.48%	29.06%	32.18%	47.95%
<b>Covered-employee payroll</b>	\$ 35,816,000	\$ 36,708,000	\$ 38,823,317	\$ 38,202,693	\$ 37,142,464
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	51.97%	50.20%	43.02%	42.62%	30.45%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None

**Changes in assumptions:** The discount rate was updated based on newer capital market assumptions as of measurement date June 30, 2021. ACA excise tax was removed as of measurement date June 30, 2020. The discount rate was changed from 7.25 percent to 6.75 percent for the measurement period ended June 30, 2017.

## CITY OF REDONDO BEACH

**SCHEDULE OF CONTRIBUTIONS**  
**AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 1,802,000	\$ 2,217,998	\$ 2,214,831	\$ 1,975,728	\$ 2,024,144
Contribution in Relation to the Actuarially Determined Contributions	(705,000)	(2,217,998)	(2,214,831)	(1,975,728)	(2,024,144)
Contribution Deficiency (Excess)	\$ 1,097,000	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 36,708,000	\$ 38,823,317	\$ 38,202,693	\$ 37,142,464	\$ 37,783,818
Contributions as a percentage of covered-employee payroll	4.91%	5.71%	5.80%	5.32%	5.36%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

**Methods and assumptions used to determine contributions:**

Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method	Level percent of payroll
Amortization Valuation Period	18-year average remaining fixed period for 2021/22
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75%
Inflation	2.75%
Mortality	Mortality projected fully generational with Scale MP-2019

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**REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021**

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**MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. GASB Statement No. 34 defines infrastructure assets as "long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets..." Major infrastructure systems include the street system, storm water system, sewer system, and traffic control system. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) condition assessments which summarize results using a measurement scale; and (3) estimated annual amounts budgeted to maintain and preserve an established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City commissioned a physical assessment of the street conditions as of June 30, 2020. The study assisted the City by providing inspection data used to evaluate pavement condition. This helped to establish a City-defined target level of pavement performance, while optimizing the expenditure of limited fiscal resources. The entire pavement network within the City is composed of approximately 125 centerline miles of paved surfaces. The City's street system can be grouped by function class as follows:

22 centerline miles of arterial, 5 centerline miles of collector and 98 centerline miles of residential.

In May 2020, a physical assessment of all pavement segments was conducted to assess the existing surface condition of each of the individual pavement segments based on the ASTM D6433-11 standards for Pavement Condition Index (PCI). The PCI method only looks at distresses in the pavement since all of the City streets are structurally adequate and have speed limits less than 45mph. Evaluating the pavement based on PCI is a widely used standard in the United States, internationally, and commonly used by adjacent cities. This change allows the City to easily compare street conditions with comparable adjacent cities.

Upon completion of the study, the PCI was calculated for each segment in the City's pavement network to reflect the overall pavement condition. Ratings range from 0 to 100. A newly constructed street will have a PCI of 100, while a failed street will have a PCI of 25 or less. The pavement condition is primarily affected by the climate, traffic loads and volumes, construction materials and age. During the year, the comprehensive survey is updated to reflect the pavement's current condition.

**CITY OF REDONDO BEACH**

**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS**

The following conditions were defined:

<u>Condition</u>	<u>Rating</u>
Very Good	70-100
Good	50-69
Poor	25-49
Very Poor	0-24

In line with the Capital Improvement Program and as presented to City Council on January 16, 2018, City policy is to achieve a citywide average rating of 75 PCI, by fiscal year 2027/28. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at posted speeds.

The condition assessments for the most recent years since implementation are as follows:

<u>Year</u>	<u>PQI Rate</u>	<u>Condition</u>	<u>% of Streets</u>
2020	72 PCI	Very Good	55%
		Good	32%
		Poor	12%
		Very Poor	1%
2021	70 PCI	Very Good	52%
		Good	34%
		Poor	13%
		Very Poor	1%
2022	69 PCI	Very Good	49%
		Good	34%
		Poor	16%
		Very Poor	1%

The City expended \$3,885,545 on street improvement projects for the fiscal year ended June 30, 2022. These capital improvements expenditures enhanced the condition of many streets and delayed deterioration on others. The estimated expenditures required to maintain and improve the overall condition of the streets from July 1, 2022 through June 30, 2023 is a minimum of \$4,620,000.

A schedule of budget versus actual for the most recent years since implementation, which preserved City streets at the current 72 PCI rating, is presented in the following:

<u>Fiscal Year</u>	<u>Final Budget</u>	<u>Funded By Capital Improvement Project Fund</u>	<u>Funded By Other Funds</u>	<u>Total Expenditures</u>
2015-2016	\$ 18,316,725	\$ 349,942	\$ 2,225,322	\$ 2,575,264
2016-2017	18,181,254	426,308	2,176,521	2,602,829
2017-2018	25,410,860	2,277,323	3,029,105	5,306,428
2018-2019	28,101,756	858,836	1,567,341	2,426,177
2019-2020	25,722,992	983,290	5,101,794	6,085,084
2020-2021	25,883,121	1,303,631	3,707,000	5,010,631
2021-2022	35,923,606	1,329,143	2,556,402	3,885,545

**CITY OF REDONDO BEACH**

**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS**

As of June 30, 2022, 50% of City streets were rated below the targeted average condition level of 75 PCI. However, as noted above, the City is investing in these infrastructure assets as part of the five-year Capital Improvement Program and will continue to rehabilitate and maintain its streets in order to achieve this goal.

<b>Project</b>	<b>Project #</b>	<b>Budget</b>	<b>General Fund Expenditures</b>	<b>Other Fund Expenditures</b>	<b>Total Expenditures</b>
Bus Shelters & Benches	40120	\$ 100,516	\$ -	\$ 100,516	\$ 100,516
Pavement & Sidewalk Repairs	40140	-	15,304	-	15,304
Residential Street Rehabilitation	40190	3,240,837	7,800	180,739	188,539
Citywide Curb Ramp Improvements	40399	646,908	-	446,836	446,836
Traffic Calming Project	40470	956,242	462,818	-	462,818
Bicycle Trans Plan Implementation	40510	185,218	-	50,791	50,791
Artesia/Aviation NB Rt Turn Lane	40780	1,483,881	-	70,153	70,153
PCH Study Recommendations	40800	1,063,218	-	16,570	16,570
Kingsdale Resurfacing- 182nd/Grant Ave	40880	200,000	-	43,882	43,882
Bike Plan Grant - Beryl St. Bike Lanes	40940	136,829	-	-	-
Bike Plan Grant - N Catalina Bikelane	40941	414,370	-	-	-
Bike Plan Grant - S Catalina/I Bikelane	40942	44,640	-	-	-
Bike Plan Grant - Lilienthal Bikelane	40943	282,525	-	-	-
Bike Plan Grant - Torrance Blvd Bike Lane	40944	215,790	-	-	-
Bike Plan Grant - Citywide Bike Facilities	40945	853,340	-	-	-
Inglewood at MBB Rt Turn Lane Feasibility	40960	4,305,631	-	99,824	99,824
Torrance Blvd & Francisca Traffic Signal Mod	41070	260,862	-	4,801	4,801
Artesia Blvd Improvements - Phase 1	41080	145,135	5,192	-	5,192
Grant Ave Signal Improvements	41090	1,433,116	-	1,174,698	1,174,698
Median Reno - PV Blvd/Prospect/MBB	41110	81,543	-	-	-
Beryl Resurfacing & Drainage - Prospect to Flag	41130	2,831,946	-	75,310	75,310
Citywide Slurry Seal Program	41140	1,233,691	838,029	12,461	850,490
Kingsdale Avenue Widening	41150	981,153	-	4,000	4,000
Manhattan Beach Boulevard Resurfacing	41160	2,057,392	-	62,437	62,437
Citywide Striping	41180	108,670	-	-	-
Artesia Blvd Resurfacing - Harper to Hawthorne	41190	1,496,790	-	-	-
Citywide Traffic Signal Upgrades	41200	195,070	-	132,461	132,461
Inglewood Ave Resurfacing - Marine to MBB	41210	130,000	-	-	-
RB Blvd Resurfacing - Artesia to Hawthorne	41220	70,000	-	-	-
Torrance Blvd Resurfacing - PCH to Prospect	41230	1,907,133	-	70,413	70,413
Anita/Herondo & PCH WB RT Turn Lane	41240	2,500,000	-	-	-
NRB Bikeway Ext - Felton to Inglewood	41250	1,000,000	-	-	-
NRB Bikeway Ext - Inglewood Design	41260	200,000	-	-	-
Sidewalk Improvements & Repairs	41270	411,160	-	-	-
Traffic Signal Comm & Network System	41280	2,000,000	-	-	-
Dow/Vail/Johnston Bicycle Implementation Plan	41290	50,000	-	-	-
Residential Street Reconstruction-Deferred Maintenance	41300	1,500,000	-	-	-
Riviera Village Sidewalk Pavers	41310	300,000	-	-	-
Garnet Resurfacing- Broadway to Francisca	41320	250,000	-	-	-
Artesia Intersection Safety Implementation	41330	200,000	-	10,510	10,510
Grant Ave Bulb-outs	41340	375,000	-	-	-
Grant Ave Flash Crosswalks	41350	75,000	-	-	-
		<b>\$ 35,923,606</b>	<b>\$ 1,329,143</b>	<b>\$ 2,556,402</b>	<b>\$ 3,885,545</b>

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## **SUPPLEMENTARY INFORMATION**

## CITY OF REDONDO BEACH

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	Special Revenue Funds			
	State Gas Tax	Parks and Recreation Facilities	Narcotic Seizure / Forfeiture	Proposition A
<b>Assets:</b>				
Pooled cash and investments	\$ 2,675,724	\$ 79,643	\$ 294,232	\$ 2,369,440
Receivables:				
Accounts	4,876	-	-	-
Taxes	374,558	-	-	-
Notes and loans	-	-	-	-
Accrued interest	7,316	-	995	7,036
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,062,474</b>	<b>\$ 79,643</b>	<b>\$ 295,227</b>	<b>\$ 2,376,476</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 27,270	\$ -	\$ 26,218	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>27,270</b>	<b>-</b>	<b>26,218</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Housing and community development	-	79,643	-	2,376,476
Public safety	-	-	269,009	-
Public works	3,035,204	-	-	-
Debt service	-	-	-	-
Low and moderate income housing	-	-	-	-
<b>Assigned to:</b>				
Capital projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>3,035,204</b>	<b>79,643</b>	<b>269,009</b>	<b>2,376,476</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,062,474</b>	<b>\$ 79,643</b>	<b>\$ 295,227</b>	<b>\$ 2,376,476</b>

## CITY OF REDONDO BEACH

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	Proposition C	Measure R	Local Transportation Article 3	Air Quality Improvement
<b>Assets:</b>				
Pooled cash and investments	\$ 6,423,473	\$ 2,240,026	\$ -	\$ 201,236
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	18,305	1,072	-	544
Due from other governments	-	-	54,693	21,886
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 6,441,778</b>	<b>\$ 2,241,098</b>	<b>\$ 54,693</b>	<b>\$ 223,666</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 152,591	\$ 188,905	\$ 3,250	\$ 991
Due to other funds	-	-	52,350	-
<b>Total Liabilities</b>	<b>152,591</b>	<b>188,905</b>	<b>55,600</b>	<b>991</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Housing and community development	6,289,187	2,052,193	-	222,675
Public safety	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Low and moderate income housing	-	-	-	-
<b>Assigned to:</b>				
Capital projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>(907)</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>6,289,187</b>	<b>2,052,193</b>	<b>(907)</b>	<b>222,675</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,441,778</b>	<b>\$ 2,241,098</b>	<b>\$ 54,693</b>	<b>\$ 223,666</b>

## CITY OF REDONDO BEACH

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<b>Special Revenue Funds</b>			
	<b>Storm Drain Improvement</b>	<b>Street Landscaping and Lighting District</b>	<b>Community Development Block Grant</b>	<b>Disaster Recovery</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 460,322	\$ 184,974	\$ -	\$ 313,201
Receivables:				
Accounts	-	-	-	-
Taxes	-	70,915	-	-
Notes and loans	-	-	326,229	-
Accrued interest	-	-	-	-
Due from other governments	-	-	235,757	759
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 460,322</b>	<b>\$ 255,889</b>	<b>\$ 561,986</b>	<b>\$ 313,960</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 975	\$ 255,889	\$ 90,214	\$ 2,257
Due to other funds	-	-	2,198	-
<b>Total Liabilities</b>	<b>975</b>	<b>255,889</b>	<b>92,412</b>	<b>2,257</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	538,428	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>538,428</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Housing and community development	-	-	-	-
Public safety	-	-	-	311,703
Public works	459,347	-	-	-
Debt service	-	-	-	-
Low and moderate income housing	-	-	-	-
<b>Assigned to:</b>				
Capital projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>(68,854)</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>459,347</b>	<b>-</b>	<b>(68,854)</b>	<b>311,703</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 460,322</b>	<b>\$ 255,889</b>	<b>\$ 561,986</b>	<b>\$ 313,960</b>

## CITY OF REDONDO BEACH

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

(CONTINUED)

	Special Revenue Funds			
	Housing Authority	Subdivision Park Trust	Measure M	Measure W
<b>Assets:</b>				
Pooled cash and investments	\$ 2,055,204	\$ 2,115,770	\$ 3,446,597	\$ 426,499
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	9,419	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,055,204</b>	<b>\$ 2,115,770</b>	<b>\$ 3,456,016</b>	<b>\$ 426,499</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 40,336	\$ 61,408	\$ 80,786
Due to other funds	474,140	-	-	-
<b>Total Liabilities</b>	<b>474,140</b>	<b>40,336</b>	<b>61,408</b>	<b>80,786</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Housing and community development	-	2,075,434	-	-
Public safety	-	-	-	-
Public works	-	-	3,394,608	345,713
Debt service	-	-	-	-
Low and moderate income housing	1,581,064	-	-	-
<b>Assigned to:</b>				
Capital projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>1,581,064</b>	<b>2,075,434</b>	<b>3,394,608</b>	<b>345,713</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,055,204</b>	<b>\$ 2,115,770</b>	<b>\$ 3,456,016</b>	<b>\$ 426,499</b>

