

CITY OF HAWAIIAN GARDENS

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023



CITY OF HAWAIIAN GARDENS,
CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
Year Ended June 30, 2023

Prepared by:
Finance Department
Linda Hollinsworth
Finance Director/Treasurer

(this page intentionally left blank)

CITY OF HAWAIIAN GARDENS

Annual Comprehensive Financial Report

Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Transmittal Letter	i
List of Elected and Appointed Officials	iv
Organization Chart	v
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association	vi
FINANCIAL SECTION:	
Independent Auditors’ Report	1
Managements’ Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	20
Statement of Fiduciary Net Position – Trust Funds	21
Statement of Changes in Fiduciary Net Position – Trust Funds	22
Notes to the Financial Statements	23
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	63
Budgetary Comparison Schedule – American Rescue Plan Act	64
Notes to Required Supplementary Information	65
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios	66
Schedule of Plan Contributions – Defined Benefit Pension Plan	67
Schedule of Changes in the Net OPEB Liability and Related Ratios	68
Schedule of Plan Contributions – OPEB Plan	69
Supplementary Information	
Combining Balance Sheet – Non-major Governmental Funds	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	78

CITY OF HAWAIIAN GARDENS

Annual Comprehensive Financial Report

Year Ended June 30, 2023

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
FINANCIAL SECTION, (CONTINUED):	
Supplementary Information, (Continued)	
Budgetary Comparison Schedules – Special Revenue Funds:	
State Gas Tax	82
Proposition A Local Transit Assistance	83
Air Quality Management District	84
Proposition C Local Transit Assistance	85
Community Oriented Police Services	86
SELACO WIB	87
Community Development Block Grant	88
Measure R Local Transit Assistance	89
Measure M Local Transit Assistance	90
California Recycle Grant	91
SB1 Road Maintenance	92
Housing Authority Section 8	93
Measure W	94
PHA Low Mod Housing	95
Lighting and Landscaping	96
Transportation Development Act	97
STATISTICAL SECTION:	
Net Position by Component	99
Changes in Net Position	100
Fund Balances – Governmental Funds	102
Changes in Fund Balances – Governmental Funds	104
Assessed Value and Estimated Actual Value of Taxable Property	106
Direct and Overlapping Property Tax Rates	107
Principal Property Tax Payers	108
Property Tax Levies and Collections	109
License Fee (Casino) and Collections	110
Ratios of Outstanding Debt by Type	111
Direct and Overlapping Bonded Debt Schedule	112
Legal Debt Margin Information	113
Demographic and Economic Statistics	114
Principal Employers	115
Full-time Equivalent City Government Employees by Function/Program	116
Operating Indicators by Function	117
Capital Asset Statistics by Function/Program	118

(this page intentionally left blank)



“Our Youth - Our Future”

CITY OF HAWAIIAN GARDENS

March 28, 2024

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, 2023. 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, 2023, 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, 2023, 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 month of March. 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 during the month of May. 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 \$13.0 million (89 percent) of the \$14.6 million general fund license and permit revenue in FY 2022-23, the City's largest revenue line item. Taxes is the next largest revenue and totaled \$5.1 million in the General Fund which is comprised of \$2.6 million in property taxes received through the County of Los Angeles (including \$2.2 million of property tax in lieu of vehicle license fee), sales and transaction taxes of \$2.3 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, as a result of the COVID-19 pandemic, the casino was mandated to shut down for several months during FY 2019-20 and 2020-21, resulting in a significant loss of revenue to the casino and, consequently, the City. For FY 2021-22 and 2022-23, the Casino was open during the entire year, and revenues have greatly improved; however, the monthly revenue is still slightly lower than in pre-pandemic years. Following is a summary which shows each month's license fee revenue compared to the prior year.

Hawaiian Gardens Casino License Fee Revenue

Month	FY 2022-23	FY 2021-22	% Change
July	\$ 1,086,156	\$ 1,104,949	-1.70%
August	1,081,026	1,086,434	-0.50%
September	1,080,894	1,088,913	-0.74%
October	1,079,603	1,091,811	-1.12%
November	1,068,170	1,085,446	-1.59%
December	1,086,479	1,082,902	0.33%
January	1,085,583	1,060,935	2.32%
February	1,049,290	1,033,015	1.58%
March	1,097,810	1,091,140	0.61%
April	1,089,202	1,079,698	0.88%
May	1,099,646	1,087,454	1.12%
June	1,082,839	1,051,367	2.99%
Total	\$ 12,986,698	\$ 12,944,064	0.33%

Long-term financial planning: The City of Hawaiian Gardens seeks to provide a high quality of life for the residents and businesses. The Council has established some goals and objectives for the City to be used as part of the strategic planning process. Below are the major goals and within each are long term, mid-term and short-term items that provide the structure for meeting these goals.

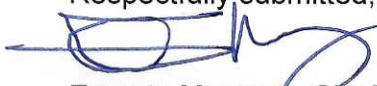
- Promote a Strong Local Economy
- Enhance Employee Relations
- Ensure Public Safety is a High Priority
- Pursue Community Revitalization
- Promote and Maintain Responsive, High Quality and Transparent Government
- Enhance Quality of Life for Residents
- Enhance City Operations

These goals are reflected in the annual budget. Many of these were achieved during the past year, such as replacing the phone system, purchase of new equipment and repairs to City facilities. The budget for 2023-2025 includes the development of a 5 year capital plan, and management plans for City streets and sidewalks. The strategic plan of the Council also includes an increase to the contingency reserve to 20 million dollars. During the pandemic the City did use some part of the 15 million dollar reserve to sustain City operations. Increasing this reserve amount will provide the City with funds to maintain operations should any catastrophic event occur in the future.

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, 2023

Elected Officials

Mayor
Mayor Pro Tem
Councilmember
Councilmember
Councilmember

Victor Farfan
Dandy De Paula
Maria Teresa DelRio
Luis Roa
Ernie Vargas

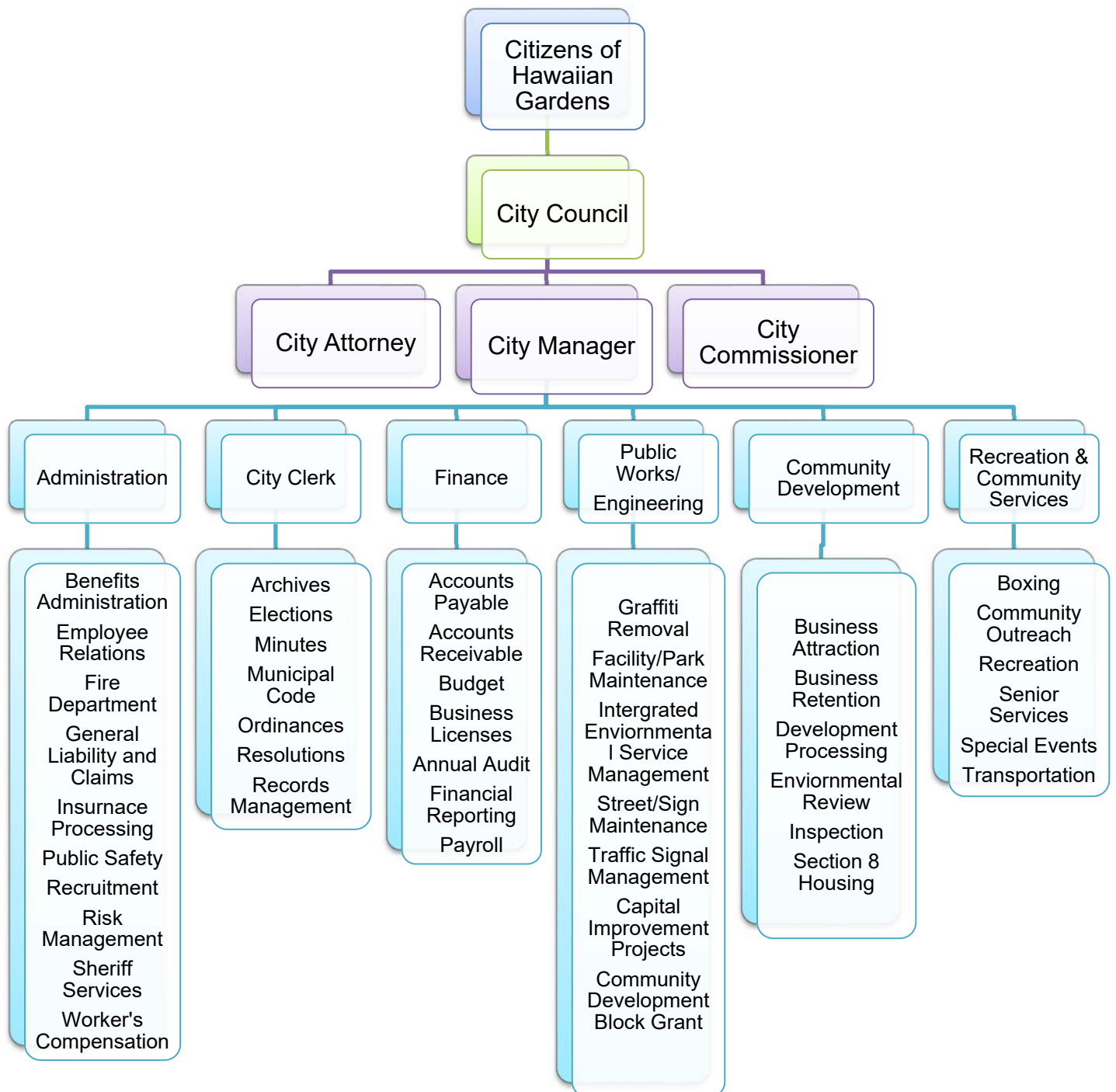
Appointed Officials

City Manager
City Attorney
City Clerk
Community Development Director
Finance Director/Treasurer
Human Resources Manager
Recreation and Community Svc
Public Works/Engineering Mgr
Public Safety Director

Ernesto Marquez
Megan Garibaldi
Pablo Rubio
Elise McCaleb
Linda Hollinsworth
Rosario Pozzoli
Joseph Jimenez
Neema Ghanbari
Steve Gomez

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, 2022

Christopher P. Morill

Executive Director/CEO

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

Independent Auditors' Report

Opinions

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, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Hawaiian Gardens, California's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hawaiian Gardens, California, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Hawaiian Gardens, California, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, on our consideration of the City of Hawaiian Gardens, California’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hawaiian Gardens, California’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hawaiian Gardens, California’s internal control over financial reporting and compliance.

Gruber and Lopez, Inc.
Gruber and Lopez, Inc.
Newport Beach, California
March 26, 2024

MANAGEMENTS' DISCUSSION AND ANALYSIS

**CITY OF HAWAIIAN GARDENS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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, 2023. 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 that follow this section.

FINANCIAL HIGHLIGHTS

Financial highlights of the City for the fiscal year ending June 30, 2023, 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 2021-22 and FY 2022-23. All increases and decreases are expressed relative to FY 2021-22 amounts.

Government-wide Statements

- At fiscal year-end, the City's net position was equal to \$50.0 million. Of this amount, \$30.7 million was the investment in capital assets, \$5.7 million was restricted, and \$13.6 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 \$82.9 million while liabilities and deferred inflows of resources totaled \$32.9 million.
- The City's net position increased by \$5.2 million as a result of revenues of \$28.3 million exceeding expenses of \$23.1 million.

Fund Level – Governmental Funds

- Governmental funds for the City reported combined fund balances of \$33.5 million. Of this amount, \$2.7 million was nonspendable, \$5.7 million was restricted by external parties, \$22.3 million was committed by City Council action, and \$2.8 million was unassigned and available for future appropriation.
- The General Fund unassigned fund balance of \$4.0 million is 23% of the year's General Fund expenditures which totaled \$17.3 million.
- At June 30, 2023, the cash and investments of the General Fund are \$24.6 million, which represents 85% of the General Fund's total fund balance of \$29.0 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. Following the required supplementary information is other 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 identify 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 remaining 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 Grant Funding CIP Special Revenue Fund, the American Rescue Plan Act Special Revenue Fund, and the Capital Projects 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 provided as supplementary information elsewhere in this report. The basic governmental fund financial statements is 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 is 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 financial statements. Optional supplementary information is presented as combining and individual statements for other funds, and it is 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, 2023	June 30, 2022
Current and other assets	\$ 41,923,575	\$ 36,514,601
Capital assets, net of depreciation	30,889,269	30,885,647
Total Assets	72,812,844	67,400,248
Deferred amount from pension	5,414,574	1,933,792
Deferred amount from OPEB	4,691,703	5,009,298
Total Deferred Outflows of Resources	10,106,277	6,943,090
Long-term liabilities	21,216,034	15,180,220
Other liabilities	5,498,945	4,075,728
Total Liabilities	26,714,979	19,255,948
Deferred amount from pension	872,495	5,081,146
Deferred amount from OPEB	4,285,433	3,754,421
Deferred amount from leases	1,074,274	1,432,584
Total Deferred Inflows of Resources	6,232,202	10,268,151
Net investment in capital assets	30,745,333	30,819,548
Restricted	5,673,301	5,396,379
Unrestricted	13,553,306	8,603,312
Total Net Position	\$ 49,971,940	\$ 44,819,239

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 \$50.0 million as of June 30, 2023, and \$44.8 million a year earlier at June 30, 2022, an increase in net position of \$5.2 million. This change in net position is a result of the current year's revenues exceeding expenses. This excess of revenues over expenses will be analyzed in conjunction with the Statement of Activities.

The largest portion of the City's net position (\$30.7 million or 62%) 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 \$5.7 million (11%) 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 \$13.6 million (27%) 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 \$5.2 million increase in the City's net position resulting from revenues exceeding expenses. Discussion regarding significant revenue and expense changes follows the table.

