



The City of
**Hawaiian
Gardens
California**

**Annual
Comprehensive
Financial
Report**

Fiscal Year Ended June 30, 2021



CITY OF HAWAIIAN GARDENS,
CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2021

Prepared by:
Finance Department
Linda Hollinsworth
Finance Director/Treasurer

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CITY OF HAWAIIAN GARDENS

Annual Comprehensive Financial Report

Year Ended June 30, 2021

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Annual Comprehensive Financial Report

Year Ended June 30, 2021

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“Our Youth - Our Future”

CITY OF HAWAIIAN GARDENS

March 22, 2022

To the Members of the City Council and Residents of the City of Hawaiian Gardens:

It is the policy of the City of Hawaiian Gardens to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Hawaiian Gardens (the City) for the fiscal year ended June 30, 2021. This report consists of management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the 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 both 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 conformity with GAAP. Because the cost of internal controls should not outweigh their 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.

The City’s financial statements have been audited by the firm of Gruber and Lopez, Inc., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for the fiscal year ended June 30, 2021, were fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City’s internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement 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.

Profile of Hawaiian Gardens

The City, incorporated in 1964, is located in the southeastern corner of Los Angeles County. The City currently occupies a land area of nine tenths of a square mile and serves a population of approximately 15,000.

The City operates under the Council-Manager form of government. Policymaking and legislative authority are vested in a City Council consisting of five members, one of whom is selected Mayor by the City Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing commissions, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council and for overseeing the day-to-day operations of the City. The City Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected in the first two-year period and two council members elected in the other two-year period.

The City provides a full range of services, including police services (contracted with Los Angeles County Sheriff's Department); the construction and maintenance of highways, streets, and other infrastructure; and recreational and cultural events. The City is financially accountable for a housing authority and a public financing authority, each of which is reported within the City's financial statements as blended component units. Additionally, the Successor Agency to the Redevelopment Agency (Successor Agency) was created in Fiscal Year 2011-2012, and its activity is reported in a fiduciary private-purpose trust fund within the City's financial statements. The City is not financially responsible for the Successor Agency. Information regarding these legally separate entities can be found in the notes to the financial statements.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the City operates.

Budgetary Control: The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager during the budget planning process. The City Manager uses these requests as the starting point for developing a preliminary budget. The City Manager then presents this proposed budget to the City Council for review. The City Council holds public hearings on the preliminary budget and approves a final Adopted Budget by no later than June 30, the close of the City's fiscal year. The adopted budget is prepared by fund, function (e.g. public works), and department (e.g. parks and fields). Transfer of appropriations between funds requires the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Formal budgetary integration is not employed for capital project funds because effective budgetary control is achieved through project management controls. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For other governmental funds that have appropriated annual budgets, this comparison is presented in the supplementary section of the accompanying financial statements.

Local economy: The Hawaiian Gardens local economy is unique in that the major revenue source is the casino license fee, which is based on a percentage of casino revenue. The casino license fee provided \$5.3 million (89 percent) of the \$6.0 million general fund license and permit revenue in FY 2020-21, the City's largest revenue line item. Taxes is the next largest revenue and totaled \$4.1 million which is comprised of \$2.3 million in property taxes received through the County of Los Angeles (including \$2.0 million of property tax in lieu of vehicle license fee), sales and transaction taxes of \$1.6 million, and \$0.2 million in hotel occupancy and transfer taxes.

The casino had several years of continual revenue growth as a result of an expansion in FY 2015-16. However, with the COVID-19 pandemic, the casino was mandated to shut down for several months during FY 2020-21, resulting in a significant loss of revenue to the casino and, consequently, the City. Following is a summary which shows each month's license fee revenue compared to the prior year, which had pandemic-related shutdowns of nearly 3 months.

Hawaiian Gardens Casino License Fee Revenue


Month	FY 2020-21	FY 2019-20	% Change
July	\$ 2,989	\$ 1,123,808	-99.73%
August	-	1,123,604	-100.00%
September	-	1,107,021	-100.00%
October	391,897	1,111,564	-64.74%
November	484,489	1,118,213	-56.67%
December	-	1,122,832	-100.00%
January	33,604	1,128,166	-97.02%
February	506,847	1,103,005	-54.05%
March	845,938	481,597	75.65%
April	913,921	-	N/A
May	1,077,593	-	N/A
June	1,082,896	253,522	327.14%
Total	\$ 5,340,174	\$ 9,673,332	-44.79%

Long-term financial planning. As a result of the loss of casino license fee revenue in FY 2020-21, the City's General Fund balance declined by 19.3 percent from \$23.6 million at June 30, 2020 to \$19.0 million at June 30, 2021. In prior years by Council resolution, the City had set a committed fund balance of \$15 million for contingencies including damages caused by a major earthquake, a 25 percent loss of casino revenues, major repairs of buildings due to casualty losses, and litigation losses of \$500,000 or more. As a result of the pandemic in FY 2019-20, Council approved the use of some of the contingency funds to offset the loss of casino revenues. During FY 20-21, Council resolved to replenish the contingency commitment reserve back to the original commitment amount of \$15.0 million. At June 30, 2021, the General Fund's \$19.0 million fund balance is comprised of \$2.5 million for nonspendable long-term receivables, \$11.2 million committed for contingencies, \$2.9 million committed for equipment and projects, and \$2.3 million unassigned fund balance. The structure of the City's General Fund balance allows for flexibility in budget projections and provides the City with funding during unexpected fiscal emergencies, such as was needed in FY 2019-20 and 2020-21. As the unassigned fund balance represents 15 percent of FY 2020-21 General Fund expenditures, careful planning will be necessary to ensure that the fund balance will be sustained through the uncertainty of the coming years. The City's long-term economic outlook should be sustained through careful planning, and the City will continue to work hard to preserve its resources and to provide a high level of service to its residents.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is also given to the Mayor and members of the City Council for their responsible manner in conducting the operations of the City.

Respectfully submitted,



Ernesto Marquez, City Manager



CITY OF HAWAIIAN GARDENS
List of Elected and Appointed Officials
Fiscal Year Ended June 30, 2021

Elected Officials

Mayor
Mayor Pro Tem
Councilmember
Councilmember
Councilmember

Luis Roa
Victor Farfan
Jesse Alvarado
Maria Teresa DelRio
Myra Maravilla

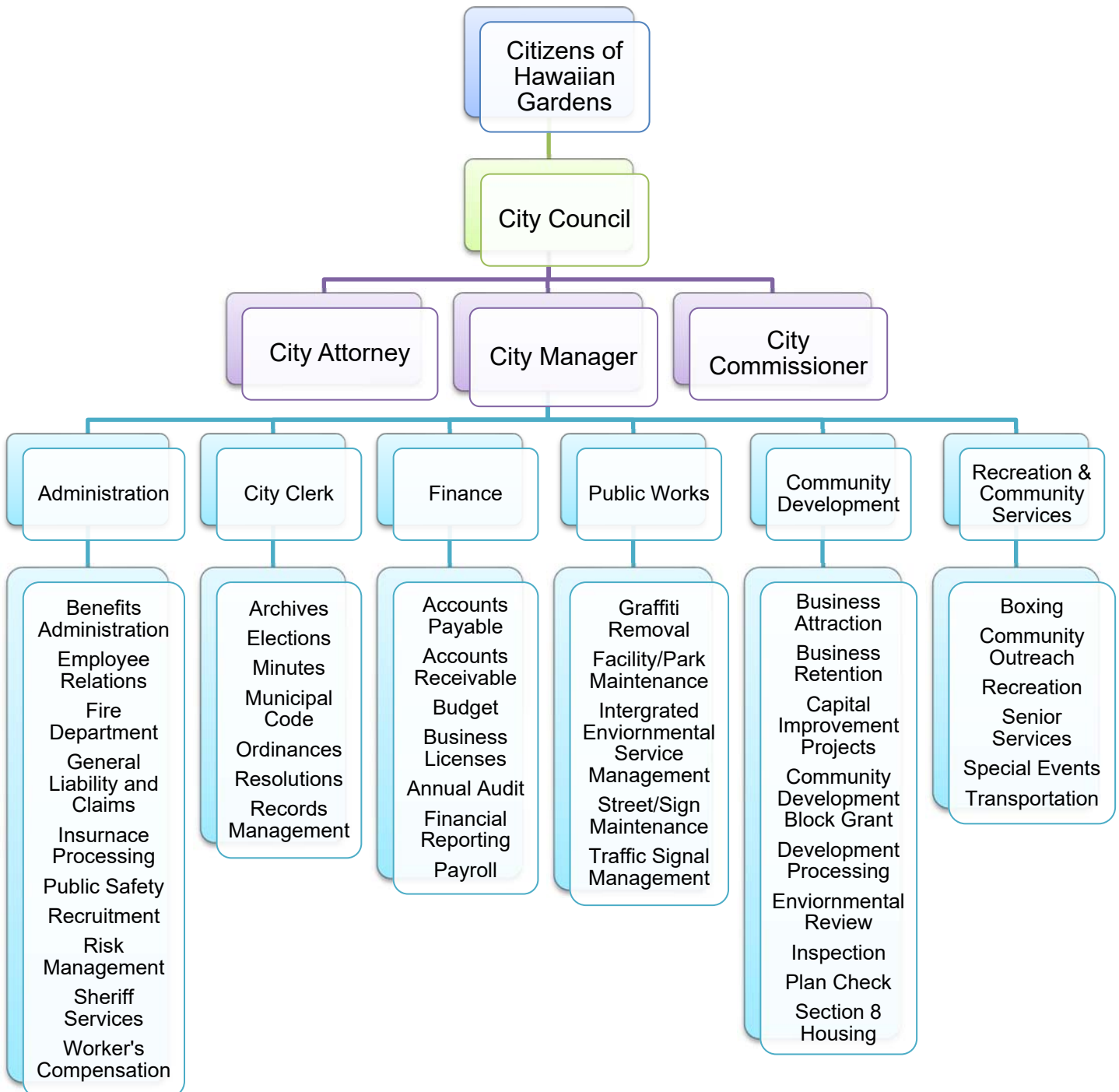
Appointed Officials

City Manager
City Attorney
City Clerk
Community Development Director
Finance Director/Treasurer
Human Resources Manager
Human Services Director
Public Works Superintendent

Ernie Hernandez
Megan Garibaldi
Lucie Colombo
Joseph Colombo
Linda Hollinsworth
Patrick Matson
Steve J. Gomez
Robert Salazar

CITY OF HAWAIIAN GARDENS

Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hawaiian Gardens
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

To the Honorable Mayor and Members of the City Council
City of Hawaiian Gardens, California

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hawaiian Gardens, California (City), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Managements' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hawaiian Gardens, California, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the schedule of proportionate share of the net pension liability and related ratios, schedule of plan contributions – defined benefit pension plan, schedule of changes in the net OPEB liability and related ratios, schedule of plan contributions – OPEB plan, and the budgetary comparison information identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hawaiian Gardens’ basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, financial data schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and financial data schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022 on our consideration of the City of Hawaiian Gardens’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Hawaiian Gardens’ internal control over financial reporting and compliance.

Gruber and Lopez, Inc.
gruber and lopez, inc.
Newport Beach, California
March 21, 2022

MANAGEMENTS' DISCUSSION AND ANALYSIS

**CITY OF HAWAIIAN GARDENS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As management of the City of Hawaiian Gardens (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, found in the introductory section of this report, and with the basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS

Financial highlights of the City for the fiscal year ending June 30, 2021 are summarized below. Details related to these highlights are found in the remaining sections of this analysis. The comparisons in the discussion and analysis below are between FY 2019-20 and FY 2020-21. All increases and decreases are expressed relative to FY 2019-20 amounts.

Government-wide Statements

- At fiscal year-end, the City's net position was equal to \$40.3 million. Of this amount, \$32.0 million was the investment in capital assets, \$5.1 million was restricted, and \$3.2 million was unrestricted. The unrestricted amount may be used to meet the City's ongoing obligations to citizens and creditors.
- Assets and deferred outflows of resources totaled \$63.4 million while liabilities and deferred inflows of resources totaled \$23.2 million.
- The City's net position decreased by \$5.4 million as a result of expenses of \$22.1 million exceeding revenues of \$16.6 million.

Fund Level – Governmental Funds

- Governmental funds for the City reported combined fund balances of \$23.8 million. Of this amount, \$2.5 million was nonspendable, \$5.1 million was restricted by external parties, \$14.2 million was committed by City Council action, and \$2.1 million was unassigned and available for future appropriation.
- The General Fund unassigned fund balance of \$2.3 million is 15.3% of the year's General Fund expenditures which totaled \$15.2 million.
- At June 30, 2021, the cash and investments of the General Fund are \$15.7 million, which represents 82.5% of the General Fund's total fund balance of \$19.0 million.

Fund Level – Fiduciary Funds

- The City is the Successor Agency to the former Redevelopment Agency. The Successor Agency's assets, liabilities, and activities are recorded in a Private Purpose Trust Fund, and the Successor Agency is considered to be a separate operating entity from the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to what is used by most private-sector companies. These statements provide both long-term and short-term information about the City's overall financial status.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources as well as on liabilities and deferred inflows of resources. The amount by which assets and deferred outflows of resources exceed liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information on how the City's net position 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. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are in this report's financial section immediately following the Management's Discussion and Analysis.

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 of Hawaiian Gardens, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These fund financial statements tell how general government services were financed in the short-term and identifies what remains for future spending.

The fund financial statements provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law, and the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money. The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash.

The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps to identify whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* are identified within reconciliations which immediately follow the governmental funds' financial statements.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Development Block Grant Special Revenue Fund, and the PHA Low/Mod Housing Special Revenue Fund. These funds are considered to be major funds. Data from all other governmental funds are combined into a single, aggregated presentation called, "Other Nonmajor Governmental Funds." Individual fund data for each of these nonmajor governmental funds is provide as supplementary information elsewhere in this report. The basic governmental fund financial statements can be found in the financial section of this report immediately following the government-wide statements.

The City adopts an annual appropriated budget for each of its governmental funds, excluding the Capital Projects Fund and certain Special Revenue Funds. A budgetary comparison schedule has been provided for each governmental fund which has an annual budget to demonstrate compliance with that budget. The budgetary comparison schedules for major funds are presented as required supplementary information and for nonmajor funds as supplementary information.

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 in the financial section of this report following the fund financial statements.

Supplementary information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information is found immediately following the notes to the financial statements. Optional supplementary information is presented as combining and individual statements for other funds. This optional supplementary information can be found immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the government-wide *Statement of Net Position* follows:

	Governmental Activities	
	June 30, 2021	June 30, 2020
Current and other assets	\$ 26,886,950	\$ 29,631,273
Capital assets, net of depreciation	31,968,470	34,277,114
Total Assets	58,855,420	63,908,387
Deferred amount from pension	2,218,895	2,953,443
Deferred amount from OPEB	2,360,021	1,321,488
Total Deferred Outflows of Resources	4,578,916	4,274,931
Long-term debt outstanding	19,451,129	17,538,333
Other liabilities	2,111,863	2,611,895
Total Liabilities	21,562,992	20,150,228
Deferred amount from pension	254,311	688,997
Deferred amount from OPEB	1,360,881	1,638,831
Total Deferred Inflows of Resources	1,615,192	2,327,828
Net investment in capital assets	31,968,470	34,277,114
Restricted	5,058,926	2,996,110
Unrestricted	3,228,756	8,432,038
Total Net Position	\$ 40,256,152	\$ 45,705,262

The City's net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hawaiian Gardens, net position was \$40.3 million as of June 30, 2021 and \$45.7 million a year earlier at June 30, 2020, a decrease in net position of \$5.4 million. This change in net position is a result of the current year expenses exceeding revenues. This excess of expenses over revenues will be analyzed in conjunction with the Statement of Activities.

The largest portion of the City's net position (\$32.0 million or 79.4%) reflects its investment in capital assets (e.g., land, building, and infrastructure), net of any related debt. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The City's restricted net position totals \$5.1 million (12.6%) of total net position. Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3.2 million (8.0%) represents unrestricted net position; this category of net position may be used to meet the City's ongoing obligations to citizens and creditors.

Following is a summary of the government-wide *Statement of Activities*. This table illustrates the \$5.4 million decrease in the City's net position resulting from expenses exceeding revenues. Discussion regarding significant revenue and expense changes follows the table.

	Governmental Activities	
	June 30, 2021	June 30, 2020
Revenues:		
Program Revenues:		
Charges for services	\$ 506,777	\$ 1,319,074
Operating grants and contributions	5,347,588	4,035,960
General Revenues:		
Property taxes	2,630,197	2,484,551
Business license tax	5,496,585	10,170,294
Sales and transaction taxes	1,621,335	947,507
Other taxes	382,576	483,666
Other general revenues	647,273	741,920
Total Revenues	16,632,331	20,182,972
Expenses:		
General government	6,082,355	6,951,501
Public safety	5,274,925	5,418,284
Public works	3,925,246	4,233,010
Highways and streets	1,665,581	2,132,853
Culture and recreation	2,983,881	4,288,896
Urban development	288,186	326,879
Health and welfare	1,861,267	2,003,352
Total Expenses	22,081,441	25,354,775
Increase in net position	(5,449,110)	(5,171,803)
Net position at beginning of year	45,705,262	50,877,065
Net position at end of year	\$ 40,256,152	\$ 45,705,262

Governmental Activities

City-wide revenues decreased by a net of \$3.6 million (17.6%) to \$16.6 million. The most significant changes are as follows:

- The most significant decrease in revenues is the \$4.7 million decline in business license tax. As a result of the COVID-19 pandemic, the City's largest business, the Gardens Casino, was required to be closed for a period of time during fiscal year 2020-21. The City receives a licensing fee based on the casino's revenues, and as a consequence of the shut-down, received a significant reduction in licensing revenues. Revenue has been increasing monthly since the casino re-opened in late January 2021, but as of June 2021, the monthly revenue received by the City remains below pre-pandemic levels.
- Charges for services decreased by a net of \$0.8 million. This decrease is mostly due to prior year higher capital growth fees and building permits from a major project to build a public

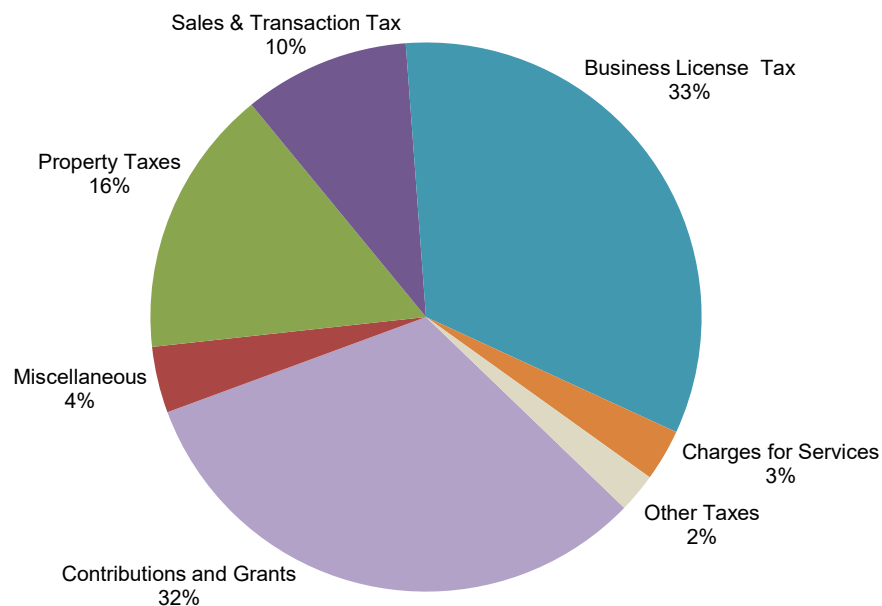
storage facility within the city. In addition, there were lower recreation fees received due to fewer recreation classes and activities being offered during the fiscal year due to the COVID-19 pandemic.