## CITY OF REDONDO BEACH

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	Capital Projects Funds			
	Capital Improvement Projects	Pier Parking Structure Rehabilitation	Major Facilities Reconstruction	Open Space Acquisition
<b>Assets:</b>				
Pooled cash and investments	\$ 10,297,517	\$ 831	\$ 653,214	\$ 1,302,576
Receivables:				
Accounts	119,740	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	3,054,145	-	-	-
<b>Total Assets</b>	<b>\$ 13,471,402</b>	<b>\$ 831</b>	<b>\$ 653,214</b>	<b>\$ 1,302,576</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 219,304	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>219,304</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Housing and community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Low and moderate income housing	-	-	-	-
<b>Assigned to:</b>				
Capital projects	13,252,098	831	653,214	1,302,576
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>13,252,098</b>	<b>831</b>	<b>653,214</b>	<b>1,302,576</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 13,471,402</b>	<b>\$ 831</b>	<b>\$ 653,214</b>	<b>\$ 1,302,576</b>

## CITY OF REDONDO BEACH

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<b>Debt Service Funds</b>	
	<b>Parking Authority</b>	<b>Total Other Governmental Funds</b>
<b>Assets:</b>		
Pooled cash and investments	\$ 6,053	\$ 35,546,532
Receivables:		
Accounts	-	124,616
Taxes	-	445,473
Notes and loans	-	326,229
Accrued interest	8	44,695
Due from other governments	-	313,095
Due from other funds	-	3,054,145
<b>Total Assets</b>	<b>\$ 6,061</b>	<b>\$ 39,854,785</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 1,150,394
Due to other funds	-	528,688
<b>Total Liabilities</b>	<b>-</b>	<b>1,679,082</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenues	-	538,428
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>538,428</b>
<b>Fund Balances:</b>		
<b>Restricted for:</b>		
Housing and community development	-	13,095,608
Public safety	-	580,712
Public works	-	7,234,872
Debt service	6,061	6,061
Low and moderate income housing	-	1,581,064
<b>Assigned to:</b>		
Capital projects	-	15,208,719
<b>Unassigned</b>	<b>-</b>	<b>(69,761)</b>
<b>Total Fund Balances</b>	<b>6,061</b>	<b>37,637,275</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,061</b>	<b>\$ 39,854,785</b>

## CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	State Gas Tax	Parks and Recreation Facilities	Narcotic Seizure / Forfeiture	Proposition A
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,933,535	-	-	1,691,801
Charges for services	-	22,800	-	-
Use of money and property	(64,544)	-	(8,243)	(70,910)
Fines and forfeitures	-	-	66,597	-
Miscellaneous	12,000	-	-	-
<b>Total Revenues</b>	<b>2,880,991</b>	<b>22,800</b>	<b>58,354</b>	<b>1,620,891</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	63,717	-
Housing and community development	-	-	-	-
Culture and leisure services	-	-	-	-
Public works	1,314,298	-	-	-
Capital outlay	226,243	-	104,712	-
<b>Total Expenditures</b>	<b>1,540,541</b>	<b>-</b>	<b>168,429</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,340,450	22,800	(110,075)	1,620,891
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(133)	-	-	(1,512,045)
<b>Total Other Financing Sources (Uses):</b>	<b>(133)</b>	<b>-</b>	<b>-</b>	<b>(1,512,045)</b>
Net Change in Fund Balances	1,340,317	22,800	(110,075)	108,846
Fund Balances, Beginning of Year	1,694,887	56,843	379,084	2,267,630
<b>Fund Balances, End of Year</b>	<b>\$ 3,035,204</b>	<b>\$ 79,643</b>	<b>\$ 269,009</b>	<b>\$ 2,376,476</b>

## CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

(CONTINUED)

**Special Revenue Funds**

	<b>Proposition C</b>	<b>Measure R</b>	<b>Local Transportation Article 3</b>	<b>Air Quality Improvement</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,403,314	1,052,315	54,693	85,641
Charges for services	-	-	-	-
Use of money and property	(210,527)	(1,879)	-	(7,518)
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,192,787</b>	<b>1,050,436</b>	<b>54,693</b>	<b>78,123</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Housing and community development	-	-	-	32,849
Culture and leisure services	343	-	-	-
Public works	1,262	-	-	-
Capital outlay	819,128	618,629	92,752	96,132
<b>Total Expenditures</b>	<b>820,733</b>	<b>618,629</b>	<b>92,752</b>	<b>128,981</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	372,054	431,807	(38,059)	(50,858)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(7)
<b>Total Other Financing Sources (Uses):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7)</b>
Net Change in Fund Balances	372,054	431,807	(38,059)	(50,865)
Fund Balances, Beginning of Year	5,917,133	1,620,386	37,152	273,540
<b>Fund Balances, End of Year</b>	<b>\$ 6,289,187</b>	<b>\$ 2,052,193</b>	<b>\$ (907)</b>	<b>\$ 222,675</b>

## CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Storm Drain Improvement	Street Landscaping and Lighting District	Community Development Block Grant	Disaster Recovery
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	286,186	-
Charges for services	54,222	1,506,001	-	420
Use of money and property	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	15,601	405,773
<b>Total Revenues</b>	<b>54,222</b>	<b>1,506,001</b>	<b>301,787</b>	<b>406,193</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	257,356
Housing and community development	-	-	91,245	-
Culture and leisure services	-	-	-	9,980
Public works	-	2,502,886	-	-
Capital outlay	975	-	111,821	-
<b>Total Expenditures</b>	<b>975</b>	<b>2,502,886</b>	<b>203,066</b>	<b>267,336</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,247	(996,885)	98,721	138,857
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	997,054	-	-
Transfers out	-	(169)	-	-
<b>Total Other Financing Sources (Uses):</b>	<b>-</b>	<b>996,885</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	53,247	-	98,721	138,857
Fund Balances, Beginning of Year	406,100	-	(167,575)	172,846
<b>Fund Balances, End of Year</b>	<b>\$ 459,347</b>	<b>\$ -</b>	<b>\$ (68,854)</b>	<b>\$ 311,703</b>

## CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

(CONTINUED)

## Special Revenue Funds

	Housing Authority	Subdivision Park Trust	Measure M	Measure W
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,464,042	-	1,190,816	715,700
Charges for services	-	-	-	-
Use of money and property	218	-	(94,874)	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	400,000	-	-
<b>Total Revenues</b>	<b>7,464,260</b>	<b>400,000</b>	<b>1,095,942</b>	<b>715,700</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Housing and community development	7,124,927	-	-	-
Culture and leisure services	-	-	-	-
Public works	-	-	-	162,160
Capital outlay	-	267,806	246,653	65,106
<b>Total Expenditures</b>	<b>7,124,927</b>	<b>267,806</b>	<b>246,653</b>	<b>227,266</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	339,333	132,194	849,289	488,434
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(20)
<b>Total Other Financing Sources (Uses):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20)</b>
Net Change in Fund Balances	339,333	132,194	849,289	488,414
Fund Balances, Beginning of Year	1,241,731	1,943,240	2,545,319	(142,701)
<b>Fund Balances, End of Year</b>	<b>\$ 1,581,064</b>	<b>\$ 2,075,434</b>	<b>\$ 3,394,608</b>	<b>\$ 345,713</b>

## CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	Capital Project Funds			
	Capital Improvement Projects	Pier Parking Structure Rehabilitation	Major Facilities Reconstruction	Open Space Acquisition
<b>Revenues:</b>				
Taxes	\$ 174,655	\$ -	\$ -	\$ -
Intergovernmental	814,145	-	-	-
Charges for services	302,360	-	-	-
Use of money and property	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	2,000	-	-	-
<b>Total Revenues</b>	<b>1,293,160</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Housing and community development	-	-	-	-
Culture and leisure services	-	-	-	-
Public works	185,095	-	-	-
Capital outlay	1,822,090	-	7,500	1,119
<b>Total Expenditures</b>	<b>2,007,185</b>	<b>-</b>	<b>7,500</b>	<b>1,119</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(714,025)	-	(7,500)	(1,119)
<b>Other Financing Sources (Uses):</b>				
Transfers in	7,918,163	-	-	-
Transfers out	(38)	-	-	-
<b>Total Other Financing Sources (Uses):</b>	<b>7,918,125</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	7,204,100	-	(7,500)	(1,119)
Fund Balances, Beginning of Year	6,047,998	831	660,714	1,303,695
<b>Fund Balances, End of Year</b>	<b>\$ 13,252,098</b>	<b>\$ 831</b>	<b>\$ 653,214</b>	<b>\$ 1,302,576</b>

## CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	<b>Debt Service Funds</b>	
	<b>Parking Authority</b>	<b>Total Other Governmental Funds</b>
<b>Revenues:</b>		
Taxes	\$ -	\$ 174,655
Intergovernmental	-	17,692,188
Charges for services	-	1,885,803
Use of money and property	(45)	(458,322)
Fines and forfeitures	-	66,597
Miscellaneous	-	835,374
<b>Total Revenues</b>	<b>(45)</b>	<b>20,196,295</b>
<b>Expenditures:</b>		
Current:		
Public safety	-	321,073
Housing and community development	-	7,249,021
Culture and leisure services	-	10,323
Public works	-	4,165,701
Capital outlay	-	4,480,666
<b>Total Expenditures</b>	<b>-</b>	<b>16,226,784</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45)	3,969,511
<b>Other Financing Sources (Uses):</b>		
Transfers in	-	8,915,217
Transfers out	-	(1,512,412)
<b>Total Other Financing Sources (Uses):</b>	<b>-</b>	<b>7,402,805</b>
Net Change in Fund Balances	(45)	11,372,316
Fund Balances, Beginning of Year	6,106	26,264,959
<b>Fund Balances, End of Year</b>	<b>\$ 6,061</b>	<b>\$ 37,637,275</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 STATE GAS TAX  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,694,887	\$ 1,694,887	\$ 1,694,887	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	3,032,268	2,888,580	2,933,535	44,955
Use of money and property	20,000	20,000	(64,544)	(84,544)
Miscellaneous	6,000	6,000	12,000	6,000
<b>Amounts Available for Appropriations</b>	<b>4,753,155</b>	<b>4,609,467</b>	<b>4,575,878</b>	<b>(33,589)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	1,411,531	1,482,237	1,314,298	167,939
Capital outlay	1,100,000	2,146,974	226,243	1,920,731
Transfers out	38,278	38,278	133	38,145
<b>Total Charges to Appropriations</b>	<b>2,549,809</b>	<b>3,667,489</b>	<b>1,540,674</b>	<b>2,126,815</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,203,346</b>	<b>\$ 941,978</b>	<b>\$ 3,035,204</b>	<b>\$ 2,093,226</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 PARKS AND RECREATION FACILITIES  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 56,843	\$ 56,843	\$ 56,843	\$ -
<b>Resources (Inflows):</b>				
Charges for services	31,500	35,000	22,800	(12,200)
<b>Amounts Available for Appropriations</b>	<b>88,343</b>	<b>91,843</b>	<b>79,643</b>	<b>(12,200)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	50,000	100,000	-	100,000
<b>Total Charges to Appropriations</b>	<b>50,000</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 38,343</b>	<b>\$ (8,157)</b>	<b>\$ 79,643</b>	<b>\$ 87,800</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 NARCOTIC SEIZURE / FORFEITURE  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 379,084	\$ 379,084	\$ 379,084	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	10,000	10,000	(8,243)	(18,243)
Fines and forfeitures	10,000	42,000	66,597	24,597
<b>Amounts Available for Appropriations</b>	<b>399,084</b>	<b>431,084</b>	<b>437,438</b>	<b>6,354</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	52,957	167,006	63,717	103,289
Capital outlay	-	113,748	104,712	9,036
<b>Total Charges to Appropriations</b>	<b>52,957</b>	<b>280,754</b>	<b>168,429</b>	<b>112,325</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 346,127</b>	<b>\$ 150,330</b>	<b>\$ 269,009</b>	<b>\$ 118,679</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION A  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$2,267,630	\$ 2,267,630	\$ 2,267,630	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,889,909	1,889,909	1,691,801	(198,108)
Use of money and property	30,000	30,000	(70,910)	(100,910)
<b>Amounts Available for Appropriations</b>	<b>4,187,539</b>	<b>4,187,539</b>	<b>3,888,521</b>	<b>(299,018)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	75,000	-	75,000
Transfers out	2,867,624	2,867,624	1,512,045	1,355,579
<b>Total Charges to Appropriations</b>	<b>2,867,624</b>	<b>2,942,624</b>	<b>1,512,045</b>	<b>1,430,579</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$1,319,915</b>	<b>\$ 1,244,915</b>	<b>\$ 2,376,476</b>	<b>\$ 1,131,561</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION C  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$5,917,133	\$ 5,917,133	\$ 5,917,133	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,122,203	1,122,203	1,403,314	281,111
Use of money and property	120,000	120,000	(210,527)	(330,527)
<b>Amounts Available for Appropriations</b>	<b>7,159,336</b>	<b>7,159,336</b>	<b>7,109,920</b>	<b>(49,416)</b>
<b>Charges to Appropriation (Outflow):</b>				
Cultural and leisure services	507	343	343	-
Public works	1,644	2,336	1,262	1,074
Capital outlay	1,680,000	7,092,235	819,128	6,273,107
<b>Total Charges to Appropriations</b>	<b>1,682,151</b>	<b>7,094,914</b>	<b>820,733</b>	<b>6,274,181</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$5,477,185</b>	<b>\$ 64,422</b>	<b>\$ 6,289,187</b>	<b>\$ 6,224,765</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 MEASURE R  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$1,620,386	\$ 1,620,386	\$ 1,620,386	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	841,652	841,652	1,052,315	210,663
Use of money and property	15,000	15,000	(1,879)	(16,879)
<b>Amounts Available for Appropriations</b>	<b>2,477,038</b>	<b>2,477,038</b>	<b>2,670,822</b>	<b>193,784</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	5,929	-	5,929
Capital outlay	1,015,000	2,480,217	618,629	1,861,588
<b>Total Charges to Appropriations</b>	<b>1,015,000</b>	<b>2,486,146</b>	<b>618,629</b>	<b>1,867,517</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$1,462,038</b>	<b>\$ (9,108)</b>	<b>\$ 2,052,193</b>	<b>\$ 2,061,301</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 LOCAL TRANSPORTATION ARTICLE 3  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 37,152	\$ 37,152	\$ 37,152	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	49,074	49,074	54,693	5,619
<b>Amounts Available for Appropriations</b>	<b>86,226</b>	<b>86,226</b>	<b>91,845</b>	<b>5,619</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	95,000	95,000	92,752	2,248
<b>Total Charges to Appropriations</b>	<b>95,000</b>	<b>95,000</b>	<b>92,752</b>	<b>2,248</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (8,774)</b>	<b>\$ (8,774)</b>	<b>\$ (907)</b>	<b>\$ 7,867</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY IMPROVEMENT  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 273,540	\$ 273,540	\$ 273,540	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	88,000	88,000	85,641	(2,359)
Use of money and property	2,000	2,000	(7,518)	(9,518)
<b>Amounts Available for Appropriations</b>	<b>363,540</b>	<b>363,540</b>	<b>351,663</b>	<b>(11,877)</b>
<b>Charges to Appropriation (Outflow):</b>				
Cultural and leisure services	72,722	81,064	32,849	48,215
Capital outlay	-	140,487	96,132	44,355
Transfers out	1,464	1,464	7	1,457
<b>Total Charges to Appropriations</b>	<b>74,186</b>	<b>223,015</b>	<b>128,988</b>	<b>94,027</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 289,354</b>	<b>\$ 140,525</b>	<b>\$ 222,675</b>	<b>\$ 82,150</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 STORM DRAIN IMPROVEMENT  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 406,100	\$ 406,100	\$ 406,100	\$ -
<b>Resources (Inflows):</b>				
Charges for services	28,000	28,000	54,222	26,222
<b>Amounts Available for Appropriations</b>	<b>434,100</b>	<b>434,100</b>	<b>460,322</b>	<b>26,222</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	287,992	975	287,017
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>287,992</b>	<b>975</b>	<b>287,017</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 434,100</b>	<b>\$ 146,108</b>	<b>\$ 459,347</b>	<b>\$ 313,239</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 STREET LANDSCAPING AND LIGHTING DISTRICT  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Charges for services	1,543,500	1,543,500	1,506,001	(37,499)
Miscellaneous	10,000	10,000	-	(10,000)
Transfers in	1,018,856	1,018,856	997,054	(21,802)
<b>Amounts Available for Appropriations</b>	<b>2,572,356</b>	<b>2,572,356</b>	<b>2,503,055</b>	<b>(69,301)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	2,572,356	2,769,793	2,502,886	266,907
Transfers out	-	-	169	(169)
<b>Total Charges to Appropriations</b>	<b>2,572,356</b>	<b>2,769,793</b>	<b>2,503,055</b>	<b>266,738</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ (197,437)</b>	<b>\$ -</b>	<b>\$ 197,437</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY DEVELOPMENT BLOCK GRANT  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (167,575)	\$ (167,575)	\$ (167,575)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	290,479	290,479	286,186	(4,293)
Miscellaneous	-	-	15,601	15,601
<b>Amounts Available for Appropriations</b>	<b>122,904</b>	<b>122,904</b>	<b>134,212</b>	<b>11,308</b>
<b>Charges to Appropriation (Outflow):</b>				
Housing and community development	161,668	161,671	91,245	70,426
Capital outlay	128,811	291,908	111,821	180,087
<b>Total Charges to Appropriations</b>	<b>290,479</b>	<b>453,579</b>	<b>203,066</b>	<b>250,513</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (167,575)</b>	<b>\$ (330,675)</b>	<b>\$ (68,854)</b>	<b>\$ 261,821</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
DISASTER RECOVERY  
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 172,846	\$ 172,846	\$ 172,846	\$ -
<b>Resources (Inflows):</b>				
Charges for services	1,000	1,000	420	(580)
Miscellaneous	50,000	50,000	405,773	355,773
<b>Amounts Available for Appropriations</b>	<b>223,846</b>	<b>223,846</b>	<b>579,039</b>	<b>355,193</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	17,060	17,060	257,356	(240,296)
Cultural and leisure services	-	-	9,980	(9,980)
<b>Total Charges to Appropriations</b>	<b>17,060</b>	<b>17,060</b>	<b>267,336</b>	<b>(250,276)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 206,786</b>	<b>\$ 206,786</b>	<b>\$ 311,703</b>	<b>\$ 104,917</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
HOUSING AUTHORITY  
YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$1,241,731	\$ 1,241,731	\$ 1,241,731	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	6,627,168	6,627,168	7,464,042	836,874
Use of money and property	-	-	218	218
<b>Amounts Available for Appropriations</b>	<b>7,868,899</b>	<b>7,868,899</b>	<b>8,705,991</b>	<b>837,092</b>
<b>Charges to Appropriation (Outflow):</b>				
Housing and community development	6,669,968	6,699,968	7,124,927	(424,959)
<b>Total Charges to Appropriations</b>	<b>6,669,968</b>	<b>6,699,968</b>	<b>7,124,927</b>	<b>(424,959)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$1,198,931</b>	<b>\$ 1,168,931</b>	<b>\$ 1,581,064</b>	<b>\$ 412,133</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 SUBDIVISION PARK TRUST  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,943,240	\$ 1,943,240	\$ 1,943,240	\$ -
<b>Resources (Inflows):</b>				
Miscellaneous	600,000	775,000	400,000	(375,000)
<b>Amounts Available for Appropriations</b>	<b>2,543,240</b>	<b>2,718,240</b>	<b>2,343,240</b>	<b>(375,000)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	660,000	2,288,387	267,806	2,020,581
<b>Total Charges to Appropriations</b>	<b>660,000</b>	<b>2,288,387</b>	<b>267,806</b>	<b>2,020,581</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,883,240</b>	<b>\$ 429,853</b>	<b>\$ 2,075,434</b>	<b>\$ 1,645,581</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 MEASURE M  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$2,545,319	\$ 2,545,319	\$ 2,545,319	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	953,872	953,872	1,190,816	236,944
Use of money and property	30,000	30,000	(94,874)	(124,874)
<b>Amounts Available for Appropriations</b>	<b>3,529,191</b>	<b>3,529,191</b>	<b>3,641,261</b>	<b>112,070</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	1,300,000	3,441,920	246,653	3,195,267
<b>Total Charges to Appropriations</b>	<b>1,300,000</b>	<b>3,441,920</b>	<b>246,653</b>	<b>3,195,267</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,229,191</b>	<b>\$ 87,271</b>	<b>\$ 3,394,608</b>	<b>\$ 3,307,337</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 MEASURE W  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (142,701)	\$ (142,701)	\$ (142,701)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	648,000	720,000	715,700	(4,300)
<b>Amounts Available for Appropriations</b>	<b>505,299</b>	<b>577,299</b>	<b>572,999</b>	<b>(4,300)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	190,637	179,155	162,160	16,995
Capital outlay	500,000	971,527	65,106	906,421
Transfers out	4,663	4,663	20	4,643
<b>Total Charges to Appropriations</b>	<b>695,300</b>	<b>1,155,345</b>	<b>227,286</b>	<b>928,059</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (190,001)</b>	<b>\$ (578,046)</b>	<b>\$ 345,713</b>	<b>\$ 923,759</b>

## CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL IMPROVEMENT PROJECTS**  
**YEAR ENDED JUNE 30, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Taxes	190,000	190,000	174,655	(15,345)
Intergovernmental	814,145	814,145	814,145	-
Charges for services	302,678	302,360	302,360	-
Miscellaneous	-	-	2,000	2,000
Transfers in	6,051,625	8,508,625	7,918,163	(590,462)
<b>Amounts Available for Appropriations</b>	<b>7,358,448</b>	<b>9,815,130</b>	<b>9,211,323</b>	<b>(603,807)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	162,410	162,410	185,095	(22,685)
Capital outlay	6,139,078	11,900,166	1,822,090	10,078,076
Debt service:				
Transfers out	9,663	9,663	38	9,625
<b>Total Charges to Appropriations</b>	<b>6,311,151</b>	<b>12,072,239</b>	<b>2,007,223</b>	<b>10,065,016</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,047,297</b>	<b>\$ (2,257,109)</b>	<b>\$ 7,204,100</b>	<b>\$ 9,461,209</b>

## CITY OF REDONDO BEACH

BUDGETARY COMPARISON SCHEDULE  
 OPEN SPACE ACQUISITION  
 YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 1,303,695	\$ 1,303,695	\$ 1,303,695	\$ -
<b>Amounts Available for Appropriations</b>	<b>1,303,695</b>	<b>1,303,695</b>	<b>1,303,695</b>	<b>-</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	18,047	-	18,047
Capital outlay	186,500	186,500	1,119	185,381
<b>Total Charges to Appropriations</b>	<b>186,500</b>	<b>204,547</b>	<b>1,119</b>	<b>203,428</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,117,195</b>	<b>\$ 1,099,148</b>	<b>\$ 1,302,576</b>	<b>\$ 203,428</b>

## CITY OF REDONDO BEACH

**BUDGETARY COMPARISON SCHEDULE**  
**PUBLIC FINANCING AUTHORITY**  
**YEAR ENDED JUNE 30, 2022**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary Fund Balance, July 1	\$ 4,693,537	\$ 4,693,537	\$ 4,693,537	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	273,975	273,975	651,317	377,342
Transfers in	6,702,821	6,702,821	1,671,011	(5,031,810)
Debt issued	-	-	197,138,488	197,138,488
<b>Amounts Available for Appropriations</b>	<b>11,670,333</b>	<b>11,670,333</b>	<b>204,154,353</b>	<b>192,484,020</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	13,956,538	(13,956,538)
Public safety	-	-	155,043,149	(155,043,149)
Housing and community development	273,975	273,975	5,927,007	(5,653,032)
Parks and recreation	-	-	5,666,398	(5,666,398)
Public works	-	-	11,928,100	(11,928,100)
Debt service:				
Principal retirement	570,000	570,000	570,000	-
Interest and fiscal charges	6,132,821	6,132,821	4,939,893	1,192,928
<b>Total Charges to Appropriations</b>	<b>6,976,796</b>	<b>6,976,796</b>	<b>199,129,213</b>	<b>(192,152,417)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,693,537</b>	<b>\$ 4,693,537</b>	<b>\$ 5,025,140</b>	<b>\$ 331,603</b>

## CITY OF REDONDO BEACH

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2022**

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Vehicle Replacement</b>	<b>Building Occupancy</b>	<b>Information Technology</b>
<b>Assets:</b>			
Current:			
Cash and investments	\$ 9,888,396	\$ 2,805,031	\$ 3,047,302
Receivables:			
Accounts	51,530	-	-
Prepaid costs	-	-	6,995
Restricted:			
Cash with fiscal agent	194	467	248
<b>Total Current Assets</b>	<b>9,940,120</b>	<b>2,805,498</b>	<b>3,054,545</b>
Noncurrent:			
Capital assets - net of accumulated depreciation	5,717,416	146,836	908,410
<b>Total Noncurrent Assets</b>	<b>5,717,416</b>	<b>146,836</b>	<b>908,410</b>
<b>Total Assets</b>	<b>15,657,536</b>	<b>2,952,334</b>	<b>3,962,955</b>
<b>Deferred Outflows of Resources:</b>			
Deferred pension related items	1,266,701	2,651,317	2,612,598
Deferred OPEB related items	25,459	53,411	54,945
<b>Total Deferred Outflows of Resources</b>	<b>1,292,160</b>	<b>2,704,728</b>	<b>2,667,543</b>
<b>Liabilities:</b>			
Current:			
Accounts payable	140,923	486,675	128,741
Accrued interest	5,087	10,538	10,447
Accrued compensated absences	6,644	7,545	36,657
Accrued claims and judgments	-	-	-
Long-term debt - due within one year	42,168	87,348	86,595
<b>Total Current Liabilities</b>	<b>194,822</b>	<b>592,106</b>	<b>262,440</b>
Noncurrent:			
Accrued compensated absences	19,931	22,636	109,972
Accrued claims and judgments	-	-	-
Long-term debt - due in more than one year	1,224,440	2,536,340	2,514,475
Net pension liability	653,827	1,585,301	1,438,100
Net OPEB liability	76,570	160,634	165,249
<b>Total Noncurrent Liabilities</b>	<b>1,974,768</b>	<b>4,304,911</b>	<b>4,227,796</b>
<b>Total Liabilities</b>	<b>2,169,590</b>	<b>4,897,017</b>	<b>4,490,236</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	311,871	756,177	685,964
Deferred OPEB related items	49,320	103,467	106,439
<b>Total Deferred Inflows of Resources</b>	<b>361,191</b>	<b>859,644</b>	<b>792,403</b>
<b>Net Position:</b>			
Net investment in capital assets	5,717,416	146,836	908,410
Unrestricted	8,701,499	(246,435)	439,449
<b>Total Net Position</b>	<b>\$ 14,418,915</b>	<b>\$ (99,599)</b>	<b>\$ 1,347,859</b>

