

CITY OF HAWAIIAN GARDENS  
Hawaiian Gardens, California

Comprehensive Annual Financial Report

Year ended June 30, 2008

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year ended June 30, 2008

Prepared by  
Department of Finance

David Sung  
Finance Director

**CITY OF HAWAIIAN GARDENS, CALIFORNIA**

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CITY OF HAWAIIAN GARDENS  
Comprehensive Annual Financial Report  
Year ended June 30, 2008

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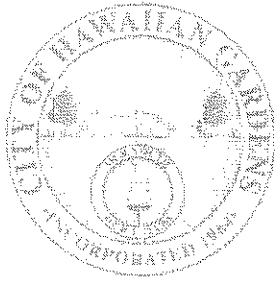
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# CITY OF HAWAIIAN GARDENS

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December 18, 2008

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 financials 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 comprehensive annual financial statements of the City of Hawaiian Gardens ("the City") for the fiscal year ended June 30, 2008.

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 *MAYER HOFFMAN MCCANN P.C. CONRAD GOVERNMENT SERVICES DIVISION*, a firm of 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, 2008, 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 unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2008, 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 audited 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.

GAAP requires 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 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 the Government

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 15,900.

The City has operated under the Council-City Administrator form of government since 1964. 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 Administrator and City Attorney. The City Administrator 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 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 protection (contracted with Los Angeles Sheriff's department); the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events. The City is financially accountable for a redevelopment agency and financing authority, both of which are reported separately within the City's financial statements. Additional information regarding all three of these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City's administrator during the month of March. The City's administrator uses these requests as the starting point for developing a proposed budget. The City's administrator then presents this proposed budget to the council for review during the month of May. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. human services), and department (e.g. special events). Transfers of appropriations between funds require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. Formal budgetary integration is not employed for debt service funds or capital project funds because effective budgetary control is alternatively achieved through trust

indenture provisions. 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 governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying 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 within the City operates.

**Local economy.** The City currently enjoys a favorable economic environment. The City's main source of jobs and revenue is the Hawaiian Gardens Casino (a card club). The Casino has continued growth in patronage since opening in the year 2000 and is in the process of developing plans for expanding its facility to accommodate more players along with meeting and eating facilities.

The City is located in Southeastern corner of Los Angeles County. The overall area has a population in excess of ten million people. This population is very diverse and the related economy of the area is also very diverse. Current trends indicate an increased in the value of real estate, especially in the residential area. The local economy is sound and projections indicate that further growth is expected.

**Long-term financial planning and Major Initiatives.** The City established a Fiscal Policy in 2000. This fiscal policy set as a goal to establish a General Fund Reserve of one year's Casino revenue to the City, currently \$13,200,000. This reserve was to be set aside in yearly increments of \$500,000 until the total amount had been set aside. This reserve is currently \$4,500,000.

The City's biggest initiative is the purchasing and the rehabilitation of an existing building to serve as both the City library and public safety building. Preliminary estimates of the cost of this facility are \$3,800,000. The grand opening is scheduled in January, 2009.

Another project in the early stages of implementation will enhance the quality of life for the residents of the City. The City is in the process of improving the fields at Fedde Middle School to make these fields a Sports Complex. This complex will serve as one of the cities parks and added lighting, new sod and a running track.

**Cash management policies and practices.** The City has an Investment Policy which is reviewed and adopted each year. Cash temporarily idle during the year can be invested in certificates of deposit, obligations of the U.S. Treasury, commercial paper, corporate bonds and the state of California Local Agency Investment Fund. Investment revenue includes appreciation/depreciation in the fair value of investments. Increases and decreases in fair value during the year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of

temporary changes in the fair value of investments that the City intends to hold to maturity.

**Risk management.** The City is a member of the California Joint Powers Insurance Authority (CJPIA), which has over 100 member agencies. All risk management for both Liability and Workers' Compensation are handled by the CJPIA. The City's costs for this are based on actual claims plus pooled costs. The CJPIA serves as the lead third party administrator and processes and disposes of all claims. Additional information on the City's risk management activity can be found in the notes to the financial statements.

**Pension and other postemployment benefits.** The City contributes to the California Public Employees Retirement System, an agent multiple-employer defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by this funding policy. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded over 12 years as part of the annual required contribution calculated by the actuary.

The City also provides postretirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 16 retired employees receiving these benefits, which are financed on a pay-as-you-go basis.

Additional information regarding the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

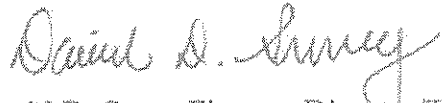
#### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hawaiian Gardens for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Members of the City Council and Residents of the City of Hawaiian Gardens:  
December 18, 2008

Respectfully submitted,

A handwritten signature in cursive script that reads "David D. Sung". The signature is written in dark ink and is positioned above the printed name.

David D. Sung, Finance Director/Treasurer

CITY OF HAWAIIAN GARDENS

Directory of City Officials

June 30, 2008

CITY COUNCIL

Michiko Oyama-Canada - Mayor  
Betty J. Shultz - Mayor Pro Tem  
Michael S. Gomez - Councilmember  
Victor A. Farfan - Councilmember  
John F. Heckerman - Councilmember

ADMINISTRATIVE TEAM

Ernesto Marquez - City Administrator  
Sue Underwood - City Clerk  
David D. Sung - Finance Director/Treasurer  
Joseph Colombo - Community Development Director  
Steven J. Gomez - Director of Human Services  
John E. Cavanaugh - City Attorney  
Joe Vasquez - Public Works Superintendent