	Governmental Activities	
	June 30, 2023	June 30, 2022
Revenues:		
Program Revenues:		
Charges for services	\$ 777,040	\$ 1,036,430
Operating grants and contributions	6,723,153	4,451,492
General Revenues:		
Property taxes	2,877,847	2,729,314
Business license tax	13,612,632	13,554,075
Sales and transaction taxes	2,295,856	2,281,487
Other taxes	948,888	549,143
Other general revenues	1,043,454	263,013
Total Revenues	28,278,870	24,864,954
Expenses:		
General government	6,743,343	5,593,853
Public safety	5,078,511	4,750,581
Public works	4,740,444	3,503,014
Highways and streets	1,374,208	1,353,641
Culture and recreation	3,254,258	2,885,064
Urban development	197,681	197,003
Health and welfare	1,716,629	2,017,506
Interest	21,095	1,205
Total Expenses	23,126,169	20,301,867
Increase in net position	5,152,701	4,563,087
Net position at beginning of year	44,819,239	40,256,152
Net position at end of year	\$ 49,971,940	\$ 44,819,239

Governmental Activities

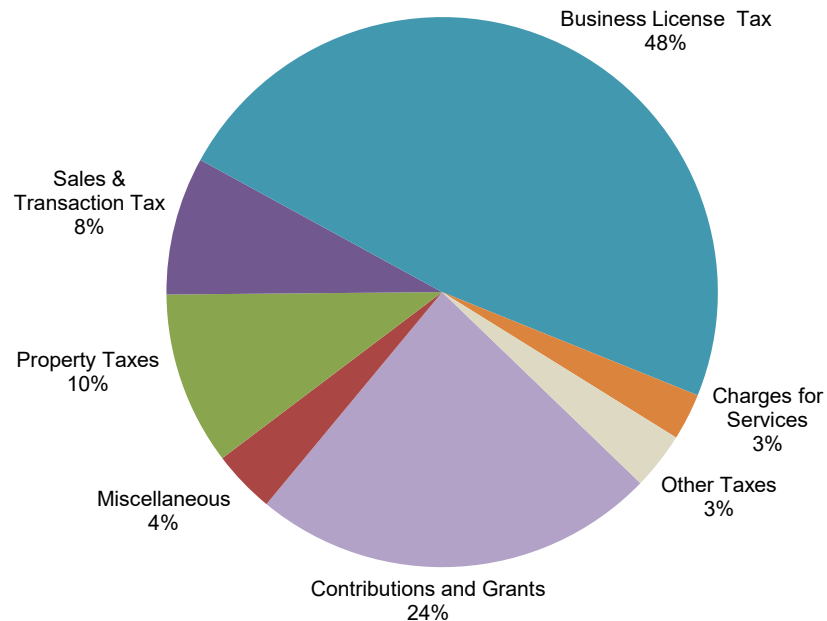
City-wide revenues increased by \$3.4 million (14%) to \$28.3 million. The most significant changes are as follows:

- The most significant increase in revenues is the \$2.3 million increase in operating grants. During FY 22-23, the City spent \$1.2 million of its allocation of American Rescue Plan Act monies while none was spent in the prior year. In addition, the City recorded \$0.8 million in grant revenue for Fedde Sports Stadium turf replacement.
- Other taxes increased by \$0.4 million due to new agreements put in place for certain franchises.
- Other general revenues increased by \$0.8 million due to higher investment income resulting from changes in interest rates.

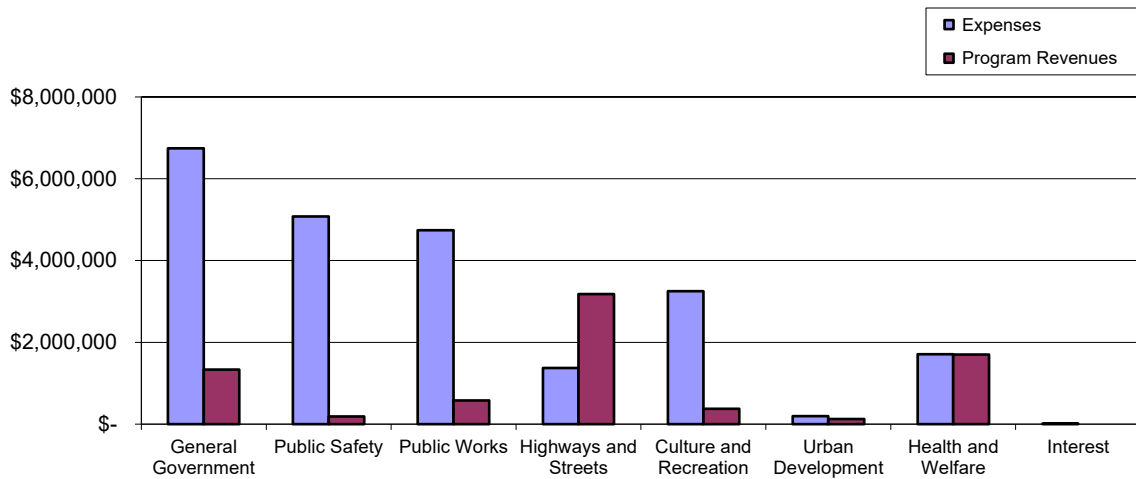
The total cost of all City programs and services during FY 22-23 was \$23.1 million, a \$2.8 million increase (14%) from the prior year's cost of \$20.3 million. The most significant changes are as follows:

- General government costs increased by \$1.1 million due to fully staffing of departments and to using ARPA grant monies for non-capital projects.
- Culture and recreation costs increased by \$0.4 million due to more community programs being offered to and used by the City's residents.
- Public works costs increased by \$1.2 million due to a large amount of street maintenance work being done in the current year.

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 (48%), followed by Contributions and Grants (24%), Property Taxes (10%), and Sales and Transaction Taxes (8%). Charges for services, other taxes, and miscellaneous make up the remainder of the revenues.

General Government is the largest expense function, accounting for 29% of the total. Public Safety is the second largest expense function (22% of the total), followed by Public Works (20% 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 \$33.5 million representing an increase of \$3.6 million from the prior year's balance of \$29.9 million. Nonspendable fund balances total \$2.7 million which is for the long-term receivable from the Successor Agency and prepaid items. Restricted fund balances total \$5.7 million and have legal restrictions by external parties. City Council has committed \$18.9 million for specific contingencies (such as earthquake damage, loss of major revenue sources, major building repairs, and litigation losses), \$2.6 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 \$29.0 million, nonspendable fund balance was \$2.7 million, committed fund balance was \$22.3 million, and unassigned fund balance was \$4.0 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 168% of the general fund's FY 2022-23 expenditures. This is similar to the prior year wherein the general fund's fund balance was 172% of FY 2021-22 expenditures.

The general fund's fund balance increased by \$4.3 million as a result of the year's revenues and transfers in exceeding the year's expenditures and transfers out. In comparison, the prior year's fund balance increased by \$5.6 million. This year-to-year change of \$1.3 million is explained by the change in revenues (\$1.4 million higher), expenditures (\$3.0 million higher) and net transfers to other funds (\$0.3 million lower).

- Revenues in FY 2022-23 were higher by \$1.4 million over the prior year.
 - The most significant increase in revenues is a \$0.5 million increase in license and permit tax resulting from new agreements put in place for certain franchises.
 - Total taxes were higher by \$0.2 million, as a result of property taxes in lieu of vehicle licensing fees accounting for the majority of this increase. All other taxes were comparable to the prior year.
 - Investment income increased by \$0.6 million due to changes in interest rates.
- FY 2022-23 expenditures were higher by \$3.0 million over the prior year. The majority of the change in expenditures is due to increases in general government, public safety, and culture and recreation costs.
 - General government costs increased by \$1.5 million over the prior year due to fully staffing of departments, using ARPA grant monies for projects, and spending more for grant exchanges.
 - Public safety costs increased by \$0.7 million due to costs associated with higher staffing levels and special police coverage activities.
 - Culture and recreation costs increased by \$0.6 million as a result of more programs being offered in the current year and due to park renovations.
- The general fund had net transfers to other funds of \$7,000 in FY 2022-23 while the FY 2021-22 net transfers to other funds totaled \$0.3 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 **Grant Funding CIP Special Revenue Fund** had a deficit fund balance of \$1,089,413 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 various agencies for capital projects.

The **American Rescue Plan Act Special Revenue Fund** had a zero fund balance at year-end. The City has received \$3.4 million in American Rescue Plan Act funding and has spent \$1.2 million through fiscal year-end. The remaining \$2.2 million has been deferred and is expected to be spent in FY 2023-24.

The **Capital Projects Fund** had a zero fund balance at year-end. This fund accounts for the acquisition, construction, and repair of major facilities and is fully funded by monies transferred from other funds.

Fiduciary Funds

The City presents one fiduciary fund which is the Successor Agency Private Purpose Trust Fund. At June 30, 2023, the net position was a deficit \$26 million. Operating additions of \$3.5 million were more than deductions of \$1.1 million, resulting in an increase to net position of \$2.4 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 11 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 increased by \$0.4 million as a result of higher costs expected for general government, public works, and culture and recreation categories offset by a decrease to anticipated costs for public safety. There were no changes to budgeted revenues. After the budget adjustments, the fiscal year's actual revenue and expenditure activity resulted in a positive variance with the final budget of \$3.6 million.

The final General Fund revenue budget was \$19.6 million with actual revenue of \$21.5 million. The variance between actual revenues and the final revenue budget was a positive \$1.9 million. The most significant revenue variance was due to receiving higher tax revenues and recording higher investment income than anticipated.

The General Fund's actual total expenditures of \$17.3 million were less than the final budgeted appropriations of \$18.8 million. The variance between actual total expenditures and the final appropriation was \$1.5 million. The majority of the variance for the general fund budget expenditures is due to lower than anticipated general government, public safety, and culture and recreation department costs.

CAPITAL ASSETS

Capital assets totaled \$30.9 million at fiscal year-end. During FY 2022-23, capital assets totaling \$1.2 million were acquired, the assets disposed of were fully depreciated, 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)

	June 30, 2023	June 30, 2022
Buildings and improvements	\$ 10,055,969	\$ 10,549,953
Furniture and equipment	857,011	663,766
Right-to-use assets	132,142	55,707
Vehicles	689,977	749,310
Infrastructure – road system	4,756,623	5,287,711
Construction in progress	877,696	59,349
Rights-of-way	3,290,005	3,290,005
Land	10,229,846	10,229,846
Total	\$ 30,889,269	\$ 30,885,647

LONG-TERM LIABILITIES

As of June 30, 2023, the City had total long-term liabilities outstanding of \$21.2 million, a net increase of \$6.0 million. This net change is mainly due to an increase in the City’s net pension liability offset by a smaller decrease in the OPEB liability. 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 lease and subscription liabilities can be found in Note 7 of the Notes to Basic Financial Statements, information on the net pension liability can be found in Note 8 of the Notes to Basic Financial Statements, and additional information on the net OPEB liability can be found in Note 9 of the Notes to Basic Financial Statements.

Governmental Activities

	June 30, 2023	June 30, 2022
Compensated absences	\$ 456,341	\$ 426,062
Lease liabilities	53,302	66,099
SBITA liabilities	90,634	-
Net pension liability	12,045,990	5,320,531
OPEB liability	8,569,767	9,367,528
Total	\$ 21,216,034	\$ 15,180,220

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City’s fiscal year 2023-2024 operating budget has been prepared to indicate its commitment to provide the highest level of service to the community. This budget includes the addition of new positions and programs to enhance the operations of the City. The City’s capital projects for FY 2023-2024 reflect the Council’s commitment to maintaining and improving the City streets and sidewalks as well as repair and improvements for City equipment and facilities. Funding for the preparation of an Economic Development Plan and a 5-year Capital Plan is included to support the goals of the Council to maintain the quality of life for the residents and businesses. The Council has budgeted to 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.

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.

(this page intentionally left blank)

CITY OF HAWAIIAN GARDENS

Statement of Net Position

June 30, 2023

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments (note 3)	\$ 32,926,305
Receivable:	
Accounts	1,325,876
Loans	473,883
Interest	245,983
Due from other governments	1,879,105
Leases (note 7)	1,074,274
Prepaid items	28,710
Advances to Successor Agency	3,969,439
Total current assets	<u>41,923,575</u>
Noncurrent assets:	
Capital assets (note 5):	
Non-depreciable	14,397,547
Depreciable, net	16,491,722
Total capital assets	<u>30,889,269</u>
Total noncurrent assets	<u>30,889,269</u>
Total assets	<u>72,812,844</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions (note 8)	5,414,574
OPEB (note 9)	4,691,703
Total deferred outflows of resources	<u>10,106,277</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,254,860
Accrued liabilities	345,458
Deposits payable	135,343
Unearned revenue	2,736,500
Due to other governments	26,784
Long-term debt - due within one year (note 6)	33,961
Compensated absences - due within one year (note 6)	228,200
Total current liabilities	<u>5,761,106</u>
Noncurrent liabilities:	
Net pension liability (note 8)	12,045,990
OPEB (note 9)	8,569,767
Long-term debt - due in more than one year (note 6)	109,975
Compensated absences - due in more than one year (note 6)	228,141
Total noncurrent liabilities	<u>20,953,873</u>
Total liabilities	<u>26,714,979</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions (note 8)	872,495
OPEB (note 9)	4,285,433
Lease related items (note 7)	1,074,274
Total deferred inflows of resources	<u>6,232,202</u>
NET POSITION	
Net investment in capital assets (note 5)	<u>30,745,333</u>
Restricted for:	
Highway and streets	2,811,929
Health and welfare	289,481
Lighting and landscaping	112,485
Low-and moderate-income housing	2,459,406
Total restricted	<u>5,673,301</u>
Unrestricted	<u>13,553,306</u>
Total net position	<u>\$ 49,971,940</u>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS

Statement of Activities

For the Year Ended June 30, 2023

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	\$ 6,743,343	129,264	1,209,988	-	(5,404,091)
Public safety	5,078,511	-	189,159	-	(4,889,352)
Public works	4,740,444	466,953	112,142	-	(4,161,349)
Highway and streets	1,374,208	-	3,182,955	-	1,808,747
Culture and recreation	3,254,258	180,763	195,874	-	(2,877,621)
Urban development	197,681	-	125,789	-	(71,892)
Health and welfare	1,716,629	60	1,707,246	-	(9,323)
Interest	21,095	-	-	-	(21,095)
Total governmental activities	\$ 23,126,169	777,040	6,723,153	-	(15,625,976)
General revenues:					
Taxes:					
					2,877,847
					13,612,632
					2,295,856
					188,232
					679,870
					80,786
					19,735,223
					265,172
					778,282
					20,778,677
					5,152,701
					44,819,239
					\$ 49,971,940