## CITY OF REDONDO BEACH

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2022**

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Self-Insurance Program</b>	<b>Emergency Communications</b>	<b>Major Facilities Repair</b>	<b>Totals</b>
<b>Assets:</b>				
Current:				
Cash and investments	\$ 14,372,513	\$ 5,278,703	\$ 982,828	\$ 36,374,773
Receivables:				
Accounts	-	-	-	51,530
Prepaid costs	-	-	-	6,995
Restricted:				
Cash with fiscal agent	(13)	22,938	-	23,834
<b>Total Current Assets</b>	<b>14,372,500</b>	<b>5,301,641</b>	<b>982,828</b>	<b>36,457,132</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	45,361	1,393,224	430,343	8,641,590
<b>Total Noncurrent Assets</b>	<b>45,361</b>	<b>1,393,224</b>	<b>430,343</b>	<b>8,641,590</b>
<b>Total Assets</b>	<b>14,417,861</b>	<b>6,694,865</b>	<b>1,413,171</b>	<b>45,098,722</b>
<b>Deferred Outflows of Resources:</b>				
Deferred pension related items	191,045	3,528,825	-	10,250,486
Deferred OPEB related items	4,000	60,073	-	197,888
<b>Total Deferred Outflows of Resources</b>	<b>195,045</b>	<b>3,588,898</b>	<b>-</b>	<b>10,448,374</b>
<b>Liabilities:</b>				
Current:				
Accounts payable	1,162,891	32,771	4,182	1,956,183
Accrued interest	727	14,535	-	41,334
Accrued compensated absences	374	22,604	-	73,824
Accrued claims and judgments	919,969	-	-	919,969
Long-term debt - due within one year	6,024	120,480	-	342,615
<b>Total Current Liabilities</b>	<b>2,089,985</b>	<b>190,390</b>	<b>4,182</b>	<b>3,333,925</b>
Noncurrent:				
Accrued compensated absences	1,122	67,811	-	221,472
Accrued claims and judgments	23,318,210	-	-	23,318,210
Long-term debt - due in more than one year	174,920	3,498,400	-	9,948,575
Net pension liability	178,316	1,438,674	-	5,294,218
Net OPEB liability	12,031	180,670	-	595,154
<b>Total Noncurrent Liabilities</b>	<b>23,684,599</b>	<b>5,185,555</b>	<b>-</b>	<b>39,377,629</b>
<b>Total Liabilities</b>	<b>25,774,584</b>	<b>5,375,945</b>	<b>4,182</b>	<b>42,711,554</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension related items	85,055	402,800	-	2,241,867
Deferred OPEB related items	7,750	116,372	-	383,348
<b>Total Deferred Inflows of Resources</b>	<b>92,805</b>	<b>519,172</b>	<b>-</b>	<b>2,625,215</b>
<b>Net Position:</b>				
Net investment in capital assets	45,361	1,393,224	430,343	8,641,590
Unrestricted	(11,299,844)	2,995,422	978,646	1,568,737
<b>Total Net Position</b>	<b>\$ (11,254,483)</b>	<b>\$ 4,388,646</b>	<b>\$ 1,408,989</b>	<b>\$ 10,210,327</b>

## CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2022

	Governmental Activities - Internal Service Funds		
	Vehicle Replacement	Building Occupancy	Information Technology
<b>Operating Revenues:</b>			
Sales and service charges	\$ 3,177,861	\$ 3,110,802	\$ 4,252,623
Miscellaneous	209,065	-	1,206
<b>Total Operating Revenues</b>	<b>3,386,926</b>	<b>3,110,802</b>	<b>4,253,829</b>
<b>Operating Expenses:</b>			
Administration and general	1,164,162	1,386,593	583,569
Personnel services	378,700	1,142,993	903,813
Contractual services	137,289	297,133	1,210,822
Internal service charges	261,931	500,104	218,348
Depreciation expense	1,247,308	11,750	58,016
<b>Total Operating Expenses</b>	<b>3,189,390</b>	<b>3,338,573</b>	<b>2,974,568</b>
Operating Income (Loss)	197,536	(227,771)	1,279,261
<b>Nonoperating Revenues (Expenses):</b>			
Interest expense	(36,925)	(76,424)	(75,980)
Gain (loss) on disposal of capital assets	57,180	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>20,255</b>	<b>(76,424)</b>	<b>(75,980)</b>
Changes in Net Position	217,791	(304,195)	1,203,281
<b>Net Position:</b>			
Beginning of Year	14,201,124	204,596	144,578
<b>End of Fiscal Year</b>	<b>\$ 14,418,915</b>	<b>\$ (99,599)</b>	<b>\$ 1,347,859</b>

## CITY OF REDONDO BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2022

	Governmental Activities - Internal Service Funds			
	Self-Insurance Program	Emergency Communications	Major Facilities Repair	Totals
<b>Operating Revenues:</b>				
Sales and service charges	\$ 6,496,993	\$ 4,148,630	\$ 107,073	\$ 21,293,982
Miscellaneous	-	-	-	210,271
<b>Total Operating Revenues</b>	<b>6,496,993</b>	<b>4,148,630</b>	<b>107,073</b>	<b>21,504,253</b>
<b>Operating Expenses:</b>				
Administration and general	7,987,599	44,487	-	11,166,410
Personnel services	195,121	465,267	-	3,085,894
Contractual services	272,082	379,466	-	2,296,792
Internal service charges	300,359	540,518	-	1,821,260
Depreciation expense	-	231,628	22,691	1,571,393
<b>Total Operating Expenses</b>	<b>8,755,161</b>	<b>1,661,366</b>	<b>22,691</b>	<b>19,941,749</b>
Operating Income (Loss)	(2,258,168)	2,487,264	84,382	1,562,504
<b>Nonoperating Revenues (Expenses):</b>				
Interest expense	(5,316)	(105,164)	-	(299,809)
Gain (loss) on disposal of capital assets	-	-	-	57,180
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(5,316)</b>	<b>(105,164)</b>	<b>-</b>	<b>(242,629)</b>
Changes in Net Position	(2,263,484)	2,382,100	84,382	1,319,875
<b>Net Position:</b>				
Beginning of Year	(8,990,999)	2,006,546	1,324,607	8,890,452
<b>End of Fiscal Year</b>	<b>\$ (11,254,483)</b>	<b>\$ 4,388,646</b>	<b>\$ 1,408,989</b>	<b>\$ 10,210,327</b>

## CITY OF REDONDO BEACH

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Vehicle Replacement</b>	<b>Building Occupancy</b>	<b>Information Technology</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 3,350,015	\$ 3,110,802	\$ 4,253,829
Cash paid to suppliers for goods and services	(1,930,030)	(2,149,285)	(2,211,683)
Cash paid to employees for services	(1,727,830)	(3,657,391)	(3,552,216)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(307,845)</b>	<b>(2,695,874)</b>	<b>(1,510,070)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Proceed from non-capital debt issued	1,266,608	2,623,688	2,601,070
Interest paid on non-capital debt	(31,838)	(65,886)	(62,192)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>1,234,770</b>	<b>2,557,802</b>	<b>2,538,878</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(257,577)	-	(39,468)
Principal paid on capital debt	-	-	(96,652)
Interest paid on capital debt	-	-	(3,341)
Proceeds from sale of capital assets	61,695	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(195,882)</b>	<b>-</b>	<b>(139,461)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>731,043</b>	<b>(138,072)</b>	<b>889,347</b>
Cash and Cash Equivalents at Beginning of Year	9,157,547	2,943,570	2,158,203
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 9,888,590</b>	<b>\$ 2,805,498</b>	<b>\$ 3,047,550</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 197,536	\$ (227,771)	\$ 1,279,261
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	1,247,308	11,750	58,016
(Increase) decrease in accounts receivable	(36,911)	-	-
(Increase) decrease in deferred outflow pension related items	(1,102,605)	(2,311,655)	(2,274,701)
(Increase) decrease in deferred outflow OPEB related items	967	(560)	(1,036)
(Increase) decrease in prepaid expense	-	-	691
Increase (decrease) in accounts payable	(321,090)	118,166	(115,744)
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in net pension liability	(568,532)	(944,851)	(1,078,908)
Increase (decrease) in net OPEB liability	(45,558)	(83,621)	(83,891)
Increase (decrease) in deferred inflow pension related items	298,855	729,235	659,162
Increase (decrease) in deferred inflow OPEB related items	24,762	54,350	56,340
Increase (decrease) in compensated absences	(2,577)	(40,917)	(9,260)
<b>Total Adjustments</b>	<b>(505,381)</b>	<b>(2,468,103)</b>	<b>(2,789,331)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (307,845)</b>	<b>\$ (2,695,874)</b>	<b>\$ (1,510,070)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
None			

## CITY OF REDONDO BEACH

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Self-Insurance Program</b>	<b>Emergency Communications</b>	<b>Major Facilities Repair</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 6,496,993	\$ 4,148,630	\$ 107,073	\$ 21,467,342
Cash paid to suppliers for goods and services	(7,278,167)	(1,129,172)	4,182	(14,694,155)
Cash paid to employees for services	(550,157)	(5,175,700)	-	(14,663,294)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(1,331,331)</b>	<b>(2,156,242)</b>	<b>111,255</b>	<b>(7,890,107)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Proceed from non-capital debt issued	180,944	3,618,880	-	10,291,190
Interest paid on non-capital debt	(4,589)	(90,629)	-	(255,134)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>176,355</b>	<b>3,528,251</b>	<b>-</b>	<b>10,036,056</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	-	-	(4,182)	(301,227)
Principal paid on capital debt	-	-	-	(96,652)
Interest paid on capital debt	-	-	-	(3,341)
Proceeds from sale of capital assets	-	-	-	61,695
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(4,182)</b>	<b>(339,525)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,154,976)</b>	<b>1,372,009</b>	<b>107,073</b>	<b>1,806,424</b>
Cash and Cash Equivalents at Beginning of Year	15,527,476	3,929,632	875,755	34,592,183
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 14,372,500</b>	<b>\$ 5,301,641</b>	<b>\$ 982,828</b>	<b>\$ 36,398,607</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (2,258,168)	\$ 2,487,264	\$ 84,382	\$ 1,562,504
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	-	231,628	22,691	1,571,393
(Increase) decrease in accounts receivable	-	-	-	(36,911)
(Increase) decrease in deferred outflow pension related items	(167,225)	(3,064,560)	-	(8,920,746)
(Increase) decrease in deferred outflow OPEB related items	(124)	11,100	-	10,347
(Increase) decrease in prepaid expense	-	-	-	691
Increase (decrease) in accounts payable	246,035	(16,441)	4,182	(84,892)
Increase (decrease) in claims and judgments	769,637	-	-	769,637
Increase (decrease) in net pension liability	877	(2,017,947)	-	(4,609,361)
Increase (decrease) in net OPEB liability	(5,881)	(148,260)	-	(367,211)
Increase (decrease) in deferred inflow pension related items	83,167	370,324	-	2,140,743
Increase (decrease) in deferred inflow OPEB related items	4,148	50,229	-	189,829
Increase (decrease) in compensated absences	(3,797)	(59,579)	-	(116,130)
<b>Total Adjustments</b>	<b>926,837</b>	<b>(4,643,506)</b>	<b>26,873</b>	<b>(9,452,611)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (1,331,331)</b>	<b>\$ (2,156,242)</b>	<b>\$ 111,255</b>	<b>\$ (7,890,107)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
None				

## STATISTICAL SECTION

Statistical tables differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. They reflect social and economic data, financial trends and the fiscal capacity of the government.

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**STATISTICAL SECTION  
(UNAUDITED)**

**City of Redondo Beach**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2013	2014	2015 *	2016	2017
Governmental Activities:					
Net investment in capital assets	\$ 142,096,684	\$ 138,614,141	\$ 139,555,634	\$ 135,628,091	\$ 139,053,697
Restricted	17,703,725	19,059,951	16,503,649	26,346,341	22,833,987
Unrestricted	24,173,154	28,918,308	(85,699,247)	(81,186,849)	(83,567,317)
Total governmental activities net position	183,973,563	186,592,400	70,360,036	80,787,583	78,320,367
Business-type activities:					
Net investment in capital assets	38,936,171	36,646,484	37,629,261	37,542,589	37,169,598
Restricted	-	-	-	-	-
Unrestricted	28,210,687	27,250,666	18,257,918	24,136,647	28,549,056
Total business-type activities net position	67,146,858	63,897,150	55,887,179	61,679,236	65,718,654
Primary government:					
Net investment in capital assets	181,032,855	175,260,625	177,184,895	173,170,680	176,223,295
Restricted	17,703,725	19,059,951	16,503,649	26,346,341	22,833,987
Unrestricted	52,383,841	56,168,974	(67,441,329)	(57,050,202)	(55,018,261)
Total primary government net position	\$ 251,120,421	\$ 250,489,550	\$ 126,247,215	\$ 142,466,819	\$ 144,039,021

NOTE: \* In FY 2014-2015, GASB Statement 68 was implemented and contributed to the decrease in net position.