- Operating grants and contributions increased by \$1.3 million for a variety of reasons: receiving COVID-relief grants, a gain on the sale of property, a new County-wide Measure W for a clean water program, and additional HUD Section 8 program monies received.
- In March of 2020, the City voters approved a transaction and use tax to be implemented beginning October 1, 2020. As a result, sales and transaction taxes increased by \$0.7 million over the prior year.

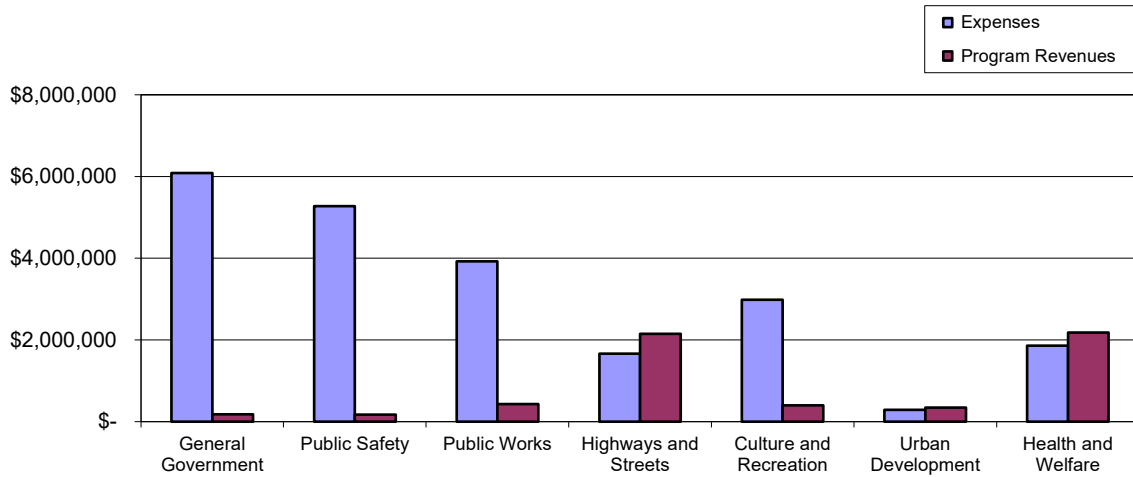
The total cost of all City programs and services during FY 20-21 was \$22.1 million, a \$3.3 million decrease (12.9%) from the prior year's cost of \$25.4 million. The most significant changes are as follows:

- General government costs decreased by \$0.8 million mainly as a result of doing fewer non-capital administration projects as well as fewer costs directly associated with the COVID-19 pandemic.
- Public works and highways and streets costs decreased by \$0.8 million mostly as a result of lower demand for contractor building and engineering services due to lower building activity in FY 20-21.
- Culture and recreation costs decreased \$1.3 million as a result of fewer recreation classes and activities being offered during FY 20-21 due to the COVID-19 pandemic.

Revenues by Source (Government-Wide)



Expenses and Program Revenues (Government-Wide)



The previous two charts illustrate the City’s overall expenses and revenues by source. General revenues, such as property and business license taxes, are not shown by program, but are used to support program activities citywide. The Business License Tax is the single largest source of funds for the City (33%), followed by Contributions and Grants (32%), Property Taxes (16%), and Sales and Transaction Taxes (10%). Charges for services, other taxes, and miscellaneous revenues make up the remainder of the revenues.

General Government is the largest expense function, accounting for 27% of the total. Public Safety is the second largest expense function (24% of the total), followed by Public Works (18% of the total), and Culture and Recreation (at 14% of the total). The smaller categories of Highways and Streets, Urban Development, and Health and Welfare make up the remaining share of costs. The proportionate share of the expense functions remains relatively consistent from year to year with variances typically resulting from different amounts spent for capital projects.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City’s resources and to demonstrate compliance with finance-related legal requirements.

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 financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$23.8 million representing a decrease of \$2.6 million from the prior year’s balance of \$26.4 million. Nonspendable fund balances total \$2.5 million which is for the long-term receivable from the Successor Agency. Restricted fund balances total \$5.1 million and have legal restrictions by external parties. City Council has committed \$11.2 million for specific contingencies (such as earthquake damage, loss of major revenue sources, major building repairs, and litigation losses), \$2.2 million for capital and other projects, and \$0.75 million for equipment replacement. The remaining fund balances are categorized as unassigned and may be used to meet the City’s ongoing obligations to citizens and creditors.

Major Governmental Funds

The **General Fund** is the main operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$19.0 million, nonspendable fund balance was \$2.5 million, committed fund balance was \$14.2 million, and unassigned fund balance was \$2.3 million.

As a measure of the general fund's liquidity, it is useful to compare the total fund balance to total fund expenditures, which comparison shows that fund balance is 125% of the general fund's FY 2020-21 expenditures. This continues the prior years' trend of declining liquidity as the FY 2019-20 general fund's fund balance was 129% of the expenditures, FY 2018-19 general fund's fund balance was 151% of expenditures, FY 2017-18 general fund's fund balance was 162% of expenditures, FY 2016-17 general fund's fund balance was 188% of expenditures, and FY 2015-16 general fund's fund balance was 196% of expenditures.

The general fund's fund balance decreased by \$4.5 million as a result of the year's expenditures and transfers out exceeding the year's revenues and transfers in. In comparison, the prior year's fund balance decreased by \$3.0 million. This year-to-year change of \$1.5 million is explained by the change in revenues (<\$4.8> million), expenditures (\$3.0 million) and net transfers to other funds (\$0.3 million).

- Revenues in FY 2020-21 were lower by \$4.8 million from the prior year.
 - The most significant decrease in revenues is the \$4.9 million decline in license and permits tax. As a result of the COVID-19 pandemic, the City's largest business, the Gardens Casino, was required to be closed for a period of time during fiscal year 2020-21. The City receives a licensing fee based on the casino's revenues, and as a consequence of the shut-down, received a significant reduction in licensing revenues. Revenue has been increasing monthly since the casino re-opened in late January 2021, but as of June 2021, the monthly revenue received by the City remains below pre-pandemic levels.
 - Total taxes were higher by \$0.8 million, with property taxes higher by \$0.2 million and sales and transaction taxes higher by \$0.6 million. Sales and transaction taxes had a large increase due to the City's transaction tax that was approved by voters in March of 2020 and became effective in October of 2020.
 - Investment income decreased by \$0.5 million due to 1) low interest rates throughout the year and 2) rising interest rates late in the fiscal year, resulting in a drop in fair value as of June 30; this decreased the value of unrealized gains, which in turn, substantially reduced investment income for the year.
- FY 2020-21 expenditures were lower by \$3.0 million from the prior year.
 - General government costs decreased by \$0.5 million from the prior year due to performing fewer non-capital administration projects as well as from fewer costs directly associated with the COVID-19 pandemic.
- Public works and highways and streets costs decreased by \$0.7 million as a result of purchasing a lower amount of Proposition A funds in an exchange with another city as well as having a lower demand for contractor building and engineering services due to lower building activity in FY 20-21.

- Culture and recreation costs decreased \$1.4 million as a result of fewer recreation classes and activities being offered during FY 20-21 due to the COVID-19 pandemic.
- The general fund had net transfers to other funds of \$0.4 million in FY 2020-21 while the FY 2019-20 net transfers to other funds totaled \$0.7 million. The transfers were to provide funding for costs accounted for in capital projects and special revenue funding subsidies to programs for which grant funds did not fully cover the program's costs, as planned for in the budget.

The **Community Development Block Grant** fund had a deficit fund balance of \$10,100 at year-end which is equal to the balance of unavailable revenue. This indicates that expenditures are expected to be fully funded by grant revenues and transfers in. This fund accounts for the grants received from the federal government for community development projects (including capital projects) and housing loans.

Fiduciary Funds

The City presents one fiduciary fund which is the Successor Agency Private Purpose Trust Fund. At June 30, 2021, the net position was a deficit \$28.8 million. Operating additions of \$2.2 million were more than deductions of \$1.2 million, resulting in an increase to net position of \$1.0 million. The operating additions consist mainly of the Successor Agency's share of property taxes from the Redevelopment Property Tax Trust Fund. The fund's other activity consists mainly of interest and related charges for debt as well as contractual and administrative costs. The Successor Agency has bonded debt and Advances payable to the City of Hawaiian Gardens. Information on these long-term liabilities is found in Note 10 of the Notes to Basic Financial Statements.

GENERAL FUND BUDGET

During the fiscal year, budget adjustments were needed to reflect updated expenditure expectations. Total budgeted expenditures decreased by \$2.4 million as a result of lower costs expected for all categories of costs. The largest budget adjustment was to decrease anticipated costs for culture and recreation due to eliminating nearly all community activities as a result of the COVID-19 pandemic. Similarly, total budgeted revenues decreased by \$4.7 million with the largest budget adjustment a reduction to the casino licensing fee due to the mandated shut down of the casino as a result of the pandemic. After the budget adjustments, the fiscal year's actual revenue and expenditure activity resulted in a negative variance with the final budget of \$3.1 million.

The final General Fund revenue budget was \$15.2 million with actual revenue of \$11.0 million. The variance between actual revenues and the final revenue budget was a negative \$4.2 million. The most significant revenue variance was due to receiving lower casino licensing revenues during the year as a result of the mandated closure of the casino due to the COVID-10 pandemic, as previously explained.

The General Fund's actual total expenditures of \$15.2 million were less than the final budgeted appropriations of \$16.6 million. The variance between actual total expenditures and the final appropriation was \$1.4 million. The variance for the general fund budget expenditures is essentially due to lower than anticipated culture and recreation department costs as a result of fewer classes and activities being offered due to the pandemic.

CAPITAL ASSETS

Capital assets totaled \$32.0 million at fiscal year-end. During FY 2020-21, capital assets totaling \$61,000 were acquired, land with a carrying value of \$1.2 million was sold, and depreciation expense of \$1.2 million was recorded. Additional information on the City's capital assets can be found in Note 5 of the Notes to Basic Financial Statements.

	Governmental Activities	
	(net of accumulated depreciation)	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Buildings and improvements	\$ 11,046,552	\$ 11,543,110
Furniture and equipment	718,945	793,160
Vehicles	795,648	859,540
Infrastructure – road system	5,818,805	6,328,422
Construction in progress	68,669	31,094
Rights-of-way	3,290,005	3,290,005
Land	10,229,846	11,431,783
Total	<u>\$ 31,968,470</u>	<u>\$ 34,277,114</u>

LONG-TERM DEBT

As of June 30, 2021, the City had total long-term liabilities outstanding of \$19.5 million, a net increase of \$2.0 million. This net change is due to an increase in the City's net pension and OPEB liabilities offset with small decreases in the City's compensated absence and notes payable liabilities. Additional information on the City's long-term liabilities can be found in Note 6 of the Notes to Basic Financial Statements. Additional information on the net pension liability can be found in Note 7 of the Notes to Basic Financial Statements and additional information on the net OPEB liability can be found in Note 8 of the Notes to Basic Financial Statements.

	Governmental Activities	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Compensated absences	\$ 462,475	\$ 694,261
Notes payable	4,342	30,391
Net pension liability	10,360,362	9,829,601
OPEB liability	8,623,950	6,984,080
Total	<u>\$ 19,451,129</u>	<u>\$ 17,538,333</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The COVID-19 pandemic created business disruptions through mandated and voluntary closings of businesses. The business tax received from The Gardens Casino represents approximately 70% of the Cities revenue and during FY 2020-2021 the Casino was closed or had limited capacity for the entire year resulting a drastically reduced revenue for City operations. In July 2020 the City amended their budget to reflect an anticipated reduction in revenue and the reduction of staff and programming. This budget assumed resumed operations in a few months but the pandemic continued longer than

planned and the City had to make additional adjustments in operations and were able to complete the year without having to use any additional funds from their contingency reserve.

The budget for FY 2021-2022 reflects a return to normal operations with the expectation of the Casino operating at full capacity. The budget includes bringing back all employees who were laid off during the pandemic and resuming service levels and recreation programming to pre-pandemic levels. The additional revenue that the City will receive because of the voter approved Measure HG transaction tax will also allow the addition or expansion of some programs and services. The planned receipt of American Rescue Plan funds of \$3.3 million over two years will be allocated for infrastructure repair or improvements for the City facilities and streets. The budget also includes the Council directive to replenish and increase the City's Emergency Contingency Fund to \$20.0 million dollars. This reserve is available in the event of any unforeseen events that may negatively impact City revenues.

The City's fiscal year 2021-2022 operating budget has been prepared to indicate its commitment to provide the highest level of service to the community.

Contacting the City's Financial Management

This 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 Finance Director's Office, City of Hawaiian Gardens, 21815 Pioneer Blvd., Hawaiian Gardens, California 90716.

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CITY OF HAWAIIAN GARDENS
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments (note 3)	\$ 19,989,582
Receivable:	
Accounts	1,245,026
Loans	545,867
Interest	18,148
Due from other governments	1,118,888
Advances to Successor Agency	3,969,439
Total current assets	26,886,950
Noncurrent assets:	
Capital assets (note 5):	
Non-depreciable	13,588,520
Depreciable, net	18,379,950
Total capital assets	31,968,470
Total noncurrent assets	31,968,470
Total assets	58,855,420
DEFERRED OUTFLOWS OF RESOURCES	
Pensions (note 7)	2,218,895
OPEB (note 8)	2,360,021
Total deferred outflows of resources	4,578,916
LIABILITIES	
Current liabilities:	
Accounts payable	1,107,651
Accrued liabilities	388,293
Deposits payable	62,822
Unearned revenue	549,116
Due to other governments	3,981
Long-term debt - due within one year (note 6)	4,342
Compensated absences - due within one year (note 6)	231,200
Total current liabilities	2,347,405
Noncurrent liabilities:	
Net pension liability (note 7)	10,360,362
OPEB (note 8)	8,623,950
Compensated absences - due in more than one year (note 6)	231,275
Total noncurrent liabilities	19,215,587
Total liabilities	21,562,992
DEFERRED INFLOWS OF RESOURCES	
Pensions (note 7)	254,311
OPEB (note 8)	1,360,881
Total deferred inflows of resources	1,615,192
NET POSITION	
Net investment in capital assets (note 5)	31,968,470
Restricted for:	
Public safety	117,500
Highway and streets	1,828,118
Health and welfare	158,570
Lighting and landscaping	131,111
Low-and moderate-income housing	2,823,627
Total restricted	5,058,926
Unrestricted	3,228,756
Total net position	\$ 40,256,152

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS

Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental activities:					
General government	\$ 6,082,355	179,652	-	-	(5,902,703)
Public safety	5,274,925	-	171,572	-	(5,103,353)
Public works	3,925,246	324,330	109,271	-	(3,491,645)
Highway and streets	1,665,581	-	2,146,330	-	480,749
Culture and recreation	2,983,881	2,755	396,394	-	(2,584,732)
Urban development	288,186	-	345,540	-	57,354
Health and welfare	1,861,267	40	2,178,481	-	317,254
Total governmental activities	\$ 22,081,441	506,777	5,347,588	-	(16,227,076)
General revenues:					
Taxes:					
					2,630,197
					5,496,585
					1,621,335
					132,292
					188,076
					62,208
					10,130,693
					195,646
					451,627
					10,777,966
					(5,449,110)
					45,705,262
					\$ 40,256,152

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS

Balance Sheet Governmental Funds June 30, 2021

	Special Revenue Funds				Total Governmental Funds
	General Fund	Community Development Block Grant	PHA Low Mod Housing	Other Non-major Governmental Funds	
ASSETS					
Cash and investments (note 3)	\$ 15,694,962	-	1,953,354	2,341,266	19,989,582
Receivables:					
Accounts	1,245,026	-	-	-	1,245,026
Loans	-	545,867	-	-	545,867
Interest	18,148	-	-	-	18,148
Due from other governments	570,690	200,406	-	347,792	1,118,888
Advances to Successor Agency	3,175,551	-	793,888	-	3,969,439
Due from other funds (note 4)	361,255	-	-	-	361,255
Total assets	<u>\$ 21,065,632</u>	<u>746,273</u>	<u>2,747,242</u>	<u>2,689,058</u>	<u>27,248,205</u>
LIABILITIES					
Accounts payable	\$ 1,004,021	43,713	-	59,917	1,107,651
Accrued liabilities	322,731	1,754	-	63,808	388,293
Deposits payable	62,822	-	-	-	62,822
Due to other funds (note 4)	-	154,939	-	206,316	361,255
Unearned revenue	3,249	545,867	-	-	549,116
Due to other governments	-	-	-	3,981	3,981
Total liabilities	<u>1,392,823</u>	<u>746,273</u>	<u>-</u>	<u>334,022</u>	<u>2,473,118</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	644,990	10,146	43,352	244,706	943,194
Total deferred inflows of resources	<u>644,990</u>	<u>10,146</u>	<u>43,352</u>	<u>244,706</u>	<u>943,194</u>
FUND BALANCES (note 14)					
Nonspendable	2,530,561	-	-	-	2,530,561
Restricted	-	-	2,703,890	2,355,036	5,058,926
Committed:					
Specific contingencies	11,233,011	-	-	-	11,233,011
Equipment replacement	750,000	-	-	-	750,000
Projects	2,189,931	-	-	-	2,189,931
Unassigned	2,324,316	(10,146)	-	(244,706)	2,069,464
Total fund balances (deficits)	<u>19,027,819</u>	<u>(10,146)</u>	<u>2,703,890</u>	<u>2,110,330</u>	<u>23,831,893</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,065,632</u>	<u>746,273</u>	<u>2,747,242</u>	<u>2,689,058</u>	<u>27,248,205</u>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS
Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Statement of Net Position
June 30, 2021