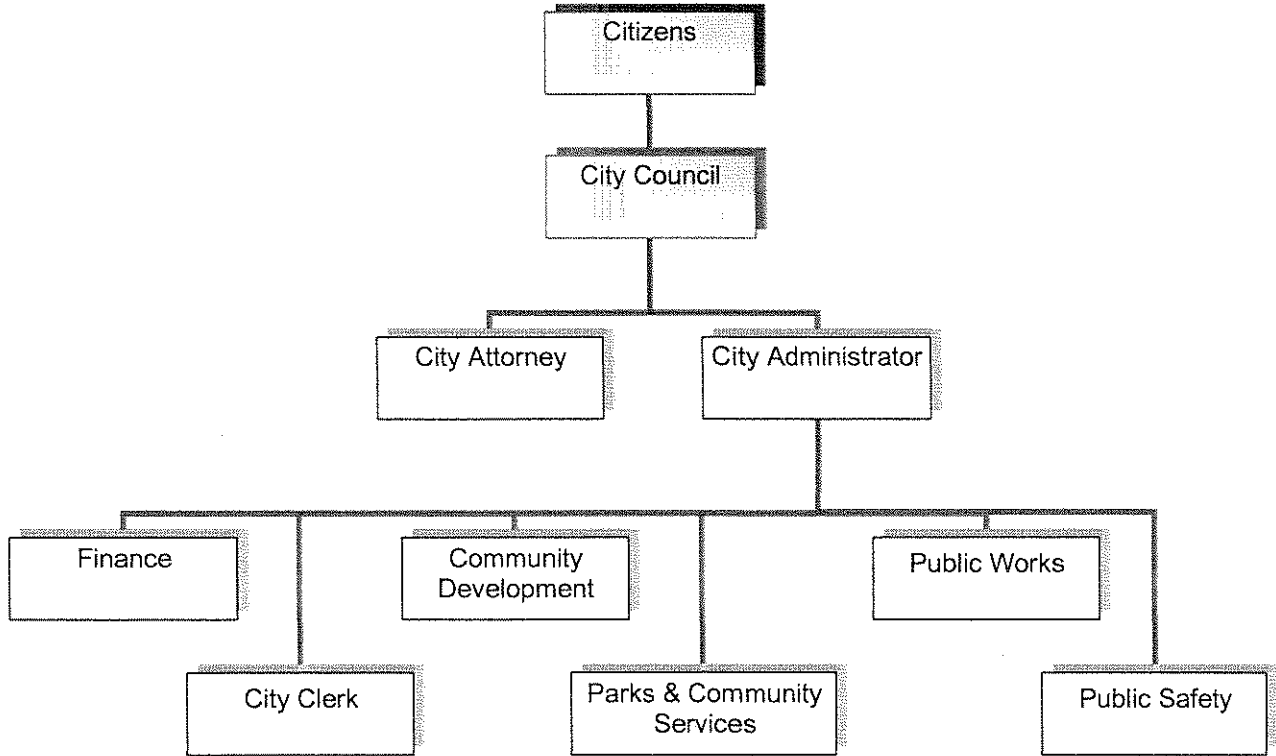
BOARDS/COMMISSIONS

Planning Commission  
Public Housing Commission  
Public Safety Commission  
Recreation Commission

CITY OF HAWAIIAN GARDENS

Organization Chart

June 30, 2008



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hawaiian Gardens  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title "President".

President

A handwritten signature in black ink, reading "Jeffrey R. Enow", is written above the title "Executive Director".

Executive Director



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The Honorable Mayor and City Council  
City of Hawaiian Gardens, California

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hawaiian Gardens, California as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Hawaiian Gardens, California. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Hawaiian Gardens for the year ended June 30, 2007 and, in our report dated December 5, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 as of June 30, 2008 and the respective changes in financial position of the City of Hawaiian Gardens for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



The Honorable Mayor and City Council  
City of Hawaiian Gardens, California  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements, individual nonmajor fund budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and individual nonmajor fund budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Nayer Hoffman McCann P.C.*

Irvine, California  
December 18, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Hawaiian Gardens provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

### Using the Accompanying Financial Statements

This annual financial report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements, required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements. The fund financial statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provided additional financial and budgetary information.

### Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. One of the most important questions asked about the City's finances is, "Is the City, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases and decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

### Reporting the City's Most Significant Funds

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 or by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money. The City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* in a reconciliation at the bottom of the fund financial statements.

A summary of the government-wide *statement of net assets* follows:

### CITY OF HAWAIIAN GARDENS Statement of Net Assets June 30, 2008 and 2007

**Table 1**

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>	<u>Change</u>
Current and other assets	\$ 28,835,195	33,362,233	(4,527,038)
Capital assets, net of depreciation	37,250,473	30,909,112	6,341,361
<b>Total Assets</b>	<u>66,085,668</u>	<u>64,271,345</u>	<u>1,814,323</u>
Long-term debt outstanding	48,793,201	52,073,278	(3,280,077)
Other liabilities	1,952,503	1,889,251	63,252
<b>Total Liabilities</b>	<u>50,745,704</u>	<u>53,962,529</u>	<u>(3,216,825)</u>
Net assets:			
Invested in capital assets, net of debt	(3,492,729)	(6,487,493)	2,994,764
Restricted	5,707,857	4,395,094	1,312,763
Unrestricted	13,124,836	12,401,215	723,621
<b>Total Net Assets</b>	<u>\$ 15,339,964</u>	<u>10,308,816</u>	<u>5,031,148</u>

The net assets (financial position) of the City changed as a result of the revenue and expense fluctuations described below for the governmental activities of the City. The overlying reason for the increase was the large increase in Casino Revenue. Actual continuing operations have resulted in an increase in Net Assets.

A summary of the government-wide statement of activities follows:

**CITY OF HAWAIIAN GARDENS**  
**Change in Net Assets – Years Ended June 30, 2008 and 2007**

**Table 2**

	<u>Governmental Activities</u> 2008	<u>Governmental Activities</u> 2007	<u>Change</u>
<b>Revenues:</b>			
Program Revenues:			
Charges for services	\$ 1,621,271	1,371,181	250,090
Operating grants and contributions	2,562,089	3,266,016	(703,927)
Capital contributions and grants	499,736	83,129	416,607
General Revenues:			
Property taxes	6,106,660	5,841,469	265,191
Business license tax	13,252,065	11,676,652	1,575,413
Motor vehicle in lieu, unrestricted	1,426,058	1,325,587	100,471
Other general revenues	2,242,614	2,337,304	(94,690)
Total Revenues	<u>27,710,493</u>	<u>25,901,338</u>	<u>1,809,155</u>
<b>Expenses:</b>			
General government	6,376,603	6,062,061	314,542
Public safety	2,973,856	3,076,208	(102,352)
Culture and recreation <sup>3</sup>	,867,286	4,007,930	(140,644)
Public works	1,891,194	1,564,133	327,061
Highways and streets	3,042,425	2,114,683	927,742
Urban development	996,756	822,744	174,012
Health and welfare	1,061,060	926,553	134,507
Interest and fiscal charges	2,470,165	3,411,036	(940,871)
Total Expenses	<u>22,679,345</u>	<u>21,985,348</u>	<u>693,997</u>
Increase in net assets	5,031,148	3,915,990	1,115,158
<b>Net assets at beginning of year</b>	<u>10,308,816</u>	<u>6,392,826</u>	<u>3,915,990</u>
<b>Net assets at end of year</b>	<u>\$ 15,339,964</u>	<u>10,308,816</u>	<u>5,031,148</u>