Source: City of Redondo Beach Comprehensive Annual Financial Report, Government-Wide Financial Statements

**City of Redondo Beach**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2018	2019	2020	2021	2022
Governmental Activities:					
Net investment in capital assets	\$ 147,515,377	\$ 149,571,518	\$ 155,670,310	\$ 164,993,054	\$ 171,948,912
Restricted	24,348,682	36,179,269	29,323,216	27,392,685	31,374,924
Unrestricted	(118,477,214)	(150,061,607)	(169,266,411)	(175,501,877)	(160,836,660)
Total governmental activities net position	<u>53,386,845</u>	<u>35,689,180</u>	<u>15,727,115</u>	<u>16,883,862</u>	<u>42,487,176</u>
Business-type activities:					
Net investment in capital assets	43,285,102	44,986,964	58,077,077	59,334,911	60,441,156
Restricted	-	-	-	-	-
Unrestricted	24,562,294	23,360,854	18,858,253	16,913,909	18,369,052
Total business-type activities net position	<u>67,847,396</u>	<u>68,347,818</u>	<u>76,935,330</u>	<u>76,248,820</u>	<u>78,810,208</u>
Primary government:					
Net investment in capital assets	190,800,479	194,558,482	213,747,387	224,327,965	232,390,068
Restricted	24,348,682	36,179,269	29,323,216	27,392,685	31,374,924
Unrestricted	(93,914,920)	(126,700,753)	(150,408,158)	(158,587,968)	(142,467,608)
Total primary government net position	<u>\$ 121,234,241</u>	<u>\$ 104,036,998</u>	<u>\$ 92,662,445</u>	<u>\$ 93,132,682</u>	<u>\$ 121,297,384</u>

**City of Redondo Beach**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Expenses</b>					
Government activities:					
General government	\$ 11,974,780	\$ 10,177,409	\$ 10,293,394	\$ 10,946,935	\$ 10,846,646
Public Safety	43,141,036	44,022,014	47,331,250	46,362,851	55,489,827
Housing and community development	10,085,882	10,115,114	9,229,689	8,936,256	9,769,288
Cultural and leisure services	10,933,176	10,042,640	10,990,481	11,556,891	12,496,716
Public works	11,588,895	11,817,281	15,500,144	12,616,719	14,135,326
Interest on long-term debt	266,651	194,200	152,348	124,522	80,782
Total governmental activities expenses	87,990,420	86,368,658	93,497,306	90,544,174	102,818,585
Business-type activities:					
Harbor Tidelands	4,998,098	5,040,308	5,279,836	5,652,988	6,395,134
Harbor Uplands	3,657,127	4,051,432	4,230,371	4,469,890	4,479,269
Wastewater	1,880,835	2,557,592	2,022,271	2,144,353	2,917,527
Solid Waste	3,610,925	3,580,040	3,506,271	3,763,513	3,973,666
Transit	3,288,696	3,346,989	3,366,535	3,536,593	3,626,075
Total business-type activities expenses	17,435,681	18,576,361	18,405,284	19,567,337	21,391,671
Total primary government expenses	105,426,101	104,945,019	111,902,590	110,111,511	124,210,256
<b>Component Units:</b>					
<b>Program Revenues</b>					
Governmental activities:					
Charges for Services:					
General government	11,315,431	7,539,299	9,083,395	8,689,834	8,570,506
Public Safety	4,466,605	4,942,725	4,611,279	4,503,948	4,764,211
Housing and community development	2,246,976	2,858,612	2,681,729	2,160,284	3,577,756
Cultural and leisure services	1,770,757	5,942,540	6,733,424	6,606,802	5,837,816
Public works	2,170,823	2,386,890	2,154,679	2,334,537	2,579,475
Operating grants and contributions	9,925,853	8,052,877	8,170,736	8,135,187	8,563,072
Capital grants and contributions	705,357	294,342	2,310,026	912,045	492,146
Total governmental activities program revenues	32,601,802	32,017,285	35,745,268	33,342,637	34,384,982

**City of Redondo Beach**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2013	2014	2015	2016	2017
Business-type activities:					
Charges for services:					
Harbor Tidelands	\$ 5,572,625	\$ 5,870,760	\$ 6,526,625	\$ 6,483,927	\$ 6,694,914
Harbor Uplands	3,760,715	4,311,358	4,585,998	5,314,448	5,378,886
Wastewater	3,764,711	4,568,330	5,433,185	5,618,086	5,546,090
Solid Waste	3,396,353	3,369,217	3,569,336	3,832,166	3,792,964
Transit	349,454	352,756	360,519	366,314	344,071
Operating grants and contributions	1,672,668	1,754,397	1,848,671	2,200,958	1,888,902
Capital grants and contributions	2,545,504	-	-	-	-
Total business-type activities program revenues	21,062,030	20,226,818	22,324,334	23,815,899	23,645,827
Total primary government program revenues	53,663,832	52,244,103	58,069,602	57,158,536	58,030,809
Net (expense)/revenue					
Governmental activities	(55,388,618)	(54,351,373)	(57,752,038)	(57,201,537)	(68,433,603)
Business-type activities	3,626,349	1,650,457	3,919,050	4,248,562	2,254,156
Total primary government net expense	(51,762,269)	(52,700,916)	(53,832,988)	(52,952,975)	(66,179,447)
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Taxes					
Property taxes, levied for general purpose	30,728,698	30,175,663	31,424,789	32,766,493	34,375,818
Transient occupancy taxes	3,693,144	3,970,786	4,464,811	8,627,801	7,689,889
Sales taxes	10,228,355	10,450,402	11,889,190	12,347,884	10,059,087
Franchise taxes	1,796,606	1,973,182	1,981,936	1,963,752	1,706,371
Business licenses taxes	1,018,677	1,296,531	1,178,016	1,186,567	1,201,068
Utility users taxes	7,711,580	7,412,250	7,664,385	7,411,930	7,085,063
Other taxes	8,703	1,840	5,149	-	731,571
Motor vehicle in lieu	34,912	28,894	27,910	27,475	31,132
Investment earnings	1,212,032	1,251,129	1,069,970	1,184,588	3,038,633
Other revenues	1,499,306	1,885,242	2,271,960	2,826,066	1,521,902
Gain (loss) on sale of capital assets	35,578	12,657	27,676	71,254	-
Special item	-	-	-	-	-
Transfers	(1,202,508)	(1,350,534)	(1,462,139)	(784,726)	(1,474,147)
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-
Total governmental activities	56,765,083	57,108,042	60,543,653	67,629,084	65,966,387
Business-type activities:					
Investment earnings	69,851	331,919	237,235	450,632	99,085
Gain (loss) on sale of capital assets	-	(79,277)	-	11,868	5,606
Other revenues	2,674,174	400,396	375,982	296,269	206,424
Special item	-	-	-	-	-
Transfers	1,202,508	1,350,534	1,462,139	784,726	1,474,147
Total business-type activities	3,946,533	2,003,572	2,075,356	1,543,495	1,785,262
Total primary government	60,711,616	59,111,614	62,619,009	69,172,579	67,751,649
<b>Change in Net Position</b>					
Governmental activities	1,376,465	2,756,669	2,791,615	10,427,547	(2,467,216)
Business-type activities	7,572,882	3,654,029	5,994,406	5,792,057	4,039,418
Totally primary government	\$ 8,949,347	\$ 6,410,698	\$ 8,786,021	\$ 16,219,604	\$ 1,572,202

Source: City of Redondo Beach Comprehensive Annual Financial Report, Government-Wide Financial Statements

**City of Redondo Beach**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2018	2019	2020	2021	2022
<b>Expenses</b>					
Government activities:					
General government	\$ 14,142,348	\$ 12,380,308	\$ 13,574,385	\$ 11,692,177	\$ 10,676,673
Public Safety	60,845,022	62,740,166	71,807,026	68,527,338	50,336,195
Housing and community development	11,797,299	11,460,619	11,456,603	11,119,995	12,241,640
Cultural and leisure services	14,539,255	12,296,505	11,810,514	10,033,842	11,259,954
Public works	16,496,964	14,655,265	15,373,701	14,439,178	17,327,400
Interest on long-term debt	51,658	641,587	1,272,259	1,117,677	7,161,637
Total governmental activities expenses	117,872,546	114,174,450	125,294,488	116,930,207	109,003,499
Business-type activities:					
Harbor Tidelands	7,035,921	9,433,807	9,067,251	4,636,895	7,593,555
Harbor Uplands	3,224,093	5,016,104	4,707,797	5,898,608	5,671,184
Wastewater	3,667,593	3,406,302	3,809,885	3,319,536	2,766,293
Solid Waste	3,968,186	4,690,425	4,894,581	5,115,305	5,270,585
Transit	3,844,008	4,004,654	3,975,884	4,440,739	4,437,245
Total business-type activities expenses	21,739,801	26,551,292	26,455,398	23,411,083	25,738,862
Total primary government expenses	139,612,347	140,725,742	151,749,886	140,341,290	134,742,361
<b>Component Units:</b>					
<b>Program Revenues</b>					
Governmental activities:					
Charges for Services:					
General government	8,305,869	9,769,717	10,699,014	10,760,125	17,442,962
Public Safety	5,310,033	5,766,102	4,922,828	6,414,431	6,389,408
Housing and community development	3,458,586	3,491,863	3,189,541	3,274,369	3,426,571
Cultural and leisure services	6,709,262	7,283,873	6,609,840	6,182,448	7,840,440
Public works	2,459,268	2,737,458	2,297,396	3,447,892	2,420,262
Operating grants and contributions	8,090,195	10,151,972	10,326,680	14,547,505	14,317,249
Capital grants and contributions	1,872,910	485,693	2,882,105	2,285,961	7,786,097
Total governmental activities program revenues	36,206,123	39,686,678	40,927,404	46,912,731	59,622,989

**City of Redondo Beach**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2018	2019	2020	2021	2022
Business-type activities:					
Charges for services:					
Harbor Tidelands	\$ 6,565,619	\$ 6,714,763	\$ 5,729,264	\$ 4,816,599	\$ 7,611,643
Harbor Uplands	5,267,564	6,129,658	4,886,188	4,945,241	6,239,484
Wastewater	5,575,855	5,419,215	5,523,009	5,487,873	5,417,916
Solid Waste	3,836,976	3,965,662	4,330,439	4,780,684	5,549,427
Transit	336,962	338,835	250,758	-	280
Operating grants and contributions	2,247,490	2,362,021	2,958,743	2,853,567	4,291,625
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	23,830,466	24,930,154	23,678,401	22,883,964	29,110,375
Total primary government program revenues	60,036,589	64,616,832	64,605,805	69,796,695	88,733,364
Net (expense)/revenue					
Governmental activities	(81,666,423)	(74,487,772)	(84,367,084)	(70,017,476)	(49,380,510)
Business-type activities	2,090,665	(1,621,138)	(2,776,997)	(527,119)	3,371,513
Total primary government net expense	(79,575,758)	(76,108,910)	(87,144,081)	(70,544,595)	(46,008,997)
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Taxes					
Property taxes, levied for general purpose	36,847,562	38,249,535	39,774,170	43,705,194	44,424,757
Transient occupancy taxes	9,172,934	8,816,739	6,335,445	3,400,322	5,419,197
Sales taxes	10,185,208	10,578,527	9,716,883	10,018,217	11,813,896
Franchise taxes	1,896,809	1,647,287	1,706,355	1,731,846	1,864,336
Business licenses taxes	1,322,333	1,295,050	1,251,673	1,211,539	1,193,814
Utility users taxes	6,928,129	6,757,622	6,824,873	6,713,480	8,024,511
Other taxes	632,084	917,102	969,721	1,019,041	1,133,754
Motor vehicle in lieu	36,272	32,965	54,193	49,136	77,111
Investment earnings	3,134,966	5,483,218	5,219,501	1,408,878	83,927
Other revenues	1,407,243	2,314,681	1,640,662	1,642,581	714,946
Gain (loss) on sale of capital assets	-	19,352	-	-	-
Special item	-	(18,823,249)	(1,595,860)	-	-
Transfers	(1,106,621)	(498,722)	(7,492,597)	273,989	233,575
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-	-
Total governmental activities	70,456,919	56,790,107	64,405,019	71,174,223	74,983,824
Business-type activities:					
Investment earnings	237,280	1,442,556	1,563,880	(72,233)	(576,550)
Gain (loss) on sale of capital assets	-	244	-	-	-
Other revenues	282,370	180,038	712,172	186,831	-
Special item	-	-	1,595,860	-	-
Transfers	1,106,621	498,722	7,492,597	(273,989)	(233,575)
Total business-type activities	1,626,271	2,121,560	11,364,509	(159,391)	(810,125)
Total primary government	72,083,190	58,911,667	75,769,528	71,014,832	74,173,699
<b>Change in Net Position</b>					
Governmental activities	(11,209,504)	(17,697,665)	(19,962,065)	1,156,747	25,603,314
Business-type activities	3,716,936	500,422	8,587,512	(686,510)	2,561,388
Totally primary government	\$ (7,492,568)	\$ (17,197,243)	\$ (11,374,553)	\$ 470,237	\$ 28,164,702

Source: City of Redondo Beach Comprehensive Annual Financial Report,

**City of Redondo Beach**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2013	2014	2015	2016	2017
General fund					
Nonspendable	\$ 120,831	\$ 82,255	\$ 90,836	\$ 87,345	\$ 1,013,152
Restricted	-	-	-	3,000,000	-
Committed	5,889,783	6,188,191	6,738,848	7,154,237	7,409,689
Assigned	11,275,445	12,025,746	10,500,675	9,303,536	9,134,516
Unassigned	272,083	2,674,597	5,786,193	1,694,671	945,992
Total general fund	17,558,142	20,970,789	23,116,552	21,239,789	18,503,349
All other governmental funds					
Nonspendable	-	2,952,500	2,749,394	-	-
Nonspendable, reported in:					
Special revenue funds	-	-	-	-	-
Restricted	16,010,908	13,408,799	12,107,627	22,309,801	18,625,842
Restricted, reported in:					
Special revenue funds	-	-	-	-	4,208,145
Debt service funds	6,818,696	6,450,252	6,310,008	-	-
Committed	-	-	-	-	-
Assigned	3,113,179	6,956,943	6,466,871	2,150,834	2,152,347
Assigned, reported in:					
Capital projects funds	-	-	-	11,112,946	12,372,901
Special revenue funds	-	-	-	-	-
Unassigned	-	(99,891)	(64,425)	(106,954)	(66,919)
Unassigned, reported in:					
Special revenue funds	(1,044,377)	(1,551,713)	(1,852,352)	(1,335,382)	(1,453,532)
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	\$ 24,898,406	\$ 28,116,890	\$ 25,717,123	\$ 34,131,245	\$ 35,838,784