Fund balances of governmental funds	\$ 23,831,893
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds balance sheet. Capital assets were adjusted as follows:	
Capital assets	65,520,816
Accumulated depreciation	(33,552,346)
Certain revenues were not available to pay for current-period expenditures and, therefore, were deferred in funds.	943,194
Long-term debt and compensated absences have not been included in the governmental fund activity:	
Compensated absences	(462,475)
Note payable	(4,342)
Governmental funds report all PERS and OPEB contributions as expenditures, however, in the statement of net position and excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability:	
Other Post Employment Benefits	(8,623,950)
Net pension liability	(10,360,362)
Deferred outflows related to PERS contributions made after actuarial measurement date	2,218,895
Deferred outflows related to OPEB contributions made after actuarial measurement date	2,360,021
Deferred inflows related to PERS unrecognized actuarial gains and losses	(254,311)
Deferred inflows related to OPEB unrecognized actuarial gains and losses	<u>(1,360,881)</u>
Net position of governmental activities	<u>\$ 40,256,152</u>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				Total Governmental Funds
	General Fund	Community Development Block Grant	PHA Low Mod Housing	Other Non-major Governmental Funds	
Revenues:					
Taxes	\$ 4,131,639	-	-	293,506	4,425,145
Licenses and permits	5,991,998	-	-	-	5,991,998
Intergovernmental	229,085	379,994	-	4,303,902	4,912,981
Charges for services	96,514	-	-	-	96,514
Fines and forfeitures	107,963	-	-	-	107,963
Rental income	102,315	-	-	-	102,315
Investment income	4,671	-	626	820	6,117
Other revenues	<u>341,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>341,702</u>
Total revenues	<u>11,005,887</u>	<u>379,994</u>	<u>626</u>	<u>4,598,228</u>	<u>15,984,735</u>
Expenditures:					
Current:					
General government	5,785,827	-	-	-	5,785,827
Public safety	4,845,846	-	-	116,016	4,961,862
Public works	1,784,425	-	-	347,085	2,131,510
Highway and streets	503,183	-	-	1,066,477	1,569,660
Culture and recreation	2,106,069	-	-	347,176	2,453,245
Urban development	105,731	165,858	-	-	271,589
Health and welfare	-	-	38,325	1,672,454	1,710,779
Capital outlay	26,813	-	-	1,141,225	1,168,038
Debt service:					
Principal	<u>26,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,049</u>
Total expenditures	<u>15,183,943</u>	<u>165,858</u>	<u>38,325</u>	<u>4,690,433</u>	<u>20,078,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,178,056)</u>	<u>214,136</u>	<u>(37,699)</u>	<u>(92,205)</u>	<u>(4,093,824)</u>
Other financing sources (uses):					
Proceeds from the sale of property	-	-	1,495,202	-	1,495,202
Transfers in (note 4)	8,927	1,171	-	1,444,115	1,454,213
Transfers out (note 4)	<u>(372,307)</u>	<u>(180,853)</u>	<u>(55,178)</u>	<u>(845,875)</u>	<u>(1,454,213)</u>
Total other financing sources (uses)	<u>(363,380)</u>	<u>(179,682)</u>	<u>1,440,024</u>	<u>598,240</u>	<u>1,495,202</u>
Net change in fund balances	(4,541,436)	34,454	1,402,325	506,035	(2,598,622)
Fund balances (deficits), beginning of year	<u>23,569,255</u>	<u>(44,600)</u>	<u>1,301,565</u>	<u>1,604,295</u>	<u>26,430,515</u>
Fund balances (deficits), end of year	<u>\$ 19,027,819</u>	<u>(10,146)</u>	<u>2,703,890</u>	<u>2,110,330</u>	<u>23,831,893</u>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-wide Statement of Activities
For the Year Ended June 30, 2021

Changes in fund balances of governmental funds \$ (2,598,622)

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

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current year, net of disposals and internal service fund activity.

Capital outlay	61,206
Depreciation expense	(1,167,913)
Gain on asset disposal	293,265
Proceeds from the sale of property	(1,495,202)

Revenues in the government-wide statement of activities that did not provide current financial resources were not reported as revenues in the governmental funds.	354,331
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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	231,786
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Repayment of note payables is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	26,049
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Pension and OPEB expense reported in the governmental funds includes the annual required contributions. In the statement of activities, pension and OPEB expense includes the change in the net pension and OPEB liability, and related change in pension and OPEB amounts for deferred outflows of resources and deferred inflows of resources.	<u>(1,154,010)</u>
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Change in net position of governmental activities	<u><u>\$ (5,449,110)</u></u>
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CITY OF HAWAIIAN GARDENS
Statement of Fiduciary Net Position
Trust Funds
June 30, 2021

	Private- Purpose Trust Fund <hr/> Successor Agency of the Former Redevelopment Agency <hr/>
ASSETS	
Cash and investments (note 3)	\$ 7,110,684
Total assets	<u>7,110,684</u>
DEFERRED OUTFLOWS OF RESOURCES	
Discount on refunding	168,619
Reacquisition loss on refunding	<u>67,180</u>
Total deferred outflows of resources	<u>235,799</u>
LIABILITIES	
Current liabilities:	
Due to other governments	3,395,065
Interest payable	77,517
Advances payable to the City of Hawaiian Gardens (note 10)	3,175,551
Advances payable to the Hawaiian Gardens Housing Authority (note 10)	793,888
Long-term liabilities	
Due in one year (note 10)	1,055,000
Due in more than one year (note 10)	<u>27,260,000</u>
Total liabilities	<u>35,757,021</u>
DEFERRED INFLOWS OF RESOURCES	
Preimum on refunding	<u>405,404</u>
Total deferred inflows of resources	<u>405,404</u>
NET POSITION	
Held in trust for private purposes	<u>(28,815,942)</u>
Total net position	<u><u>\$ (28,815,942)</u></u>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS
Statement of Changes in Fiduciary Net Position
Trust Funds
For the year ended June 30, 2021

	Private- Purpose Trust Fund <hr/> Successor Agency of the Former Redevelopment Agency <hr/>
Additions:	
Taxes	\$ 2,216,739
Investment income	<u>1,930</u>
Total additions	<u>2,218,669</u>
Deductions:	
Contractual services	9,050
Interest expense	928,606
Contributions to other governments	<u>247,929</u>
Total deductions	<u>1,185,585</u>
Change in net position	1,033,084
Net position (deficit), beginning of year	<u>(29,849,026)</u>
Net position (deficit), end of year	<u>\$ (28,815,942)</u>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

Year ended June 30, 2021

(1) Organization and Summary of Significant Accounting Policies

The financial statements of the City of Hawaiian Gardens, California (the City), have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. 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. Description of the Reporting Entity

The City was incorporated as a general law city under the Government Code of the State of California. The City operates under a Council-Manager form of government, and the City Council is composed of five members. Among the services provided by the City are the following: public safety, public works, highways and streets, culture and recreation, urban development, and health and welfare.

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the organization is able to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations and therefore data from these units are reported with the interfund data of the City.

The following organizations are considered to be blended component units of the City:

Hawaiian Gardens Public Financing Authority:

The City of Hawaiian Gardens Public Financing Authority (the Authority) was established by a joint exercise of powers agreement between the City and the former Redevelopment Agency of the City of Hawaiian Gardens (the former Redevelopment Agency) on January 13, 1988, for the purpose of financing public capital improvements. Even though the Authority is a legally separate entity, in substance, the activities of the Authority are part of the City's operations and both entities share the same governing board. As such, the Authority is considered to be a blended component unit of the City. The Authority currently has no debt outstanding related to the City. No individual financial statements are prepared for the Authority.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Organization and Summary of Significant Accounting Policies (continued)

a. Description of the Reporting Entity (continued)

Housing Authority of the City of Hawaiian Gardens:

On February 26, 1985, the City Council of the City adopted Resolution No. 11-85, establishing the Housing Authority of the City of Hawaiian Gardens (the Housing Authority). The members of the City Council serve as the members of the Housing Authority Board, as long as the members remain on the City Council. In November 2002, the City Council appointed two additional Housing Authority Board members in compliance with California Housing Authorities Law. The two additional board members must be eligible residents, meaning persons directly assisted by the Housing Authority. The Housing Authority is operating a federal housing choice voucher program and oversees the use of assets restricted to low- and moderate-income housing activities. No individual financial statements are prepared for the Housing Authority.

b. Basis of Accounting and Measurement Focus

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-Wide Financial Statements:

Government-wide financial statements display information about the reporting government as a whole. The City has no business-type activities or discretely presented component units. Eliminations have been made in the statement of activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary private-purpose trust fund. Under the economic resources measurement focus, both current and long-term economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Organization and Summary of Significant Accounting Policies (continued)

b. Basis of Accounting and Measurement Focus (continued)

Program revenues include charges for services, operating and capital grants, and contributions made by parties outside of the reporting government's citizenry that are restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items are not included among program revenues and are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenses. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

Fund Financial Statements:

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

Fund financial statements for the primary government's governmental funds and fiduciary fund are presented after the government-wide financial statements. These statements display information about major funds individually and other governmental funds in the aggregate and a private-purpose trust fund.

Governmental Funds:

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus and the modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to pay liabilities of the current period. The City uses a 60-day availability period.

Property taxes, sales taxes, transient occupancy taxes, franchise taxes, licenses, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Organization and Summary of Significant Accounting Policies (continued)

b. Basis of Accounting and Measurement Focus (continued)

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. In the General Fund, the principal portion of these long-term receivables is offset by nonspendable fund balance to indicate that they are not available spendable resources. In the other governmental funds, long-term receivables are offset by the fund balance classification that would be applicable to the ultimate use of the loan repayments when they occur.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund-type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

c. Description of Funds

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include general operating expenditures and capital improvement costs, which are not paid through other funds.

Community Development Block Grant Special Revenue Fund - The Community Development Block Grant Special Revenue Fund is used to account for federal entitlements under the Housing and Community Development Act of 1974, as amended. The City Council annually allocates Community Development Block Grant (CDBG) funds to various programs.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Organization and Summary of Significant Accounting Policies (continued)

c. Description of Funds (continued)

PHA Low Mod Housing Special Revenue Fund - The PHA Low Mod Housing Special Revenue Fund is used to account for the City's low and moderate income housing activities.

Additionally, the City reports the following fund types:

Governmental Funds:

The Special Revenue Funds are used to account for specific revenue that is legally required to be accounted for in a separate fund.

The Capital Projects Fund is used to account for the financial resources used to acquire or construct a major capital asset, which generally requires more than one budgetary cycle to complete.

Fiduciary Fund:

The Private-Purpose Trust Fund is used to account for the activities of the Successor Agency to the Hawaiian Gardens Redevelopment Agency.

d. New Accounting Pronouncements

The City adopted Statement on Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities* and GASB Statement No. 90 *Majority Equity Interest*. Neither standard significantly impacted the City.

The City implemented Statement on Governmental Accounting Standards (GASB Statement) No. 98, *The Comprehensive Financial Report*, which establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

e. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time.

The City has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions and other post employment benefits equal to employer contributions made after the measurement date of the net pension liability.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Organization and Summary of Significant Accounting Policies (continued)

e. Deferred Outflows/Inflows of Resources (continued)

- Deferred outflows related to pension plans for the changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans' fiduciary net position. These amounts are amortized over five years.
- Deferred outflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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 future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from *unavailable revenues*, which arise only under the modified accrual basis of accounting, are only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: accrued interest on advances receivable and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to other post employment benefits resulting from the difference in projected and actual earnings on investments of the pension plans' fiduciary net position. These amounts are amortized over five years.
- Deferred inflows related to pension plans for the changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Organization and Summary of Significant Accounting Policies (continued)

f. Cash and Investments

Cash includes demand deposits. The California Government Code and the City's investment policy permit the City to invest in various instruments and pools. Investments are reported in the accompanying financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents and restricted cash. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

g. Due from Other Governments

The amounts recorded as a receivable due from other governments include sales taxes, property taxes, state gas taxes, motor vehicle in-lieu taxes, grant revenues, and other revenues collected or provided by federal, state, county and city governments and unremitted to the City at year-end.

h. Capital Assets

Capital assets with an individual cost greater than \$5,000 and having a useful life of three or more years are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Donated capital assets are valued at their acquisition value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of these assets or materially extend assets lives are not capitalized.

Capital assets include public domain (infrastructure) capital assets that consist of certain improvements other than buildings, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. Infrastructure capital assets are defined by the City as long-lived capital assets or system of assets with an initial cost of more than \$50,000 that are stationary and can be preserved for at least 25 years. Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Organization and Summary of Significant Accounting Policies (continued)

h. Capital Assets (continued)

The following is a summary of the estimated useful life of each asset type:

Buildings and improvements	25-50 years
Furniture and equipment	7-30 years
Vehicles	10-30 years
Infrastructure – road system	25-75 years

i. Compensated Absences

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances is attributable to services already rendered, and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payments, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness), which is outside the control of the City and the employee.

Compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year they are paid. The balance of unpaid vacation and vested sick leave at year-end is recorded as a long-term liability in the government-wide financial statements, as these amounts will be recorded in the fund expenditures in the year in which they are paid or become due on demand to terminated employees. Compensated absences are liquidated principally by the General Fund.

j. Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss can be reasonably estimated and is to be paid with current economic resources. Accordingly, any such claims are recorded as liabilities in the appropriate governmental fund.

k. Property Tax Calendar

The County of Los Angeles assesses, levies, and collects property taxes for the City. Property taxes levied for the current year were due and payable in two installments on November 1 and February 1 and became delinquent after December 10 and April 10, respectively. At the date of incorporation, the City elected to be a no/low property tax city as an incentive for current and prospective residents to reside in the City.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Organization and Summary of Significant Accounting Policies (continued)

k. Property Tax Calendar (continued)

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1 to June 30
Due Date:	First Installment – November 1 Second Installment – February 1
Delinquent Date:	First Installment – December 10 Second Installment – April 10

Taxes are collected by the County of Los Angeles and are remitted to the City periodically. Dates and percentages are as follows:

December 10:	30% Advance
January 16:	Collection No. 1
April 10:	10% Advance
May 15:	Collection No. 2
July 31:	Collection No. 3

l. Net Position

On the statement of net position, net position is classified into three components, which are defined as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent debt proceeds at year-end, those amounts are not included in the calculation of net capital assets. As of June 30, 2021, there was no debt related to the City’s capital assets.
- Restricted Net Position - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This component of net position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted.”

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Organization and Summary of Significant Accounting Policies (continued)

l. Net Position (continued)

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

m. Fund Balances

The fund balances reported in the fund statements consist of the following classifications:

- Nonspendable - Nonspendable includes amounts that are (a) not in a spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash (for example, inventories, prepaid amounts, and long-term receivables with no constraints on how the eventual proceeds are to be spent).
- Restricted - Restricted includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed - Committed includes amounts that can only be used for the specific purposes determined by the City Council through the adoption of a resolution prior to the end of the year. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (i.e., a resolution). Amounts committed for specific contingencies include equipment replacement, damages caused by an earthquake of 6.5 magnitude or greater, a 25% loss of casino revenues, major repairs of buildings due to casualty losses, litigations losses of \$500,000 or more, and capital projects. The total committed for these specific contingencies is \$14,172,942.
- Assigned - Assigned comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) the City Manager, which the City Council, by resolution, has delegated the authority to assign amounts to be used for specific purposes.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Organization and Summary of Significant Accounting Policies (continued)

m. Fund Balances (continued)

- Unassigned - Unassigned is the residual classification for the General Fund and includes all amounts not contained in the other classifications, as well as the residual negative fund balance of other governmental funds. Unassigned amounts are technically available for any purpose.

The City Council adopts the City Fund Balance Policy (the Policy) annually. The Policy establishes guidelines for budget decisions as to the appropriate use of General Fund resources and the maintenance of adequate reserves for contingencies, emergencies, capital improvements, and other such uses as determined by the City Council.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

n. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

o. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources to OPEB and OPEB expense, information about the fiduciary net position of the City's OPEB Plan (the assets of which are held by CalPERS as part of the California Employer's Retiree Benefit Trust Program), and additions to/deductions from the OPEB Plans' 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.

p. Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Stewardship, Compliance, and Accountability

a. Expenditures in Excess of Appropriations

The legal level of budgetary control is at the fund level. The following funds reported excess of expenditures over appropriations for the year ended June 30, 2021:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other-non governmental special revenue funds:			
Air Quality Management District	7,000	7,150	(150)
Community Oriented Police Services	100,000	116,016	(16,016)
Housing Authority Section 8	1,506,055	1,665,304	(159,249)

b. Accumulated Fund Deficits

The Community Development Block Grant, SELACO WIB, and Grant Funding CIP Special Revenue Funds had fund deficits of \$10,146, \$204,706, and \$40,000, respectively, at June 30, 2021. Management expects to eliminate these deficit fund balances with future grant revenues.

(3) Cash and Investments

As of June 30, 2021, cash and investments, including cash and investments with fiscal agent, were reported in the accompanying financial statements as follows:

Governmental activities	\$19,989,582
Fiduciary funds	<u>7,110,684</u>
Total cash and investments	<u>\$27,100,266</u>

Cash and investments as of June 30, 2021 consist of the following:

Cash on hand	\$ 4,150
Deposits with financial institutions	4,867,187
Investments	<u>22,228,929</u>
Total cash and investments	<u>\$27,100,266</u>

CITY OF HAWAIIAN GARDENS
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Cash and Investments (continued)

Investments Authorized by the City’s Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy.

<u>Investment Types</u>	* Maximum <u>Maturity</u>	* Maximum Percentage <u>Of Portfolio</u>	* Maximum Investment <u>in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
Local Agency Bonds	5 years	None	None
Bankers Acceptance	180 days	40%	30%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 years	None	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None

* - Based on state law requirements or investment policy requirements, whichever is more restrictive.

N/A – Not Applicable

Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. All investments of debt proceeds held by the bond trustee are reported in the Successor Agency Private-Purpose Trust Fiduciary Fund. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk. At June 30, 2021, no monies were held by the bond trustee.