Governmental Activities

Revenues for the City's governmental activities increased 6.5 percent (\$1.81 million), from \$25,901,338 in 2007 to \$27,710,493 in 2008. Total governmental activity expenses increased 3.2 percent (\$0.69 million), from \$21,985,348 in 2007 to \$22,679,345 in 2008. Overall, the City's governmental program revenues, including intergovernmental aid and fees for services changed very little, from \$4.72 million in 2007 to \$4.68 million in 2008. The reasons for significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- Charges for Services increased by \$250,090. The most significant change in revenues over the prior year was in public growth fees increased by \$238,878. This is because the charges collected to modernize the traffic systems next to a new development.
- Operating Contributions and Grants decreased by \$703,927. This primarily relates to the City's gas tax revenue which reduced by \$201,342 and urban development which decreased by \$372,474 this year.
- Capital Contributions and Grants increased by \$416,607. This was primarily due to a donation from a local foundation in the amount of \$500,000 in this year.
- The City's property tax revenue increased by \$265,191 due to increase in assessed values.
- Casino License Revenue increased by \$1,575,413 due to an increase in casino revenue.
- Motor vehicle license fee increased by \$100,471 due to increase in population.
- General Government expenditures increased by \$314,542. This is because of increase in personnel costs.
- Public Safety decreased by \$102,352 due to decrease in equipment purchases.
- Culture and Recreation expenditures decreased by \$140,644 as less programs and services were offered in the current year.
- Interest and Fiscal charges decreased by \$940,871. The decrease is due to early retirement of 2006 Tax Allocation Bond Part B and reduction of other bond interest payments.

## **MAJOR 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.

**Major Governmental Funds.** The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$14,438,216, an increase of \$942,845 more than prior year's restated balance of \$13,495,371. As a measure of the general fund's liquidity, it is useful to compare the total fund balance to total fund expenditure, which shows that fund balance is 68 percent of general fund expenditures. Total general fund expenditures this year were \$7,612,551 more than the prior year. The increase is due to the construction of the new city library. Total general fund revenue this year was \$2,544,052 more than the prior year.

Significant changes in the revenues of the City's' General Fund from the prior year are as follows:

- Licenses and permits increased by \$1,976,720. This is due to the increase in the Hawaiian Gardens Casino's license fee.
- Foundation contributions increased by \$416,100. This is primarily due to donation received from a local foundation.

The **Low and Moderate Income Housing** fund has a total fund balance of \$4,825,721. The net increase in fund balance was \$1,140,145, from last year's \$3,685,576. The revenue comes from bond proceeds and the twenty percent (20%) of the property tax revenue collected each year. The total revenue this year was \$1,463,891, which was \$126,221 more than last year. The expenditures this year were \$323,746, of which \$202,622 was debt service.

The **Debt Service** fund has a total fund balance of \$3,680,021, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$1,771,750, down from \$5,451,771 last year. The revenue comes from property tax collected each year. The expenditures are primarily used to service debts. The City retired additional \$2,170,000 of the 2006 Tax Allocation Bond Part B with surplus property tax revenue collected this year.

The **Redevelopment Agency** capital project fund has a total fund balance of \$1,974,615. The net decrease in fund balance was \$5,429,812, from \$7,404,427. The revenue this year was \$113,146, reduced by \$175,093. This is because rental revenue was down by \$181,234 this year. The expenditures were \$1,335,028, which was \$20,744 less than last year. Additionally, the Redevelopment Agency fund provides funding of \$5,006,297 this year for General Fund's new library project and the dead end street project.

## **GENERAL FUND BUDGET**

Major deviations between the final budget of the General Fund and its actual operating results were as follows: (page 47 of the CAFR)

- Licenses and permit - Budget \$12,259,200; Received \$14,257,240=\$1,998,040 over budget. The license fees from Hawaiian Gardens Casino increased this year.
- Intergovernmental - Budget \$2,056,508; Received \$1,765,415=\$291,093 under budget. The gas tax revenue was not received for the three months from April to June, 2008. State of California did not distribute it until next fiscal year.
- Foundation contribution – Budget \$1,000; Received \$499,250=\$489,250 over budget. There is a one time contribution from a local foundation.
- Capital Projects – Budget \$16,659,548; Expended \$10,182,424=\$6,477,124 under budget. Capital projects approved this year will take several years to complete. The approved budget will pay for future expenditures under the approved project.

The General Fund actual total expenditures did not exceed final budgeted appropriations. The variance between actual total expenditures and the final appropriation was \$6,554,642, or 23.45%. The most significant variation between budgeted and actual expenditures occurred in the capital project expenditures. Budgeted capital project expenditures were \$16,659,548. However, total capital project expenditures were \$10,182,424. The reason for the \$6,477,124 variation is due to capital projects that were not completed in fiscal year 2008. Capital projects not completed in fiscal year 2008 were carried forward to fiscal year 2009.

Total General Fund revenue budget was \$15,880,058 with actual receipts of \$18,476,148 and the expenditure budget was \$27,941,564 with actual expenditures of \$21,386,922. Under budget revenues and expenditure deviation was \$9,150,732, which had the affect of raising the City's liquidity and ability to provide future government services.

**CITY OF HAWAIIAN GARDENS**  
**Capital Assets**  
**As of June 30, 2008 and 2007**  
**(net of accumulated depreciation)**

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Buildings and improvements	\$ 3,813,310	\$ 3,983,142
Furniture and equipment	280,339	155,721
Vehicles	697,395	565,994
Infrastructure – road system	10,631,933	11,511,039
Rights-of-way	3,290,005	3,290,005
Land	5,445,294	5,445,294
Construction in progress	13,092,197	5,957,917
Total	<u>\$37,250,473</u>	<u>\$30,909,112</u>

The major additions and reductions to capital assets during the year ended June 30, 2008 were as follows:

- Library & Public Safety Center - \$5,931,624.
- Dead End street project--\$924,673.

Additional information on the City's capital assets can be found in the notes to the financial statement on page 33.

**LONG-TERM DEBT**

As of June 30, 2008, the City had total long-term liabilities outstanding of \$48.8 million. There was no debt backed by the full faith and credit of the City (i.e., there was no general obligation debt). Most of the outstanding debt was in the form of tax allocation revenue bonds.

**CITY OF HAWAIIAN GARDENS**  
**Long-Term Liabilities**  
**As of June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Compensated Absences	\$ 478,201	\$438,278
1999 Tax Allocation Bonds	4,185,000	4,760,000
2004 Tax Allocation Bonds	34,210,000	34,370,000
2006 Tax Allocation Bonds	9,920,000	12,505,000
Total	<u>\$48,793,201</u>	<u>\$52,073,278</u>

The City's total long-term liabilities decreased by \$3,280,077 (6.29 percent) during the current fiscal year.

The City's 1999 Tax Allocation Bonds are rated BBB. The 2004 Tax Allocation Bonds are insured and rated AAA. Series A of the 2006 Tax Allocation Bonds are rated AAA. Series B of the 2006 Tax Allocation Bonds are not rated.