Financial Statements

**City of Redondo Beach**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2018	2019	2020	2021	2022
General fund					
Nonspendable	\$ 93,705	\$ 980,737	\$ 107,697	\$ 89,771	\$ 71,426
Restricted	-	-	-	-	-
Committed	7,605,573	7,989,184	7,585,231	7,241,252	8,599,208
Assigned	9,431,007	10,999,817	9,149,145	8,908,619	20,421,828
Unassigned	653,649	753,238	704,067	2,039,523	276,536
Total general fund	17,783,934	20,722,976	17,546,140	18,279,165	29,368,998
All other governmental funds					
Nonspendable	-	-	-	-	-
Nonspendable, reported in:					
Special revenue funds	-	-	-	-	-
Restricted	20,061,786	17,751,026	25,180,005	23,255,534	22,498,317
Restricted, reported in:					
Special revenue funds	4,286,896	4,296,752	4,143,211	4,137,151	3,841,655
Debt service funds	-	14,131,491	-	-	5,034,952
Committed	-	-	-	-	-
Assigned	2,152,347	2,352,347	9,708,041	8,013,238	15,208,719
Assigned, reported in:					
Capital projects funds	10,057,599	9,158,315	-	-	-
Special revenue funds	-	-	-	-	-
Unassigned	(5,146)	(403)	(878,585)	(310,276)	(69,761)
Unassigned, reported in:					
Special revenue funds	(3,031,772)	(2,974,945)	(2,679,430)	(4,008,147)	(6,858,755)
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	\$ 33,521,710	\$ 44,714,583	\$ 35,473,242	\$ 31,087,500	\$ 39,655,127

**City of Redondo Beach**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Revenues:</b>					
Taxes	\$ 55,882,844	\$ 55,958,439	\$ 58,603,127	\$ 64,304,427	\$ 62,848,867
Interdepartmental	6,656,858	7,143,371	7,588,928	8,176,790	8,292,178
Licenses and permits	1,259,505	1,504,502	1,333,512	1,701,786	1,755,119
Intergovernmental	13,380,088	11,096,634	14,091,278	12,259,088	12,359,047
Charges for services	7,461,642	8,401,697	8,511,455	9,618,003	9,128,589
Use of money and property	3,146,954	2,499,563	2,795,350	3,113,269	3,038,633
Fines and forfeitures	1,663,966	1,836,166	1,960,083	1,645,777	1,523,928
Other revenues	1,062,143	1,816,196	2,147,500	2,678,261	2,540,369
Total Revenues	90,514,000	90,256,568	97,031,233	103,497,401	101,486,730
<b>Expenditures:</b>					
Current:					
General government	9,285,279	9,157,309	9,757,869	10,189,258	10,535,983
Public safety	42,480,962	43,653,885	48,274,212	50,019,597	52,875,881
Housing and community development	9,360,093	9,116,267	8,883,086	9,546,763	9,759,833
Cultural and leisure services	8,567,569	8,789,002	10,023,420	11,001,375	11,265,379
Public works	9,212,829	9,362,140	10,325,935	11,198,389	11,235,682
Capital outlay	6,357,661	1,248,965	7,382,451	3,235,047	4,682,977
Debt service:					
Principal	1,380,000	665,000	695,000	715,000	745,000
Interest	270,903	240,736	187,296	152,896	121,999
Debt issuance costs	-	-	-	-	-
Total Expenditures	86,915,296	82,233,304	95,529,269	96,058,325	101,222,734
Excess of Revenues Over (Under) Expenditures	3,598,704	8,023,264	1,501,964	7,439,076	263,996
<b>Other Financing Sources (Uses):</b>					
Transfers in	3,223,702	2,768,840	1,394,604	8,464,353	4,031,647
Transfers out	(4,437,317)	(4,160,973)	(3,150,572)	(9,366,070)	(5,324,544)
Leases	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Other debts issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Refunding bonds redeemed	-	-	-	-	-
Gain (loss) on Redevelopment Agency dissolution	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,213,615)	(1,392,133)	(1,755,968)	(901,717)	(1,292,897)
Special item	-	-	-	-	-
Net Change in Fund Balances	\$ 2,385,089	\$ 6,631,131	\$ (254,004)	\$ 6,537,359	\$ (1,028,901)
Debt service as a percentage of noncapital expenditures	2.09%	1.13%	1.01%	0.94%	0.91%

Source: City of Redondo Beach Comprehensive Annual Financial Report, Government-Wide Financial Statements

**City of Redondo Beach**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2018	2019	2020	2021	2022
<b>Revenues:</b>					
Taxes	\$ 67,323,695	\$ 68,325,779	\$ 66,579,120	\$ 67,799,639	\$ 73,874,265
Interdepartmental	8,170,297	8,503,283	9,417,289	9,379,851	10,034,053
Licenses and permits	1,801,502	1,555,407	1,503,909	1,641,684	1,731,398
Intergovernmental	12,574,428	15,303,534	18,215,129	19,252,605	29,628,555
Charges for services	9,732,500	10,211,917	8,851,688	8,482,823	10,895,140
Use of money and property	3,134,966	5,483,218	5,219,501	1,408,878	83,927
Fines and forfeitures	1,368,615	1,489,424	1,163,678	1,331,574	1,247,572
Other revenues	2,498,976	5,049,393	3,835,968	6,194,701	3,727,529
Total Revenues	106,604,979	115,921,955	114,786,282	115,491,755	131,222,439
<b>Expenditures:</b>					
Current:					
General government	9,920,879	11,546,126	12,701,080	11,365,610	24,894,820
Public safety	57,451,797	58,235,693	61,281,401	60,812,252	209,643,074
Housing and community development	10,156,777	11,185,303	11,075,922	10,936,532	16,644,042
Cultural and leisure services	11,598,804	11,997,745	10,466,375	9,364,095	15,492,140
Public works	11,016,488	11,004,195	11,543,612	11,522,810	23,081,641
Capital outlay	7,442,754	5,142,247	19,525,792	13,563,804	14,567,037
Debt service:					
Principal	775,000	805,000	795,000	555,000	812,926
Interest	89,856	412,427	1,322,680	1,095,981	4,948,792
Debt issuance costs	-	-	-	-	1,098,128
Total Expenditures	108,452,355	110,328,736	128,711,862	119,216,084	311,182,600
Excess of Revenues Over (Under) Expenditures	(1,847,376)	5,593,219	(13,925,580)	(3,724,329)	(179,960,161)
<b>Other Financing Sources (Uses):</b>					
Transfers in	2,326,416	3,701,950	4,918,105	10,407,106	10,782,356
Transfers out	(3,372,317)	(3,607,949)	(3,410,702)	(10,335,494)	(10,548,781)
Leases	-	-	-	-	2,245,558
Refunding bonds issued	-	-	-	-	-
Other debts issued	-	28,015,000	-	-	197,138,488
Bond premium	-	(747,056)	-	-	-
Refunding bonds redeemed	-	-	-	-	-
Gain (loss) on Redevelopment Agency dissolution	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,045,901)	27,361,945	1,507,403	71,612	199,617,621
Special item	-	(18,823,249)	-	-	-
Net Change in Fund Balances	\$ (2,893,277)	\$ 14,131,915	\$ (12,418,177)	\$ (3,652,717)	\$ 19,657,460
Debt service as a percentage of noncapital expenditures	0.86%	1.17%	1.98%	1.59%	2.37%

# City of Redondo Beach

## Assessed Value and Estimated Actual Value of Taxable Property

### Last Ten Fiscal Years

Fiscal Year Ended June 30	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
2002	\$ 6,385,716,954	\$ 324,592,746	\$ (37,669,872)	\$ 6,672,639,828
2003	6,828,949,516	359,752,562	(55,603,784)	7,133,098,294
2005	7,919,761,315	349,465,981	(43,088,228)	8,226,139,068
2006	8,791,344,602	347,996,542	(69,771,516)	9,069,569,628
2007	9,681,892,573	375,435,811	(47,879,656)	10,009,448,728
2008	10,414,844,031	363,370,583	(75,561,247)	10,702,653,367
2009	10,967,218,597	377,551,863	(67,013,974)	11,277,756,486
2010	11,070,789,692	362,332,212	(66,883,744)	11,366,238,160
2011	11,088,815,868	609,276,121	(82,655,891)	11,615,436,098
2012	11,385,441,715	432,094,319	(56,430,405)	11,761,105,629
2013	11,606,153,109	503,602,130	(59,615,627)	12,050,139,612
2014	12,119,561,792	479,888,191	(86,536,840)	12,512,913,143
2015	12,740,467,541	424,217,169	(73,103,981)	13,091,580,729
2016	13,389,390,286	445,897,750	(74,129,707)	13,761,158,329
2017	14,185,826,554	422,121,124	(72,679,071)	14,535,268,607
2018	14,985,005,088	475,749,665	(72,464,646)	15,388,290,107
2019	15,796,994,740	475,845,459	(72,083,515)	16,200,756,684
2020	16,570,567,490	495,949,088	(43,871,304)	17,022,645,274
2021	17,457,397,477	537,895,062	(55,071,992)	17,940,220,547
2022	18,203,914,759	581,594,262	(79,188,547)	18,706,320,474

In 1978 the voters of the State of California passed Proposition 13 which limited property 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 increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price 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 limitations described above.



Source: HdL Coren & Cone, Los Angeles County Auditor-Controller/Tax Division 2021-22 Combined Tax Rolls

**City of Redondo Beach**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Redevelopment			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Exemptions		
2002	\$ 246,801,085	\$ 57,023,707	\$ (319,608)	\$ 303,505,184	0.198%
2003	253,875,110	56,736,856	(325,999)	310,285,967	0.225%
2005	277,594,347	59,467,281	-	337,061,628	0.228%
2006	272,239,842	58,002,148	(537,132)	329,704,858	0.273%
2007	347,940,107	55,919,195	(547,874)	403,311,428	0.261%
2008	371,338,622	62,307,947	(771,134)	432,875,435	0.18705
2009	371,987,381	64,908,544	(158,162)	436,737,763	0.18598
2010	409,520,646	55,988,588	(866,778)	464,642,456	0.18774
2011	397,519,636	31,015,873	(864,841)	427,670,668	0.18818
2012	389,564,455	54,640,221	(658,821)	443,545,855	0.18575
2013	441,667,976	37,592,938	(671,996)	478,588,918	0.18746
2014	453,832,698	38,326,859	(352,000)	491,807,557	0.15783
2015	470,317,505	55,967,662	(221,000)	526,064,167	0.15797
2016	481,010,582	48,097,617	-	529,108,199	0.15808
2017	492,828,395	26,806,104	-	519,634,499	0.15834
2018	502,042,344	27,984,358	-	530,026,702	0.15871
2019	522,861,449	26,288,663	-	549,150,112	0.15883
2020	533,318,662	25,264,657	-	558,583,319	0.16317
2021	683,183,671	22,737,911	-	705,921,582	0.16331
2022	537,056,295	19,303,263	-	556,359,558	0.16340

**City of Redondo Beach**  
**Direct and Overlapping Property Tax Rates**  
**(Rate per \$100 of taxable value)**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City basic rate	0.16539	0.16539	0.16539	0.16539	0.16539	0.16539	0.16539	0.16539	0.16539	0.16539
Overlapping Rates:										
Los Angeles County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Community College	0.01849	0.01750	0.01742	0.01745	0.02294	0.02120	0.02223	0.02155	0.02362	0.02264
Unified School District	0.08162	0.09242	0.09689	0.09174	0.09079	0.08630	0.08086	0.08428	0.08430	0.07201
Total Direct Rate	0.18746	0.15783	0.15797	0.15808	0.15834	0.15871	0.15883	0.16317	0.16331	0.16340

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

Total Direct Rate is the weighted average of all individual direct rates applied by the City of Redondo Beach.

RDA rate is based on the largest RDA tax rate area(TRA) and includes only rate(s) from indebtedness adopted prior to 1969 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 rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage to assessed property values for the payment of any voter approved bonds.

Source: HdL Coren & Cone, Los Angeles County Assessor 2020/2021 Tax Rate Table

**City of Redondo Beach**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2022		2013	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Northrop Grumman Systems Corporation	\$ 570,772,592	2.96%	\$ 537,576,380	4.29%
South Bay Center SPE LLC *	251,108,833	1.30%	194,003,848	1.55%
The Kobe Group Inc	80,291,508	0.42%	64,753,938	0.52%
Noble House Recp Hotel Venture LLC	74,259,402	0.39%	60,522,561	0.48%
9300 Wilshire LLC ET AL *	67,321,296	0.35%	-	-
South Bay Barbara Owner LLC *	64,296,841	0.33%	-	-
Ray Pellegrino Trust	62,764,243	0.33%	-	-
Redondo Distribution Center LLC	56,541,502	0.29%	-	-
HPT IHG 2 Properties Trust *	53,667,817	0.28%	43,657,882	0.35%
LPF Redondo Beach Inc	51,826,092	0.27%	54,444,365	0.43%
AES Redondo Beach LLC	-	-	173,035,658	1.38%
MKEG P LLC	-	-	37,731,773	0.30%
AMB AMS Spinnaker LLC	-	-	33,942,467	0.27%
616 Esplanade Street LLC	-	-	33,290,133	0.27%
	<u>\$ 1,332,850,126</u>	<u>6.92%</u>	<u>\$ 1,232,959,005</u>	<u>9.84%</u>

NOTE: The amounts shown above include assessed value date for both the City and the Successor Agency (former Redevelopment Agency).