CITY OF HAWAIIAN GARDENS
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Cash and Investments (continued)

Investments Authorized by Debt Agreements (continued)

The permitted investments related to the 2019 Tax Allocation Refunding Bonds Series A and B of the Successor Agency are as follows:

<u>Investment Types</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers Acceptance	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Pre-refunded Municipal Obligations	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None
Investment Agreements	30 years	None	None

N/A – Not Applicable

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that the portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City’s investments (including investments held by the bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

<u>Investment Type</u>	<u>Remaining Investment Maturities</u>			<u>Total</u>
	<u>Less than 1 Year</u>	<u>1 to 3 Years</u>	<u>4 to 5 Years</u>	
Local Agency Investment Fund	<u>\$22,228,929</u>	-	-	<u>22,228,929</u>
Total	<u>\$22,228,929</u>	-	-	<u>22,228,929</u>

CITY OF HAWAIIAN GARDENS
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Cash and Investments (continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City’s investment policy or debt agreements, and the actual rating, by Standard and Poor and Moody’s as of year-end for each investment type:

<u>Investment Type</u>		Minimum Legal <u>Rating</u>	<u>Ratings as of Year End</u>			<u>Not Rated</u>
			<u>AAA</u>	<u>AA</u>	<u>A</u>	
Local Agency Investment Fund	<u>\$22,228,929</u>	N/A	_____ -	_____ -	_____ -	<u>22,228,929</u>
Total	<u>\$22,228,929</u>		===== -	===== -	===== -	<u>22,228,929</u>

N/A – Not Applicable

Concentration of Credit Risk

The City’s investment policy does not impose restrictions on the maximum percentage it can invest in a single type of investment. As of June 30, 2021, in accordance with GASB Statement No. 40 requirements, the City is exposed to concentration of credit risk whenever they have invested more than 5% of their total investments in any one issuer. As of June 30, 2021, the City was not exposed to concentration of credit risk.

Custodial Credit Risk

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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Cash and Investments (continued)

Custodial Credit Risk (continued)

held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2021, the City had deposits that were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

For investments held by a bond trustee, the trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. 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. Investments categorized as Level 2 are valued using market approach using quoted market prices. The City's investments in LAIF and money market mutual funds are not subject to the fair value hierarchy.

CITY OF HAWAIIAN GARDENS
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(4) Inter-fund Receivables, Payables and Transfers

a. Due To / From Other Funds:

The following summarizes the total due to and from other funds as of June 30, 2021:

	<u>Due To Other Funds:</u>		
<u>Due From Other Funds:</u>	Community Development Block <u>Grant</u>	Other Non-major Governmental <u>Funds</u>	<u>Total</u>
General Fund	<u>\$154,939</u>	<u>206,316</u>	<u>\$361,255</u>

Inter-fund receivables and payables as of June 30, 2021 are the result of the elimination of deficit cash balances in individual funds.

b. Transfers To / From Other Funds:

The following summarizes the total transfers in and transfers out to other funds as of June 30, 2021:

	<u>Transfers In:</u>			
<u>Transfers Out:</u>	<u>General Fund</u>	<u>CDBG Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	1,171	371,136	372,307
CDBG Fund	-	-	180,853	180,853
PHA Low Mod Housing	-	-	55,178	55,178
Non-major Governmental Funds	<u>8,927</u>	<u>-</u>	<u>836,948</u>	<u>845,875</u>
Total	<u>\$ 8,927</u>	<u>1,171</u>	<u>1,444,115</u>	<u>1,454,213</u>

The City uses the non-major capital projects fund to account for all capital projects. The funding sources for these projects are reported as transfers from various funds to the non-major capital projects fund. All other interfund transfers are to move grant funds to the fund in which the expenditures were recorded or to provide operating subsidies for programs.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(5) Capital Assets

A summary of the changes in capital asset activity for the year ended June 30, 2021, is as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable:				
Rights-of-way	\$ 3,290,005	-	-	3,290,005
Land	11,431,783	-	(1,201,937)	10,229,846
Construction in process	<u>31,094</u>	<u>61,206</u>	<u>(23,631)</u>	<u>68,669</u>
Total non-depreciable	<u>14,752,882</u>	<u>61,206</u>	<u>(1,225,568)</u>	<u>13,588,520</u>
Depreciable:				
Buildings and improvements	19,758,211	-	-	19,758,211
Furniture and equipment	1,506,640	-	-	1,506,640
Vehicles	1,491,340	-	-	1,491,340
Infrastructure- road system	<u>29,152,474</u>	<u>23,631</u>	<u>-</u>	<u>29,176,105</u>
Total depreciable capital assets	<u>51,908,665</u>	<u>23,631</u>	<u>-</u>	<u>51,932,296</u>
Less accumulated depreciation for:				
Buildings and improvements	8,215,101	496,558	-	8,711,659
Furniture and equipment	713,480	74,215	-	787,695
Vehicles	631,800	63,892	-	695,692
Infrastructure- road system	<u>22,824,052</u>	<u>533,248</u>	<u>-</u>	<u>23,357,300</u>
Total accumulated depreciation	<u>32,384,433</u>	<u>1,167,913</u>	<u>-</u>	<u>33,552,346</u>
Total depreciable capital assets, net	<u>19,524,232</u>	<u>(1,144,282)</u>	<u>-</u>	<u>18,379,950</u>
Total capital assets, net	<u>\$ 34,277,114</u>	<u>(1,083,076)</u>	<u>(1,225,568)</u>	<u>31,968,470</u>

Depreciation expense was charged in the following functions in the Statement of Activities:

General Government	\$ 174,748
Public Safety	9,850
Public Works	556,650
Culture and Recreation	380,721
Health and Welfare	<u>45,944</u>
Total	<u>\$1,167,913</u>

CITY OF HAWAIIAN GARDENS
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Note payable:					
So Cal Edison Financing	\$ 30,391	-	26,049	4,342	4,342
Compensated absences	<u>694,261</u>	<u>239,051</u>	<u>470,837</u>	<u>462,475</u>	<u>231,200</u>
Total	<u>\$ 724,622</u>	<u>239,051</u>	<u>496,886</u>	<u>466,817</u>	<u>235,542</u>

Note payable:

On December 15, 2011, the City entered into an interest-free financing agreement in the amount of \$246,785 with Southern California Edison to purchase and install energy efficient equipment at the Fedde Sports Complex. The term of the loan is 9 1/2 years. Payments are made monthly in the amount of \$2,171. The City did not capitalize this equipment since it was installed at the Fedde Sports Complex, which is the property of the ABC Unified School District (the District) pursuant to a joint use agreement dated October 13, 2009, between the City and the District.

At June 30, 2021, the annual requirements to repay the outstanding indebtedness were as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ <u>4,342</u>
Total	\$ <u>4,342</u>

(7) Defined Benefit Pension Plan

Plan Description: All qualified permanent and probationary employees are eligible to participate in the City of Hawaiian Garden’s Safety and Miscellaneous Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City of Hawaiian Garden’s resolution. Employees hired prior to January 1, 2013 are considered classic members and employees hired on or after January 1, 2013 are considered Public Employee Pension Reform Act (PEPRA) members. The City has no active safety employees after January 1, 2013. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Detailed information about each plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

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. Classic members with five years of total service are eligible to retire at age 50 and PEPRA members must be at least 52 years old to retire 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 are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 63	52 – 67
Monthly benefits, as a % of eligible compensation	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.25%
Required employer contribution rates:		
Normal cost rate	15.037%	7.874%
Payment of unfunded liability	\$641,671	\$1,512
	Safety	
	Prior to January 1, 2013	
Hire Date		
Benefit formula	2.0% @ 50	
Benefit vesting schedule	5 years service	
Benefit payments	monthly for life	
Retirement age	50 - 65	
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	
Required employee contribution rates	0.00%	
Required employer contribution rates		
Normal cost rate	0.0%	
Payment of unfunded liability	\$14,801	

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

Contributions - Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City of Hawaiian Gardens is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the fiscal year ended June 30, 2021, the contributions recognized as part of pension expense for the plan totaled \$2,021,901.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2020, the City of Hawaiian Gardens reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 10,204,181
Safety	156,181
Total Net Pension Liability	\$ 10,360,362

The City of Hawaiian Gardens' net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City of Hawaiian Gardens' proportion of the net pension liability was based on a projection of the City of Hawaiian Gardens' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City of Hawaiian Gardens' proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	Combined (PERFC)
Proportion – June 30, 2019	0.095930%
Proportion – June 30, 2020	0.095220%
Change – Increase (Decrease)	(0.000710)%

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

For the year ended June 30, 2021, the City of Hawaiian Gardens recognized pension expense of \$2,021,901. At June 30, 2021, the City of Hawaiian Gardens reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,191,277	-
Change in proportion	27,628	(118,050)
Difference in actual contributions vs. proportionate share of contributions	155,501	(62,960)
Difference between expected and actual experience	537,963	-
Differences between projected and actual earnings on plan investments	306,526	-
Change in assumptions	-	(73,301)
Total	\$ 2,218,895	(254,311)

The \$1,191,277 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2022	\$ 95,063
2023	298,973
2024	232,180
2025	147,091
	\$773,307

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

Actuarial Methods and Assumptions - The total pension liabilities for the June 30, 2020 measurement period were determined by an actuarial calculation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous and Safety Risk Pools</u>
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	(1)
Mortality rate table	(2)
Post retirement benefit increases	(3)

Notes

- (1) Varies by entry age and 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, refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that is available on the CalPERS website.
- (3) The lesser of contract COLA or 2.5% until purchasing power protection allowance floor on purchasing power applies, 2.5% thereafter.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increases, mortality, and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Subsequent to Year-end – On November 15, 2021, the CalPERS Board of Administration selected a new asset allocation mix that will guide the fund’s investment portfolio for the next four years, while at the same time retaining the current target rate of return. The Board also approved adding 5 percent leverage to increase investment diversification. The new asset allocation takes effect July 1, 2022 and is expected to decrease employer contribution rates from less than 1 percent to a decrease of more than 2 percent depending on the plan type. Employees in the PEPRA plans will likely see increases in their contribution rates. Contribution changes will take effect in fiscal year 2023-24.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plans’ 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.

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

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

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1-10 (b)	Real Return Years 11 + (c)
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

- (a) In the CalPERS ACFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City of Hawaiian Gardens’ proportionate share of the net pension liability, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$15,690,573	\$ 331,190
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$10,204,181	\$ 156,181
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 5,670,948	\$ 12,570

Payable to the Pension Plan – At June 30, 2021, the City had no outstanding contributions due to the pension plan required for the year ended June 30, 2021.

(8) Other Post Employment Benefits (OPEB)

Plan Description - The City provides post-employment health-care benefits through CalPERS health-care program (PEMHCA), which is a single-employer post-employment benefit plan, to eligible employees who retire directly from the City. The City pays the cost for lifetime retiree and dependent medical benefits (maximum amount equal to the Public Employees’ Retirement System Choice LA non-Medicare two-party premium). The City does not provide a retiree contribution for dental, vision, or life insurance benefits. In order to be eligible, the employee must have worked a minimum of five years with the City. Copies of CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

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:

Actuarial Valuation Date for OPEB Liability:	June 30, 2019
Measurement Date:	June 30, 2020
Measurement Period:	July 1, 2019 – June 30, 2020

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Other Post Employment Benefits (OPEB) (continued)

Employee Covered – As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	81
Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to, but not yet receiving benefits	<u>6</u>
Total	<u>116</u>

Contributions - The City has elected to join the California Employers' Retiree Benefit Trust (the Trust), which provides a means to fund the annual required contribution (ARC) OPEB obligations. The City makes an annual contribution to the Trust, pays benefits either directly to retirees or through PEMHCA during the year. For the measurement year ended June 30, 2021, the City paid \$259,468 in retiree health premiums. In addition, the City recognized \$93,371 in implicit subsidy benefits provided to retirees during the measurement year. The City's contributions are funded by the General Fund.

Net OPEB Liability - The City of Hawaiian Gardens net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

<i>Actuarial Assumptions:</i>	
Discount Rate – as of 6/30/19	6.75%
Discount Rate – as of 6/30/20	6.65%
Projected Salary Increase	3.0%
Assumed Salary Growth	3.0%
General Inflation	2.5%
Mortality (1)	Varies (1)

(1) The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a actuarial experience study for the period 1997 to 2015, except for the future mortality improvements was based on MacLeod Watts scale 2020 applied generationally from 2015. Further details of the Experience Study can be found on the CalPERS website.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Other Post Employment Benefits (OPEB) (continued)

The Changes in the net OPEB liability for the plan are as follows:

	Increase (Decrease)		Net OPEB Liability/ (Asset) (c)=(a)-(b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balance at Fiscal Year Ending 6/30/19 <i>Measurement Date 6/30/18</i>	\$12,340,146	\$5,356,066	\$6,984,080
Changes During the Period:			
Service Cost	472,687	-	472,687
Interest Cost	852,958	-	852,958
Expected Investment Income	-	189,220	(189,220)
Employer Contributions	-	352,839	(352,839)
Changes of Benefit Terms	-	-	-
Administrative Expenses	-	(2,616)	2,616
Other Expenses	-	-	-
Benefit Payments	(352,839)	(352,839)	-
Assumption Changes	853,668	-	853,668
Plan Experience	-	-	-
Investment Experience	-	-	-
Recognized Deferred Resources	-	-	-
Employer Contributions Subsequent to Measurement Date	-	-	-
Net Changes in Fiscal Year 2019-20	<u>1,826,474</u>	<u>186,604</u>	<u>1,639,870</u>
Balance at Fiscal Year Ending 6/30/20 <i>Measurement Date 6/30/19</i>	<u>\$14,166,620</u>	<u>\$5,542,670</u>	<u>\$8,623,950</u>

Sensitivity of the Proportionate Share of the net OPEB Liability to Changes in the Discount Rate – The following presents the City of Hawaiian Gardens’ net OPEB liability, calculated using the discount rate, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	5.30%
Net OPEB Liability	\$10,837,972
Current Discount Rate	6.30%
Net OPEB Liability	\$ 8,623,950
1% Increase	7.30%
Net OPEB Liability	\$ 6,829,358

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Other Post Employment Benefits (OPEB) (continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trends – The following presents the net OPEB liability of the City of Hawaiian Gardens 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 June 30, 2020. Healthcare cost trend rate was assumed to start at 5.4% and grade down to 4.0% for years 2076 and thereafter:

1% Decrease	-1%
Net OPEB Liability	\$ 6,653,692
Current Rate	Current Trend
Net OPEB Liability	\$ 8,623,950
1% Increase	+1%
Net OPEB Liability	\$11,097,276

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the fiscal year ended June 30, 2020, the City of Hawaiian Gardens recognized OPEB expense of \$1,044,093. As of the fiscal year ended June 30, 2020, the City of Hawaiian Gardens reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 720,706	-
Change of assumptions	1,506,080	(327,575)
Difference between expected and actual experience	-	(1,033,306)
Net difference between projected and actual earnings on investments	133,235	-
Total	\$2,360,021	(1,360,881)

The \$720,706 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2022	\$ 90,663
2023	117,323
2024	123,088
2025	55,800
2026	(127,338)
Thereafter	18,898
	\$278,434

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Risk Management

Description of Self-Insurance Pool Pursuant to Agreement:

The City of Hawaiian Gardens is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-Insurance Program of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to a routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Risk Management (continued)

Workers' Compensation

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2020-21 the Insurance Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased as part of a reinsurance policy, and employer's liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance:

Pollution Legal Liability Insurance

The City of Hawaiian Gardens participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets and storm drains owned by the City of Hawaiian Gardens. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has a limit of \$20 million.

Property Insurance

The City of Hawaiian Gardens participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Hawaiian Gardens property is currently insured according to a schedule of covered property submitted by the City of Hawaiian Gardens to the Authority. City of Hawaiian Gardens property currently has all-risk property insurance protection in the amount of \$24,394,048. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Risk Management (continued)

Earthquake and Flood Insurance

The City of Hawaiian Gardens purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Insurance Authority. City property currently has earthquake protection in the amount of \$18,735,307. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City of Hawaiian Gardens purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Insurance Authority.

Special Event Tenant-User Liability Insurance

The City of Hawaiian Gardens further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant-user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is arranged by the Insurance Authority.

Adequacy of Protection:

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2020-2021.

(10) Successor Agency Fiduciary Disclosures

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency to the City of Hawaiian Gardens Redevelopment Agency on February 1, 2012, as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to these transactions are as follows:

Advances Payable to City of Hawaiian Gardens:

During the year ended June 30, 2000, the City advanced to the former Redevelopment Agency \$3,303,382. This advance was made pursuant to Disposition and Development Agreement 93-26 and Amendments No. 1 and No. 2, whereby the former Redevelopment Agency agreed to provide and pay for on-site and off-site improvements and fees levied in connection with developing a card club and associated facilities. Interest accrues on the outstanding balance at a rate equal to the average annual LAIF rates published by the State Treasurer. The amount outstanding at June 30, 2021, is \$168,688, which is net of allowance of 20% required to be transferred to the PHA Low Mod Housing Fund.

CITY OF HAWAIIAN GARDENS
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) Successor Agency Fiduciary Disclosures (continued)

For the four years ended June 30, 2010, the City made annual advances to the former Redevelopment Agency to assist in funding the former Redevelopment Agency's operating budget. Interest accrues on the outstanding balance at a rate equal to the average annual LAIF rates published by the State Treasurer. In September 2016, a revised 2016-17 Recognized Obligation Payments Schedule (ROPS) was sent to the Department of Finance (DOF) asking it to recognize this advance as an enforceable obligation for reimbursement in future years. The required resolution, debt service schedule, and documentation were also sent. The DOF did not approve the obligation at that time since it was submitted on a revised ROPS but will allow the Successor Agency to resubmit for consideration in the future. The amount outstanding at June 30, 2021, is \$3,006,863, which is net of allowance of 20% required to be transferred to the PHA Low Mod Housing Fund.

Advances Payable to Hawaiian Gardens PHA Low Mod Housing:

Assembly Bill 1484 required that 20% of all eventual advance repayments to the City be transferred to the PHA Low Mod Housing Special Revenue Fund to fund housing activity. Accordingly, 20% of the advance payable to the City has been recorded in the PHA Low Mod Housing Special Revenue Fund. The amount outstanding at June 30, 2021, is \$793,888.

Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>	Due within <u>One Year</u>
2019 Tax Allocation Refunding Bonds A	\$ 3,285,000	-	310,000	2,975,000	320,000
2019 Tax Allocation Refunding Bonds B	<u>25,850,000</u>	<u>-</u>	<u>510,000</u>	<u>25,340,000</u>	<u>735,000</u>
Total	<u>\$29,135,000</u>	<u>-</u>	<u>820,000</u>	<u>28,315,000</u>	<u>1,055,000</u>

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) Successor Agency Fiduciary Disclosures (continued)

2019 Tax Allocation Refunding Bonds, Series A and B

In April 2019, the Successor Agency to the Redevelopment Agency of the City of Hawaiian Gardens issued \$3,550,000 and \$25,990,000 in Tax Allocation Refunding Bonds (Refunding Bonds) Series A and B, respectively.