The State Constitution limits the amount of general obligation debt a City may incur to 25% of its total assessed valuation, which for the City of Hawaiian Gardens, was \$179 million at June 30, 2008. As indicated earlier, the City has no general obligation debt outstanding.

Additional information on the City's long-term debt can be found in the notes to the accompanying financial statements on pages 35-38.

#### Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's Office, City of Hawaiian Gardens, 21815 Pioneer Blvd., Hawaiian Gardens, California 90716.



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CITY OF HAWAIIAN GARDENS

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
<b>Assets:</b>		
Cash and investments (note 2)	\$ 17,317,467	19,515,311
Restricted cash and investments (note 2):		
Cash - restricted	21,716	20,646
Cash and investments held by bond trustee	7,407,351	8,079,884
Receivables:		
Accounts	1,172,304	1,065,220
Interest	122,718	172,808
Notes	97,606	94,838
Loans	769,081	742,716
Deposits	350,188	1,851,787
Due from other governments	418,608	548,411
Prepaid items	42,513	40,089
Property held for resale	1,115,643	1,230,523
Capital assets, undepreciated (note 4)	21,827,496	14,693,216
Capital assets, net of depreciation (note 4)	<u>15,422,977</u>	<u>16,215,896</u>
Total assets	<u>66,085,668</u>	<u>64,271,345</u>
<b>Liabilities:</b>		
Accounts payable	1,164,016	1,043,564
Accrued liabilities	118,144	124,177
Interest payable	199,429	265,596
Deposits payable	27,230	12,230
Unearned revenue	443,684	443,684
Long-term liabilities (note 6):		
Due within one year	1,229,128	1,359,050
Due in more than one year	<u>47,564,073</u>	<u>50,714,228</u>
Total liabilities	<u>50,745,704</u>	<u>53,962,529</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	(3,492,729)	(6,487,493)
Restricted for:		
Public safety	37,651	-
Public works	352,197	351,560
Highways and streets	175,600	159,271
Urban development	4,825,721	3,685,576
Health and welfare	316,688	198,687
Unrestricted	<u>13,124,836</u>	<u>12,401,215</u>
Total net assets	<u>\$ 15,339,964</u>	<u>10,308,816</u>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS

Statement of Activities

Year ended June 30, 2008

	Program Revenues				Net Governmental Activities	
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	2008	2007
Governmental activities:						
General government	\$ 6,376,603	135,651	-	-	(6,240,952)	(5,959,247)
Public safety	2,973,856	986,372	204,810	-	(1,782,674)	(2,271,032)
Public works	1,891,194	299,565	-	-	(1,591,629)	(1,282,709)
Highways and streets	3,042,425	-	873,915	-	(2,168,510)	(1,039,426)
Culture and recreations	3,867,286	94,197	290,465	499,736	(2,982,888)	(3,399,996)
Urban development	996,756	-	430,856	-	(565,900)	(19,414)
Health and welfare	1,061,060	105,486	762,043	-	(193,531)	117,838
Interest and fiscal charges	2,470,165	-	-	-	(2,470,165)	(3,411,036)
Total governmental activities	<u>22,679,345</u>	<u>1,621,271</u>	<u>2,562,089</u>	<u>499,736</u>	<u>(17,996,249)</u>	<u>(17,265,022)</u>
General revenues:						
Taxes:						
Property taxes					6,106,660	5,841,469
Business license tax					13,252,065	11,676,652
Sales taxes					694,394	690,784
Franchise taxes					153,861	168,341
Other taxes					52,189	62,424
Motor vehicle in lieu, unrestricted					1,426,058	1,325,587
Investment income					1,153,044	1,237,348
Other revenues					189,126	178,407
Total general revenues					<u>23,027,397</u>	<u>21,181,012</u>
Change in net assets					5,031,148	3,915,990
Net assets at beginning of year					<u>10,308,816</u>	<u>6,392,826</u>
Net assets at end of year					<u>\$ 15,339,964</u>	<u>10,308,816</u>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS  
Governmental Funds

Balance Sheet

June 30, 2008

	Special Revenue						Totals	
	General	Community Development	Low and Moderate Income Housing	Debt Service Redevelopment Agency	Capital Projects Redevelopment Agency	Non-Major Governmental	2008	2007
		Block Grant	Housing	Agency	Agency	Governmental	2008	2007
<b>Assets</b>								
Assets:								
Cash and investments (note 2)	\$ 11,803,915	509	3,416,133	-	1,198,088	898,822	17,317,467	19,515,311
Restricted cash (note 2)	-	-	-	-	21,716	-	21,716	20,646
Cash and investments held by bond trustee (note 2)	-	-	1,033,641	6,373,710	-	-	7,407,351	8,079,884
Receivables:								
Accounts	1,166,704	-	-	-	-	5,600	1,172,304	1,065,220
Interest	122,718	-	-	-	-	-	122,718	172,808
Notes	-	-	48,236	-	49,370	-	97,606	94,838
Loans	-	769,081	-	-	-	-	769,081	742,716
Deposits	350,188	-	-	-	-	-	350,188	1,851,787
Due from other governments	42,515	120,691	-	234,538	-	20,864	418,608	548,411
Due from other funds (note 3)	44,023	-	-	-	-	-	44,023	143,454
Prepaid items	37,667	-	-	-	-	4,846	42,513	40,089
Advances to other funds (note 3)	2,928,227	-	-	-	-	-	2,928,227	1,863,657
Property held for resale	-	-	329,125	-	786,518	-	1,115,643	1,230,523
<b>Total assets</b>	<b>\$ 16,495,957</b>	<b>890,281</b>	<b>4,827,135</b>	<b>6,608,248</b>	<b>2,055,692</b>	<b>930,132</b>	<b>31,807,445</b>	<b>35,369,344</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable	\$ 1,012,893	65,008	-	-	44,889	41,226	1,164,016	1,043,564
Accrued liabilities	85,762	6,911	1,414	-	8,958	15,099	118,144	124,177
Deposits payable	-	-	-	-	27,230	-	27,230	12,230
Due to other funds (note 3)	-	43,568	-	-	-	455	44,023	143,454
Deferred revenue	959,086	769,081	-	-	-	-	1,728,167	1,435,599
Advances from other funds (note 3)	-	-	-	2,928,227	-	-	2,928,227	1,863,657
<b>Total liabilities</b>	<b>2,057,741</b>	<b>884,568</b>	<b>1,414</b>	<b>2,928,227</b>	<b>81,077</b>	<b>56,780</b>	<b>6,009,807</b>	<b>4,622,681</b>
Fund balances (note 7):								
Reserved	3,316,082	-	377,361	3,680,021	2,055,692	4,846	9,434,002	16,711,822
Unreserved:								
Designated for contingencies	4,500,000	-	-	-	-	-	4,500,000	4,000,000
Undesignated reported in:								
General fund	6,622,134	-	-	-	-	-	6,622,134	5,742,260
Capital projects fund	-	-	-	-	(81,077)	-	(81,077)	(52,096)
Special revenue funds	-	5,713	4,448,360	-	-	868,506	5,322,579	4,344,677
<b>Total fund balances</b>	<b>14,438,216</b>	<b>5,713</b>	<b>4,825,721</b>	<b>3,680,021</b>	<b>1,974,615</b>	<b>873,352</b>	<b>25,797,638</b>	<b>30,746,663</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,495,957</b>	<b>890,281</b>	<b>4,827,135</b>	<b>6,608,248</b>	<b>2,055,692</b>	<b>930,132</b>	<b>31,807,445</b>	<b>35,369,344</b>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS  
Governmental Funds