\* (Pending appeals on parcels)

Source: HdL Coren & Cone, Los Angeles County Assessor 2020/2021 Combined Tax Rolls

**City of Redondo Beach**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Percentage of			Percentage
		Amount	Levy		Amount	of Levy
2013	\$ 27,652,911	\$ 27,193,269	98.34%	\$ 567,962	\$ 27,761,231	100.39%
2014	29,413,514	28,953,089	98.43%	487,130	29,440,219	100.09%
2015	31,503,828	31,035,789	98.51%	451,369	31,487,158	99.95%
2016	32,883,797	32,440,070	98.65%	405,762	32,845,833	99.88%
2017	34,125,966	33,690,049	98.72%	388,499	34,078,548	99.86%
2018	35,718,202	35,230,091	98.63%	383,301	35,613,392	99.71%
2019	37,267,914	36,719,102	98.53%	364,627	37,083,729	99.51%
2020	39,182,819	38,271,140	97.67%	404,113	38,675,253	98.70%
2021	40,917,175	40,165,051	98.16%	602,163	40,767,215	99.63%
2022	42,386,631	41,678,608	98.33%	594,526	42,273,134	99.73%

Source: County of Los Angeles Auditor-Controller

**City of Redondo Beach**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Refunding			Wastewater						
	Revenue		Capital	Revenue	Revenue	Construction	Capital			
	Bonds	Loans	Leases	Bonds	Bonds	Loans	Leases			
2013	\$ 4,958,928	\$ -	\$ 884,094	\$ 8,450,143	\$ -	\$ 2,651,854	\$ -	\$ 16,945,019	0.49%	251
2014	4,271,142	-	444,896	7,755,117	-	2,355,354	-	14,826,509	0.41%	219
2015	3,553,356	-	750,436	7,503,861	-	2,045,512	114,597	13,967,762	0.39%	205
2016	2,815,570	-	565,029	7,232,606	-	1,721,727	58,404	12,393,336	0.35%	180
2017	2,047,784	-	253,265	6,951,350	-	1,383,372	-	10,635,771	0.30%	154
2018	1,250,000	-	28,902	6,660,094	-	1,029,790	-	8,968,786	0.24%	131
2019	27,712,944	-	-	6,353,838	-	660,298	-	34,727,080	0.91%	507
2020	26,942,846	-	186,587	6,037,582	-	274,194	-	33,441,209	0.84%	499
2021	26,411,918	-	96,652	5,711,326	-	-	-	32,219,896	0.76%	485
2022	233,296,498	-	2,002,632	5,375,070	18,750,322	0%	0%	259,424,522	6.02%	3,761

Source: Note 8 of the Notes to Financial Statements

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**City of Redondo Beach**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2022**

City Assessed Valuation		\$	19,262,680,032	
Incremental Valuation Deduction			521,930,655	
Total Assessed Valuation		\$	<u>18,740,749,377</u>	
	Percentage Applicable	Outstanding Debt 6/30/22		Estimated Share of Overlapping Debt
Direct Debt:				
Community Financing Authority Lease Revenue Bonds 2021A	100%	\$ 226,180,000	\$	226,180,000
Community Financing Authority Lease Revenue Refunding Bonds 2019A	100%	26,540,000		26,540,000
Community Financing Authority 2019A Unamortized Bond Premium	100%	(673,180)		(673,180)
Total direct debt		<u>252,046,820</u>		<u>252,046,820</u>
Overlapping Debt:				
* Metropolitan Water District	1.166%	9,835,780		114,638
El Camino CCD DS 2002 Series 2012C	14.689%	138,337,927		20,321,116
El Camino CCD DS 2012 Ref Bonds	14.689%	6,480,000		951,878
El Camino CCD DS 2012 Series 2016 A	14.689%	88,395,000		12,984,762
El Camino CCD DS 2016 Ref Bonds	14.689%	58,925,000		8,655,773
El Camino CCD DS 2012 Series 2018B	14.689%	44,410,000		6,523,596
El Camino CCD DS 2012 Series 2020C	14.689%	46,250,000		6,793,882
El Camino CCD DS 2020 Ref Bonds	14.689%	39,755,000		5,839,801
El Camino CCD DS 2012 Series 2021D	14.689%	60,000,000		8,813,685
Redondo Beach Unified School District DS 2008 Ser B	100%	343,393		343,393
Redondo Beach Unified School District DS 2008 Series E	100%	269,172		269,172
Redondo Beach Unified School District DS 2008 Series F QSCB	100%	10,300,000		10,300,000
Redondo Beach Unified School District DS 2012 Ref	100%	6,446,379		6,446,379
Redondo Beach Unified School District DS 2012 Series A	100%	545,000		545,000
Redondo Beach Unified School District DS 2013 Ref Series 2000E	100%	9,000,000		9,000,000
Redondo Beach Unified School District DS 2014 Ref Series 2008A	100%	985,000		985,000
Redondo Beach Unified School District DS 2012 Series C	100%	10,170,000		10,170,000
Redondo Beach Unified School District DS 2016 Ref Series A	100%	35,735,000		35,735,000
Redondo Beach Unified School District DS 2017 Ref 2008D	100%	23,540,000		23,540,000
Redondo Beach Unified School District DS 2012 Series D	100%	2,630,000		2,630,000
Redondo Beach Unified School District DS 2020 REF	100%	10,825,000		10,825,000
Redondo Beach Unified School District DS 2020 Series B	100%	103,705,000		103,705,000
Total overlapping debt		<u>\$ 706,882,651</u>		<u>285,493,075</u>
Total direct and overlapping debt				<u>\$ 537,539,895</u>

NOTE: \* This fund is a portion of a larger agency and is responsible for debt in areas outside the City.

Source: HdL Coren & Cone, Los Angeles County Assessor and Auditor Combined 2021/2022 Lien Date Tax Rolls

**City of Redondo Beach**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

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	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 1,879,309,280	\$ 1,950,708,105	\$ 2,042,646,734	\$ 2,143,539,979	\$ 2,258,235,466
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	1,879,309,280	1,950,708,105	2,042,646,734	2,143,539,979	2,258,235,466
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Source: County of Los Angeles Auditor-Controller

# City of Redondo Beach

## Legal Debt Margin Information

### Last Ten Fiscal Years

#### Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 19,262,680,032
Debt Limit (15% of assessed value)	2,889,402,005
Debt applicable to limit	-
Legal debt margin	\$ 2,889,402,005

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 2,387,747,521	\$ 2,512,486,019	\$ 2,637,184,289	\$ 2,796,921,319	\$ 2,889,402,005
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	2,387,747,521	2,512,486,019	2,637,184,289	2,796,921,319	2,889,402,005
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Source: County of Los Angeles Auditor-Controller

**City of Redondo Beach**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Wastewater Revenue Bonds					
	Wastewater Revenue	Less	Net	Debt Service		Coverage
		Operating Expenses	Available Revenue	Principal	Interest	
2013	\$ 3,469,675	\$ 1,201,797	\$ 2,267,878	\$ 235,000	\$ 442,050	3.35
2014*	4,311,350	1,214,545	3,096,805	-	208,634	14.84
2015	5,290,338	1,432,699	3,857,640	225,000	322,459	7.05
2016	5,320,916	1,575,501	3,745,415	245,000	301,988	6.85
2017	5,475,892	2,283,864	3,192,028	255,000	289,738	5.86
2018	5,521,455	2,597,120	2,924,335	265,000	279,538	5.37
2019	5,364,859	2,751,925	2,612,934	280,000	268,938	4.76
2020	5,455,997	3,148,875	2,307,122	290,000	257,189	4.22
2021	5,368,274	2,768,598	2,599,676	300,000	246,138	4.76
2022	5,332,000	2,257,488	3,074,512	310,000	234,138	5.65

NOTE: \*The Redondo Beach Public Financing Authority issued the Wastewater System Financing Project Revenue Bonds in fiscal year 2003/2004.  
It was replaced in fiscal year 2013-14 with the issue of the 2014 Wastewater Refunding Revenue Bonds.

**City of Redondo Beach**  
**Demographic and Economic Statistics**  
**June 30, 2022**

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Calendar Year	Population	Personal Income * (in thousands)	Per Capita Personal Income *	Unemployment Rate **
2013	67,396	\$ 3,432,883	\$ 50,936	9.2%
2014	67,717	3,593,809	53,071	7.7%
2015	68,095	3,602,147	53,169	6.9%
2016	68,844	3,562,911	51,269	5.0%
2017	68,907	3,587,933	52,069	4.7%
2018	68,677	3,707,238	53,980	4.1%
2019	68,473	3,835,542	56,015	4.0%
2020	66,994	3,961,378	59,130	13.6%
2021	66,484	4,215,803	63,410	7.4%
2022	68,972	4,311,229	62,506	6.5%

NOTES: \* Personal income data was not available from the California Department of Finance subsequent to fiscal year 2019/2020. Per Capita Personal Income is based on the metropolitan area of Los Angeles-Long Beach-Anaheim, CA. Statistics not available subsequent to fiscal year 2019/2020. \*\* Unemployment rate is based on the metropolitan area of Los Angeles-Long Beach-Anaheim, CA.

Sources: HdL Coren & Cone, Los Angeles  
California State Department of Finance  
US Census Bureau

**City of Redondo Beach**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2022		2013	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Northrup Grumman Corporation	10,351	27.98%	5,645	16.33%
Redondo Beach Unified School District	1,027	2.78%	995	2.88%
The Cheesecake Factory	261	0.71%	261	0.76%
Prime Now LLC	233	0.63%		
City of Redondo Beach	425	1.15%	431	1.25%
United States Postal Service	350	0.95%	260	0.75%
Target Stores	217	0.59%	217	0.63%
Macy's	206	0.56%	206	0.60%
Frontier	164	0.44%	-	-
Silverado Beach Cities	140	0.38%	-	-
DHL Global Forwarding	-	-	207	0.60%
Crowne Plaza Redondo Beach	-	-	339	0.98%
Nordstrom, Inc.	-	-	254	0.73%

Source: City of Redondo Beach

**City of Redondo Beach**  
**Full-Time City Government Employees by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government	49	49	51	51	53	54	54	51	48	54
Public Safety										
Police										
Officers	96	96	93	96	96	96	96	95	92	95
Civilians	59	59	59	58	58	58	58	58	53	58
Fire										
Firefighters and Officers	60	60	62	62	62	62	62	62	56	59
Civilians	3	3	3	3	3	5	5	5	4	5
Public Works	96	111	111	111	112	112	110	109	104	108
Cultural and Leisure Services	35	33	34	34	33	33	32	31	26	29
Housing & Community Development	30	15	17	17	17	18	18	18	16	14
Harbor, Business, & Transit	3	3	3	4	4	4	4	3	3	3
TOTAL	431	429	433	436	438	442	439	432	402	425

Source: City of Redondo Beach

**City of Redondo Beach**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police										
Physical arrests	2,095	2,141	2,146	2,325	2,490	2,184	2,108	1,497	2,022	1,693
Traffic citations issued	4,764	4,966	4,516	3,898	4,699	4,220	4,015	2,651	3,386	2,932
Fire										
Number of runs - rescues	4,265	4,338	4,604	4,702	5,025	4,665	4,791	4,472	5,503	5,555
Number of runs - structures & other	1,685	1,822	1,989	2,115	2,107	2,605	2,602	2,833	2,530	3,002
Public Works										
Street rehabilitation (miles)	1.5	3.1	1.1	2.4	-	4.1	0.7	1.4	4.1	-
Culture and Leisure Services										
Library										
Number of items borrowed	806,890	621,139	584,643	545,316	476,837	479,575	447,966	402,964	242,530	411,909
Number of visitors	370,357	333,869	350,958	343,395	332,181	308,542	314,093	210,999	18,821	134,103
Recreation and Community Services										
Admissions - Seaside Lagoon	70,935	82,414	81,328	87,422	79,833	79,856	60,419	- **	- **	35,367
Number of facility rentals - Seaside Lagoon	376	387	381	388	378	382	422	- **	- **	765
Housing & Community Development										
Number of permits issued	2,651	2,955	3,295	6,899	3,435	3,522	3,172	2,655	5,651	3,023
Number of plan checks issued	615	1,471	1,559	4,200	2,492	2,436	2,060	2,038	3,997	1,294
Number of inspections	5,048	4,411	10,326	12,827	12,276	11,748	17,007	9,723	19,130	10,372
Number of real estate reports	904	922	973	1,925	861	814	807	672	1,559	800
Number of bus boardings - Transit	401,827	410,585	415,259	407,272	383,112	375,545	367,087	288,912	166,176	295,365
Revenue miles - Transit	474,140	475,564	459,468	458,198	448,682	448,541	448,016	414,401	365,731	437,141

NOTE: \* Data is for calendar year and not available until the year is complete.

\*\* Seaside Lagoon did not operate for the 2019-2020 fiscal year and reopened June 18, 2021 due to the COVID-19 closure.

Source: City of Redondo Beach - Financial Services Department

**City of Redondo Beach**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-station	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (miles)	127	127	127	127	127	127	127	127	127	127
Streetlights *	1892	1892	1892	1892	1892	1892	1892	1892	1892	1899
Street Traffic Controllers	84	84	84	84	84	84	84	84	84	84
Sanitary sewers (miles)	112	112	112	112	112	112	112	112	112	112
Culture and Leisure Services										
Parks	15	15	15	15	15	15	15	15	15	15
Parkettes	13	13	13	13	13	13	13	13	13	13
Total Park Acreage	143.26	143.26	143.26	143.26	143.26	143.26	143.26	143.26	143.26	143.26
Boat Slips	1509	1509	1509	1509	1509	1509	1509	1509	1509	1509
Harbor acreage:										
Total water area (exclusive of the pier)	107	107	107	107	107	107	107	107	107	107
Total land area	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5	52.5
Libraries	2	2	2	2	2	2	2	2	2	2
Community Centers	5	5	5	5	5	5	5	5	5	5

NOTE: \* Methodology modification made in fiscal year 2004/2005 to reflect city-owned street lights only.