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS

Balance Sheet Governmental Funds June 30, 2023

	Special Revenue Funds			Capital Projects Fund	Other Non-major Governmental Funds	Total Governmental Funds
	General Fund	Grant Funding CIP	American Rescue Plan Act	Capital Projects		
ASSETS						
Cash and investments (note 3)	\$ 24,649,511	-	2,235,421	1,179,938	4,861,435	32,926,305
Receivables:						
Accounts	1,325,876	-	-	-	-	1,325,876
Loans	-	-	-	-	473,883	473,883
Interest	245,983	-	-	-	-	245,983
Due from other governments	516,664	1,089,413	-	-	273,028	1,879,105
Lease	1,074,274	-	-	-	-	1,074,274
Prepaid items	28,710	-	-	-	-	28,710
Advances to Successor Agency (note 11)	3,175,551	-	-	-	793,888	3,969,439
Due from other funds (note 4)	1,111,988	-	-	-	-	1,111,988
Total assets	<u>\$ 32,128,557</u>	<u>1,089,413</u>	<u>2,235,421</u>	<u>1,179,938</u>	<u>6,402,234</u>	<u>43,035,563</u>
LIABILITIES						
Accounts payable	\$ 1,058,536	-	-	1,179,938	88,531	2,327,005
Accrued liabilities	345,458	-	-	-	-	345,458
Deposits payable	63,198	-	-	-	-	63,198
Due to other funds (note 4)	-	1,089,413	-	-	22,575	1,111,988
Unearned revenue	12,763	-	2,235,421	-	488,316	2,736,500
Due to other governments	26,784	-	-	-	-	26,784
Total liabilities	<u>1,506,739</u>	<u>1,089,413</u>	<u>2,235,421</u>	<u>1,179,938</u>	<u>599,422</u>	<u>6,610,933</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	563,869	1,089,413	-	-	152,057	1,805,339
Leases	1,074,274	-	-	-	-	1,074,274
Total deferred inflows of resources	<u>1,638,143</u>	<u>1,089,413</u>	<u>-</u>	<u>-</u>	<u>152,057</u>	<u>2,879,613</u>
FUND BALANCES (note 15)						
Nonspendable	2,750,248	-	-	-	-	2,750,248
Restricted	-	-	-	-	5,673,301	5,673,301
Committed:						
Specific contingencies	18,870,317	-	-	-	-	18,870,317
Equipment replacement	750,000	-	-	-	-	750,000
Projects	2,647,123	-	-	-	-	2,647,123
Unassigned	3,965,987	(1,089,413)	-	-	(22,546)	2,854,028
Total fund balances (deficits)	<u>28,983,675</u>	<u>(1,089,413)</u>	<u>-</u>	<u>-</u>	<u>5,650,755</u>	<u>33,545,017</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,128,557</u>	<u>1,089,413</u>	<u>2,235,421</u>	<u>1,179,938</u>	<u>6,402,234</u>	<u>43,035,563</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, 2023

Fund balances of governmental funds	\$ 33,545,017
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	66,731,381
Accumulated depreciation	(35,842,112)
Certain revenues were not available to pay for current-period expenditures and, therefore, were deferred in funds.	1,805,339
Long-term debt and compensated absences have not been included in the governmental fund activity:	
Compensated absences	(456,341)
Lease and subscription payable	(143,936)
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:	
OPEB liability	(8,569,767)
Net pension liability	(12,045,990)
Deferred outflows related to PERS contributions made after actuarial measurement date	5,414,574
Deferred outflows related to OPEB contributions made after actuarial measurement date	4,691,703
Deferred inflows related to PERS unrecognized actuarial gains and losses	(872,495)
Deferred inflows related to OPEB unrecognized actuarial gains and losses	<u>(4,285,433)</u>
Net position of governmental activities	<u>\$ 49,971,940</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, 2023

	Special Revenue Funds			Capital Projects Fund	Other Non-major Governmental Funds	Total Governmental Funds
	General Fund	Grant Funding CIP	American Rescue Plan Act	Capital Projects		
Revenues:						
Taxes	\$ 5,110,614	-	-	-	286,709	5,397,323
Licenses and permits	14,613,337	-	-	-	-	14,613,337
Intergovernmental	149,225	38,615	1,151,713	-	4,411,537	5,751,090
Charges for services	271,988	-	-	-	-	271,988
Fines and forfeitures	81,949	-	-	-	-	81,949
Rental income	198,009	-	-	-	-	198,009
Investment income	401,051	-	58,275	-	90,224	549,550
Other revenues	679,654	-	-	-	8,039	687,693
Total revenues	<u>21,505,827</u>	<u>38,615</u>	<u>1,209,988</u>	<u>-</u>	<u>4,796,509</u>	<u>27,550,939</u>
Expenditures:						
Current:						
General government	6,793,152	-	-	-	-	6,793,152
Public safety	5,079,222	-	-	-	220,717	5,299,939
Public works	1,929,755	-	-	-	450,162	2,379,917
Highway and streets	292,818	-	-	-	1,144,095	1,436,913
Culture and recreation	2,769,870	-	-	75,234	159,062	3,004,166
Urban development	168,930	-	-	-	37,771	206,701
Health and welfare	-	-	-	-	1,752,594	1,752,594
Capital outlay	216,036	-	-	2,902,127	-	3,118,163
Debt service:						
Principal	30,275	-	-	-	-	30,275
Interest	21,095	-	-	-	-	21,095
Total expenditures	<u>17,301,153</u>	<u>-</u>	<u>-</u>	<u>2,977,361</u>	<u>3,764,401</u>	<u>24,042,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,204,674</u>	<u>38,615</u>	<u>1,209,988</u>	<u>(2,977,361)</u>	<u>1,032,108</u>	<u>3,508,024</u>
Other financing sources (uses):						
Transfers in (note 4)	546,663	-	-	2,977,361	92,564	3,616,588
Transfers out (note 4)	(553,312)	(988,283)	(1,209,988)	-	(865,005)	(3,616,588)
Issuance of debt	108,112	-	-	-	-	108,112
Total other financing sources (uses)	<u>101,463</u>	<u>(988,283)</u>	<u>(1,209,988)</u>	<u>2,977,361</u>	<u>(772,441)</u>	<u>108,112</u>
Net change in fund balances	4,306,137	(949,668)	-	-	259,667	3,616,136
Fund balances (deficits), beginning of year	<u>24,677,538</u>	<u>(139,745)</u>	<u>-</u>	<u>-</u>	<u>5,391,088</u>	<u>29,928,881</u>
Fund balances (deficits), end of year	<u>\$ 28,983,675</u>	<u>(1,089,413)</u>	<u>-</u>	<u>-</u>	<u>5,650,755</u>	<u>33,545,017</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, 2023

Changes in fund balances of governmental funds \$ 3,616,136

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	1,209,965
Depreciation expense	(1,206,343)

Revenues in the government-wide statement of activities that did not provide current financial resources were not reported as revenues in the governmental funds.	727,931
-------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

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	(30,279)
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------

Governmental funds reports the issuance of debt and the repayments of these long-term liabilities as changes in fund balance. However, these types of transactions have no effect within the statement of of activities.

Issuance of debt	(108,112)
Principal payments	30,275

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>913,128</u>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------

Change in net position of governmental activities	<u><u>\$ 5,152,701</u></u>
---------------------------------------------------	----------------------------

See accompanying notes to financial statements.

CITY OF HAWAIIAN GARDENS
Statement of Fiduciary Net Position
Trust Funds
June 30, 2023

	Private- Purpose Trust Fund <hr/> Successor Agency of the Former Redevelopment Agency <hr/>
ASSETS	
Cash and investments (note 3)	\$ 6,530,903
Restricted assets:	
Cash and investments with fiscal agents (note 3)	<u>1,094</u>
Total assets	<u>6,531,997</u>
DEFERRED OUTFLOWS OF RESOURCES	
Discount on refunding	141,459
Reacquisition loss on refunding	<u>53,428</u>
Total deferred outflows of resources	<u>194,887</u>
LIABILITIES	
Current liabilities:	
Due to other governments	3,395,065
Interest payable	69,344
Advances payable to the City of Hawaiian Gardens (note 11)	3,175,551
Advances payable to the Hawaiian Gardens Housing Authority (note 11)	793,888
Long-term liabilities	
Due in one year (note 11)	2,385,000
Due in more than one year (note 11)	<u>22,555,000</u>
Total liabilities	<u>32,373,848</u>
DEFERRED INFLOWS OF RESOURCES	
Preimum on refunding	<u>340,104</u>
Total deferred inflows of resources	<u>340,104</u>
NET POSITION	
Held in trust for private purposes	<u>(25,987,068)</u>
Total net position	<u>\$ (25,987,068)</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, 2023

	Private- Purpose Trust Fund <hr/> Successor Agency of the Former Redevelopment Agency <hr/>
Additions:	
Taxes	\$ 3,406,269
Investment income (loss)	<u>90,059</u>
Total additions	<u>3,496,328</u>
Deductions:	
Contractual services	8,450
Interest expense	847,490
Contributions to other governments	<u>251,522</u>
Total deductions	<u>1,107,462</u>
Change in net position	2,388,866
Net position (deficit), beginning of year	<u>(28,375,934)</u>
Net position (deficit), end of year	<u><u>\$ (25,987,068)</u></u>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

Year ended June 30, 2023

(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.

Grant Funding CIP Special Revenue Fund - The Grant Funding CIP Special Revenue Fund is used to account for the receipt and disbursement of grant monies for the construction of major capital facilities.

American Rescue Plan Act Special Revenue Fund - The American Rescue Plan Act Special Revenue Fund is used to account for the City's use of emergency and rescue plan activities.

Capital Projects 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.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

c. Description of Funds (continued)

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.

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 Statements) No. 91-*Conduit Debt Obligations and No. 96-Subscription Based Information Technology Software*. The adoption of the GASB No. 91 did not significantly impact the City.

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset as described in note 1(q).

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.
- Deferred inflows related to leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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. Changes in fair value that occur during a fiscal year are recognized as a component of investment earnings reported for the year, which may result in negative investment earnings in the accompanying financial statements.

Cash and investments of the City are managed on a pooled basis, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income from the pool is allocated to participating funds based on the average cash balances in relation to the pool's total balance. The primary components of investment income are interest earnings and distributions, unrealized gains or losses from changes in fair value, and realized gains or losses from the liquidation or sale of investments. All investment income is recognized as revenue in the operating statement. All pooled investments are controlled by an investment policy that is adopted by the City Council and further controlled by State legislation.

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 (except for intangible right-to-use lease assets which is discussed thereafter). 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.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

h. Capital Assets (continued)

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.

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
Leasehold improvements	10 years
Right of use of leased equipment	3-5 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.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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.

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.
- 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.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

l. Net Position (continued)

- 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.”

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 \$22,267,440.
- 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 affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

q. Leases Payable and Subscription Agreements Payable

Lessee: The City is a lessee for noncancellable leases of equipment and software subscriptions. The City recognizes a lease and/ or subscription agreement liability and an intangible right-to-use lease or subscription agreement asset (lease asset) in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$50,000 or more. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease or subscription agreement, the City initially measures the liability at the present value of payments expected to be made during the lease or subscription agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The lease or subscription agreement asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized over its useful life.

Key estimates and judgments related to leases and subscriptions include how the City determines (1) the discount rate it uses to discount the expected payments to present value, (2) agreement term, and (3) payments. The City uses the interest rate stated in the agreement as the discount rate. When the interest rate is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions. The term includes the noncancellable period of the agreement. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances and will remeasure the lease and subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Lease or subscription agreement assets are reported with other capital assets and lease or subscription agreement liabilities are reported with long-term debt on the Statement of Net Position.

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, 2023:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other-Nonmajor governmental Special Revenue Funds:			
Community Oriented Police Services	\$ 150,000	\$ 220,717	\$ (70,717)
Measure W	-	4,920	(4,920)
Lighting and Landscaping	406,297	445,242	(38,945)

b. Accumulated Fund Deficits

The Community Development Block Grant and Grant Funding CIP Special Revenue Funds had fund deficits of \$22,546 and \$1,089,413, respectively, at June 30, 2023. Management expects to eliminate these deficit fund balances with future grant revenues.

(3) Cash and Investments

As of June 30, 2023, cash and investments, including cash and investments with fiscal agent, were reported in the accompanying financial statements as follows:

Governmental activities	\$32,926,305
Fiduciary funds	<u>6,531,997</u>
Total cash and investments	<u>\$39,458,302</u>

Cash and investments as of June 30, 2023 consist of the following:

Cash on hand	\$ 4,150
Deposits with financial institutions	8,598,598
Investments	<u>30,855,554</u>
Total cash and investments	<u>\$39,458,302</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, 2023, \$1,094 were held by the bond trustee.