Proceeds of the sales of the Refunding Bonds were used to redeem the 2004 Tax Allocation Refunding Bonds and the 2006 Tax Allocation Revenue Bonds. The bonds are secured only by a pledge of security interest in the lien on all the tax revenues, including all of the tax revenues in the Redevelopment Obligation Retirement Fund and all of the moneys in certain funds and accounts established and held by the Trustee under the Indenture.

All outstanding amounts on the 2004 and 2006 Refunding Tax Allocation Bonds were paid in full by June 30, 2019, and there is no remaining liability on the refunded bonds.

The 2019 Series A Refunding Bonds were issued at a premium of \$476,142 which is being amortized on a straight-line basis annually as interest expense through the year 2033. The advance refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$11,100. This difference is reported as a deferred outflow of resources and is being amortized on a straight-line basis annually as interest expense.

The 2019 Series B Refunding Bonds were issued at a discount of \$198,048 which is being amortized on a straight-line basis annually as interest expense through the year 2033. The advance refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$70,975. This difference is reported as a deferred outflow of resources and is being amortized on a straight-line basis annually as interest expense.

Interest on the Refunding Bonds is payable semiannually on June 1 and December 1, commencing December 1, 2019, at rates ranging from 2.504% to 5.000% per annum. Bonds maturing in the year 2033 are term bonds payable on December 1, 2033.

At June 30, 2021, bonds outstanding on the 2019 Tax Allocation Refunding Bonds, Series A were \$2,975,000. The minimum annual requirements to amortize the 2019 Tax Allocation Refunding Bonds, Series A as of June 30, 2021, are as follows:

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) Successor Agency Fiduciary Disclosures (continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 320,000	124,450	444,450
2023	335,000	111,350	446,350
2024	350,000	97,650	447,650
2025	385,000	82,950	467,950
2026	400,000	67,250	467,250
2027-2031	740,000	205,000	945,000
2032-2034	<u>445,000</u>	<u>33,625</u>	<u>478,625</u>
Total	<u>\$ 2,975,000</u>	<u>722,275</u>	<u>3,697,275</u>

At June 30, 2021, bonds outstanding on the 2019 Tax Allocation Refunding Bonds, Series B were \$25,340,000. The minimum annual requirements to amortize the 2019 Tax Allocation Refunding Bonds, Series A as of June 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 735,000	789,787	1,524,787
2023	1,985,000	753,846	2,738,846
2024	2,035,000	699,861	2,734,861
2025	2,060,000	643,262	2,703,262
2026	2,125,000	582,891	2,707,891
2027-2031	9,735,000	2,003,373	11,738,373
2032-2034	<u>6,665,000</u>	<u>355,338</u>	<u>7,020,338</u>
Total	<u>\$25,340,000</u>	<u>5,828,358</u>	<u>31,168,358</u>

(11) Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, Assembly Bills 1x 26 (the Dissolution Act) and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package which dissolved redevelopment agencies.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the legislature passed and the governor signed Assembly Bill 1484, which made technical and substantive amendments to the Dissolution Act based on experience to date at the state and local level in implementing the Dissolution Act.

In September 2015, the legislature passed and the governor signed Senate Bill 107, which made additional changes to the Dissolution Act.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(11) Recent Changes in Legislation Affecting California Redevelopment Agencies (continued)

Under the Dissolution Act, each California redevelopment agency (each Dissolved RDA) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, has initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA. On January 24, 2012, the City elected to serve as the Successor Agency of the Hawaiian Gardens Redevelopment Agency.

The Dissolution Act also created oversight boards, which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards are to administer the wind-down of each Dissolved RDA, which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets), and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over certain housing assets of the Dissolved RDA. The Housing Authority elected on January 24, 2012, to serve as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the PHA Low Mod Housing Special Revenue Fund in the financial statements of the City. All other nonhousing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

In current and future fiscal years, the Successor Agency will only be allocated revenue from the County of Los Angeles in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the Dissolved RDA until all enforceable obligations of the Dissolved RDA have been paid in full and all assets have been liquidated. As of June 30, 2021, a liability is accrued in the Successor Agency Private-purpose Trust Fiduciary Fund for proceeds from property liquidations which have not been remitted to the County of Los Angeles.

(12) Commitments

On October 13, 2009, the City entered into a joint use agreement with the District related to the Fedde Sports Complex, which was constructed on District property. The term of the agreement is for 30 years. In exchange for the access and use of the property, the City committed to constructing the sports complex, replacing all or a portion of the artificial turf that needs replacement at the end of 10 years, performing all custodial services associated with the sports complex including replacement of all defective lights, maintaining the artificial turf, and covering the cost of electric power consumption and 10% of the cost of the water utilities irrigation for the sports complex. The City has

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(12) Commitments (continued)

expended the construction costs as incurred since ownership of the constructed assets is retained by the District. For the year ended June 30, 2021, the City has expended \$56,424 in connection with this agreement.

(13) Contingent Liabilities

a. *Lawsuits in the Normal Course of Business*

Various claims and lawsuits are pending against the City. The outcome of these claims and lawsuits is not presently determinable. In the opinion of the City's management, on advice of legal counsel, it is unlikely that they will have a material adverse effect on the accompanying financial statements.

b. *Federal and State Grant Programs*

The City participates in several federal and state grant programs. These programs have been audited by the City's independent auditors in accordance with the provisions of the federal Single Audit Act (if required), as amended and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

c. *Ongoing Operations*

The City's operations may be affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, possible effects may include, but are not limited to, a reduction in certain tax revenues and a decline in the value of investments, which could have an impact on the City's financial position and operating results. There is significant uncertainty as to the severity and longevity of the outbreak and City management is in the process of evaluating the impact on the City and its financial statements.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(14) Classification of Fund Balances

The City follows the provisions of GASB Statement No. 54, “Fund Balance and Governmental Fund Type Definitions”. GASB 54 establishes fund balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The governmental fund statements conform to this classification and are summarized as follows as of June 30, 2021:

	<u>General Fund</u>	<u>Community Development Block Grant</u>	<u>PHA Low Mod Housing</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
<i>Nonspendable</i>					
Long-term receivables	\$ 2,530,561	-	-	-	2,530,561
<i>Total Nonspendable</i>	<u>2,530,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,530,561</u>
<i>Restricted</i>					
Public safety	-	-	-	117,500	117,500
Public works	-	-	-	131,111	131,111
Highway and streets	-	-	-	1,828,118	1,828,118
Health and welfare	-	-	-	158,570	158,570
Low and moderate income housing	-	-	2,703,890	119,737	2,823,627
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>2,703,890</u>	<u>2,355,036</u>	<u>5,058,926</u>
<i>Committed</i>					
Specific contingencies	11,233,011	-	-	-	11,233,011
Equipment replacement	750,000	-	-	-	750,000
Capital projects	<u>2,189,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,189,931</u>
<i>Total Committed</i>	<u>14,172,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,172,942</u>
<i>Unassigned</i>	<u>2,324,316</u>	<u>(10,146)</u>	<u>-</u>	<u>(244,706)</u>	<u>2,069,464</u>
<i>Totals</i>	<u>\$19,027,819</u>	<u>(10,146)</u>	<u>2,703,890</u>	<u>2,110,330</u>	<u>23,831,893</u>

(15) Subsequent Events

Management has evaluated subsequent events through March 21, 2022 which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAWAIIAN GARDENS

General Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 3,884,504	3,668,504	4,131,639	463,135
Licenses and permits	14,523,460	10,570,460	5,991,998	(4,578,462)
Intergovernmental	50,000	50,000	229,085	179,085
Charges for services	250,600	250,600	96,514	(154,086)
Fines and forfeitures	105,000	105,000	107,963	2,963
Rental income	85,000	85,000	102,315	17,315
Investment income	500,000	350,000	4,671	(345,329)
Other revenues	478,600	78,600	341,702	263,102
Total revenues	19,877,164	15,158,164	11,005,887	(4,152,277)
Expenditures:				
Current:				
General government	6,122,996	5,822,340	5,785,827	36,513
Public safety	5,233,174	5,081,837	4,845,846	235,991
Public works	2,267,385	1,860,845	1,784,425	76,420
Highway and streets	723,500	598,500	503,183	95,317
Culture and recreation	4,340,102	3,044,551	2,106,069	938,482
Urban development	237,857	185,821	105,731	80,090
Capital outlay	58,900	36,400	26,813	9,587
Debt service:				
Principal	-	-	26,049	(26,049)
Total expenditures	18,983,914	16,630,294	15,183,943	1,446,351
Excess (deficiency) of revenues over (under) expenditures	893,250	(1,472,130)	(4,178,056)	(2,705,926)
Other financing sources (uses):				
Transfers in	-	-	8,927	8,927
Transfers out	-	-	(372,307)	(372,307)
Total other financing sources (uses)	-	-	(363,380)	(363,380)
Net change in fund balances	893,250	(1,472,130)	(4,541,436)	(3,069,306)
Fund balance, beginning of year	23,569,255	23,569,255	23,569,255	-
Fund balance, end of year	\$ 24,462,505	22,097,125	19,027,819	(3,069,306)

CITY OF HAWAIIAN GARDENS

Community Development Block Grant Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Intergovernmental	\$ 318,526	318,526	379,994	61,468
Expenditures:				
Current:				
Urban development	<u>218,252</u>	<u>218,252</u>	<u>165,858</u>	<u>52,394</u>
Excess (deficiency) of revenues over (under) expenditures	100,274	100,274	214,136	113,862
Other financing sources (uses):				
Transfers in	-	-	1,171	1,171
Transfers out	<u>(100,274)</u>	<u>(100,274)</u>	<u>(180,853)</u>	<u>(80,579)</u>
Total other financing sources (uses)	<u>(100,274)</u>	<u>(100,274)</u>	<u>(179,682)</u>	<u>(79,408)</u>
Net change in fund balances	-	-	34,454	34,454
Fund balance (deficit), beginning of year	<u>(44,600)</u>	<u>(44,600)</u>	<u>(44,600)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (44,600)</u>	<u>(44,600)</u>	<u>(10,146)</u>	<u>34,454</u>

CITY OF HAWAIIAN GARDENS

PHA Low Mod Housing Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Investment income	\$ 2,000	2,000	626	(1,374)
Total revenues	2,000	2,000	626	(1,374)
Expenditures:				
Current:				
Health and welfare	625,000	625,000	38,325	586,675
Total expenditures	625,000	625,000	38,325	586,675
Excess (deficiency) of revenues over (under) expenditures	(623,000)	(623,000)	(37,699)	585,301
Other financing sources (uses):				
Proceeds from the sale of property	-	-	1,495,202	1,495,202
Transfers out	(55,178)	(55,178)	(55,178)	-
Total other financing sources (uses)	(55,178)	(55,178)	1,440,024	1,495,202
Net change in fund balances	(678,178)	(678,178)	1,402,325	2,080,503
Fund balance, beginning of year	1,301,565	1,301,565	1,301,565	-
Fund balance, end of year	\$ 623,387	623,387	2,703,890	2,080,503

CITY OF HAWAIIAN GARDENS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

Stewardship, Compliance and Accountability

General Budget Policies

The City Manager submits to the City Council a proposed operating budget. The operating budget includes proposed expenditures and the sources of financing. The City Council may amend the budget by resolution during the fiscal year. The City Manager is authorized to transfer funds appropriated within the same fund.

The level at which the expenditures may not legally exceed appropriations is the fund level. The General and Special Revenue funds have legally adopted budgets which are established on a basis consistent with Generally Accepted Accounting Principles. Budgeted amounts are as originally adopted and as further amended by the City Council. During the year the City Council adopted only minor budget amendments. Capital projects budgets are long-term in nature, and accordingly, no budgetary comparisons are reflected in the accompanying financial statements. For the year ended June 30, 2021, no budgets were adopted for the following non-major special revenue funds: Homeless Initiative Grant, Measure R Local Transit Assistance, and Grant Funding CIP.

CITY OF HAWAIIAN GARDENS
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

Cost Sharing Defined Benefit Pension Plan
Last 10 Fiscal Years *

	As of the fiscal year ending June 30,				
	2021	2020	2019	2018	2017
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Plan's proportion of the collective net pension liability	0.095220%	0.095926%	0.096440%	0.098090%	0.099991%
Plan's proportionate share of the net pension liability	\$10,360,362	\$ 9,829,601	\$ 9,292,982	\$ 9,727,851	\$ 8,652,287
Covered payroll, measurement date	\$ 4,573,239	\$ 4,425,652	\$ 4,268,566	\$ 3,770,860	\$ 3,897,864
Plan's proportionate share of the net pension liability as percentage of covered payroll	226.54%	222.11%	217.71%	257.97%	221.98%
Plan's fiduciary net position as a percentage of the total pension liability	75.63%	75.37%	75.26%	72.01%	72.15%
Plan's proportionate share of aggregate employee contributions	\$ 1,444,737	\$ 1,249,037	\$ 1,049,163	\$ 943,094	\$ 831,830
	As of the fiscal year ending June 30,				
	2016	2015			
Measurement date	6/30/2015	6/30/2014			
Plan's proportion of the collective net pension liability	0.105129%	0.09826%			
Plan's proportionate share of the net pension liability	\$ 7,215,946	\$ 6,072,958			
Covered payroll, measurement date	\$ 4,163,053	\$ 4,056,796			
Plan's proportionate share of the net pension liability as percentage of covered payroll	173.33%	149.70%			
Plan's fiduciary net position as a percentage of the total pension liability	75.56%	78.70%			
Plan's proportionate share of aggregate employee contributions	\$ 771,005	\$ 575,354			

Notes to Schedule:

Benefit Changes: There were no changes in benefits.

Changes in assumptions:

From fiscal year 6/30/15 to 6/30/16: GASB 69 paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expenses. The discount rate of 7.5% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017: There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018: The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019: Demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. Inflation was reduced from 2.75% to 2.50%.

From fiscal year June 30, 2019 to June 30, 2021: There were no changes in assumptions.

* - Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

CITY OF HAWAIIAN GARDENS
Schedule of Plan Contributions - Defined Benefit Pension Plan

Cost Sharing Defined Benefit Pension Plan
Last 10 Fiscal Years *

	As of the fiscal year ending June 30,				
	2021	2020	2019	2018	2017
Valuation Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Contractually required contributions (actuarially determined)	\$ 1,191,277	\$ 1,485,483	\$ 1,322,070	\$ 1,181,797	\$ 1,054,846
Contributions in relation to the actuarially determined contributions	<u>\$ (1,191,277)</u>	<u>\$ (1,485,483)</u>	<u>\$ (1,322,070)</u>	<u>\$ (1,181,797)</u>	<u>\$ (1,054,846)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,996,581	\$ 4,573,239	\$ 4,425,652	\$ 4,268,566	\$ 3,770,860
Contributions as a percentage of covered payroll	29.81%	32.48%	29.87%	27.69%	27.97%

	As of the fiscal year ending June 30,	
	2016	2015
Valuation Date	6/30/2013	6/30/2012
Contractually required contributions (actuarially determined)	\$ 1,010,553	\$ 941,271
Contributions in relation to the actuarially determined contributions	<u>\$ (1,010,553)</u>	<u>\$ (941,271)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,897,864	\$ 4,163,053
Contributions as a percentage of covered payroll	25.93%	22.61%

Notes to Schedule:

Methods and Assumptions Used to Determine Contribution Rates:

	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial cost method	(1)	(1)	(1)	(1)	(1)
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.500%	2.625%	2.750%	2.750%	2.750%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

Methods and Assumptions Used to Determine Contribution Rates:

	Entry Age	Entry Age
Actuarial cost method	(1)	(1)
Amortization method	(1)	(1)
Asset valuation method	Market Value	15-Year Smoothed Market Method
Inflation	2.750%	2.750%
Salary increases	(2)	(2)
Investment rate of return	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)
Mortality	(5)	(5)

- (1) Level percentage of pay, direct rate smoothing
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expenses, including inflation
- (4) 50 for all plans with the exception of 52 for Miscellaneous PEPRA which is 2% at 62
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board

* Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

CITY OF HAWAIIAN GARDENS
Schedule of Changes in the Net OPEB Liability and Related Ratios

Last 10 Fiscal Years *

	As of the fiscal year ending June 30,			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 472,687	\$ 463,428	\$ 357,094	\$ 345,853
Interest on the total OPEB Liability	852,958	831,218	807,136	743,739
Actual and expected experience difference	-	(1,394,602)	-	-
Changes in assumptions	853,668	(442,113)	1,379,965	-
Benefit payments **	<u>(352,839)</u>	<u>(322,044)</u>	<u>(231,506)</u>	<u>(221,279)</u>
Net change in total OPEB liability	1,826,474	(864,113)	2,312,689	868,313
Total OPEB liability - beginning	<u>12,340,146</u>	<u>13,204,259</u>	<u>10,891,570</u>	<u>10,023,257</u>
Total OPEB liability - ending (a)	<u>\$ 14,166,620</u>	<u>\$ 12,340,146</u>	<u>\$ 13,204,259</u>	<u>\$ 10,891,570</u>
 Plan Fiduciary Net Position				
Contribution - employer	\$ 352,839	\$ 322,044	\$ 338,673	\$ 677,346
Net investment income	189,220	309,984	364,738	418,793
Benefit payments **	(352,839)	(322,044)	(231,506)	(221,279)
Administrative expense	(2,616)	(1,080)	(2,444)	(2,150)
Other expenses	<u>-</u>	<u>-</u>	<u>(6,063)</u>	<u>-</u>
Net change in plan fiduciary net position	186,604	308,904	463,398	872,710
Plan fiduciary net position - beginning	<u>5,356,066</u>	<u>5,047,162</u>	<u>4,583,764</u>	<u>3,711,054</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,542,670</u>	<u>\$ 5,356,066</u>	<u>\$ 5,047,162</u>	<u>\$ 4,583,764</u>
 Net OPEB liability - ending (a)-(b)	<u>\$ 8,623,950</u>	<u>\$ 6,984,080</u>	<u>\$ 8,157,097</u>	<u>\$ 6,307,806</u>
 Covered-employee payroll	\$ 5,631,752	\$ 4,699,058	\$ 4,976,597	\$ 4,421,834
 Net OPEB liability as a percentage of covered-employee payroll	153.13%	148.63%	163.91%	142.65%

Notes to Schedule

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

* Fiscal year 2017-18 was the first year of implementation, therefore only four years are shown.