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets

June 30, 2008

Fund balances of governmental funds	\$ 25,797,638
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	
Infrastructure	22,918,989
Other capital assets	30,855,559
Accumulated depreciation	(16,524,075)
Long term debt and compensated absences are not included in the governmental funds:	
Bonds payable	(48,315,000)
Compensated absences	(478,201)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(199,429)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	<u>1,284,483</u>
Net assets of governmental activities	<u>\$ 15,339,964</u>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2008

	Special Revenue						Totals	
	General	Community Development	Low and Moderate Income Housing	Debt Service Redevelopment Agency	Capital Projects Redevelopment Agency	Non-Major Governmental	2008	2007
		Block Grant						
<b>Revenues:</b>								
Taxes	\$ 828,530	-	1,255,757	5,023,030	-	964,645	8,071,962	7,842,778
Licenses and permits	14,257,240	-	-	-	-	-	14,257,240	12,280,520
Intergovernmental	1,765,415	430,856	-	-	-	1,109,196	3,305,467	3,768,272
Foundation contributions	499,250	-	-	-	-	-	499,250	83,150
Charges for services	103,602	-	-	-	-	-	103,602	87,900
Fines and penalties	159,332	-	-	-	-	-	159,332	168,314
Rental income	82,756	-	-	-	62,247	-	145,003	141,426
Investment income	589,732	-	171,720	327,419	45,874	18,299	1,153,044	1,237,348
Other revenues	190,291	-	36,414	-	5,025	1,023	232,753	341,491
<b>Total revenues</b>	<b>18,476,148</b>	<b>430,856</b>	<b>1,463,891</b>	<b>5,350,449</b>	<b>113,146</b>	<b>2,093,163</b>	<b>27,927,653</b>	<b>25,951,199</b>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	3,979,990	33,000	121,124	403,919	783,550	50,146	5,371,729	4,935,292
Public safety	2,792,398	-	-	-	-	168,373	2,960,771	3,073,673
Public works	1,013,085	-	-	-	-	262,833	1,275,918	1,207,237
Highways and streets	-	-	-	-	-	1,242,829	1,242,829	1,660,678
Culture and recreations	3,419,025	-	-	-	-	-	3,419,025	3,126,003
Urban development	-	699,353	-	-	551,478	-	1,250,831	1,050,126
Health and welfare	-	-	-	-	-	1,050,616	1,050,616	916,166
Capital projects	10,182,424	-	-	-	-	-	10,182,424	3,228,704
<b>Debt service:</b>								
Principal	-	-	2,622	3,317,378	-	-	3,320,000	705,000
Interest	-	-	200,000	2,602,535	-	-	2,802,535	2,784,104
Payment to bond escrow agent	-	-	-	-	-	-	-	759,204
Cost of issuance	-	-	-	-	-	-	-	389,237
<b>Total expenditures</b>	<b>21,386,922</b>	<b>732,353</b>	<b>323,746</b>	<b>6,323,832</b>	<b>1,335,028</b>	<b>2,774,797</b>	<b>32,876,678</b>	<b>23,835,424</b>
Excess (deficiency) of revenues over (under) expenditures	(2,910,774)	(301,497)	1,140,145	(973,383)	(1,221,882)	(681,634)	(4,949,025)	2,115,775
<b>Other financing sources (uses):</b>								
Transfers in (note 3)	5,006,297	307,210	-	-	798,367	845,468	6,957,342	11,527,855
Transfers out (note 3)	(1,152,678)	-	-	(798,367)	(5,006,297)	-	(6,957,342)	(11,527,855)
Sale of capital assets	-	-	-	-	-	-	-	98,888
Issuance of long-term debt	-	-	-	-	-	-	-	12,505,000
Payment to bond escrow agent	-	-	-	-	-	-	-	(3,934,042)
Bond premium	-	-	-	-	-	-	-	189,543
<b>Total other financing sources (uses)</b>	<b>3,853,619</b>	<b>307,210</b>	<b>-</b>	<b>(798,367)</b>	<b>(4,207,930)</b>	<b>845,468</b>	<b>-</b>	<b>8,859,389</b>
<b>Net change in fund balances</b>	<b>942,845</b>	<b>5,713</b>	<b>1,140,145</b>	<b>(1,771,750)</b>	<b>(5,429,812)</b>	<b>163,834</b>	<b>(4,949,025)</b>	<b>10,975,164</b>
<b>Fund balances at beginning of year</b>	<b>13,495,371</b>	<b>-</b>	<b>3,685,576</b>	<b>5,451,771</b>	<b>7,404,427</b>	<b>709,518</b>	<b>30,746,663</b>	<b>19,771,499</b>
<b>Fund balances at end of year</b>	<b>\$ 14,438,216</b>	<b>5,713</b>	<b>4,825,721</b>	<b>3,680,021</b>	<b>1,974,615</b>	<b>873,352</b>	<b>25,797,638</b>	<b>30,746,663</b>

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities

Year ended June 30, 2008

Net changes in fund balances - total governmental funds		\$ (4,949,025)
Amounts reported for governmental activities in the statement of activities is different because:		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
	Capital outlay	7,452,991
	Depreciation	(1,092,264)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(19,366)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		3,320,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		292,568
The statement of net assets includes the net change in accrued interest on long term debt.		66,167
To record as an expense the net change in compensated absences in the statement of activities.		<u>(39,923)</u>
Change in net assets of governmental activities		<u>\$ 5,031,148</u>

See accompanying notes to the basic financial statements.