CITY OF HAWAIIAN GARDENS
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Cash and Investments (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	\$30,854,460	-	-	30,854,460
Money Market Mutual Funds with fiscal agents	<u>1,094</u>	-	-	<u>1,094</u>
Total	<u>\$30,855,554</u>	<u>-</u>	<u>-</u>	<u>30,855,554</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>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>			
			<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
Local Agency Investment Fund	\$30,854,460	N/A	-	-	-	30,854,460
Money Market Mutual Funds with fiscal agents	<u>1,094</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,094</u>
Total	<u>\$30,855,554</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>30,855,554</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, 2023, 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, 2023, 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 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, 2023, the City had deposits that were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Cash and Investments (continued)

Custodial Credit Risk (continued)

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, 2023:

	<u>Due To Other Funds:</u>		
	<u>Grant Funding CIP</u>	<u>Other Non-major Governmental Funds</u>	<u>Total</u>
<u>Due From Other Funds:</u>			
General Fund	<u>\$1,089,413</u>	<u>22,575</u>	<u>\$1,111,988</u>

Inter-fund receivables and payables as of June 30, 2023 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, 2023:

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Major Fund Capital Projects Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Totals</u>
<u>Transfers Out</u>				
General Fund	\$ -	531,632	21,680	533,312
Major Funds:				
Grant CIP Funding	32,234	955,959	-	988,283
American Rescue Plan Act	514,339	695,649	-	1,209,988
Other Non-major Governmental Funds	<u>-</u>	<u>794,121</u>	<u>70,884</u>	<u>865,005</u>
Totals	<u>\$ 546,663</u>	<u>2,977,361</u>	<u>92,564</u>	<u>3,616,588</u>

The City uses the capital projects fund to account for all capital projects. The funding sources for these projects are reported as transfers from various funds to the 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, 2023, 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	10,229,846	-	-	10,229,846
Construction in process	<u>59,349</u>	<u>820,602</u>	<u>(2,255)</u>	<u>877,696</u>
Total non-depreciable	<u>13,579,200</u>	<u>820,602</u>	<u>(2,255)</u>	<u>14,397,547</u>
Depreciable:				
Buildings and improvements	19,758,211	-	(18,670)	19,739,541
Furniture and equipment	1,526,094	283,506	-	1,809,600
Right-to-use assets	69,907	108,112	-	178,019
Vehicles	1,430,569	-	-	1,430,569
Infrastructure- road system	<u>29,176,105</u>	<u>-</u>	<u>-</u>	<u>29,176,105</u>
Total depreciable capital assets	<u>51,960,886</u>	<u>391,618</u>	<u>(18,670)</u>	<u>52,333,834</u>
Less accumulated depreciation for:				
Buildings and improvements	9,208,258	493,984	(18,670)	9,683,572
Furniture and equipment	862,328	90,261	-	952,589
Right-to-use assets	14,200	31,677	-	45,877
Vehicles	681,259	59,333	-	740,592
Infrastructure- road system	<u>23,888,394</u>	<u>531,088</u>	<u>-</u>	<u>24,419,482</u>
Total accumulated depreciation	<u>34,654,439</u>	<u>1,206,343</u>	<u>(18,670)</u>	<u>35,842,112</u>
Total depreciable capital assets, net	<u>17,306,447</u>	<u>(814,725)</u>	<u>-</u>	<u>16,491,722</u>
Total capital assets, net	<u>\$ 30,885,647</u>	<u>5,877</u>	<u>(2,255)</u>	<u>30,889,269</u>

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

General Government	\$ 218,598
Public Safety	9,854
Public Works	556,185
Culture and Recreation	381,190
Health and Welfare	<u>40,516</u>
Total	<u>\$1,206,343</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, 2023 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>	Amounts Due within <u>One Year</u>
Governmental activities:					
Lease payable	\$ 66,099	-	12,797	53,302	13,586
SBITA payable	-	108,112	17,478	90,634	20,375
Compensated absences	<u>426,062</u>	<u>281,090</u>	<u>250,811</u>	<u>456,341</u>	<u>228,200</u>
Total	<u>\$ 492,161</u>	<u>389,202</u>	<u>281,086</u>	<u>600,277</u>	<u>262,161</u>

(7) Leases and Subscriptions

Leases Payable

In April 2022, the City entered into a five-year lease agreement as lessee for the acquisition and use of three copiers. An initial lease liability was recorded in the amount of \$65,524 at implementation. As of June 30, 2023, the value of the lease liability was \$50,933. The City is required to make monthly principal and interest payments of \$1,266 for the copiers. The lease has an interest rate of 6.0%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of June 30, 2023 was \$65,525 less accumulated amortization of \$26,208.

In July 2020, the City entered into a five-year lease agreement as lessee for the acquisition and use of a postage machine. An initial lease liability was recorded in the amount of \$4,382 at implementation. As of June 30, 2023, the value of the lease liability was \$2,369. The City is required to make monthly principal and interest payments of \$101 for the machine. The lease has an interest rate of 6.0%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of June 30, 2023 was \$4,382 less accumulated amortization of \$2,192.

The following future principal and interest payments on the leases payable for June 30 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 13,617	2,827	16,444
2025	14,461	1,983	16,444
2026	14,072	1,128	15,200
2027	<u>11,152</u>	<u>279</u>	<u>11,431</u>
Total	<u>\$ 53,302</u>	<u>6,217</u>	<u>59,519</u>

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Leases and Subscriptions (continued)

Subscription Agreement Payable

In December 2022, the City entered into a 60 month subscription for the use of budget software. An initial subscription liability was recorded in the amount of \$108,112. As of June 30, 2023, the value of the subscription lease liability is \$90,634. The City is required to make annual fixed payments ranging from \$20,000 to \$26,420. The subscription has an interest rate of 4.0%. The value of the right to use asset as of June 30, 2023 was \$108,112 with accumulated amortization of \$17,478.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 20,375	3,625	24,000
2025	21,189	2,811	24,000
2026	23,237	1,963	25,520
2027	25,386	1,034	26,420
2029	<u>446</u>	<u>8</u>	<u>454</u>
Total	<u>\$ 90,634</u>	<u>9,441</u>	<u>100,074</u>

Leases Receivable

The City leases building space and several cell sites and sign sites to various third parties which were recognized in previous years. The lease terms range from 6 to 30 years and the City will receive monthly payments ranging from approximately \$200 to \$6,000. During the year ended June 30, 2023, the City recognized \$146,611 in lease revenue and amortized \$42,978 to revenue during the current fiscal year related to these leases. As of June 30, 2023, the City's receivable for lease payments was \$1,074,274. Also, the City has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$1,074,274. The following future principal and interest payments on the lease receivables for June 30 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 98,584	32,164	130,748
2025	95,086	29,271	124,357
2026	96,705	26,373	123,078
2027	29,457	23,517	52,974
2028	28,886	22,633	51,519
2029-2033	183,059	98,666	281,725
2034-2038	259,778	66,818	326,596
2039-2043	<u>282,719</u>	<u>22,141</u>	<u>304,860</u>
Total	<u>\$1,074,274</u>	<u>321,583</u>	<u>1,395,857</u>

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) 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.

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, 2023, 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 – 55+	52 – 67+
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.25%
Required employer contribution rates:		
Normal cost rate	14.90%	7.76%
Payment of unfunded liability	\$876,901	\$2,047

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Defined Benefit Pension Plan (continued)

	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 – 55+
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	\$19,616

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, 2023, the contributions recognized as part of pension expense for the plan totaled \$1,232,063.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2023, 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	\$ 11,839,081
Safety	206,909
Total Net Pension Liability	\$ 12,045,990

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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Defined Benefit Pension Plan (continued)

	Combined (PERFC)
Proportion – June 30, 2021	0.098380%
Proportion – June 30, 2022	0.104290%
Change – Increase (Decrease)	0.005910%

For the year ended June 30, 2023, the City of Hawaiian Gardens recognized pension expense of \$464,200. At June 30, 2023, 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	\$ 1,428,139	-
Change in proportion	286,133	(69,615)
Difference in actual contributions vs. proportionate share of contributions	18,684	(641,397)
Difference between expected and actual experience	246,315	(161,483)
Differences between projected and actual earnings on plan investments	2,201,279	-
Change in assumptions	1,234,024	-
Total	\$ 5,414,574	(872,495)

The \$1,428,139 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, 2024. 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	
2024	\$ 727,151
2024	641,868
2026	398,597
2027	1,346,324
	<u>\$3,113,940</u>

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Defined Benefit Pension Plan (continued)

Actuarial Methods and Assumptions - The total pension liabilities for the June 30, 2022 measurement period were determined by an actuarial calculation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous and Safety Risk Pools</u>
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
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 2021 CalPERS Experience Study. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details on this table, refer to the 2021 CalPERS Experience Study report that is available on the CalPERS website.
- (3) The lesser of contract COLA or 2.3% until purchasing power protection allowance floor on purchasing power applies, 2.3% thereafter.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

CITY OF HAWAIIAN GARDENS
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Defined Benefit Pension Plan (continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.90% 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.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, 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 returns 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 equal 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 *
Global equity, cap-weighted	30.0%	4.45%
Global equity, non-cap-weighted	12.0%	3.84%
Private equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

* Using an expected inflation of 2.3%

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) 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	5.90%	5.90%
Net Pension Liability	\$18,129,499	\$391,854
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$11,839,081	\$206,909
1% Increase	7.90%	7.90%
Net Pension Liability	\$6,663,628	\$55,758

Payable to the Pension Plan – At June 30, 2023, the City had no outstanding contributions due to the pension plan required for the year ended June 30, 2023.

(9) 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, 2021
Measurement Date:	June 30, 2022
Measurement Period:	July 1, 2021 – June 30, 2022

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

Employee Covered – As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	59
Inactive employees or beneficiaries currently receiving benefits	37
Inactive employees entitled to, but not yet receiving benefits	<u>6</u>
Total	<u>102</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, 2022, the City paid \$401,580 in retiree health premiums. In addition, the City recognized \$89,780 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, 2022 and the total OPEB liability used to calculate the net OEPB liability was determined by an actuarial valuation dated June 30, 2021 that was rolled forward to determine the June 30, 2022 total OPEB liability, based on the following actuarial methods and assumptions:

<i>Actuarial Assumptions:</i>	
Discount Rate – as of 6/30/19	6.30%
Discount Rate – as of 6/30/21	5.50%
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)

(9) 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 6/30/21 <i>Measurement Date 6/30/21</i>	\$16,731,644	\$7,364,116	\$9,367,528
Changes During the Period:			
Service Cost	583,426	-	583,426
Interest Cost	759,588	-	759,588
Expected Investment Income	-	462,061	(462,061)
Employer Contributions	-	791,360	(791,360)
Changes of Benefit Terms	-	-	-
Administrative Expenses	-	(1,864)	1,864
Other Expenses	-	-	-
Benefit Payments	(491,360)	(491,360)	-
Assumption Changes	(2,338,319)	-	(2,338,319)
Plan Experience	-	-	-
Investment Experience	-	(1,449,101)	1,449,101
Recognized Deferred Resources	-	-	-
Employer Contributions Subsequent to Measurement Date	-	-	-
Net Changes in Fiscal Year 2021-22	(1,486,665)	(688,904)	(797,761)
Balance at Fiscal Year Ending 6/30/22 <i>Measurement Date 6/30/22</i>	\$15,244,979	\$6,675,212	\$8,569,767

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	4.50%
Net OPEB Liability	\$10,784,373
Current Discount Rate	5.50%
Net OPEB Liability	\$ 8,569,767
1% Increase	6.50%
Net OPEB Liability	\$ 6,776,948

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) 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, 2022. Healthcare cost trend rate was assumed to start at 5.8% and grade down to 3.9% for years 2076 and thereafter:

1% Decrease	-1%
Net OPEB Liability	\$ 6,387,454
Current Rate	Current Trend
Net OPEB Liability	\$ 8,569,767
1% Increase	+1%
Net OPEB Liability	\$11,340,100

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the fiscal year ended June 30, 2022, the City of Hawaiian Gardens recognized OPEB expense of \$920,455. As of the fiscal year ended June 30, 2022, 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	\$ 869,609	-
Change of assumptions	3,256,001	(2,196,528)
Difference between expected and actual experience	-	(2,088,905)
Net difference between projected and actual earnings on investments	566,093	-
Total	\$4,691,703	(4,285,433)

The \$869,609 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, 2024. 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	
2024	\$ 43,403
2025	(23,885)
2026	(207,022)
2027	84,625
2028	(151,109)
Thereafter	(209,350)
	\$(463,338)

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) 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 124 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. Subsidence losses also have a \$50 million per occurrence limit. 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/coverage/risk-sharing-pools/>.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) Risk Management (continued)

Primary 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 2022-23 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 \$28,903,867. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) 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 \$23,497,867. 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 facilitated 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 2022-2023.

(11) 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 accrued on the outstanding balance at a rate equal to the average annual LAIF rates published by the State Treasurer through June 30, 2019. No interest has been accrued after that date. The amount outstanding at June 30, 2023, 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)

(11) 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 accrued on the outstanding balance at a rate equal to the average annual LAIF rates published by the State Treasurer through June 30, 2019. No interest has been accrued after that date. 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, 2023, 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, 2023, is \$793,888.

Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2023, 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	\$ 2,655,000	-	335,000	2,320,000	350,000
2019 Tax Allocation Refunding Bonds B	<u>24,605,000</u>	<u>-</u>	<u>1,985,000</u>	<u>22,620,000</u>	<u>2,035,000</u>
Total	<u>\$27,260,000</u>	<u>-</u>	<u>2,320,000</u>	<u>24,940,000</u>	<u>2,385,000</u>

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(11) 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, 2023, bonds outstanding on the 2019 Tax Allocation Refunding Bonds, Series A were \$2,320,000. The minimum annual requirements to amortize the 2019 Tax Allocation Refunding Bonds, Series A as of June 30, 2023, are as follows:

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(11) Successor Agency Fiduciary Disclosures (continued)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 350,000	97,650	447,650
2025	385,000	82,950	467,950
2026	400,000	67,250	467,250
2027	140,000	55,750	195,750
2028	145,000	48,625	193,625
2029-2033	750,000	130,500	880,500
2034	<u>150,000</u>	<u>3,750</u>	<u>153,750</u>
Total	<u>\$ 2,320,000</u>	<u>486,475</u>	<u>2,806,475</u>

At June 30, 2023, bonds outstanding on the 2019 Tax Allocation Refunding Bonds, Series B were \$22,620,000. The minimum annual requirements to amortize the 2019 Tax Allocation Refunding Bonds, Series B as of June 30, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,830,000	523,561	2,353,561
2028	1,880,000	465,988	2,345,988
2029-2033	10,390,000	1,328,913	11,718,913
2034	<u>2,300,000</u>	<u>40,250</u>	<u>2,340,250</u>
Total	<u>\$22,620,000</u>	<u>4,284,726</u>	<u>29,904,726</u>

(12) 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)

(12) 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, 2023, 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.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(13) 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 expended the construction costs as incurred since ownership of the constructed assets is retained by the District. For the year ended June 30, 2023, the City has expended \$114,429 in connection with this agreement.