** Benefit payments include refunds and the implied subsidy benefit payments.

CITY OF HAWAIIAN GARDENS
Schedule of Plan Contributions - OPEB Plan

Last 10 Fiscal Years *

	As of the fiscal year ending June 30,			
	2021	2020	2019	2018
Valuation Date	6/30/2019	6/30/2017	6/30/2017	6/30/2015
Actuarially determined contribution	\$ 941,122	\$ 824,420	801,186	338,673
Contributions in relation to the actuarially determined contributions	<u>\$ (720,706)</u>	<u>\$ (352,839)</u>	<u>(322,044)</u>	<u>(338,673)</u>
Contribution deficiency (excess)	<u>\$ 220,416</u>	<u>\$ 471,581</u>	<u>479,142</u>	<u>-</u>
Covered-employee payroll	\$ 5,800,705	\$ 5,631,752	4,699,058	4,976,597
Contributions as a percentage of covered employee payroll	12.42%	6.27%	6.85%	6.81%

Notes to schedule:

Actuarial Cost Method	Entry-age normal
Amortization Valuation Method/Period	Level percent of pay
Asset valuation method	Market value of assets
Inflation	2.75% for valuation dates 6/30/2015-6/30/17; 2.5% for valuation date 6/30/2019.
Payroll Growth	3.0% for valuation dates 6/30/2015 and 6/30/2019; 3.25% for valuation date 6/30/2017.
Investment rate of return	7.25%, net of plan investment expenses and including inflation
Healthcare Cost-Trend Rates	For valuation date 6/30/2017, assumed increase occurs once each year with premium increase of 7.5% on 1/1/19 with increase of 0.5% less each January 1 thereafter through 2024. Assumed 5.0% increases for year 2014 and later. 5.4% in 2021 fluctuating down to 4% by 2076.
Mortality	Most recent CalPERS experience study.
Mortality Improvement	Most recent MacLeod Watts Scale, generationally applied.

* Fiscal year 2017-18 was the first year of implementation, therefore only four years are shown.

SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

NON-MAJOR SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for specific revenues and the related expenditures that are legally required to be accounted for in a separate fund. Funds included are:

State Gas Tax Fund - To account for financial transactions of money apportioned under the streets and highways code sections 2105 through 2107.5 of the State of California.

Proposition A Local Transit Assistance Fund - To account for financial transactions in accordance with Proposition A Local Transit Assistance Act regulations.

Air Quality Management District (AQMD) Fund - To account for the receipt and expenditure of Air Quality Management District funds.

Proposition C Local Transit Assistance Fund - To account for financial transactions in accordance with Proposition C Local Transit Assistance Act regulations.

Community Oriented Police Services (COPS) Fund - To account for Federal and State funds received for policing and law enforcement activities.

SELACO WIB Fund - To account for financial transactions related to the Earn and Learn Work Experience Program.

Homeless Initiative Grant Fund - To account for financial transactions related to the County of Los Angeles Measure H Homeless Initiative Grant. ¹

Measure R Local Transit Assistance Fund - To account for financial transactions in accordance with Measure R Local Transit Assistance Act regulations. ¹

Measure M Local Transit Assistance Fund - To account for financial transactions in accordance with Measure M Local Transit Assistance Act regulations.

California Recycle Grant Fund - To account for financial transactions in accordance with State of California Recycling program regulations.

SB 1 Road Maintenance Fund - To account for financial transactions apportioned under the State Road Maintenance & Rehabilitation Account for streets and highways.

Housing Authority Section 8 Fund - To account for the receipt and expenditure of Federal and State funds related to housing programs.

Measure W - To account for financial transactions for projects dedicated to increase local water supply, improve water quality, and protect public health.

Local Early Action Planning (LEAP) Fund - To account for grant monies to update housing planning documents and to implement process improvements related to housing.

Lighting and Landscaping Fund - To account for maintenance pursuant to the 1972 Lighting and Landscaping Act.

Grant Funding CIP Fund - To account for the receipt and disbursement of grant monies for the construction of major capital facilities. ¹

NON-MAJOR CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the financial resources used to acquire or construct major capital assets. The City does not present annual budget information for capital project funds since the City approves project-length budgets.

Capital Projects Fund - To account for the receipt and disbursement of monies used for the construction of major capital facilities, which generally require more than one budgetary cycle to complete.

¹ No budget to actual schedules is presented because there were no budgeted revenues or expenditures for the current year.

CITY OF HAWAIIAN GARDENS
Non-major Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds				
	State Gas Tax	Prop A Local Transit Assistance	Air Quality Management District	Prop C Local Transit Assistance	Community Oriented Police Services
<u>ASSETS</u>					
Cash and investments	\$ 23,992	274,795	28,585	79,389	132,727
Receivables:					
Due from other governments	<u>37,807</u>	<u>-</u>	<u>4,864</u>	<u>-</u>	<u>2,100</u>
Total assets	<u>\$ 61,799</u>	<u>274,795</u>	<u>33,449</u>	<u>79,389</u>	<u>134,827</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 19,989	1,595	-	260	17,327
Accrued liabilities	1,121	13,348	-	3,887	-
Due to other funds	-	-	-	-	-
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>21,110</u>	<u>14,943</u>	<u>-</u>	<u>4,147</u>	<u>17,327</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>					
Restricted:					
Public safety	-	-	-	-	117,500
Public works	-	-	-	-	-
Highway and streets	40,689	259,852	-	75,242	-
Health and welfare	-	-	33,449	-	-
Low and moderate income housing	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>40,689</u>	<u>259,852</u>	<u>33,449</u>	<u>75,242</u>	<u>117,500</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 61,799</u>	<u>274,795</u>	<u>33,449</u>	<u>79,389</u>	<u>134,827</u>

Special Revenue Funds

SELACO WIB	Homeless Initiative Grant	Measure R Local Transit Assistance	Measure M Local Transit Assistance	California Recycle Grant	SB1 Road Maintenance	Housing Authority Section 8	Measure W	Local Early Action Planning
\$ -	-	667,183	462,086	20,295	253,283	128,248	125,121	-
<u>204,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,488</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 204,706</u>	<u>-</u>	<u>667,183</u>	<u>462,086</u>	<u>20,295</u>	<u>302,771</u>	<u>128,248</u>	<u>125,121</u>	<u>-</u>
\$ -	-	-	-	-	-	-	-	-
34,409	-	-	-	-	-	8,511	-	-
166,316	-	-	-	-	-	-	-	-
3,981	-	-	-	-	-	-	-	-
<u>204,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,511</u>	<u>-</u>	<u>-</u>
<u>204,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>204,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	667,183	462,086	20,295	302,771	-	-	-
-	-	-	-	-	-	-	125,121	-
-	-	-	-	-	-	119,737	-	-
<u>(204,706)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(204,706)</u>	<u>-</u>	<u>667,183</u>	<u>462,086</u>	<u>20,295</u>	<u>302,771</u>	<u>119,737</u>	<u>125,121</u>	<u>-</u>
<u>\$ 204,706</u>	<u>-</u>	<u>667,183</u>	<u>462,086</u>	<u>20,295</u>	<u>302,771</u>	<u>128,248</u>	<u>125,121</u>	<u>-</u>

CITY OF HAWAIIAN GARDENS
Non-major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2021

	Special Revenue Funds		Capital Project Fund	Total
	Lighting and Landscaping	Grant Funding CIP	Capital Projects	Non-major Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 144,772	-	790	2,341,266
Receivables:				
Due from other governments	8,827	40,000	-	347,792
Total assets	\$ 153,599	40,000	790	2,689,058
<u>LIABILITIES</u>				
Accounts payable	\$ 19,956	-	790	59,917
Accrued liabilities	2,532	-	-	63,808
Due to other funds	-	40,000	-	206,316
Due to other governments	-	-	-	3,981
Total liabilities	22,488	40,000	790	334,022
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	-	40,000	-	244,706
Total deferred inflows of resources	-	40,000	-	244,706
<u>FUND BALANCES</u>				
Restricted:				
Public safety	-	-	-	117,500
Public works	131,111	-	-	131,111
Highway and streets	-	-	-	1,828,118
Health and welfare	-	-	-	158,570
Low and moderate income housing	-	-	-	119,737
Unassigned	-	(40,000)	-	(244,706)
Total fund balances (deficits)	131,111	(40,000)	-	2,110,330
Total liabilities, deferred inflows of resources, and fund balances	\$ 153,599	40,000	790	2,689,058

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CITY OF HAWAIIAN GARDENS
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	Special Revenue Funds				
	State Gas Tax	Prop A Local Transit Assistance	Air Quality Management District	Prop C Local Transit Assistance	Community Oriented Police Services
Revenues:					
Taxes	\$ -	-	-	-	-
Intergovernmental	330,303	655,564	19,128	245,160	171,528
Investment income	3	90	9	19	44
Total revenues	<u>330,306</u>	<u>655,654</u>	<u>19,137</u>	<u>245,179</u>	<u>171,572</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	116,016
Public works	-	-	-	-	-
Highway and streets	300,880	573,121	-	187,476	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	7,150	-	-
Capital outlay	-	280	-	-	-
Total expenditures	<u>300,880</u>	<u>573,401</u>	<u>7,150</u>	<u>187,476</u>	<u>116,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,426</u>	<u>82,253</u>	<u>11,987</u>	<u>57,703</u>	<u>55,556</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	29,426	82,253	11,987	57,703	55,556
Fund balances (deficits), beginning of year	<u>11,263</u>	<u>177,599</u>	<u>21,462</u>	<u>17,539</u>	<u>61,944</u>
Fund balances (deficits), end of year	<u>\$ 40,689</u>	<u>259,852</u>	<u>33,449</u>	<u>75,242</u>	<u>117,500</u>

Special Revenue Funds

SELACO WIB	Homeless Initiative Grant	Measure R Local Transit Assistance	Measure M Local Transit Assistance	California Recycle Grant	SB1 Road Maintenance	Housing Authority Section 8	Measure W	Local Early Action Planning
\$ -	-	-	-	-	-	-	-	-
137,792	8,924	184,125	208,620	10,000	271,571	1,571,253	125,082	45,298
-	3	294	120	6	148	15	39	-
<u>137,792</u>	<u>8,927</u>	<u>184,419</u>	<u>208,740</u>	<u>10,006</u>	<u>271,719</u>	<u>1,571,268</u>	<u>125,121</u>	<u>45,298</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	5,000	-	-	-	-
347,176	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,665,304	-	-
-	-	-	-	-	-	-	-	-
<u>347,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>1,665,304</u>	<u>-</u>	<u>-</u>
<u>(209,384)</u>	<u>8,927</u>	<u>184,419</u>	<u>208,740</u>	<u>5,006</u>	<u>271,719</u>	<u>(94,036)</u>	<u>125,121</u>	<u>45,298</u>
4,678	-	-	53,240	-	-	192,109	-	1,600
-	(8,927)	(290,649)	-	-	(242,746)	-	-	-
<u>4,678</u>	<u>(8,927)</u>	<u>(290,649)</u>	<u>53,240</u>	<u>-</u>	<u>(242,746)</u>	<u>192,109</u>	<u>-</u>	<u>1,600</u>
(204,706)	-	(106,230)	261,980	5,006	28,973	98,073	125,121	46,898
-	-	773,413	200,106	15,289	273,798	21,664	-	(46,898)
<u>\$ (204,706)</u>	<u>-</u>	<u>667,183</u>	<u>462,086</u>	<u>20,295</u>	<u>302,771</u>	<u>119,737</u>	<u>125,121</u>	<u>-</u>

CITY OF HAWAIIAN GARDENS
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
For the Year Ended June 30, 2021

	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Total Non-major Governmental Funds</u>
	<u>Lighting and Landscaping</u>	<u>Grant Funding CIP</u>	<u>Capital Projects</u>
Revenues:			
Taxes	\$ 293,506	-	-
Intergovernmental	109,241	210,313	-
Investment income	30	-	-
	<u>402,777</u>	<u>210,313</u>	<u>-</u>
Total revenues			<u>4,598,228</u>
Expenditures:			
Current:			
Public safety	-	-	-
Public works	347,085	-	-
Highway and streets	-	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Capital outlay	1,697	-	1,139,248
Total expenditures	<u>348,782</u>	<u>-</u>	<u>1,139,248</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,995</u>	<u>210,313</u>	<u>(1,139,248)</u>
Other financing sources (uses):			
Transfers in	-	-	1,192,488
Transfers out	-	(250,313)	(53,240)
Total other financing sources (uses)	<u>-</u>	<u>(250,313)</u>	<u>1,139,248</u>
Net change in fund balances	53,995	(40,000)	-
Fund balances (deficits), beginning of year	<u>77,116</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 131,111</u>	<u>(40,000)</u>	<u>-</u>

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CITY OF HAWAIIAN GARDENS

State Gas Tax Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 386,326	330,303	(56,023)
Investment income	<u> -</u>	<u> 3</u>	<u> 3</u>
Total revenues	<u>386,326</u>	<u>330,306</u>	<u>(56,020)</u>
Expenditures:			
Current:			
Highway and streets	<u>424,691</u>	<u>300,880</u>	<u>123,811</u>
Total expenditures	<u>424,691</u>	<u>300,880</u>	<u>123,811</u>
Net change in fund balances	(38,365)	29,426	67,791
Fund balance, beginning of year	<u>11,263</u>	<u>11,263</u>	<u>-</u>
Fund balance, end of year	<u>\$ (27,102)</u>	<u>40,689</u>	<u>67,791</u>

CITY OF HAWAIIAN GARDENS

Proposition A Local Transit Assistance Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 675,268	655,564	(19,704)
Investment income	100	90	(10)
Other revenues	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
 Total revenues	 <u>676,368</u>	 <u>655,654</u>	 <u>(20,714)</u>
 Expenditures:			
Current:			
Highway and streets	707,126	573,121	134,005
Capital outlay	<u>2,000</u>	<u>280</u>	<u>1,720</u>
 Total expenditures	 <u>709,126</u>	 <u>573,401</u>	 <u>135,725</u>
 Net change in fund balances	 (32,758)	 82,253	 115,011
 Fund balance, beginning of year	 <u>177,599</u>	 <u>177,599</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 144,841</u>	 <u>259,852</u>	 <u>115,011</u>

CITY OF HAWAIIAN GARDENS

Air Quality Management District Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budget</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 18,500	19,128	628
Investment income	<u>-</u>	<u>9</u>	<u>9</u>
Total revenues	<u>18,500</u>	<u>19,137</u>	<u>637</u>
Expenditures:			
Current:			
Health and welfare	<u>7,000</u>	<u>7,150</u>	<u>(150)</u>
Total expenditures	<u>7,000</u>	<u>7,150</u>	<u>(150)</u>
Net change in fund balances	11,500	11,987	487
Fund balance, beginning of year	<u>21,462</u>	<u>21,462</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 32,962</u></u>	<u><u>33,449</u></u>	<u><u>487</u></u>

CITY OF HAWAIIAN GARDENS

Proposition C Local Transit Assistance Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 250,754	245,160	(5,594)
Investment income	<u>-</u>	<u>19</u>	<u>19</u>
Total revenues	<u>250,754</u>	<u>245,179</u>	<u>(5,575)</u>
Expenditures:			
Current:			
Highway and streets	<u>234,212</u>	<u>187,476</u>	<u>46,736</u>
Total expenditures	<u>234,212</u>	<u>187,476</u>	<u>46,736</u>
Net change in fund balances	16,542	57,703	41,161
Fund balance, beginning of year	<u>17,539</u>	<u>17,539</u>	<u>-</u>
Fund balance, end of year	<u>\$ 34,081</u>	<u>75,242</u>	<u>41,161</u>

CITY OF HAWAIIAN GARDENS

Community Oriented Police Services Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 100,000	171,528	71,528
Investment income	-	44	44
Other revenue	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
 Total revenues	 <u>101,000</u>	 <u>171,572</u>	 <u>70,572</u>
 Expenditures:			
Current:			
Public safety	<u>100,000</u>	<u>116,016</u>	<u>(16,016)</u>
 Total expenditures	 <u>100,000</u>	 <u>116,016</u>	 <u>(16,016)</u>
 Net change in fund balances	 1,000	 55,556	 54,556
 Fund balance, beginning of year	 <u>61,944</u>	 <u>61,944</u>	 <u>-</u>
 Fund balance, end of year	 <u><u>\$ 62,944</u></u>	 <u><u>117,500</u></u>	 <u><u>54,556</u></u>

CITY OF HAWAIIAN GARDENS

SELACO WIB Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 168,350	137,792	(30,558)
Total revenues	<u>168,350</u>	<u>137,792</u>	<u>(30,558)</u>
Expenditures:			
Current:			
Culture and recreation	<u>402,206</u>	<u>347,176</u>	<u>55,030</u>
Total expenditures	<u>402,206</u>	<u>347,176</u>	<u>55,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(233,856)</u>	<u>(209,384)</u>	<u>24,472</u>
Other financing sources (uses):			
Transfers in	<u>15,000</u>	<u>4,678</u>	<u>(10,322)</u>
Total other financing sources (uses)	<u>15,000</u>	<u>4,678</u>	<u>(10,322)</u>
Net change in fund balances	(218,856)	(204,706)	14,150
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (218,856)</u>	<u>(204,706)</u>	<u>14,150</u>

CITY OF HAWAIIAN GARDENS

Measure R Local Transit Assistance Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budget Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 189,919	184,125	(5,794)
Investment income	<u>-</u>	<u>294</u>	<u>294</u>
Total revenues	<u>189,919</u>	<u>184,419</u>	<u>(5,500)</u>
Expenditures:			
Current:			
Highway and streets	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>189,919</u>	<u>184,419</u>	<u>(5,500)</u>
Other financing sources (uses):			
Transfers out	<u>(189,929)</u>	<u>(290,649)</u>	<u>(100,720)</u>
Total other financing sources (uses)	<u>(189,929)</u>	<u>(290,649)</u>	<u>(100,720)</u>
Net change in fund balances	(10)	(106,230)	(106,220)
Fund balance, beginning of year	<u>773,413</u>	<u>773,413</u>	<u>-</u>
Fund balance, end of year	<u>\$ 773,403</u>	<u>667,183</u>	<u>(106,220)</u>

CITY OF HAWAIIAN GARDENS

Measure M Local Transit Assistance Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 200,000	208,620	8,620
Investment income	<u>-</u>	<u>120</u>	<u>120</u>
Total revenues	<u>200,000</u>	<u>208,740</u>	<u>8,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200,000</u>	<u>208,740</u>	<u>8,740</u>
Other financing sources (uses):			
Transfers in	<u>200,000</u>	<u>53,240</u>	<u>(146,760)</u>
Total other financing sources (uses)	<u>200,000</u>	<u>53,240</u>	<u>(146,760)</u>
Net change in fund balances	400,000	261,980	(138,020)
Fund balance, beginning of year	<u>200,106</u>	<u>200,106</u>	<u>-</u>
Fund balance, end of year	<u>\$ 600,106</u>	<u>462,086</u>	<u>(138,020)</u>