# CITY OF HAWAIIAN GARDENS

## Notes to the Basic Financial Statements

Year ended June 30, 2008

### (1) Summary of Significant Accounting Policies

The financial statements of the City of Hawaiian Gardens, California (City) have been prepared in conformity with generally accepted accounting principles (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) Reporting Entity

The City of Hawaiian Gardens was incorporated as a general law city under the Government Code of the State of California. The City operates under a Council-Administrator form of government and the City Council is composed of five members. Among the services provided by the City are the following: public works, parks and recreation, planning and community development.

As required by generally accepted accounting principles in the United States of America, 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 so data from these units are reported with the interfund data of the City.



CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

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

Hawaiian Gardens Redevelopment Agency

The Redevelopment Agency was established on November 27, 1973 pursuant to the State of California Health and Safety Code Section 33000 entitled "Community Redevelopment Law". Its purpose is to prepare and carry out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Hawaiian Gardens. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Upon completion, separate financial statements of the Agency can be obtained at City Hall.

Hawaiian Gardens Public Financing Authority

The Hawaiian Gardens Public Financing Authority was established on January 13, 1988 for the purpose of financing public capital improvements. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Authority. Upon completion, separate financial statements of the Authority can be obtained at City Hall.

(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, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The City of Hawaiian Gardens has no 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.

## CITY OF HAWAIIAN GARDENS

### Notes to the Basic Financial Statements

(Continued)

#### (1) Summary of Significant Accounting Policies, (Continued)

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (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 expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is 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 not included among program revenues 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 an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other 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 expenditure.

#### 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, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Governmental Funds

In the fund financial statements, governmental funds are presented using 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 finance the expenditures accrued for the reporting period. The City uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *availability* 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 exchange transaction upon which they are based takes place. *Imposed non-exchange* 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 non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

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 an *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

(c) Major 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 the general operating expenses and capital improvement costs which are not paid through other funds.

Community Development Block Grant Fund – Used to account for Federal entitlements under the Housing and Community Development Act of 1974, as amended. The City Council annually allocates CDBG funds to various programs.

Low and Moderate Income Housing Fund – Used to account for monies received and expended to assist low and moderate income households.

Redevelopment Agency Debt Service Fund – Used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs on the tax allocation bonds and certificates of participation of the Redevelopment Agency.

Redevelopment Agency Capital Projects Fund - Used to account for financial resources to be used for the acquisition or construction of major capital facilities related to the Redevelopment Agency.

CITY OF HAWAIIAN GARDENS  
Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(d) Cash and Investments

Cash includes demand deposits. The California Government Code and the City of Hawaiian Garden's investment policy permit the City of Hawaiian Gardens to invest in various instruments and pools. Investments are reported in the accompanying balance sheet at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

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, any gains or losses realized upon the liquidation or sale of investments and rental income.

The City pools cash and investments of all funds, 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 earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

(e) Due From Other Governments

The amounts recorded as a receivable due from other governments include sales taxes, state gas taxes, and motor vehicle in-lieu taxes, collected or provided by Federal, State, County and City Governments and unremitted to the City as of June 30, 2008.

(f) Capital Assets

Capital assets (including infrastructure) greater than \$5,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Donated capital assets are valued at their estimated fair market value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of these assets or materially extend assets lives are not capitalized.

Capital assets include public domain ("infrastructure") capital assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements.

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

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

Infrastructure – Road System	25-75 years
Buildings and Improvements	25-50 years
Furniture and Equipment	7-30 years
Vehicles	10-30 years

(g) Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probably that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, 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 payment, 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 as 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.

(h) 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. Accordingly, such claims are recorded as liabilities in the appropriate governmental fund.

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(i) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses, during the reporting period. Actual results could differ from those estimates.

(j) Property Tax Calendar

The County of Los Angeles assesses, levies, and collects property taxes for the City. Property taxes levied for the year ended June 30, 2008 were due and payable in two installments on November 1 and February 1 and became delinquent on 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:	March 1
Levy Date:	July 1
Due Date:	First Installment – November 1 Second Installment – February 1
Delinquent Date:	First Installment – December 10 Second Installment – April 10

Taxes are collected by Los Angeles County 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

CITY OF HAWAIIAN GARDENS  
Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(k) Property Held for Resale

The City of Hawaiian Gardens acquired several parcels of land as part of its primary purpose to develop or redevelop blighted areas. The properties are held in the Redevelopment Agency Capital Projects Fund at the lower of cost or estimated net realizable value.

(l) Prior Year Data

The information included in the accompanying financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

(2) Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$17,317,467
Restricted cash	21,716
Cash and investments held by bond trustee	<u>7,407,351</u>
Total cash and investments	<u>\$24,746,534</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 1,879
Deposits with financial institutions	1,832,519
Investments	<u>22,912,136</u>
Total cash and investments	<u>\$24,746,534</u>



CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy

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

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment in One Issuer</u>
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	180 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	15%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

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

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by 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. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk. The permitted investments are as follows:

2004 Tax Allocation Bonds

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	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	None	None	None
Investment Contracts	30 years	None	None

2000 Certificates of Participation

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
State Long-term Obligations	None	None	None
State Short-term Obligations	None	None	None
Banker's Acceptances	None	None	None
Commercial Paper	270 days	None	None
Interest-bearing Time Deposits	None	None	None
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds	N/A	None	None
Pre-refunded Municipal Obligations	None	None	None
Diversified Open-end Management Investment Company Shares	None	None	None
Local Agency Investment Fund	None	None	None

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements, Continued

2006 Tax Allocation Bonds

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	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	None	None	None
Investment Contracts	30 years	None	None

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 a 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 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>Total</u>	<u>Remaining Maturity (in Years)</u>			
		<u>1 Year or less</u>	<u>1 to 5 Years</u>	<u>6 to 15 Years</u>	<u>16 to 28 Years</u>
State Investment Pool	\$15,504,785	15,504,785	-	-	-
Held by bond trustee:					
Investment Agreement	2,675,015	-	-	799,500	1,875,515
Money Market Funds	<u>4,732,336</u>	<u>4,732,336</u>	-	-	-
Total	<u>\$22,912,136</u>	<u>20,237,121</u>	<u>-</u>	<u>799,500</u>	<u>1,875,515</u>

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(2) 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 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>Not Rated</u>
			<u>AAA</u>	<u>A-</u>	<u>A+</u>	
State Investment Pool	\$15,504,785	N/A	-	-	-	15,504,785
Held by bond trustee:						
Investment Agreement	2,675,015	N/A	-	1,875,515	799,500	-
Money Market Funds	<u>4,732,336</u>	N/A	<u>4,732,336</u>	-	-	-
Total	<u>\$22,912,136</u>		<u>4,732,336</u>	<u>1,875,515</u>	<u>799,500</u>	<u>15,504,785</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
MBIA	Investment Agreement	\$1,875,515

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2008, \$398,811 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

As of June 30, 2008, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Investment Agreement	\$2,675,015
Money Market Funds	4,732,336

For investments identified herein as held by bond trustee, the bond 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.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the 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.