Source: City of Redondo Beach

**City of Redondo Beach**  
**Certification of Continuing Disclosure**  
**Redondo Beach Community Financing Authority 2014 Wastewater Refunding Revenue Bonds**  
**(Wastewater System Financing Project)**  
**June 30, 2022**

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This Certification of Continuing Disclosure is provided by the City of Redondo Beach ("the City") and the Redondo Beach Community Financing Authority through US Bank, as Dissemination Agent pursuant to a Continuing Disclosure Certificate dated March 25, 2014 executed and delivered by the City of Redondo Beach and the Community Financing Authority and the Dissemination Agent in connection with the issuance of \$7,230,000 Refunding Revenue Bonds, City of Redondo Beach Wastewater System Financing Project Bonds ("the Bonds"). The Bonds were issued pursuant to an Indenture of Trust dated as of March 25, 2014 between the Financing Authority and US Bank. The proceeds of the Bonds were issued to provide funds to (a) finance the Improvements and related facilities which constitute part of the Wastewater Enterprise of the City, (b) fund capitalized interest on the Bonds through November 1, 2014, (c) fund a reserve fund for the Bonds, and (d) pay the cost of issuance for the Bonds.

This Certification is made pursuant to the requirements of Section 3(a) of the Continuing Disclosure Certificate with respect to the 2020-21 fiscal year.

The City and the Community Financing Authority hereby report the following:

1. The audited financial statements of the City, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, for the fiscal year ended June 30, 2021 comprise the book in which this report is included.
2. During the fiscal year ended June 30, 2021, neither the City nor the Community Financing Authority has given or caused to be given notice of the occurrence of any of the following events:
  - a. Principal and interest payment delinquencies;
  - b. Non-payment related defaults;
  - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
  - e. Substitution of credit or liquidity providers, or their failure to perform;
  - f. Adverse tax opinions or events affecting the tax-exempt status of the security;
  - g. Modifications to rights of security holders;
  - h. Contingent or unscheduled bond calls;
  - i. Defeasances;
  - j. Resale, substitution, or sale of property securing repayment of the securities; or
  - k. Rating changes

**City of Redondo Beach**  
**Sewer Rates Per Month**  
**Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Use Classification</b>										
Each single family dwelling unit	\$ 10.25	\$ 13.25	\$ 16.25	\$ 16.25	\$ 16.25	\$ 16.25	\$ 16.25	\$ 16.25	\$ 16.25	\$ 16.25
Each unit in a 2-3 unit condo structure	10.25	13.25	16.25	16.25	16.25	16.25	16.25	16.25	16.25	16.25
Each unit in a 2-3 unit apartment structure	7.97	10.31	12.64	12.64	12.64	12.64	12.64	12.64	12.64	12.64
Each unit in a 4 or more unit condo structure	7.97	10.31	12.64	12.64	12.64	12.64	12.64	12.64	12.64	12.64
Each unit in a 4 or more unit apartment structure	5.49	7.09	8.70	8.70	8.70	8.70	8.70	8.70	8.70	8.70
Commercial/Industrial/Institutional parcels	0.88	1.13 *	1.39 *	1.39 *	1.39 *	1.39 *	1.39 *	1.39 *	1.39 *	1.39 *

NOTE: The Redondo Beach Public Financing Authority issued the Wastewater System Financing Project Revenue Bonds in fiscal year 2003/2004. A reissue of the Bonds was done in fiscal year 2013/2014 by the Community Financing Authority.

\* Per 100 cubic feet of average monthly water usage. 100 cubic feet of water is equal to 748 gallons, average monthly water usage is established based on the latest actual annual water usage record available to the City. On an annual basis, the city will recalculate the monthly charge by using the latest available annual water usage record of each non-residential user at the same \$1.13 per 100 cubic feet rate to set a new monthly rate. Any water proven to be used for boilers, cooling towers or similar devices that will not be discharged into the sewer system may be deducted from the annual water usage record for rate calculation purposes.

Source: City of Redondo Beach

**City of Redondo Beach**  
**Top Ten Customers - Sewage Usage**  
**June 30, 2022**

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<u>Account Name</u>	<u>Type of Use</u>	<u>Usage (ccf)</u>	<u>Billed Amount</u>	<u>% of Revenue</u>
AES Redondo Beach LLC	Power Plant	105,086	\$146,070	2.7%
Northrop Grumman Systems	Aerospace	38,580	\$53,625	1.0%
Redondo Beach Unified - South Bay Union High	Education	26,885	\$37,370	0.7%
Marina Way Mole B	Harbor Facilities	16,618	\$23,099	0.4%
City of Redondo Beach Leased Properties	Harbor Facilities	16,363	\$22,745	0.4%
Beach Cities Health District	Hospital	16,267	\$22,611	0.4%
Hilton Garden Inn	Hotel	14,711	\$20,448	0.4%
Haagen Redondo LLC	Shopping Mall	14,581	\$20,268	0.4%
Crown Plaza Holiday Inn	Hotel	12,381	\$17,210	0.3%
Redondo Beach City School District	Education	11,286	\$15,688	0.3%
				<hr/>
				7.0%
				<hr/>

**City of Redondo Beach**  
**Sewer Connections by Type of Customer**  
**Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Type of Customer</b>										
Residential	13,106	13,104	13,105	13,105	13,111	13,113	13,114	13,116	13,117	13,121
Industrial	61	61	61	59	59	59	58	57	57	57
Commercial	463	463	461	462	464	463	465	465	464	458
Institutional	59	59	59	59	58	58	57	56	56	56
Mixed use	43	43	43	43	43	43	43	43	43	44
<b>Total</b>	<b>13,732</b>	<b>13,730</b>	<b>13,729</b>	<b>13,728</b>	<b>13,735</b>	<b>13,736</b>	<b>13,737</b>	<b>13,737</b>	<b>13,737</b>	<b>13,736</b>

NOTE: The Redondo Beach Public Financing Authority issued the Wastewater System Financing Project Revenue Bonds in fiscal year 2003/2004.  
A reissue of the Bonds was done in fiscal year 2013/2014 by the Community Financing Authority.

Source: City of Redondo Beach

## City of Redondo Beach

### Certification of Continuing Disclosure

#### Redondo Beach Community Financing Authority Lease Revenue Refunding Bonds Series 2019A

#### (Leaseback Agreement)

June 30, 2022

This Certification of Continuing Disclosure is provided by the City of Redondo Beach ("the City") and the Redondo Beach Community Financing Authority through US Bank, as Dissemination Agent pursuant to a Continuing Disclosure Certificate dated February 1, 2019 executed and delivered by the City of Redondo Beach and the Community Financing Authority and the Dissemination Agent in connection with the issuance of \$28,015,000 Lease Revenue Refunding Bonds ("the Bonds"). The Bonds were issued pursuant to an Indenture of Trust dated as of February 1, 2019 between the Financing Authority and US Bank. The proceeds of the Bonds were issued to provide funds to (a) refund the City of Redondo Beach's (the "City") \$8,300,000 Leaseback Agreement (Redondo Beach Pier Plaza), dated as of March 1, 2012, by and between Compass Bank and the City, currently outstanding in the principal amount of \$6,314,012.91; (b) refund the City's \$2,700,000 Leaseback Agreement (Redondo Beach International Boardwalk Project), dated as of May 1, 2012 by and between Compass Bank and the City, currently outstanding in the principal amount of \$2,021,296.58; (c) refund the City's \$12,500,000 Leaseback Agreement (Redondo Beach Marina Project), dated as of May 1, 2014, by and between Compass Bank and the City, currently outstanding in the principal amount of \$10,076,474.18; (d) finance the purchase of a Sublease between the City and Redondo Fisherman's Cove Company; and (e) pay costs of issuance of the Bonds.

This Certification is made pursuant to the requirements of Section 3 and 4 of the Continuing Disclosure Certificate with respect to the 2020-21 fiscal year.

The City and the Community Financing Authority hereby report the following:

1. The audited financial statements of the City, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, for the fiscal year ended June 30, 2021 comprise the book in which this report is included.
2. During the fiscal year ended June 30, 2021, neither the City nor the Community Financing Authority has given or caused to be given notice of the occurrence of any of the following events:
  - a. Principal and interest payment delinquencies;
  - b. Non-payment related defaults;
  - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
  - e. Substitution of credit or liquidity providers, or their failure to perform;
  - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - g. Modifications to rights of security holders;
  - h. Contingent or unscheduled bond calls;
  - i. Defeasances;
  - j. Resale, substitution, or sale of property securing repayment of the securities;
  - k. Rating changes
  - l. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
  - m. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
  - n. Appointment of a successor or additional trustee or the change of name of a trustee.

# COMPLIANCE SECTION

Additional elements of the report prepared  
in accordance with the provisions of the  
*Government Auditing Standards*

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## **COMPLIANCE SECTION**

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INDEPENDENT AUDITORS' 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*

To the Honorable Mayor and Members of the City Council  
City of Redondo Beach, 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 Redondo Beach, California (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 20, 2023.

### Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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 entity'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. We consider the deficiency reported on the accompanying schedule of findings and responses as finding 2022-001 to be a material weakness.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance as reported on the accompanying schedule of findings as finding 2022-002 that is required to be reported under *Government Auditing Standards*.



To the Honorable Mayor and Members of the City Council  
City of Redondo Beach, California

### **City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lance, Solt & Lughard, LLP*

Brea, California  
July 20, 2023



To the Honorable Mayor and Members of the City Council  
City of Redondo Beach, California

## **SCHEDULE OF FINDINGS AND REPONSES**

### **Finding 2022-001: Net Position Restatement in the Redevelopment Obligation Retirement Fund Private-Purpose Trust Fund and Repayments of Installment on the County Deferred Loan Liabilities**

#### ***Evaluation of Finding:***

Material weakness.

#### ***Criteria:***

The City has two deferred loan liabilities with the County of Los Angeles (the 1983 Tax Increment Deferred Loan and the 1984 Tax Increment Deferred Loan) for prior year passthrough agreements. Payments on the deferred loan liabilities are made by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund (RPTTF) of the Successor Agency for Redondo Beach RDA. The County Auditor-Controller determines annually the required payments on the passthrough deferred loan obligations and communicates the amounts to the City. It is the City's responsibility to adjust its records accordingly.

#### ***Condition:***

The deferred loan liabilities have not been adjusted for fiscal year ended June 30, 2021 for payments made by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund of the Successor Agency for Redondo Beach RDA, and payments made for fiscal year ended June 30, 2022 by the County Auditor-Controller were not recorded. As a result, deferred loan liabilities were overstated by \$1,227,101 at June 30, 2021 and the repayments of \$566,428 for fiscal year ended June 30, 2022 were not recorded.

#### ***Cause:***

The transactions are fairly new to the City since the dissolution of the Redevelopment Agencies. The payments are made by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund on behalf of the Successor Agency for Redondo Beach RDA. The City only receives an annual notification letter of the fiscal year repayment and the outstanding balance of the County passthrough deferral liabilities.

#### ***Effect:***

Deferred loan liabilities were overstated by \$1,227,101 at June 30, 2021 and the repayments of \$566,428 for fiscal year ended June 30, 2022 were not recorded.

#### ***Context:***

The payments are made directly by the County Auditor-Controller to the passthrough entities from the Redevelopment Property Tax Trust Fund on behalf of the Successor Agency for Redondo Beach RDA. The City only received an annual notification letter of the fiscal year repayment and the outstanding balance of the County passthrough deferral liabilities

#### ***Repeat Finding:***

No.

#### ***Recommendation:***

We recommend that the City add on its fiscal year-end closing procedures the adjustment of the deferred loan liabilities based on the County Auditor Controller's annual notification letter of the fiscal year repayment and outstanding balance of County passthrough deferral loan liabilities.



To the Honorable Mayor and Members of the City Council  
City of Redondo Beach, California

## **SCHEDULE OF FINDINGS AND REPONSES (CONTINUED)**

### ***Management Response and Corrective Action:***

The City agrees with the Auditors comments. Staff will update policy and procedures for fiscal year-end procedures to add the adjustment of the deferred loan liabilities to the schedule; based on the County Auditor Controller's annual notification letter of the fiscal year repayment and outstanding balance of County passthrough deferral loan liabilities

### **Finding 2022-002: Late Filing of the Single Audit Report**

#### ***Evaluation of Finding:***

Noncompliance.

#### ***Criteria:***

Management is responsible for providing timely and accurate financial information. Because the City has expended over \$750,000 in federal awards, Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) requires the City to submit a Data Collection Form and a single audit reporting package, which include the Basic Financial Statements of the City, to the Federal Audit Clearinghouse and the State Controller's Office within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period.

#### ***Condition:***

The City has experienced significant delays in the preparation and issuance of its 2022 annual comprehensive financial report and has missed the filling date of March 31, 2023 for the submission of the a Data Collection Form and a single audit reporting package.

#### ***Cause:***

The City had delays in the implementation of GASB 87 and the Finance Director retired before the end of the fiscal year.

#### ***Effect:***

Delays in processing year-end closing procedures caused the financial statements release to be delayed. In addition, the City is neither in compliance with Uniform Guidance nor is in meeting its current demands for external reporting.

#### ***Context:***

The City has had challenges meeting the filing deadlines. While this has been an ongoing issue, the City is working on resolving its staffing challenges.

#### ***Repeat Finding:***

No.

#### ***Recommendation:***

The Finance Department should look at increasing the amount of experienced finance staff to help facilitate year-end closing procedures and the preparation of its basic financial statements. Because the basic financial statements are the responsibility of the City, it is in its best interest to closely monitor the accounting process to ensure that financial position and operating results are accurately and timely reported.



To the Honorable Mayor and Members of the City Council  
City of Redondo Beach, California

#### **SCHEDULE OF FINDINGS AND REPOSES (CONTINUED)**

***Management Response and Corrective Action:***

The City agrees with the Auditors comments. Staff has hired the Financial Services Director, Assistant Financial Services Director and Administrative Analyst. These critical vacancies were vacant for a long period of time due to retirements of senior staff in Finance. These positions are staffed bringing forth academic foundation in Finance, Accounting and Business as well as over 30 years' experience in local government finance. Additionally, a strategic plan and process review is underway which includes but is not limited to financial reporting procedures. The objective is to update the schedule for the preparation of financial statements reporting schedule; re-align the accounting cycle schedule and staff to ensure the accurate and timely reporting of all activities

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