CITY OF HAWAIIAN GARDENS

California Recycle Grant Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 10,000	10,000	-
Investment income	<u> -</u>	<u> 6</u>	<u> 6</u>
Total revenues	<u> 10,000</u>	<u> 10,006</u>	<u> 6</u>
Expenditures:			
Current:			
Highway and streets	<u> 10,000</u>	<u> 5,000</u>	<u> 5,000</u>
Total expenditures	<u> 10,000</u>	<u> 5,000</u>	<u> 5,000</u>
Net change in fund balances	-	5,006	5,006
Fund balance, beginning of year	<u> 15,289</u>	<u> 15,289</u>	<u> -</u>
Fund balance, end of year	<u><u> \$ 15,289</u></u>	<u><u> 20,295</u></u>	<u><u> 5,006</u></u>

CITY OF HAWAIIAN GARDENS

SB1 Road Maintenance Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 253,086	271,571	18,485
Investment income	<u> -</u>	<u> 148</u>	<u> 148</u>
Total revenues	<u>253,086</u>	<u>271,719</u>	<u>18,633</u>
Excess (deficiency) of revenues over (under) expenditures	<u>253,086</u>	<u>271,719</u>	<u>18,633</u>
Other financing sources (uses):			
Transfers out	<u>(253,086)</u>	<u>(242,746)</u>	<u>(10,340)</u>
Total other financing sources (uses)	<u>(253,086)</u>	<u>(242,746)</u>	<u>(10,340)</u>
Net change in fund balances	-	28,973	8,293
Fund balance, beginning of year	<u>273,798</u>	<u>273,798</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 273,798</u></u>	<u><u>302,771</u></u>	<u><u>8,293</u></u>

CITY OF HAWAIIAN GARDENS

Housing Authority Section 8 Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 1,300,827	1,571,253	270,426
Investment income	<u>50</u>	<u>15</u>	<u>(35)</u>
Total revenues	<u>1,300,877</u>	<u>1,571,268</u>	<u>270,391</u>
Expenditures:			
Current:			
Health and welfare	<u>1,506,055</u>	<u>1,665,304</u>	<u>(159,249)</u>
Total expenditures	<u>1,506,055</u>	<u>1,665,304</u>	<u>(159,249)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(205,178)</u>	<u>(94,036)</u>	<u>111,142</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>192,109</u>	<u>192,109</u>
Total other financing sources (uses)	<u>-</u>	<u>192,109</u>	<u>192,109</u>
Net change in fund balances	(205,178)	98,073	303,251
Fund balance, beginning of year	<u>21,664</u>	<u>21,664</u>	<u>-</u>
Fund balance, end of year	<u>\$ (183,514)</u>	<u>119,737</u>	<u>303,251</u>

CITY OF HAWAIIAN GARDENS

Measure W Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 125,081	125,082	1
Investment income	<u> -</u>	<u> 39</u>	<u> 39</u>
 Total revenues	<u> 125,081</u>	<u> 125,121</u>	<u> 40</u>
 Net change in fund balances	125,081	125,121	40
 Fund balance, beginning of year	<u> -</u>	<u> -</u>	<u> -</u>
 Fund balance, end of year	<u> \$ 125,081</u>	<u> 125,121</u>	<u> 40</u>

CITY OF HAWAIIAN GARDENS

Local Early Action Planning Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budget Final</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	<u>\$ 160,000</u>	<u>45,298</u>	<u>(114,702)</u>
Total revenues	<u>160,000</u>	<u>45,298</u>	<u>(114,702)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>160,000</u>	<u>45,298</u>	<u>(114,702)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>1,600</u>	<u>1,600</u>
Total other financing sources (uses)	<u>-</u>	<u>1,600</u>	<u>1,600</u>
Net change in fund balances	160,000	46,898	(113,102)
Fund balance (deficit), beginning of year	<u>(46,898)</u>	<u>(46,898)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 113,102</u></u>	<u><u>-</u></u>	<u><u>(113,102)</u></u>

CITY OF HAWAIIAN GARDENS

Lighting and Landscaping Special Revenue Fund

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Taxes	\$ 334,000	293,506	(40,494)
Intergovernmental	-	109,241	109,241
Investment income	-	30	30
	<u>334,000</u>	<u>402,777</u>	<u>68,777</u>
Expenditures:			
Current:			
Public works	510,970	347,085	163,885
Capital outlay	-	1,697	(1,697)
	<u>510,970</u>	<u>348,782</u>	<u>162,188</u>
Total expenditures	<u>510,970</u>	<u>348,782</u>	<u>162,188</u>
Net change in fund balances	(176,970)	53,995	230,965
Fund balance, beginning of year	<u>77,116</u>	<u>77,116</u>	<u>-</u>
Fund balance, end of year	<u>\$ (99,854)</u>	<u>131,111</u>	<u>230,965</u>

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Statistical Section

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment with in which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services that the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF HAWAIIAN GARDENS

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011-12	2012-13	2013-14	2014-15	2015-16
Governmental activities					
Net investment in capital assets	\$ 34,476,494	\$ 34,133,568	\$ 33,422,352	\$ 32,759,981	\$ 31,386,223
Restricted	5,067,991	6,101,895	5,143,343	5,088,435	5,094,844
Unrestricted	20,937,060	18,066,019	19,919,647	18,850,677	21,723,206
Total net position	<u>\$ 60,481,545</u>	<u>\$ 58,301,482</u>	<u>\$ 58,485,342</u>	<u>\$ 56,699,093</u>	<u>\$ 58,204,273</u>

	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
Governmental activities					
Net investment in capital assets	\$ 30,803,411	\$ 34,331,575	\$ 34,901,907	\$ 34,277,114	\$ 31,968,470
Restricted	5,403,357	4,131,805	3,122,010	2,996,110	5,058,926
Unrestricted	23,411,173	13,552,152	12,853,148	8,432,038	3,228,756
Total net position	<u>\$ 59,617,941</u>	<u>\$ 52,015,532</u>	<u>\$ 50,877,065</u>	<u>\$ 45,705,262</u>	<u>\$ 40,256,152</u>

Source: City of Hawaiian Gardens, Finance Department

CITY OF HAWAIIAN GARDENS

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2011-12	2012-13	2013-14	2014-15
Expenses				
Governmental activities:				
General government	\$ 6,191,160	\$ 6,815,321	\$ 6,052,505	\$ 6,037,441
Public safety	3,398,478	3,571,344	3,332,962	3,440,359
Public works	1,775,077	2,136,582	2,411,659	2,014,710
Highways and streets	1,437,639	1,459,348	1,349,640	1,389,596
Culture and recreation	7,686,306	3,461,731	3,204,330	3,304,846
Urban development	658,504	629,006	317,298	346,794
Health and welfare	1,434,204	1,532,618	1,444,790	1,371,582
Interest on long-term debt	1,216,576	-	-	-
Total governmental activities expenses	<u>23,797,944</u>	<u>19,605,950</u>	<u>18,113,184</u>	<u>17,905,328</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	21,797	410	29,030	6,745
Public safety	85,249	74,820	87,074	80,378
Public works	519,232	913,998	817,364	1,332,288
Culture and recreation	187,863	183,181	237,432	195,820
Health and welfare	260	304	3,125	1,310
Operating grants and contributions	3,982,145	3,177,014	3,572,376	3,298,207
Capital grants and contributions	321,527	-	-	-
Total governmental activities program revenues	<u>5,118,073</u>	<u>4,349,727</u>	<u>4,746,401</u>	<u>4,914,748</u>
Net (Expense)/Revenue - Governmental Activities	<u>(18,679,871)</u>	<u>(15,256,223)</u>	<u>(13,366,783)</u>	<u>(12,990,580)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	3,793,578	1,697,928	1,504,630	1,740,562
Business license taxes	12,738,887	11,850,275	11,370,160	11,919,789
Sales and transaction taxes	723,098	761,152	772,165	844,475
Franchise taxes	197,451	197,706	208,830	217,063
Other taxes	143,522	154,971	164,163	220,103
Motor vehicle in lieu, unrestricted	7,877	8,162	6,755	6,525
Investment income	47,942	59,930	47,365	50,245
Other general revenues	311,548	725,566	367,279	2,931,149
Total governmental activities	<u>17,963,903</u>	<u>15,455,690</u>	<u>14,441,347</u>	<u>17,929,911</u>
Change in net position before extraordinary gain	(715,968)	199,467	1,074,564	4,939,331
Extraordinary gain (loss) on dissolution of RDA	-	37,867,843	(2,250,125)	-
Change in Net Position	<u>\$ (715,968)</u>	<u>\$ 38,067,310</u>	<u>\$ (1,175,561)</u>	<u>\$ 4,939,331</u>

Source: City of Hawaiian Gardens, Finance Department

Fiscal Year					
2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
\$ 4,599,086	\$ 5,495,258	\$ 5,674,938	\$ 6,390,273	\$ 6,951,501	\$ 6,082,355
3,773,979	4,131,716	4,581,942	5,167,194	5,418,284	5,274,925
3,258,555	3,813,884	4,040,356	3,660,133	4,233,010	3,925,246
1,400,432	1,414,882	1,562,838	1,950,720	2,132,853	1,665,581
3,396,255	3,615,032	4,156,308	4,504,946	4,288,896	2,983,881
344,373	339,106	316,806	310,148	326,879	288,186
1,531,033	1,532,072	3,219,253	2,049,423	2,003,352	1,861,267
-	-	-	-	-	-
<u>18,303,713</u>	<u>20,341,950</u>	<u>23,552,441</u>	<u>24,032,837</u>	<u>25,354,775</u>	<u>22,081,441</u>
17,495	34,786	134,512	137,593	184,801	179,652
60,932	121,383	-	-	-	-
515,685	508,682	800,115	380,549	1,027,968	324,330
217,755	242,156	173,052	215,735	104,985	2,755
1,855	2,046	1,750	1,270	1,320	40
3,087,071	3,604,953	3,734,057	3,289,950	4,035,960	5,347,588
-	-	-	-	-	-
<u>3,900,793</u>	<u>4,514,006</u>	<u>4,843,486</u>	<u>4,025,097</u>	<u>5,355,034</u>	<u>5,854,365</u>
<u>(14,402,920)</u>	<u>(15,827,944)</u>	<u>(18,708,955)</u>	<u>(20,007,740)</u>	<u>(19,999,741)</u>	<u>(16,227,076)</u>
1,607,190	1,684,931	2,231,585	2,284,683	2,484,551	2,630,197
13,022,716	13,922,319	14,014,719	13,996,372	10,170,294	5,496,585
986,776	967,587	876,530	1,020,536	947,507	1,621,335
214,227	173,713	222,146	234,068	210,885	188,076
203,515	196,114	246,811	224,529	272,781	194,500
5,869	33,532	-	-	-	-
90,265	103,652	297,221	620,787	458,870	195,646
178,322	159,764	400,141	488,298	283,050	451,627
<u>16,308,880</u>	<u>17,241,612</u>	<u>18,289,153</u>	<u>18,869,273</u>	<u>14,827,938</u>	<u>10,777,966</u>
1,905,960	1,413,668	(419,802)	(1,138,467)	(5,171,803)	(5,449,110)
-	-	-	-	-	-
<u>\$ 1,905,960</u>	<u>\$ 1,413,668</u>	<u>\$ (419,802)</u>	<u>\$ (1,138,467)</u>	<u>\$ (5,171,803)</u>	<u>\$ (5,449,110)</u>

CITY OF HAWAIIAN GARDENS

FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2011-12	2012-13	2013-14	2014-15
General Fund				
Nonspendable	\$ 3,771,450	\$ 2,721,538	\$ 2,721,538	\$ 2,721,539
Committed	-	14,650,000	15,750,000	15,750,000
Unassigned	15,443,364	1,446,073	2,703,122	6,787,610
Total General Fund	<u>19,214,814</u>	<u>18,817,611</u>	<u>21,174,660</u>	<u>25,259,149</u>
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted:				
Public safety	17,361	33,466	15,515	20,832
Public works	350,586	487,094	482,612	363,904
Highways and streets	562,423	569,728	625,196	801,904
Low and moderate income housing	2,975,550	3,726,086	3,726,086	3,726,086
Culture and recreation	-	-	21,561	16,749
Health and welfare	275,184	394,817	268,194	152,751
Unassigned	(12,175)	(2,991)	(78,661)	(102,538)
Total All Other Governmental Funds	<u>4,168,929</u>	<u>5,208,200</u>	<u>5,060,503</u>	<u>4,979,688</u>
Total All Governmental Funds	<u>\$ 23,383,743</u>	<u>\$ 24,025,811</u>	<u>\$ 26,235,163</u>	<u>\$ 30,238,837</u>

Source: City of Hawaiian Gardens, Finance Department

Fiscal Year					
2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
\$ 2,721,538	\$ 2,728,038	\$ 2,721,538	\$ 2,721,538	\$ 2,721,538	\$ 2,530,561
15,750,000	19,851,718	17,984,604	19,285,328	14,218,842	14,172,942
9,505,290	6,663,117	6,200,055	4,662,768	6,628,875	2,324,316
<u>27,976,828</u>	<u>29,242,873</u>	<u>26,906,197</u>	<u>26,669,634</u>	<u>23,569,255</u>	<u>19,027,819</u>
-	6,500	-	-	3,423	-
-	28,158	68,623	3,623	61,944	117,500
414,213	364,073	198,522	210,418	77,116	131,111
803,495	1,062,205	873,916	1,171,329	1,469,007	1,828,118
3,700,586	3,700,876	2,073,547	1,657,227	1,319,806	2,823,627
15,988	9,535	9,535	-	-	-
151,069	216,786	163,986	36,061	21,462	158,570
<u>(104,215)</u>	<u>(58,089)</u>	<u>(587,590)</u>	<u>(301,051)</u>	<u>(91,498)</u>	<u>(254,852)</u>
<u>4,981,136</u>	<u>5,330,044</u>	<u>2,800,539</u>	<u>2,777,607</u>	<u>2,861,260</u>	<u>4,804,074</u>
<u>\$ 32,957,964</u>	<u>\$ 34,572,917</u>	<u>\$ 29,706,736</u>	<u>\$ 29,447,241</u>	<u>\$ 26,430,515</u>	<u>\$ 23,831,893</u>

CITY OF HAWAIIAN GARDENS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2011-12	2012-13	2013-14	2014-15
Revenues				
Taxes	\$ 4,932,237	\$ 2,889,739	\$ 2,685,762	\$ 3,060,064
Licenses and permits	13,092,096	12,613,530	11,969,338	13,059,057
Intergovernmental	3,996,356	3,450,920	3,553,268	3,432,287
Charges for services	309,501	259,280	456,760	386,856
Fines and penalties	85,477	74,810	87,074	80,379
Rental income	120,877	127,429	104,150	73,688
Investment income	46,374	47,752	27,643	42,706
Other revenue	177,531	327,481	252,128	1,354,454
Total Revenues	<u>22,760,449</u>	<u>19,790,941</u>	<u>19,136,123</u>	<u>21,489,491</u>
Expenditures				
Current:				
General government	5,319,270	5,356,118	4,445,996	5,133,025
Public safety	3,396,674	3,569,540	3,331,158	3,439,279
Public works	1,552,330	1,742,331	1,730,904	1,872,922
Highways and streets	1,437,639	1,459,348	1,349,640	1,389,596
Culture and recreation	3,635,312	3,186,491	2,933,003	3,033,511
Urban development	631,959	620,648	317,298	346,794
Health and welfare	1,423,104	1,502,214	1,409,379	1,336,171
Capital outlay	4,194,454	1,364,288	1,321,855	855,426
Debt Service:				
Principal	1,216,792	48,519	87,538	79,093
Interest	1,051,776	-	-	-
Total Expenditures	<u>23,859,310</u>	<u>18,849,497</u>	<u>16,926,771</u>	<u>17,485,817</u>
Excess of revenues over (under) expenditures	<u>(1,098,861)</u>	<u>941,444</u>	<u>2,209,352</u>	<u>4,003,674</u>
Other Financing Sources/(Uses)				
Proceeds from the sale of property	-	-	-	-
Transfers in	5,394,736	1,942,614	620,859	999,404
Transfers out	(5,394,736)	(1,942,614)	(620,859)	(999,404)
Issuance of long-term debt	346,741	-	-	-
Total other financing sources/(uses)	<u>346,741</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances before extraordinary item	(752,120)	941,444	2,209,352	4,003,674
Extraordinary loss on dissolution of RDA	-	(3,131,038)	(299,376)	-
Net change in fund balances	<u>\$ (752,120)</u>	<u>\$ (2,189,594)</u>	<u>\$ 1,909,976</u>	<u>\$ 4,003,674</u>
Debt service as a percentage of noncapital exp.	11.54%	0.28%	0.56%	0.48%

Source: City of Hawaiian Gardens, Finance Department

Fiscal Year						
2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
\$ 3,078,583	\$ 3,120,636	\$ 3,330,503	\$ 3,502,103	\$ 3,693,134	\$ 4,425,145	
13,439,303	14,318,713	14,538,311	14,494,647	10,930,623	5,991,998	
3,197,253	3,670,006	3,111,240	3,589,510	4,212,815	4,912,981	
292,955	313,170	254,140	333,791	250,544	96,514	
58,709	110,990	127,414	122,961	123,564	107,963	
75,415	80,455	95,101	111,653	93,869	102,315	
77,189	86,879	329,655	596,541	506,371	6,117	
841,372	70,033	724,721	390,495	581,605	341,702	
<u>21,060,779</u>	<u>21,770,882</u>	<u>22,511,085</u>	<u>23,141,701</u>	<u>20,392,525</u>	<u>15,984,735</u>	
5,303,677	5,356,431	5,284,332	5,838,983	6,293,117	5,785,827	
3,772,899	4,130,636	4,416,565	4,905,071	5,119,479	4,961,862	
2,011,794	2,242,723	2,676,143	2,586,293	2,766,803	2,131,510	
1,400,432	1,414,882	1,507,807	1,849,383	2,018,902	1,569,660	
3,122,878	3,339,993	3,717,237	3,932,754	3,718,774	2,453,245	
344,373	339,106	303,617	294,036	309,415	271,589	
1,440,245	1,468,922	3,120,344	1,902,528	1,807,954	1,710,779	
796,013	1,485,115	5,233,141	2,063,928	1,348,758	1,168,038	
149,341	378,121	26,049	28,220	26,049	26,049	
-	-	-	-	-	-	
<u>18,341,652</u>	<u>20,155,929</u>	<u>26,285,235</u>	<u>23,401,196</u>	<u>23,409,251</u>	<u>20,078,559</u>	
<u>2,719,127</u>	<u>1,614,953</u>	<u>(3,774,150)</u>	<u>(259,495)</u>	<u>(3,016,726)</u>	<u>(4,093,824)</u>	
-	-	-	-	-	1,495,202	
799,154	1,533,449	4,886,401	1,838,905	1,526,929	1,454,213	
(799,154)	(1,533,449)	(4,886,401)	(1,838,905)	(1,526,929)	(1,454,213)	
-	-	-	-	-	-	
-	-	-	-	-	1,495,202	
2,719,127	1,614,953	(3,774,150)	(259,495)	(3,016,726)	(2,598,622)	
-	-	-	-	-	-	
<u>\$ 2,719,127</u>	<u>\$ 1,614,953</u>	<u>\$ (3,774,150)</u>	<u>\$ (259,495)</u>	<u>\$ (3,016,726)</u>	<u>\$ (2,598,622)</u>	
0.85%	2.03%	0.12%	0.13%	0.12%	0.14%	