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(3) Interfund Receivables and Payables

Current interfund receivables and payables as of June 30, 2008 are as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 455
	Community Development Block Grant Special Revenue Fund	<u>43,568</u>
		<u>\$44,023</u>

Interfund receivables and payables were created in order to eliminate short-term deficit cash balances.

Noncurrent interfund receivables and payables as of June 30, 2008 are as follows:

<u>Advances to other funds</u>	<u>Advances from other funds</u>	<u>Amount</u>
General Fund	Redevelopment Agency Debt Service Fund	<u>\$2,928,227</u>
		<u>\$2,928,227</u>

In February 2001 the General Fund advanced to the Redevelopment Agency Debt Service Fund \$3,303,382 at an interest rate of 10% to be paid back by February 2016. This advance agreement was made pursuant to a Disposition Development Agreement 93-26 and Amendments No. 1 and No. 2, whereby the Redevelopment Agency Debt Service fund 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. The amount outstanding at June 30, 2008 is \$2,928,227.

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(3) Interfund Receivables and Payables, (Continued)

Transfers in and out for the year ended June 30, 2008 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 845,468 (1)
	Community Development Block Grant Special Revenue Fund	<u>307,210</u> (1)
		1,152,678
Redevelopment Agency Capital Projects Fund	General Fund	5,006,297 (2)
Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Projects Fund	<u>798,367</u> (3)
		<u>\$6,957,342</u>

- (1) To cover negative cash balances and fund deficits at year end.
- (2) To reimburse the General Fund for related capital project expenditures – Library & Dead End Street Projects.
- (3) To transfer the cash that was advanced from the General Fund to cover operating activities in the Redevelopment Agency Capital Projects Fund.

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(4) Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2008:

<u>Government Activities:</u>	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 7,566,779	-	-	7,566,779
Furniture and equipment	352,300	149,363	-	501,663
Vehicles	851,317	169,348	(61,044)	959,621
Infrastructure – road system	<u>22,918,989</u>	-	-	<u>22,918,989</u>
Total capital assets being depreciated	<u>31,689,385</u>	<u>318,711</u>	<u>(61,044)</u>	<u>31,947,052</u>
Less accumulated depreciation:				
Buildings and improvements	(3,583,637)	(169,832)	-	(3,753,469)
Furniture and equipment	(196,579)	(24,745)	-	(221,324)
Vehicles	(285,323)	(18,581)	41,678	(262,226)
Infrastructure – road system	<u>(11,407,950)</u>	<u>(879,106)</u>	-	<u>(12,287,056)</u>
Total accumulated depreciation	<u>(15,473,489)</u>	<u>(1,092,264)</u>	<u>41,678</u>	<u>(16,524,075)</u>
Total capital assets being depreciated, net	<u>16,215,896</u>	<u>(773,553)</u>	<u>(19,366)</u>	<u>15,422,977</u>
Capital assets not depreciated:				
Rights-of-way	3,290,005	-	-	3,290,005
Land	5,445,294	-	-	5,445,294
Construction in progress	<u>5,957,917</u>	<u>7,134,280</u>	-	<u>13,092,197</u>
Total capital assets not being depreciated	<u>14,693,216</u>	<u>7,134,280</u>	-	<u>21,827,496</u>
Capital assets, net	<u>\$ 30,909,112</u>	<u>6,360,727</u>	<u>(19,366)</u>	<u>37,250,473</u>

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

General government	\$ 961,554
Culture and recreations	97,577
Public safety	2,535
Public works	22,150
Health and welfare	<u>8,448</u>
	<u>\$1,092,264</u>



CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(5) Defined Benefit Pension Plan

Plan Description

The City of Hawaiian Gardens contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

Contributions

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The City's covered payroll for PERS was \$3,658,722 for the year ended June 30, 2008, while the City's total payroll for all employees was \$4,207,399 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2008, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2007 to June 30, 2008.

*Three-Year Trend Information*

*Annual Pension Cost*

	Employer			
Fiscal Year	Contribution Rate	Employer Contribution	Percentage Contributed	Net Pension Obligation
6/30/2006	17.49%	\$480,454	100%	-
6/30/2007	18.44%	555,287	100%	-
6/30/2008	18.02%	628,736	100%	-

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(6) Long-Term Liabilities

The following is a summary of changes in general long-term debt of the City for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due Beyond One Year</u>
Compensated Absences	\$ 438,278	167,436	127,513	478,201	139,128	339,073
1999 Tax Allocation Refunding Bonds	4,760,000	-	575,000	4,185,000	605,000	3,580,000
2004 Tax Allocation Revenue Bonds	34,370,000	-	160,000	34,210,000	165,000	34,045,000
2006 Tax Allocation Bonds	<u>12,505,000</u>	<u>-</u>	<u>2,585,000</u>	<u>9,920,000</u>	<u>320,000</u>	<u>9,600,000</u>
	<u>\$52,073,278</u>	<u>167,436</u>	<u>3,447,513</u>	<u>48,793,201</u>	<u>1,229,128</u>	<u>47,564,073</u>

1999 Tax Allocation Refunding Bonds

In October 1999, the Agency issued \$7,995,000 Redevelopment Project No. 1 Tax Allocation Refunding Bonds (1999 Refunding Bonds). The 1999 Refunding Bonds were issued to currently refund the Agency's outstanding \$7,335,000 1988 Tax Allocation Refunding Bonds.

Interest on the 1999 Refunding Bonds is payable semi-annually on June 1 and December 1, commencing June 1, 2001, at rates ranging from 4.75% to 6.0% per annum. Bonds maturing in the years 2001 to 2009 are serial bonds payable on December 1 of each year, commencing 2001 through 2009. The bonds are secured by a pledge of 80% of Project Area No. 1 tax increment revenues.

Bonds maturing in the years 2001 to 2009 are serial bonds payable December 1 in annual installments of \$340,000 to \$635,000. Bonds maturing on December 1, 2013 in the amount of \$2,945,000 are term bonds. The outstanding bonds (serial and term) bear interest at 4.75% to 6.0% per annum, which is due June 1 and December 1 of each year commencing June 1, 2001. The bonds are secured by a pledge of 80% of Project Area No. 1 tax increment revenues.

The bonds maturing after December 1, 2009 may be redeemed prior to maturity at the option of the Agency with premiums not exceeding 2%.

The legal debt service reserve required by the 1999 Refunding Bonds was \$530,500. As of June 30, 2008 the reserve was \$799,500.

At June 30, 2008 bonds outstanding on the 1999 Refunding Bonds were \$4,185,000.