(14) 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.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(15) 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, 2023:

	<u>General Fund</u>	<u>Grant Funding CIP</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
<i>Nonspendable</i>				
Prepaid items	\$ 28,710	-	-	28,710
Long-term receivables	<u>2,721,538</u>	-	-	<u>2,721,538</u>
<i>Total Nonspendable</i>	<u>2,750,248</u>	-	-	<u>2,750,248</u>
<i>Restricted</i>				
Public works	-	-	112,485	112,485
Highway and streets	-	-	2,811,929	2,811,929
Health and welfare	-	-	289,481	289,481
Low and moderate income housing	-	-	<u>2,459,406</u>	<u>2,459,406</u>
<i>Total Restricted</i>	-	-	<u>5,673,301</u>	<u>5,673,301</u>
<i>Committed</i>				
Specific contingencies	18,870,317	-	-	18,870,317
Equipment replacement	750,000	-	-	750,000
Capital projects	<u>2,647,123</u>	-	-	<u>2,647,123</u>
<i>Total Committed</i>	<u>22,267,440</u>	-	-	<u>22,267,440</u>
<i>Unassigned</i>	<u>3,965,987</u>	<u>(1,089,413)</u>	<u>(22,546)</u>	<u>2,854,028</u>
<i>Totals</i>	<u>\$28,983,675</u>	<u>(1,089,413)</u>	<u>5,650,755</u>	<u>33,545,017</u>

(16) Non-Exchange Transactions

In August 2022, the City entered into a lease agreement with the State of California for the use of Pioneer Park located in the City of Hawaiian Gardens of which the State owns. The term is for 25 years with a rental payment of \$200 month, for a total payment of \$60,000 over the 25 years. This transaction was classified as a non-exchange transaction under GASB No. 33 – *Accounting and Financial Reporting for Non-Exchange Transactions* as the State was deemed not to receive equal value for the property.

(17) Subsequent Events

Management has evaluated subsequent events through March 26, 2024 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, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 4,184,920	4,184,920	5,110,614	925,694
Licenses and permits	14,427,656	14,427,656	14,613,337	185,681
Intergovernmental	60,200	60,200	149,225	89,025
Charges for services	240,100	240,100	271,988	31,888
Fines and forfeitures	105,000	105,000	81,949	(23,051)
Rental income	146,960	146,960	198,009	51,049
Investment income	75,000	75,000	401,051	326,051
Other revenues	328,600	328,600	679,654	351,054
Total revenues	<u>19,568,436</u>	<u>19,568,436</u>	<u>21,505,827</u>	<u>1,937,391</u>
Expenditures:				
Current:				
General government	7,209,880	7,384,380	6,793,152	591,228
Public safety	5,502,588	5,477,223	5,079,222	398,001
Public works	2,048,089	2,224,887	1,929,755	295,132
Highway and streets	170,500	170,500	292,818	(122,318)
Culture and recreation	3,151,269	3,234,591	2,769,870	464,721
Urban development	276,987	279,851	168,930	110,921
Capital outlay	55,500	55,500	216,036	(160,536)
Debt service:				
Principal	-	-	30,275	(30,275)
Interest	-	-	21,095	(21,095)
Total expenditures	<u>18,414,813</u>	<u>18,826,932</u>	<u>17,301,153</u>	<u>1,525,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,153,623</u>	<u>741,504</u>	<u>4,204,674</u>	<u>3,463,170</u>
Other financing sources (uses):				
Transfers in	-	-	546,663	546,663
Transfers out	-	-	(553,312)	(553,312)
Issuance of debt	-	-	108,112	108,112
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>101,463</u>	<u>101,463</u>
Net change in fund balances	1,153,623	741,504	4,306,137	3,564,633
Fund balance, beginning of year	<u>24,677,538</u>	<u>24,677,538</u>	<u>24,677,538</u>	<u>-</u>
Fund balance, end of year	<u>\$ 25,831,161</u>	<u>25,419,042</u>	<u>28,983,675</u>	<u>3,564,633</u>

CITY OF HAWAIIAN GARDENS

American Rescue Plan Act Special Revenue Fund

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

For the Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Revenues:				
Intergovernmental	\$ 1,693,567	1,693,567	1,151,713	(541,854)
Investment income	<u>100</u>	<u>100</u>	<u>58,275</u>	<u>58,175</u>
Total revenues	1,693,667	1,693,667	1,209,988	(483,679)
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(1,209,988)</u>	<u>(1,209,988)</u>
Net change in fund balances	1,693,667	1,693,667	-	(1,693,667)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,693,667</u>	<u>1,693,667</u>	<u>-</u>	<u>(1,693,667)</u>

CITY OF HAWAIIAN GARDENS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

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, 2023, no budget was adopted for the Grant Funding CIP non-major special revenue fund; therefore no budget to actual schedule is presented.

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,				
	2023	2022	2021	2020	2019
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Plan's proportion of the collective net pension liability	0.104290%	0.098380%	0.095220%	0.095926%	0.096440%
Plan's proportionate share of the net pension liability	\$12,045,990	\$ 5,320,531	\$10,360,362	\$ 9,829,601	\$ 9,292,982
Covered payroll, measurement date	\$ 3,533,694	\$ 3,996,581	\$ 4,573,239	\$ 4,425,652	\$ 4,268,566
Plan's proportionate share of the net pension liability as percentage of covered payroll	340.89%	133.13%	226.54%	222.11%	217.71%
Plan's fiduciary net position as a percentage of the total pension liability	74.63%	88.16%	75.63%	75.37%	75.26%
Plan's proportionate share of aggregate employee contributions	\$ 1,855,027	\$ 1,575,851	\$ 1,444,737	\$ 1,249,037	\$ 1,049,163
	As of the fiscal year ending June 30,				
	2018	2017	2016	2015	
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	
Plan's proportion of the collective net pension liability	0.098090%	0.099991%	0.105129%	0.09826%	
Plan's proportionate share of the net pension liability	\$ 9,727,851	\$ 8,652,287	\$ 7,215,946	\$ 6,072,958	
Covered payroll, measurement date	\$ 3,770,860	\$ 3,897,864	\$ 4,163,053	\$ 4,056,796	
Plan's proportionate share of the net pension liability as percentage of covered payroll	257.97%	221.98%	173.33%	149.70%	
Plan's fiduciary net position as a percentage of the total pension liability	72.01%	72.15%	75.56%	78.70%	
Plan's proportionate share of aggregate employee contributions	\$ 943,094	\$ 831,830	\$ 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, 2022: There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023: The discount rate was reduced from 7.15% to 6.90%. Inflation was reduced from 2.50% to 2.30%. Mortality assumptions were changed in accordance with the 2021 CalPERS Experience Study.

* - Fiscal year 2015 was the first year of implementation, therefore only nine 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,				
	2023	2022	2021	2020	2019
Valuation Date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Contractually required contributions (actuarially determined)	\$ 1,428,139	\$ 1,232,063	\$ 1,191,277	\$ 1,485,483	\$ 1,322,070
Contributions in relation to the actuarially determined contributions	<u>\$ (1,428,139)</u>	<u>\$ (1,232,063)</u>	<u>\$ (1,191,277)</u>	<u>\$ (1,485,483)</u>	<u>\$ (1,322,070)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,231,441	\$ 3,533,694	\$ 3,996,581	\$ 4,573,239	\$ 4,425,652
Contributions as a percentage of covered payroll	33.75%	34.87%	29.81%	32.48%	29.87%

	As of the fiscal year ending June 30,			
	2018	2017	2016	2015
Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Contractually required contributions (actuarially determined)	\$ 1,181,797	\$ 1,054,846	\$ 1,010,553	\$ 941,271
Contributions in relation to the actuarially determined contributions	<u>\$ (1,181,797)</u>	<u>\$ (1,054,846)</u>	<u>\$ (1,010,553)</u>	<u>\$ (941,271)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,268,566	\$ 3,770,860	\$ 3,897,864	\$ 4,163,053
Contributions as a percentage of covered payroll	27.69%	27.97%	25.93%	22.61%

Notes to Schedule:

Methods and Assumptions Used to Determine Contribution Rates:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	15-Year Smoothed Market Method
Inflation	2.750%	2.750%	2.750%	2.750%
Salary increases	(2)	(2)	(2)	(2)
Investment rate of return	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(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 nine 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,					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 583,426	\$ 542,986	\$ 472,687	\$ 463,428	\$ 357,094	\$ 345,853
Interest on the total OPEB Liability	759,588	913,453	852,958	831,218	807,136	743,739
Actual and expected experience difference	-	(2,034,279)	-	(1,394,602)	-	-
Changes in assumptions	(2,338,319)	3,420,477	853,668	(442,113)	1,379,965	-
Changes in benefit terms	-	143,093	-	-	-	-
Benefit payments **	<u>(491,360)</u>	<u>(420,706)</u>	<u>(352,839)</u>	<u>(322,044)</u>	<u>(231,506)</u>	<u>(221,279)</u>
Net change in total OPEB liability	(1,486,665)	2,565,024	1,826,474	(864,113)	2,312,689	868,313
Total OPEB liability - beginning	<u>16,731,644</u>	<u>14,166,620</u>	<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>\$15,244,979</u>	<u>\$16,731,644</u>	<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	\$ 791,360	\$ 720,706	\$ 352,839	\$ 322,044	\$ 338,673	\$ 677,346
Net investment income	(987,040)	1,523,543	189,220	309,984	364,738	418,793
Benefit payments **	(491,360)	(420,706)	(352,839)	(322,044)	(231,506)	(221,279)
Administrative expense	(1,864)	(2,097)	(2,616)	(1,080)	(2,444)	(2,150)
Other expenses	-	-	-	-	(6,063)	-
Net change in plan fiduciary net position	(688,904)	1,821,446	186,604	308,904	463,398	872,710
Plan fiduciary net position - beginning	<u>7,364,116</u>	<u>5,542,670</u>	<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>\$ 6,675,212</u>	<u>\$ 7,364,116</u>	<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>\$ 8,569,767</u>	<u>\$ 9,367,528</u>	<u>\$ 8,623,950</u>	<u>\$ 6,984,080</u>	<u>\$ 8,157,097</u>	<u>\$ 6,307,806</u>
Covered payroll	\$ 5,042,106	\$ 4,895,249	\$ 5,631,752	\$ 4,699,058	\$ 4,976,597	\$ 4,421,834
Net OPEB liability as a percentage of covered payroll	169.96%	191.36%	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 six 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,					
	2023	2022	2021	2020	2019	2018
Valuation Date	6/30/2021	6/30/2021	6/30/2019	6/30/2017	6/30/2017	6/30/2015
Actuarially determined contribution	\$ 822,516	\$ 982,270	\$ 941,122	\$ 824,420	\$ 801,186	\$ 338,673
Contributions in relation to the actuarially determined contributions	<u>\$ (869,609)</u>	<u>\$ (791,360)</u>	<u>\$ (720,706)</u>	<u>\$ (352,839)</u>	<u>\$ (322,044)</u>	<u>\$ (338,673)</u>
Contribution deficiency (excess)	<u>\$ (47,093)</u>	<u>\$ 190,910</u>	<u>\$ 220,416</u>	<u>\$ 471,581</u>	<u>\$ 479,142</u>	<u>\$ -</u>
Covered payroll	\$5,200,000	\$5,042,106	\$5,800,705	\$5,631,752	\$4,699,058	\$4,976,597
Contributions as a percentage of covered payroll	16.72%	15.70%	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 6/30/2019-6/30/21.
Payroll Growth	3.0% for valuation dates 6/30/2015 and 6/30/2019; 3.25% for valuation date 6/30/2017; 3.0% for valuation date 6/30/21.
Investment rate of return	Valuation date Investment rate of return
	7/1/2015 7.36%
	6/30/2017 6.90%
	6/30/2019 6.90%
	6/30/2021 6.15%
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 six years are shown.

(this page intentionally left blank)

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.

Community Development Block Grant Fund - To account for federal entitlements under the Housing and Community Development Act of 1974.

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

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

PHA Low Mod Housing Fund - To account for the City's low and moderate income housing activities.

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

Transportation Development Act Fund - To account for financial transactions for the development and support of public transportation needs.

(this page intentionally left blank)

CITY OF HAWAIIAN GARDENS
Non-major Governmental Funds
Combining Balance Sheet
June 30, 2023

	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	\$ 151,300	212,553	71,552	275,289	-
Receivables:					
Loans	-	-	-	-	-
Due from other governments	65,471	8,039	4,542	-	86,159
Advances to Successor Agency	-	-	-	-	-
Total assets	<u>\$ 216,771</u>	<u>220,592</u>	<u>76,094</u>	<u>275,289</u>	<u>86,159</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 5,580	320	-	320	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>5,580</u>	<u>320</u>	<u>-</u>	<u>320</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue	-	-	-	-	86,159
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,159</u>
<u>FUND BALANCES</u>					
Restricted:					
Public works	-	-	-	-	-
Highway and streets	211,191	220,272	-	274,969	-
Health and welfare	-	-	76,094	-	-
Low and moderate income housing	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>211,191</u>	<u>220,272</u>	<u>76,094</u>	<u>274,969</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 216,771</u>	<u>220,592</u>	<u>76,094</u>	<u>275,289</u>	<u>86,159</u>

Special Revenue Funds

SELACO WIB	Community Development Block Grant	Measure R Local Transit Assistance	Measure M Local Transit Assistance	California Recycle Grant	SB1 Road Maintenance	Housing Authority Section 8	Measure W
\$ -	-	810,301	697,738	34,289	518,580	2,210	213,387
-	473,883	-	-	-	-	-	-
3,868	26,669	-	-	-	54,554	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,868</u>	<u>500,552</u>	<u>810,301</u>	<u>697,738</u>	<u>34,289</u>	<u>573,134</u>	<u>2,210</u>	<u>213,387</u>
\$ -	7,962	-	-	9,160	-	219	-
3,868	18,707	-	-	-	-	-	-
<u>-</u>	<u>473,883</u>	<u>-</u>	<u>-</u>	<u>14,433</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,868</u>	<u>500,552</u>	<u>-</u>	<u>-</u>	<u>23,593</u>	<u>-</u>	<u>219</u>	<u>-</u>
<u>-</u>	<u>22,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>22,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	810,301	697,738	10,696	573,134	-	-
-	-	-	-	-	-	-	213,387
-	-	-	-	-	-	1,991	-
<u>-</u>	<u>(22,546)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(22,546)</u>	<u>810,301</u>	<u>697,738</u>	<u>10,696</u>	<u>573,134</u>	<u>1,991</u>	<u>213,387</u>
<u>\$ 3,868</u>	<u>500,552</u>	<u>810,301</u>	<u>697,738</u>	<u>34,289</u>	<u>573,134</u>	<u>2,210</u>	<u>213,387</u>

CITY OF HAWAIIAN GARDENS
Non-major Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2023