CITY OF HAWAIIAN GARDENS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended June 30	Secured					
	Residential	Commercial	Industrial	Institutional	Vacant	Recreational
2012	\$ 414,140,064	\$ 116,297,871	\$ 40,726,780	\$ 7,149,214	\$ 11,187,970	\$ 24,507,897
2013	417,320,632	120,181,763	41,824,758	7,292,193	11,599,695	24,998,050
2014	431,620,356	118,940,806	44,566,404	10,858,133	14,196,767	25,498,006
2015	455,558,443	122,046,256	44,794,174	11,185,280	11,974,495	25,613,763
2016	481,294,982	125,528,200	45,689,141	8,663,100	20,369,589	28,077,232
2017	501,479,004	147,084,341	44,256,629	9,107,582	48,060,809	28,505,405
2018	555,939,386	161,513,468	45,141,740	9,289,729	12,308,819	76,284,147
2019	558,577,471	172,199,464	46,172,384	9,474,821	14,385,147	77,809,824
2020	588,878,611	175,997,464	47,095,809	9,680,763	13,965,640	79,366,015
2021	648,651,447	181,410,272	48,037,705	9,874,369	15,507,981	80,953,330
	<u>Secured</u>			<u>Taxable</u>	<u>Total</u>	
	<u>Other</u>		<u>SBE</u>	<u>Assessed</u>	<u>Direct</u>	
	<u>(Note 2)</u>	<u>Unsecured</u>	<u>Nonunitary</u>	<u>Value (Note 1)</u>	<u>Rate</u>	
2012	\$ 3,729,247	\$ 21,711,071	\$ 30,250	\$ 639,480,364	92.074%	
2013	3,511,557	20,137,240	30,250	646,896,138	92.612%	
2014	3,154,507	20,184,271	30,250	669,049,500	32.190%	
2015	3,354,055	21,015,094	30,250	695,571,810	32.199%	
2016	4,187,520	19,491,479	30,250	733,331,493	32.202%	
2017	4,341,326	20,122,122	30,250	802,987,468	32.195%	
2018	4,754,138	25,473,982	30,250	890,735,659	30.120%	
2019	4,937,948	22,933,465	30,250	906,520,774	30.873%	
2020	5,253,033	26,182,768	30,250	946,450,353	30.835%	
2021	5,688,450	27,658,332	30,250	1,017,812,136	30.821%	

Notes:

Note 1: 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 of 2%). With few exceptions, property is only re-assessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is re-assessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Note 2: The Other Category includes irrigated and cross reference property.

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

	Fiscal Year				
	2011-12	2012-13	2013-14	2014-15	2015-16
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2):					
ABC Unified School District	0.02858	0.02453	0.02894	0.02916	0.03243
Cerritos Community College District	0.01782	0.02594	0.02502	0.04809	0.04829
Long Beach Community College District	0.02615	0.05095	0.02241	0.04595	0.03825
Long Beach Unified School District	0.09223	0.09394	0.07981	0.08764	0.08324
Metropolitan Water District	0.00370	0.00350	0.00350	0.00350	0.00350
Total Direct & Overlapping Tax Rates	1.16848	1.19886	1.15968	1.21434	1.20571
City's Share of 1% Levy Per Prop 13 (Note 3)	0.08024	0.08024	0.08024	0.08024	0.08024
Redevelopment Rate (Note 4)	1.00370	0.00000	0.00000	0.00000	0.00000
Total Direct Rate (Note 5)	0.92074	0.92612	0.32190	0.32199	0.32202

	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2):					
ABC Unified School District	0.03132	0.03107	0.03019	0.08193	0.07798
Cerritos Community College District	0.04698	0.04370	0.04446	0.04449	0.04348
Long Beach Community College District	0.06736	0.06760	0.06319	0.06309	0.06327
Long Beach Unified School District	0.08539	0.14732	0.14053	0.14334	0.13363
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Total Direct & Overlapping Tax Rates	1.23455	1.29319	1.28187	1.33635	1.32186
City's Share of 1% Levy Per Prop 13 (Note 3)	0.08024	0.06122	0.06122	0.06122	0.06122
Redevelopment Rate (Note 4)	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Rate (Note 5)	0.32192	0.30120	0.30873	0.30835	0.30821

Notes:

Note 1: 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 of assessed property values for the payment of any voter approved bonds.

Note 2: Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

Note 3: City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city.

Note 4: Redevelopment rate is based on the largest redevelopment tax rate area (TRA) and includes only rates(s) from indebtedness adopted prior to 1989 per California State statute. Redevelopment direct and overlapping rates are applied only to the incremental property values.

Note 5: Total Direct Rate is the weighted average of all individual direct rates applied by the City.

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2020-2021			Fiscal Year 2011-2012		
	Rank	Taxable	Percent of	Rank	Taxable	Percent of
Cerritos Gardens General Hospital Company	1	\$ 82,836,322	8.14%	1	\$ 20,557,707	3.21%
Hawaiian Gardens Lakewood Retail	2	36,264,959	3.56%			
Centrailia Affordable Communities LP	3	26,255,969	2.58%			
Gershman Properties LLC	4	23,717,991	2.33%			
Irving I Moskowitz Foundation	5	21,176,058	2.08%	2	16,471,710	2.58%
Extra Space Properties Ninety Four LP	6	16,509,998	1.62%			
Hawaiian Gardens Card Club	7	12,179,046	1.20%			
NSA-C Holdings , LLC	8	11,967,445	1.18%			
Stanton H. Wong Trust ET AL	9	11,497,956	1.13%	5	9,814,951	1.53%
Hawaiian Gardens Square	10	11,275,125	1.11%	6	9,624,770	1.51%
HPE Hawaiian Gardens Retail, LLC				3	14,927,309	2.33%
ESS Prisa III Owner LLC				4	13,794,539	2.16%
DV Properties				7	9,294,908	1.45%
Whelan Investments Inc.				8	8,803,904	1.38%
Colton Hawaiian Gardens LLC				9	8,503,240	1.33%
John E. and Linda M. Franklin Trust				10	8,176,360	1.28%
		<u>\$ 253,680,869</u>	<u>24.93%</u>		<u>\$ 119,969,398</u>	<u>18.76%</u>

CITY OF HAWAIIAN GARDENS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy (1)	
		Amount	Percent of Levy
2012	\$ 152,552	\$ 135,750	88.99%
2013	150,943	137,577	91.15%
2014	149,558	134,730	90.09%
2015	155,736	134,726	86.51%
2016	164,880	134,709	81.70%
2017	181,787	134,699	74.10%
2018	136,911	126,549	92.43%
2019	129,019	123,918	96.05%
2020	127,689	120,430	94.32%
2021	131,614	122,439	93.03%

Note 1: Property taxes are levied and collected by the County of Los Angeles on behalf of the City. Data on total collections to date is not available to the Cities within the County of Los Angeles.

CITY OF HAWAIIAN GARDENS
 LICENSE FEE (CASINO) AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Casino Fee	Collected within the Fiscal Year of Revenue		Collections in Subsequent Years	Collections to Date	
		Amount	Percent of Fee		Amount	Percent of Fee
2012	\$ 12,238,200	\$ 11,285,260	92.21%	\$ 953,939	\$ 12,239,199	100.01%
2013	11,311,928	10,396,088	91.90%	915,840	11,311,928	100.00%
2014	10,831,248	9,991,512	92.25%	839,735	10,831,247	100.00%
2015	11,360,913	10,400,019	91.54%	960,894	11,360,913	100.00%
2016	12,456,851	11,364,327	91.23%	1,092,524	12,456,851	100.00%
2017	13,352,581	12,243,022	91.69%	1,109,559	13,352,581	100.00%
2018	13,435,024	12,320,635	91.71%	1,114,389	13,435,024	100.00%
2019	13,406,114	12,304,040	91.78%	1,102,074	13,406,114	100.00%
2020	9,673,331	9,419,809	97.38%	253,522	9,673,331	100.00%
2021	5,240,174	4,157,278	79.33%	1,082,896	5,240,174	100.00%

Notes:

FY 2020 and 2021: The State mandates related to the COVID 19 pandemic resulted in Casino full closure for almost 5 months and partial for 5 months.

The amounts presented include City revenues from casino license fees. All of the revenues are collected from the Gardens Casino.

CITY OF HAWAIIAN GARDENS

RATIO OF OUTSTANDING DEBT BY TYPE AND
RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities - General Bonded Debt			Percent of Assessed Value (2)	Percent of Personal Income (1)	Debt Per Capita (1)
	Tax Allocation Bonds	Certificates of Participation	Total			
2012	(3)	-	(3)	0.00%	0%	-
2013	(3)	-	(3)	0.00%	0%	-
2014	(3)	-	(3)	0.00%	0%	-
2015	(3)	-	(3)	0.00%	0%	-
2016	(3)	-	(3)	0.00%	0%	-
2017	(3)	-	(3)	0.00%	0%	-
2018	(3)	-	(3)	0.00%	0%	-
2019	(3)	-	(3)	0.00%	0%	-
2020	(3)	-	(3)	0.00%	0%	-
2021	(3)	-	(3)	0.00%	0%	-

Note 1: The ratios are calculated using personal income and population, respectively, for the prior calendar year.

Note 2: Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Note 3: Upon dissolution of the former redevelopment agency on February 1, 2012, the tax allocation bond debt was transferred to the Successor Agency and is no longer an obligation of the City.

CITY OF HAWAIIAN GARDENS

DIRECT AND OVERLAPPING BONDED DEBT SCHEDULE

As of June 30, 2021

Overlapping Debt (Note 1):	Debt Outstanding	Percent Applicable To City	Estimated City's Share of Overlapping Debt 6/30/2021
Metropolitan Water District	\$ 13,101,783	0.064%	\$ 8,373
Cerritos CCD DS 2004 Serices 2012D	3,185,594	1.939%	617,744
Cerritos CCD DS 2012 Series 2014A	73,900,000	1.939%	1,433,054
Cerritos CCD DS 2014 Ref Bonds Series A	74,670,000	1.939%	1,447,985
Cerritos CCD DS 2014 Ref Bonds Series B	7,620,000	1.939%	147,765
Cerritos CCD DS 2012 Series 2018B	53,415,000	1.939%	1,035,813
Cerritos CCD DS 2012 Series 2019C	99,125,000	1.939%	1,922,212
Cerritos CCD DS 2020 Ref Bonds	51,830,000	1.939%	1,005,077
ABC Unified School District 2003 Refunding Bond Series A	2,350,000	6.173%	145,067
ABC Unified School District 1997 Series B	22,791,624	6.173%	1,406,937
ABC Unified School District 2018 Series A	57,000,000	6.173%	3,518,634
 Total Overlapping Debt			 \$ 12,688,661
 City of Hawaiian Gardens Direct Debt at 6/30/21(2)	 (2)	 100.000%	 <u>(2)</u>
 Total Net Direct and Overlapping Governmental Debt			 <u><u>\$ 12,688,661</u></u>
 2020-2021 Assessed Valuation(3)	 \$ 50,662,458		
 Ratios to 2020/2021 Assessed Valuation:			
Direct Debt		0.0000%	
Overlapping Debt		25.0500%	
Total Debt (Direct & Overlapping)		25.0500%	

Note 1: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Note 2: Excludes all non-bonded notes and capital lease obligations. Also excludes the Successor Agency's tax allocation bonds.

Note 3: After deducting \$967,149,678 incremental value.

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

Legal Debt Margin Calculation for the Current Year:

Assessed value	\$ 1,017,812,136
Debt limit (15% of assessed value)	152,671,820
Debt applicable to limit (see Note)	-
Legal debt margin - Current Year	<u><u>\$ 152,671,820</u></u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
2011-12	\$ 95,922,055	\$ -	\$ 95,922,055	0%
2012-13	97,034,421	-	97,034,421	0%
2013-14	100,357,425	-	100,357,425	0%
2014-15	104,335,772	-	104,335,772	0%
2015-16	109,999,724	-	109,999,724	0%
2016-17	120,448,120	-	120,448,120	0%
2017-18	133,610,349	-	133,610,349	0%
2018-19	135,978,116	-	135,978,116	0%
2019-20	141,967,553	-	141,967,553	0%
2020-21	152,671,820	-	152,671,820	0%

Note: Through fiscal year 2011-12, the City's Tax Allocation Bonds have been excluded from the calculation because they are not general obligation debt. Upon dissolution of the former redevelopment agency on February 1, 2012, the tax allocation bonds were transferred to the Successor Agency and are no longer an obligation of the City.

CITY OF HAWAIIAN GARDENS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

<u>Calendar Year</u>	<u>City Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2011	14,303	\$ 222,297	\$ 15,542	13.8%
2012	14,375	201,264	14,001	10.5%
2013	14,456	211,665	14,642	8.6%
2014	14,462	208,383	14,409	7.3%
2015	14,926	195,658	13,108	5.9%
2016	14,753	192,682	13,060	4.6%
2017	14,666	195,870	13,355	5.6%
2018	14,690	207,373	14,116	6.2%
2019	14,649	228,907	15,626	4.7%
2020	14,467	232,685	16,083	12.1%

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

PRINCIPAL EMPLOYERS

Last Fiscal Year and Nine Years Ago

Business Name	2020-2021		2011-2012	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
Hawaiian Gardens Casino	825	13.31%	1,170	15.60%
ABC Unified School District	101	1.63%	200	2.67%
City of Hawaiian Gardens	67	1.08%	80	1.07%
Food 4 Less	62	1.00%		
Mc Donald's	56	0.90%		
Jack in the Box	25	0.40%		
99 Cents Only Stores	24	0.39%		
CVS Pharmacy	18	0.29%		
Howard Contracting Inc.	18	0.29%	50	0.67%
Consolidated Color Corp	17	0.27%		
Tri-City Medical Center			300	4.00%
Kroger Co.			113	1.51%
Total Building Care, Inc.			70	0.93%
Cypress Gardens Villas			70	0.93%
Richmond Plastering Inc.			50	0.67%
Patchman Inc			45	0.60%
Total Top Employers	1,213	19.56%	2,148	28.65%
Total City Employment (1)	6,200			

Source: Avenu Insights & Analytics

2011-2012 previously published CAFR.

(1) Total City Labor Force provided by EDD Labor Force Data.

Note: Hawaiian Gardens Casino employee decrease due to the COVID-19 pandemic.

CITY OF HAWAIIAN GARDENS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	11	11	11	12	12	14	14	15	15	15
Public Safety	3	3	3	3	3	7	7	12	12	7
Public Works	8	8	8	8	8	8	8	8	8	8
Culture and Recreation	42	42	42	32	31	36	36	47	47	19
Highways and Streets	6	6	6	6	6	5	6	6	6	3
Urban Development	8	8	8	9	9	9	13	12	11	7
	<u>78</u>	<u>78</u>	<u>78</u>	<u>70</u>	<u>69</u>	<u>79</u>	<u>84</u>	<u>100</u>	<u>99</u>	<u>59</u>

Note 1: Based upon the number of full-time equivalent (FTE) positions and includes 2 FTE contracted positions in Urban Development.

CITY OF HAWAIIAN GARDENS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Police:					
Physical arrests	596	491	366	515	386
Parking violations	2,151	1,820	1,715	2,093	2,130
Traffic violations	1,672	1,195	1,142	998	998
Highways and Streets:					
Street resurfacing (miles)	1	1.00	1.00	1.00	1.85
Potholes repaired	2	-	5	8	52
Human Services:					
Senior Center Programs:					
Classes and activities	132	144	140	13	191
Number of Participants	53,640	53,984	54,178	46,273	36,500
Excursions	24	32	30	27	37
Number of Participants	960	1,270	1,260	1,363	1,000
Special events	19	22	25	23	23
Number of Participants	12,757	2,707	3,075	2,077	2,100
Transportation:					
Number of passengers	21,886	21,886	21,886	24,226	24,300
Mileage	62,504	62,504	62,504	58,682	63,400
Recreation:					
Classes and activities	263	279	205	240	248
Number of participants	180,539	198,330	142,172	104,545	104,500
Special events	26	28	29	28	28
Number of participants	19,870	20,280	22,000	108,545	108,500
Number of facility rentals	20	21	25	16	14

Function	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021
Police:					
Physical arrests	427	386	394	485	387
Parking violations	3,460	4,304	4,530	5,603	6,247
Traffic violations	2,139	1,363	1,183	522	423
Highways and Streets:					
Street resurfacing (miles)	1.15	1.56	-	1.25	1.88
Potholes repaired	47	43	29	38	45
Human Services: (1)					
Senior Center Programs:					
Classes and activities	20	20	20	14	2
Number of Participants	37,000	37,150	38,050	31,829	9,056
Excursions	35	37	36	22	-
Number of Participants	980	1,010	1,050	521	-
Special events	23	23	23	11	-
Number of Participants	2,200	2,254	2,500	1,196	-
Transportation:					
Number of passengers	24,400	25,795	25,900	15,822	8,983
Mileage	64,000	69,161	73,079	45,972	20,828
Recreation:					
Classes and activities	250	25	25	26	7
Number of participants	104,500	104,800	104,800	623	7,574
Special events	25	25	25	11	-
Number of participants	107,000	107,469	107,600	15,650	-
Number of facility rentals	32	49	52	36	-

Source: City of Hawaiian Gardens - Various Departments

Note 1: COVID restrictions did not allow for programs

CITY OF HAWAIIAN GARDENS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Vehicles	3	3	4	4	5	5	6	6	5	6
Public Safety:										
Vehicles	1	1	1	1	1	1	3	5	5	4
Public Works:										
Vehicles	20	20	20	20	13	13	10	12	13	14
Highways and Streets:										
Streets (miles)	23	23	23	23	23	23	23	23	23	23
Traffic signals	17	17	17	17	17	17	17	17	17	17
Culture and Recreation:										
Vehicles	1	-	-	-	-	-	1	1	1	1
Parks acreage	13	13	13	13	13	13	13	13	13	13
Parks	3	3	3	3	3	3	3	3	3	3
Swimming pools	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Health and Welfare:										
Vehicles	7	6	7	7	7	7	8	9	10	8

Source: City of Hawaiian Gardens - Various Departments