	Special Revenue Funds			
	PHA Low Mod Housing	Lighting and Landscaping	Transportation Development Act	Total Non-major Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 1,747,649	126,587	-	4,861,435
Receivables:				
Loans		-	-	473,883
Due from other governments	-	10,098	13,628	273,028
Advances to Successor Agency	793,888	-	-	793,888
 Total assets	 \$ 2,541,537	 136,685	 13,628	 6,402,234
 <u>LIABILITIES</u>				
Accounts payable	\$ 40,770	24,200	-	88,531
Due to other funds	-	-	-	22,575
Unearned revenue	-	-	-	488,316
 Total liabilities	 40,770	 24,200	 -	 599,422
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	43,352	-	-	152,057
 Total deferred inflows of resources	 43,352	 -	 -	 152,057
 <u>FUND BALANCES</u>				
Restricted:				
Public works	-	112,485	-	112,485
Highway and streets	-	-	13,628	2,811,929
Health and welfare	-	-	-	289,481
Low and moderate income housing	2,457,415	-	-	2,459,406
Unassigned	-	-	-	(22,546)
 Total fund balances (deficits)	 2,457,415	 112,485	 13,628	 5,650,755
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 2,541,537	 136,685	 13,628	 6,402,234

(this page intentionally left blank)

CITY OF HAWAIIAN GARDENS
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	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	355,715	760,261	12,736	315,415	165,271
Investment income	2,183	3,738	1,145	4,094	3,000
Other revenues	-	8,039	-	-	-
Total revenues	<u>357,898</u>	<u>772,038</u>	<u>13,881</u>	<u>319,509</u>	<u>168,271</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	220,717
Public works	-	-	-	-	-
Highway and streets	266,957	641,532	-	220,667	-
Culture and recreation	-	-	-	-	-
Urban development	-	-	-	-	-
Health and welfare	-	-	6,825	-	-
Total expenditures	<u>266,957</u>	<u>641,532</u>	<u>6,825</u>	<u>220,667</u>	<u>220,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,941</u>	<u>130,506</u>	<u>7,056</u>	<u>98,842</u>	<u>(52,446)</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	90,941	130,506	7,056	98,842	(52,446)
Fund balances (deficits), beginning of year	<u>120,250</u>	<u>89,766</u>	<u>69,038</u>	<u>176,127</u>	<u>52,446</u>
Fund balances (deficits), end of year	<u>\$ 211,191</u>	<u>220,272</u>	<u>76,094</u>	<u>274,969</u>	<u>-</u>

Special Revenue Funds

SELACO WIB	Community Development Block Grant	Measure R Local Transit Assistance	Measure M Local Transit Assistance	California Recycle Grant	SB1 Road Maintenance	Housing Authority Section 8	Measure W
\$ -	-	-	-	-	-	-	-
137,382	108,534	236,493	267,525	10,051	311,329	1,476,838	129,722
-	-	16,056	14,775	564	9,423	9	1,740
-	-	-	-	-	-	-	-
<u>137,382</u>	<u>108,534</u>	<u>252,549</u>	<u>282,300</u>	<u>10,615</u>	<u>320,752</u>	<u>1,476,847</u>	<u>131,462</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,920
-	-	-	-	14,939	-	-	-
159,062	-	-	-	-	-	-	-
-	37,771	-	-	-	-	-	-
-	-	-	-	-	-	1,665,749	-
<u>159,062</u>	<u>37,771</u>	<u>-</u>	<u>-</u>	<u>14,939</u>	<u>-</u>	<u>1,665,749</u>	<u>4,920</u>
<u>(21,680)</u>	<u>70,763</u>	<u>252,549</u>	<u>282,300</u>	<u>(4,324)</u>	<u>320,752</u>	<u>(188,902)</u>	<u>126,542</u>
21,680	-	-	-	-	-	70,884	-
-	(88,018)	(236,107)	(297,889)	-	(172,107)	-	-
<u>21,680</u>	<u>(88,018)</u>	<u>(236,107)</u>	<u>(297,889)</u>	<u>-</u>	<u>(172,107)</u>	<u>70,884</u>	<u>-</u>
-	(17,255)	16,442	(15,589)	(4,324)	148,645	(118,018)	126,542
-	(5,291)	793,859	713,327	15,020	424,489	120,009	86,845
<u>\$ -</u>	<u>(22,546)</u>	<u>810,301</u>	<u>697,738</u>	<u>10,696</u>	<u>573,134</u>	<u>1,991</u>	<u>213,387</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, 2023

	Special Revenue Funds			Total Non-major Governmental Funds
	PHA Low Mod Housing	Lighting and Landscaping	Transportation Development Act	
Revenues:				
Taxes	\$ -	286,709	-	286,709
Intergovernmental	-	110,637	13,628	4,411,537
Investment income	31,991	1,506	-	90,224
Other revenues	-	-	-	8,039
	31,991	398,852	13,628	4,796,509
Total revenues				
Expenditures:				
Current:				
Public safety	-	-	-	220,717
Public works	-	445,242	-	450,162
Highway and streets	-	-	-	1,144,095
Culture and recreation	-	-	-	159,062
Urban development	-	-	-	37,771
Health and welfare	80,020	-	-	1,752,594
Total expenditures	80,020	445,242	-	3,764,401
Excess (deficiency) of revenues over (under) expenditures	(48,029)	(46,390)	13,628	1,032,108
Other financing sources (uses):				
Transfers in	-	-	-	92,564
Transfers out	(70,884)	-	-	(865,005)
Total other financing sources (uses)	(70,884)	-	-	(772,441)
Net change in fund balances	(118,913)	(46,390)	13,628	259,667
Fund balances (deficits), beginning of year	2,576,328	158,875	-	5,391,088
Fund balances (deficits), end of year	\$ 2,457,415	112,485	13,628	5,650,755

(this page intentionally left blank)

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, 2023

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 358,843	355,715	(3,128)
Investment income	<u> -</u>	<u> 2,183</u>	<u> 2,183</u>
Total revenues	358,843	357,898	(945)
Expenditures:			
Current:			
Highway and streets	<u> 362,476</u>	<u> 266,957</u>	<u> 95,519</u>
Net change in fund balances	(3,633)	90,941	94,574
Fund balance, beginning of year	<u> 120,250</u>	<u> 120,250</u>	<u> -</u>
Fund balance, end of year	<u><u> \$ 116,617</u></u>	<u><u> 211,191</u></u>	<u><u> 94,574</u></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, 2023

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 678,787	760,261	81,474
Investment income	100	3,738	3,638
Other revenues	<u>100</u>	<u>8,039</u>	<u>7,939</u>
 Total revenues	 <u>678,987</u>	 <u>772,038</u>	 <u>93,051</u>
 Expenditures:			
Current:			
Highway and streets	788,167	641,532	146,635
Capital outlay	<u>2,000</u>	<u>-</u>	<u>2,000</u>
 Total expenditures	 <u>790,167</u>	 <u>641,532</u>	 <u>148,635</u>
 Net change in fund balances	 (111,180)	 130,506	 241,686
 Fund balance, beginning of year	 <u>89,766</u>	 <u>89,766</u>	 <u>-</u>
 Fund balance (deficit), end of year	 <u>\$ (21,414)</u>	 <u>220,272</u>	 <u>241,686</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, 2023

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 18,500	12,736	(5,764)
Investment income	<u> -</u>	<u> 1,145</u>	<u> 1,145</u>
Total revenues	18,500	13,881	(4,619)
Expenditures:			
Current:			
Health and welfare	<u> 7,500</u>	<u> 6,825</u>	<u> 675</u>
Net change in fund balances	11,000	7,056	(3,944)
Fund balance, beginning of year	<u> 69,038</u>	<u> 69,038</u>	<u> -</u>
Fund balance, end of year	<u><u> 80,038</u></u>	<u><u> 76,094</u></u>	<u><u> (3,944)</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, 2023

	<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	\$ 250,290	315,415	65,125
Investment income	<u>19</u>	<u>4,094</u>	<u>4,075</u>
Total revenues	250,309	319,509	69,200
Expenditures:			
Current:			
Highway and streets	<u>264,001</u>	<u>220,667</u>	<u>43,334</u>
Net change in fund balances	(13,692)	98,842	112,534
Fund balance, beginning of year	<u>176,127</u>	<u>176,127</u>	<u>-</u>
Fund balance, end of year	<u>\$ 162,435</u>	<u>274,969</u>	<u>112,534</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, 2023

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 100,000	165,271	65,271
Investment income	<u> -</u>	<u> 3,000</u>	<u> 3,000</u>
 Total revenues	100,000	168,271	68,271
 Expenditures:			
Current:			
Public safety	<u> 150,000</u>	<u> 220,717</u>	<u> (70,717)</u>
 Net change in fund balances	(50,000)	(52,446)	(2,446)
 Fund balance, beginning of year	<u> 52,446</u>	<u> 52,446</u>	<u> -</u>
 Fund balance, end of year	<u> \$ 2,446</u>	<u> -</u>	<u> (2,446)</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, 2023

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 251,198	137,382	(113,816)
Expenditures:			
Current:			
Culture and recreation	<u>251,198</u>	<u>159,062</u>	<u>92,136</u>
Excess (deficiency) of revenues over (under) expenditures	-	(21,680)	(21,680)
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>21,680</u>	<u>21,680</u>
Net change in fund balances	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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, 2023

	Budget	Actual	Variance with
	Final	Amounts	Final Budget
			Positive
			(Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 194,619	108,534	(86,085)
Expenditures:			
Current:			
Urban development	<u>54,807</u>	<u>37,771</u>	<u>17,036</u>
Excess (deficiency) of revenues over (under) expenditures	139,812	70,763	(69,049)
Other financing sources (uses):			
Transfers out	<u>(139,812)</u>	<u>(88,018)</u>	<u>51,794</u>
Net change in fund balances	-	(17,255)	(17,255)
Fund balance (deficit), beginning of year	<u>(5,291)</u>	<u>(5,291)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (5,291)</u></u>	<u><u>(22,546)</u></u>	<u><u>(17,255)</u></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, 2023

	<u>Budget Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 189,558	236,493	46,935
Investment income	<u>-</u>	<u>16,056</u>	<u>16,056</u>
Total revenues	189,558	252,549	62,991
Other financing sources (uses):			
Transfers out	<u>(189,929)</u>	<u>(236,107)</u>	<u>(46,178)</u>
Net change in fund balances	(371)	16,442	16,813
Fund balance, beginning of year	<u>793,859</u>	<u>793,859</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 793,488</u></u>	<u><u>810,301</u></u>	<u><u>16,813</u></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, 2023

	Budget	Actual	Variance with
	Final	Amounts	Final Budget
			Positive
			(Negative)
Revenues:			
Intergovernmental	\$ 214,832	267,525	52,693
Investment income	<u> -</u>	<u>14,775</u>	<u>14,775</u>
Total revenues	214,832	282,300	67,468
Other financing sources (uses):			
Transfers out	<u> -</u>	<u>(297,889)</u>	<u>297,889</u>
Net change in fund balances	214,832	(15,589)	365,357
Fund balance, beginning of year	<u>713,327</u>	<u>713,327</u>	<u> -</u>
Fund balance, end of year	<u><u>\$ 928,159</u></u>	<u><u>697,738</u></u>	<u><u>365,357</u></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, 2023

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 10,000	10,051	51
Investment income	<u> -</u>	<u> 564</u>	<u> 564</u>
 Total revenues	10,000	10,615	615
 Expenditures:			
Current:			
Highway and streets	<u> 20,294</u>	<u> 14,939</u>	<u> 5,355</u>
 Net change in fund balances	(10,294)	(4,324)	5,970
 Fund balance, beginning of year	<u> 15,020</u>	<u> 15,020</u>	<u> -</u>
 Fund balance, end of year	<u><u> \$ 4,726</u></u>	<u><u> 10,696</u></u>	<u><u> 5,970</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, 2023

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 289,854	311,329	21,475
Investment income	<u> -</u>	<u> 9,423</u>	<u> 9,423</u>
Total revenues	289,854	320,752	30,898
Other financing sources (uses):			
Transfers out	<u> -</u>	<u> (172,107)</u>	<u> 172,107</u>
Net change in fund balances	289,854	148,645	203,005
Fund balance, beginning of year	<u> 424,489</u>	<u> 424,489</u>	<u> -</u>
Fund balance, end of year	<u><u> 714,343</u></u>	<u><u> 573,134</u></u>	<u><u> 203,005</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, 2023

	<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	\$ 1,469,144	1,476,838	7,694
Investment income	<u>50</u>	<u>9</u>	<u>(41)</u>
Total revenues	1,469,194	1,476,847	7,653
Expenditures:			
Current:			
Health and welfare	<u>1,768,353</u>	<u>1,665,749</u>	<u>102,604</u>
Excess (deficiency) of revenues over (under) expenditures	(299,159)	(188,902)	110,257
Other financing sources (uses):			
Transfers in	<u>250,000</u>	<u>70,884</u>	<u>(179,116)</u>
Net change in fund balances	(49,159)	(118,018)	(68,859)
Fund balance, beginning of year	<u>120,009</u>	<u>120,009</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 70,850</u></u>	<u><u>1,991</u></u>	<u><u>(68,859)</u></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, 2023

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 130,000	129,722	(278)
Investment income	<u> -</u>	<u> 1,740</u>	<u> 1,740</u>
Total revenues	130,000	131,462	1,462
Expenditures:			
Current:			
Public works	<u> -</u>	<u> 4,920</u>	<u> (4,920)</u>
Excess (deficiency) of revenues over (under) expenditures	130,000	126,542	(3,458)
Other financing sources (uses):			
Transfers out	<u> (50,000)</u>	<u> -</u>	<u> 50,000</u>
Net change in fund balances	80,000	126,542	46,542
Fund balance, beginning of year	<u> 86,845</u>	<u> 86,845</u>	<u> -</u>
Fund balance, end of year	<u><u> \$ 166,845</u></u>	<u><u> 213,387</u></u>	<u><u> 46,542</u></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, 2023

	Budget	Actual	Variance with
	Final	Amounts	Final Budget
			Positive
			(Negative)
	<u>Final</u>	<u>Amounts</u>	<u>(Negative)</u>
Revenues:			
Investment income	\$ 2,000	31,991	29,991
Expenditures:			
Current:			
Health and welfare	<u>500,000</u>	<u>80,020</u>	<u>419,980</u>
Excess (deficiency) of revenues over (under) expenditures	(498,000)	(48,029)	449,971
Other financing sources (uses):			
Transfers out	<u>(100,000)</u>	<u>(70,884)</u>	<u>29,116</u>
Net change in fund balances	(598,000)	(118,913)	479,087
Fund balance, beginning of year	<u>2,576,328</u>	<u>2,576,328</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,978,328</u></u>	<u><u>2,457,415</u></u>	<u><u>479,087</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, 2023

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Taxes	\$ 334,000	286,709	(47,291)
Intergovernmental	-	110,637	110,637
Investment income	<u>-</u>	<u>1,506</u>	<u>1,506</u>
 Total revenues	 334,000	 398,852	 64,852
 Expenditures:			
Current:			
Public works	<u>406,297</u>	<u>445,242</u>	<u>(38,945)</u>
 Net change in fund balances	 (72,297)	 (46,390)	 25,907
 Fund balance, beginning of year	 <u>158,875</u>	 <u>158,875</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 86,578</u>	 <u>112,485</u>	 <u>25,907</u>

CITY OF HAWAIIAN GARDENS

Transportation Development Act Special Revenue Fund

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

For the Year Ended June 30, 2023

	<u>Budget Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 10,000	13,628	3,628
Other financing sources (uses):			
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
Net change in fund balances	-	13,628	13,628
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>13,628</u></u>	<u><u>13,628</u></u>

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				
	2013-14	2014-15	2015-16	2016-17	2017-18
Governmental activities					
Net investment in capital assets	\$ 33,422,352	\$ 32,759,981	\$ 31,386,223	\$ 30,803,411	\$ 34,331,575
Restricted	5,143,343	5,088,435	5,094,844	5,403,357	4,131,805
Unrestricted	19,919,647	18,850,677	21,723,206	23,411,173	13,552,152
Total net position	<u>\$ 58,485,342</u>	<u>\$ 56,699,093</u>	<u>\$ 58,204,273</u>	<u>\$ 59,617,941</u>	<u>\$ 52,015,532</u>

	Fiscal Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
Governmental activities					
Net investment in capital assets	\$ 34,901,907	\$ 34,277,114	\$ 31,968,470	\$ 30,819,548	\$ 30,745,333
Restricted	3,122,010	2,996,110	5,058,926	5,396,379	5,673,301
Unrestricted	12,853,148	8,432,038	3,228,756	8,603,312	13,553,306
Total net position	<u>\$ 50,877,065</u>	<u>\$ 45,705,262</u>	<u>\$ 40,256,152</u>	<u>\$ 44,819,239</u>	<u>\$ 49,971,940</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			
	2013-14	2014-15	2015-16	2016-17
Expenses				
Governmental activities:				
General government	\$ 6,052,505	\$ 6,037,441	\$ 4,599,086	\$ 5,495,258
Public safety	3,332,962	3,440,359	3,773,979	4,131,716
Public works	2,411,659	2,014,710	3,258,555	3,813,884
Highways and streets	1,349,640	1,389,596	1,400,432	1,414,882
Culture and recreation	3,204,330	3,304,846	3,396,255	3,615,032
Urban development	317,298	346,794	344,373	339,106
Health and welfare	1,444,790	1,371,582	1,531,033	1,532,072
Interest on long-term debt	-	-	-	-
Total governmental activities expenses	<u>18,113,184</u>	<u>17,905,328</u>	<u>18,303,713</u>	<u>20,341,950</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	29,030	6,745	17,495	34,786
Public safety	87,074	80,378	60,932	121,383
Public works	817,364	1,332,288	515,685	508,682
Culture and recreation	237,432	195,820	217,755	242,156
Health and welfare	3,125	1,310	1,855	2,046
Operating grants and contributions	3,572,376	3,298,207	3,087,071	3,604,953
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>4,746,401</u>	<u>4,914,748</u>	<u>3,900,793</u>	<u>4,514,006</u>
Net (Expense)/Revenue - Governmental Activities	<u>(13,366,783)</u>	<u>(12,990,580)</u>	<u>(14,402,920)</u>	<u>(15,827,944)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	1,504,630	1,740,562	1,607,190	1,684,931
Business license taxes	11,370,160	11,919,789	13,022,716	13,922,319
Sales taxes	772,165	844,475	986,776	967,587
Franchise taxes	208,830	217,063	214,227	173,713
Other taxes	164,163	220,103	203,515	196,114
Motor vehicle in lieu, unrestricted	6,755	6,525	5,869	33,532
Investment income (loss)	47,365	50,245	90,265	103,652
Other general revenues	367,279	2,931,149	178,322	159,764
Total governmental activities	<u>14,441,347</u>	<u>17,929,911</u>	<u>16,308,880</u>	<u>17,241,612</u>
Change in net position before extraordinary gain	1,074,564	4,939,331	1,905,960	1,413,668
Extraordinary gain (loss) on dissolution of RDA	<u>(2,250,125)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ (1,175,561)</u>	<u>\$ 4,939,331</u>	<u>\$ 1,905,960</u>	<u>\$ 1,413,668</u>

Source: City of Hawaiian Gardens, Finance Department

Fiscal Year					
2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
\$ 5,674,938	\$ 6,390,273	\$ 6,951,501	\$ 6,082,355	\$ 5,655,729	\$ 6,743,343
4,581,942	5,167,194	5,418,284	5,274,925	4,750,589	5,078,511
4,040,356	3,660,133	4,233,010	3,925,246	3,504,016	4,740,444
1,562,838	1,950,720	2,132,853	1,665,581	1,353,644	1,374,208
4,156,308	4,504,946	4,288,896	2,983,881	2,822,172	3,254,258
316,806	310,148	326,879	288,186	197,003	197,681
3,219,253	2,049,423	2,003,352	1,861,267	2,017,509	1,716,629
-	-	-	-	1,205	21,095
<u>23,552,441</u>	<u>24,032,837</u>	<u>25,354,775</u>	<u>22,081,441</u>	<u>20,301,867</u>	<u>23,126,169</u>
134,512	137,593	184,801	179,652	162,461	129,264
-	-	-	-	-	-
800,115	380,549	1,027,968	324,330	767,558	466,953
173,052	215,735	104,985	2,755	106,411	180,763
1,750	1,270	1,320	40	-	60
3,734,057	3,289,950	4,035,960	5,347,588	4,451,492	6,723,153
-	-	-	-	-	-
<u>4,843,486</u>	<u>4,025,097</u>	<u>5,355,034</u>	<u>5,854,365</u>	<u>5,487,922</u>	<u>7,500,193</u>
<u>(18,708,955)</u>	<u>(20,007,740)</u>	<u>(19,999,741)</u>	<u>(16,227,076)</u>	<u>(14,813,945)</u>	<u>(15,625,976)</u>
2,231,585	2,284,683	2,484,551	2,630,197	2,729,314	2,877,847
14,014,719	13,996,372	10,170,294	5,496,585	13,554,075	13,612,632
876,530	1,020,536	947,507	1,621,335	2,281,487	2,295,856
222,146	234,068	210,885	188,076	189,286	679,870
246,811	224,529	272,781	194,500	359,857	269,018
-	-	-	-	-	-
297,221	620,787	458,870	195,646	(185,609)	265,172
400,141	488,298	283,050	451,627	448,622	778,282
<u>18,289,153</u>	<u>18,869,273</u>	<u>14,827,938</u>	<u>10,777,966</u>	<u>19,377,032</u>	<u>20,778,677</u>
(419,802)	(1,138,467)	(5,171,803)	(5,449,110)	4,563,087	5,152,701
-	-	-	-	-	-
<u>\$ (419,802)</u>	<u>\$ (1,138,467)</u>	<u>\$ (5,171,803)</u>	<u>\$ (5,449,110)</u>	<u>\$ 4,563,087</u>	<u>\$ 5,152,701</u>

CITY OF HAWAIIAN GARDENS

FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2012-13	2013-14	2014-15	2015-16
General Fund				
Nonspendable	\$ 2,721,538	\$ 2,721,539	\$ 2,721,538	\$ 2,728,038
Committed	15,750,000	15,750,000	15,750,000	19,851,718
Unassigned	2,703,122	6,787,610	9,505,290	6,663,117
Total General Fund	<u>21,174,660</u>	<u>25,259,149</u>	<u>27,976,828</u>	<u>29,242,873</u>
All Other Governmental Funds				
Nonspendable	-	-	-	6,500
Restricted:				
Public safety	15,515	20,832	-	28,158
Public works	482,612	363,904	414,213	364,073
Debt service	-	-	-	-
Highways and streets	625,196	801,904	803,495	1,062,205
Low and moderate income housing	3,726,086	3,726,086	3,700,586	3,700,876
Culture and recreation	21,561	16,749	15,988	9,535
Health and welfare	268,194	152,751	151,069	216,786
Unassigned	<u>(78,661)</u>	<u>(102,538)</u>	<u>(104,215)</u>	<u>(58,089)</u>
Total All Other Governmental Funds	<u>5,060,503</u>	<u>4,979,688</u>	<u>4,981,136</u>	<u>5,330,044</u>
Total All Governmental Funds	<u>\$ 26,235,163</u>	<u>\$ 30,238,837</u>	<u>\$ 32,957,964</u>	<u>\$ 34,572,917</u>

Fiscal Year					
2016-17	2017-18	2018-19	2019-20	2021-22	2022-23
\$ 2,721,538	\$ 2,721,538	\$ 2,721,538	\$ 2,530,561	\$ 2,378,411	\$ 2,750,248
17,984,604	19,285,328	14,218,842	14,172,942	16,729,725	22,267,440
6,200,055	4,662,768	6,628,875	2,324,316	5,569,402	3,965,987
<u>26,906,197</u>	<u>26,669,634</u>	<u>23,569,255</u>	<u>19,027,819</u>	<u>24,677,538</u>	<u>28,983,675</u>
-	-	3,423	-	-	-
68,623	3,623	61,944	117,500	52,446	-
198,522	210,418	77,116	131,111	158,875	112,485
-	-	-	-	-	-
873,916	1,171,329	1,469,007	1,828,118	2,332,838	2,811,929
2,073,547	1,657,227	1,319,806	2,823,627	2,696,337	2,459,406
9,535	-	-	-	-	-
163,986	36,061	21,462	158,570	155,883	289,481
<u>(587,590)</u>	<u>(301,051)</u>	<u>(91,498)</u>	<u>(254,852)</u>	<u>(145,036)</u>	<u>(1,111,959)</u>
<u>2,800,539</u>	<u>2,777,607</u>	<u>2,861,260</u>	<u>4,804,074</u>	<u>5,251,343</u>	<u>4,561,342</u>
<u>\$ 29,706,736</u>	<u>\$ 29,447,241</u>	<u>\$ 26,430,515</u>	<u>\$ 23,831,893</u>	<u>\$ 29,928,881</u>	<u>\$ 33,545,017</u>

CITY OF HAWAIIAN GARDENS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2013-14	2014-15	2015-16	2016-17
Revenues				
Taxes	\$ 2,685,762	\$ 3,060,064	\$ 3,078,583	\$ 3,120,636
Licenses and permits	11,969,338	13,059,057	13,439,303	14,318,713
Intergovernmental	3,553,268	3,432,287	3,197,253	3,670,006
Charges for services	456,760	386,856	292,955	313,170
Fines and penalties	87,074	80,379	58,709	110,990
Rental income	104,150	73,688	75,415	80,455
Investment income	27,643	42,706	77,189	86,879
Other revenue	252,128	1,354,454	841,372	70,033
Total Revenues	<u>19,136,123</u>	<u>21,489,491</u>	<u>21,060,779</u>	<u>21,770,882</u>
Expenditures				
Current:				
General government	4,445,996	5,133,025	5,303,677	5,356,431
Public safety	3,331,158	3,439,279	3,772,899	4,130,636
Public works	1,730,904	1,872,922	2,011,794	2,242,723
Highways and streets	1,349,640	1,389,596	1,400,432	1,414,882
Culture and recreation	2,933,003	3,033,511	3,122,878	3,339,993
Urban development	317,298	346,794	344,373	339,106
Health and welfare	1,409,379	1,336,171	1,440,245	1,468,922
Capital outlay	1,321,855	855,426	796,013	1,485,115
Debt Service:				
Principal	87,538	79,093	149,341	378,121
Interest	-	-	-	-
Total Expenditures	<u>16,926,771</u>	<u>17,485,817</u>	<u>18,341,652</u>	<u>20,155,929</u>
Excess of revenues over (under) expenditures	<u>2,209,352</u>	<u>4,003,674</u>	<u>2,719,127</u>	<u>1,614,953</u>
Other Financing Sources/(Uses)				
Proceeds from the sale of property	-	-	-	-
Transfers in	620,859	999,404	799,154	1,533,449
Transfers out	(620,859)	(999,404)	(799,154)	(1,533,449)
Issuance of long-term debt	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances before extraordinary item	<u>2,209,352</u>	<u>4,003,674</u>	<u>2,719,127</u>	<u>1,614,953</u>
Extraordinary loss on dissolution of RDA	<u>(299,376)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,909,976</u>	<u>\$ 4,003,674</u>	<u>\$ 2,719,127</u>	<u>\$ 1,614,953</u>
Debt service as a percentage of noncapital exp.	0.56%	0.48%	0.85%	2.03%

Source: City of Hawaiian Gardens, Finance Department

Fiscal Year						
2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
\$ 3,330,503	\$ 3,502,103	\$ 3,693,134	\$ 4,425,145	\$ 5,253,342	\$ 5,397,323	
14,538,311	14,494,647	10,930,623	5,991,998	14,147,878	14,613,337	
3,111,240	3,589,510	4,212,815	4,912,981	4,425,810	5,751,090	
254,140	333,791	250,544	96,514	192,931	271,988	
127,414	122,961	123,564	107,963	95,968	81,949	
95,101	111,653	93,869	102,315	153,621	198,009	
329,655	596,541	506,371	6,117	(224,443)	549,550	
724,721	390,495	581,605	341,702	685,633	687,693	
<u>22,511,085</u>	<u>23,141,701</u>	<u>20,392,525</u>	<u>15,984,735</u>	<u>24,730,740</u>	<u>27,550,939</u>	
5,284,332	5,838,983	6,293,117	5,785,827	5,338,485	6,793,152	
4,416,565	4,905,071	5,119,479	4,961,862	4,597,722	5,299,939	
2,676,143	2,586,293	2,766,803	2,131,510	2,272,128	2,379,917	
1,507,807	1,849,383	2,018,902	1,569,660	1,312,807	1,436,913	
3,717,237	3,932,754	3,718,774	2,453,245	2,369,233	3,004,166	
303,617	294,036	309,415	271,589	191,060	206,701	
3,120,344	1,902,528	1,807,954	1,710,779	1,914,817	1,752,594	
5,233,141	2,063,928	1,348,758	1,168,038	698,052	3,118,163	
26,049	28,220	26,049	26,049	8,150	30,275	
-	-	-	-	1,205	21,095	
<u>26,285,235</u>	<u>23,401,196</u>	<u>23,409,251</u>	<u>20,078,559</u>	<u>18,703,659</u>	<u>24,042,915</u>	
<u>(3,774,150)</u>	<u>(259,495)</u>	<u>(3,016,726)</u>	<u>(4,093,824)</u>	<u>6,027,081</u>	<u>3,508,024</u>	
-	-	-	1,495,202	-	-	
4,886,401	1,838,905	1,526,929	1,454,213	864,312	3,616,588	
(4,886,401)	(1,838,905)	(1,526,929)	(1,454,213)	(864,312)	(3,616,588)	
-	-	-	-	69,907	108,112	
-	-	-	1,495,202	69,907	108,112	
(3,774,150)	(259,495)	(3,016,726)	(2,598,622)	6,096,988	3,616,136	
-	-	-	-	-	-	
<u>\$ (3,774,150)</u>	<u>\$ (259,495)</u>	<u>\$ (3,016,726)</u>	<u>\$ (2,598,622)</u>	<u>\$ 6,096,988</u>	<u>\$ 3,616,136</u>	
0.12%	0.13%	0.12%	0.14%	0.05%	0.25%	

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
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
2022	647,105,010	188,705,640	48,535,356	9,976,660	16,340,076	81,792,001
2023	684,946,710	194,396,107	49,506,040	10,557,223	22,988,158	83,427,834
	Secured Other (Note 2)	Unsecured	SBE Nonunitary	Taxable Assessed Value (Note 1)	Total Direct Rate	
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	32.192%	
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%	
2022	6,067,168	32,215,888	-	1,030,737,799	30.872%	
2023	40,573,112	35,323,473	-	1,121,718,657	30.812%	

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				
	2013-14	2014-15	2015-16	2016-17	2017-18
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2):					
ABC Unified School District	0.02894	0.02916	0.03243	0.03132	0.03107
Cerritos Community College District	0.02502	0.04809	0.04829	0.04698	0.04370
Long Beach Community College District	0.02241	0.04595	0.03825	0.06736	0.06760
Long Beach Unified School District	0.07981	0.08764	0.08324	0.08539	0.14732
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Total Direct & Overlapping Tax Rates	1.15968	1.21434	1.20571	1.23455	1.29319
City's Share of 1% Levy Per Prop 13 (Note 3)	0.05602	0.05602	0.05602	0.05602	0.05602
Total Direct Rate (Note 4)	0.32190	0.32190	0.32202	0.32192	0.30120

	Fiscal Year				
	2018-19	2019-20	2020-21	2021-22	2022-23
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2):					
ABC Unified School District	0.03019	0.08193	0.07798	0.07658	0.07927
Cerritos Community College District	0.04446	0.04449	0.04348	0.04251	0.04361
Long Beach Community College District	0.06319	0.06309	0.06327	0.06035	0.05970
Long Beach Unified School District	0.14053	0.14334	0.13363	0.12724	0.12591
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Total Direct & Overlapping Tax Rates	1.28187	1.33635	1.32186	1.31018	1.31199
City's Share of 1% Levy Per Prop 13 (Note 3)	0.05602	0.05602	0.05602	0.05602	0.05602
Total Direct Rate (Note 4)	0.30873	0.30835	0.30821	0.30872	0.30812

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: Total Direct Rate is the weighted average of all individual direct rates applied by the City. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as the general fund revenue.

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2022-23			Fiscal Year 2013-14		
	Rank	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Rank	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Cerritos Gardens General Hospital Company	1	\$ 85,489,699	7.62%	1	\$ 21,041,389	3.14%
Hawaiian Gardens Lakewood Retail*	2	37,373,464	3.33%			
Golden State Water Company	3	33,515,308	2.99%			
Gershman Properties LLC	4	24,442,969	2.18%			
HP Hawaiian Terrace LLC	5	22,052,500	1.97%			
Irving I Moskowitz Foundation	6	21,742,190	1.94%	2	18,228,331	2.72%
Hawaiian Gardens Card Club*	7	18,774,783	1.67%			
Extra Space Properties Two LLC	8	17,119,281	1.53%			
NSA-C Holding LLC	9	12,333,255	1.10%			
Wendy Wong-Haigh Living Trust	10	11,849,414	1.06%			
Extra Space Properties Ninety Four LP				3	14,500,000	2.17%
HPE Hawaiian Gardens Retail LLC				4	12,858,000	1.92%
Colton Hawaiian Gardens LLC				5	10,669,884	1.59%
Xavier A. Wong Trust Et Al				6	10,211,473	1.53%
Hawaiian Gardens Square				7	10,013,602	1.50%
DV Properties				8	9,896,312	1.48%
Franklin Family Trust				9	9,191,396	1.37%
Whelan Investments NC				10	9,157,470	1.37%
		<u>\$ 284,692,863</u>	<u>25.39%</u>		<u>\$125,767,857</u>	<u>18.79%</u>

Source: The HdL Companies

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
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%
2022	212,130	169,963	80.12%
2023	204,470	198,842	97.25%

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.

Source: Los Angeles County Auditor-Controller - AF91

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		Collections in Subsequent Years	Collections to Date	
		Amount	Percent of Fee		Amount	Percent of Fee
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%
2022	12,944,064	11,892,698	91.88%	1,051,366	12,944,064	100.00%
2023	12,986,698	11,903,858	91.66%	1,082,840	12,986,698	100.00%

Notes:

In FY 2019-20 and FY 2020-21, the State mandates related to the COVID-19 pandemic resulted in the Casino's full or partial closure for multiple months.

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

Source: City of Hawaiian Gardens Finance Department

CITY OF HAWAIIAN GARDENS

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Percent of Assessed Value (2)	Percent of Personal Income (1)	Debt Per Capita (1)	
	Notes Payable	Lease Liabilities	SBITA Liabilities				Total
2014	\$ 238,539	\$ -	\$ -	\$ 238,539	0.04%	0.11%	\$ 17
2015	191,748	-	-	191,748	0.03%	0.09%	13
2016	148,857	-	-	148,857	0.02%	0.08%	10
2017	110,709	-	-	110,709	0.01%	0.06%	8
2018	84,660	-	-	84,660	0.01%	0.04%	6
2019	56,440	-	-	56,440	0.01%	0.03%	4
2020	30,391	-	-	30,391	0.00%	0.01%	2
2021	4,342	-	-	4,342	0.00%	0.00%	-
2022	-	66,099	-	66,099	0.01%	0.02%	5
2023	-	53,302	90,634	143,936	0.01%	0.05%	11

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.

Source: City of Hawaiian Gardens Finance Department

CITY OF HAWAIIAN GARDENS

DIRECT AND OVERLAPPING DEBT
GOVERNMENTAL ACTIVITIES

As of June 30, 2023

	Debt Outstanding	Percent Applicable To City (1)	Estimated City's Share of Debt 6/30/2023
Direct Debt:			
City of Hawaiian Gardens Lease Liabilities	53,302	100.000%	53,302
City of Hawaiian Gardens SBITA Liabilities	90,634	100.000%	90,634
Total Direct Debt			<u>143,936</u>
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 19,215,000	0.031%	\$ 5,957
Cerritos Community College District	445,232,887	1.931%	8,597,447
ABC Unified School District	124,137,739	6.080%	7,547,575
Total Overlapping Tax and Assessment Debt			<u>16,150,979</u>
Overlapping General Fund Debt:			
Los Angeles County General Fund Obligations	2,601,551,282	0.059%	1,534,915
Los Angeles County Superintendent of Schools Certificates of Participation	3,403,487	0.059%	2,008
Los Angeles County Sanitation District No. 19 Authority	139,904	7.167%	10,027
Total Overlapping General Fund Debt			<u>1,546,950</u>
Overlapping Tax Increment Debt (Successor Agency)	24,940,000	100.000%	24,940,000
Total Overlapping Debt			<u>42,637,929</u>
Total Direct and Overlapping Debt			<u>\$ 42,781,865</u>

2022-23 Total Assessed Valuation	\$ 1,121,718,657
2022-23 Successor Agency Incremental Valuation	1,071,046,808

Ratios to 2022-23 Total Assessed Valuation:	
Direct Debt	0.013%
Overlapping Debt	3.801%
Total Debt (Direct & Overlapping)	3.814%
Ratio to 2022-23 Successor Agency Incremental Valuation	
Successor Agency Overlapping Tax Increment Debt	2.329%

Note 1: Overlapping governments are those that coincide, at least in part, with 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. This process recognizes that when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government. The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city, divided by the district's total taxable assessed value.

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	\$ 1,121,718,657
Debt limit (15% of assessed value, see Note)	168,257,799
Debt applicable to limit (see Note)	-
Legal debt margin - Current Year	<u>\$ 168,257,799</u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2021-22	154,610,670	-	154,610,670	0%
2022-23	168,257,799	-	168,257,799	0%

Note: Under State law, the City may not issue debt in excess of 15% of the total assessed valuation of taxable property within its boundaries. In accordance with California Governmental Code Section 43605, only the City's general obligation bonds are subject to that legal debt limit.

Source: City of Hawaiian Gardens Finance Department

CITY OF HAWAIIAN GARDENS
DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	City Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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%
2021	13,619	264,871	19,448	5.8%
2022	13,546	297,552	21,966	3.9%

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Business Name	Fiscal Year 2022-23 (1)		Fiscal Year 2013-14 (2)	
	Number of Employees (FTE)	Percent of Total Employment	Number of Employees (FTE)	Percent of Total Employment
Hawaiian Gardens Casino	(1)		1,633	23.82%
ABC Unified School District	(1)		170	2.48%
City of Hawaiian Gardens*	(1)		80	1.17%
Food 4 Less*	(1)		61	0.89%
Mc Donald's*	(1)			
Pacific Gardens Medical Center	(1)			
Jack in the Box*	(1)			
Howard Contracting Inc.	(1)		40	0.58%
99 Cents Only Stores	(1)			
CVS Pharmacy*	(1)		29	0.42%
Tri-City Medical Center	(1)		374	5.46%
Zion Market	(1)		92	1.34%
Total Building Care, Inc.	(1)		70	1.02%
Richmond Plastering Inc.	(1)		40	0.58%
Total Top Employers	0	0.00%	2,589	37.76%
Total City Employment (3)	6,300	100.00%		

*Represents Full-time and Part-time Employees

Sources:

- (1) Information Not Available for FY 22-23 at time of report issuance.
- (2) City of Hawaiian Gardens FY 2013-14 ACFR
- (3) EDD Labor Force Data

CITY OF HAWAIIAN GARDENS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	11	12	12	14	14	15	15	15	17	15
Public Safety	3	3	3	7	7	12	12	7	9	8
Public Works	8	8	8	8	8	8	8	8	9	9
Culture and Recreation	42	32	31	36	36	47	47	19	24	26
Highways and Streets	6	6	6	5	6	6	6	3	3	3
Urban Development	8	9	9	9	13	12	11	7	7	7
	<u>78</u>	<u>70</u>	<u>69</u>	<u>79</u>	<u>84</u>	<u>100</u>	<u>99</u>	<u>59</u>	<u>69</u>	<u>68</u>

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

Source: City of Hawaiian Gardens Finance Department

CITY OF HAWAIIAN GARDENS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Police:					
Physical arrests	366	515	386	427	386
Parking violations	1,715	2,093	2,130	3,460	4,304
Traffic violations	1,142	998	998	2,139	1,363
Highways and Streets:					
Street resurfacing (miles)	1.00	1.00	1.85	1.15	1.56
Potholes repaired	5	8	52	47	43
Human Services:					
Senior Center Programs:					
Classes and activities	140	13	191	20	20
Number of Participants	54,178	46,273	36,500	37,000	37,150
Excursions	30	27	37	35	37
Number of Participants	1,260	1,363	1,000	980	1,010
Special events	25	23	23	23	23
Number of Participants	3,075	2,077	2,100	2,200	2,254
Transportation:					
Number of passengers	21,886	24,226	24,300	24,400	25,795
Mileage	62,504	58,682	63,400	64,000	69,161
Recreation:					
Classes and activities	205	240	248	250	25
Number of participants	142,172	104,545	104,500	104,500	104,800
Special events	29	28	28	25	25
Number of participants	22,000	108,545	108,500	107,000	107,469
Number of facility rentals	25	16	14	32	49

Function	Fiscal Year Ended June 30,				
	2019	2020	2021	2022	2023
Police:					
Physical arrests	394	485	387	287	261
Parking violations	4,530	5,603	6,247	4,249	4,048
Traffic violations	1,183	522	423	261	
Highways and Streets:					
Street resurfacing (miles)	-	1.25	1.88	1.50	1.30
Potholes repaired	29	38	45	3	14
Human Services: (1)					
Senior Center Programs:					
Classes and activities	20	14	2	2	7
Number of Participants	38,050	31,829	9,056	11,540	14,573
Excursions	36	22	-	-	10
Number of Participants	1,050	521	-	-	253
Special events	23	11	-	-	12
Number of Participants	2,500	1,196	-	-	1,704
Transportation:					
Number of passengers	25,900	15,822	8,983	9,255	2,340
Mileage	73,079	45,972	20,828	23,560	53,980
Recreation:					
Classes and activities	25	26	7	7	23
Number of participants	104,800	623	7,574	21,159	56,070
Special events	25	11	-	9	17
Number of participants	107,600	15,650	-	13,580	26,800
Number of facility rentals	52	36	-	-	51

Note 1: In FY 2020-21, COVID restrictions did not allow for programs. In FY 2021-22, limited programming was offered.

Source: City of Hawaiian Gardens - Various Departments

CITY OF HAWAIIAN GARDENS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Vehicles	4	4	5	5	6	6	5	6	3	3
Public Safety:										
Vehicles	1	1	1	1	3	5	5	4	5	5
Public Works:										
Vehicles	20	20	13	13	10	12	13	14	14	17
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	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	7	7	7	8	9	10	8	8	8

Source: City of Hawaiian Gardens - Various Departments