## CITY OF HAWAIIAN GARDENS

### Notes to the Basic Financial Statements

(Continued)

#### (6) Long-Term Liabilities, (Continued)

##### 2004 Tax Allocation Revenue Bonds

In May 2004, the Agency issued \$34,530,000 Tax Allocation Revenue Bonds. Proceeds of the sale of the Bonds were used to purchase the Agency Bonds. The Bonds were issued to provide funds for the Authority to purchase the Agency Bonds from the Agency. The Agency Bonds were issued to refund the outstanding 1993 Tax Allocation Refunding Bonds. The Agency Bonds are being used to finance and refinance redevelopment activities of the Agency with respect to its Redevelopment Project No. 1 (the "Project Area"). The lien of the Agency Bonds on the Tax Revenues will rank equally with the lien of the Tax Revenues of the Agency's \$7,995,000 aggregate original principal amount Redevelopment Project No. 1 1999 Tax Allocation Refunding Bonds (the "1999 Bonds").

Interest on the 2004 Refunding Bonds is payable semi-annually on June 1 and December 1, commencing December 1, 2004, at rates ranging from 2.00% to 5.25% per annum. Bonds maturing in the years 2006 to 2023 are term bonds payable on December 1 of each year, commencing 2006 through 2023. The bonds are secured by a pledge of 80% of Project Area No. 1 tax increment revenues. The bonds maturing on or after December 1, 2014 shall be subject to redemption in whole, or in part among such maturities as designated by the Authority, and by lot within a maturity at the option of the Authority, on any date on or after December 1, 2014 from and to the extent of optional redemption of Agency Bonds by the Agency, from available funds, at the redemption price of 100% of the principle amount plus accrued interest.

The legal debt service reserve required by the 2004 Refunding Bonds was \$1,875,245. As of June 30, 2008, the fully refunded reserve was \$1,875,515. At June 30, 2008, bonds outstanding on the 2004 Revenue bonds were \$34,210,000.

##### 2006 Tax Allocation Bonds

In July 2006, the Agency issued Tax Allocation Bonds – Series A & B in the amount of \$7,730,000 and \$4,775,000, respectively. The bonds were issued to finance redevelopment activities and to prepay its obligations under a Reimbursement Agreement between the Agency and the City under which the Agency was obligated to reimburse the City for lease payments that had been certificated as the City's 2000 Certificates of Participation. A portion of the proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the 2000 Certificates of Participation. This advance refunding was undertaken to reduce total debt service payments over the next 16 years by \$1,695,284 and resulted in an economic gain of \$455,282. The interest rate on the bonds range from 3.7% to 5.4% and the final maturity date is December 1, 2025. Interest on the bonds is due June 1 and December 1 of each year, commencing December 1, 2006.

The legal debt service reserve required by the 2006 Tax Allocation Bonds was \$410,770. As of June 30, 2008 the reserve was \$410,770. At June 30, 2008, bonds outstanding on the 2006 Tax Allocation Bonds were \$9,920,000.

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(6) Long-Term Liabilities, (Continued)

Minimum annual requirements to amortize long-term debt of the City as of June 30, 2008 are as follows:

Year Ending June 30,	1999		2004		2006		Totals
	Tax Allocation		Tax Allocation		Tax Allocation		
	Refunding Bonds		Revenue Bonds		Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$ 605,000	228,263	165,000	1,656,452	350,000	482,172	3,486,887
2010	635,000	194,163	170,000	1,651,839	370,000	466,618	3,487,620
2011	675,000	156,450	170,000	1,646,739	385,000	450,293	3,483,482
2012	715,000	114,750	175,000	1,641,127	405,000	432,423	3,483,300
2013	755,000	70,650	185,000	1,634,595	420,000	412,983	3,478,228
2014	800,000	24,000	195,000	1,627,227	440,000	392,710	3,478,937
2015	-	-	1,050,000	1,599,702	460,000	371,055	3,480,757
2016	-	-	1,095,000	1,552,698	490,000	347,745	3,485,443
2017	-	-	1,145,000	1,504,245	510,000	323,199	3,482,444
2018	-	-	1,195,000	1,452,521	540,000	296,900	3,484,421
2019	-	-	1,245,000	1,397,486	570,000	268,580	3,481,066
2020	-	-	1,305,000	1,336,475	595,000	238,865	3,475,340
2021	-	-	1,370,000	1,271,381	625,000	207,745	3,474,126
2022	-	-	1,435,000	1,204,329	660,000	174,960	3,474,289
2023	-	-	1,505,000	1,130,239	690,000	140,510	3,465,749
2024	-	-	1,580,000	1,049,258	730,000	104,270	3,463,528
2025	-	-	1,610,000	967,935	820,000	64,740	3,462,675
2026	-	-	1,690,000	886,260	860,000	21,920	3,458,180
2027	-	-	1,775,000	800,501	-	-	2,575,501
2028	-	-	1,860,000	710,535	-	-	2,570,535
2029	-	-	1,955,000	615,625	-	-	2,570,625
2030	-	-	2,050,000	515,500	-	-	2,565,500
2031	-	-	2,155,000	410,375	-	-	2,565,375
2032	-	-	2,260,000	300,000	-	-	2,560,000
2033	-	-	2,375,000	184,125	-	-	2,559,125
2034	-	-	2,495,000	62,375	-	-	2,557,375
Totals	<u>\$ 4,185,000</u>	<u>788,276</u>	<u>34,210,000</u>	<u>28,809,544</u>	<u>9,920,000</u>	<u>5,197,688</u>	<u>83,110,508</u>

CITY OF HAWAIIAN GARDENS  
Notes to the Basic Financial Statements

(Continued)

(6) Long-Term Liabilities. (Continued)

Defeasance of Debt

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old debt issues. Accordingly, the trust account assets and the liability for the defeased debt issues are not included in the City's financial statements.

At June 30, 2008, the following amounts are considered defeased:

2000 Certificates of Participation \$3,910,000

(7) Fund Balances

Fund balances at June 30, 2008 consisted of the following reserves and designations:

	<u>General</u>	<u>Special Revenue</u>			<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Governmental</u>	<u>Total</u>
		<u>Community Development Block Grant</u>	<u>Low and Moderate Income Housing</u>	<u>Redevelopment Agency</u>				
Reserved for:								
Restricted cash	\$ -	-	-	-	-	21,716	-	21,716
Receivables	-	-	48,236	-	-	49,370	-	97,606
Deposits	350,188	-	-	-	-	-	-	350,188
Prepaid items	37,667	-	-	-	-	-	4,846	42,513
Advances to other funds	2,928,227	-	-	-	-	-	-	2,928,227
Property held for resale	-	-	329,125	-	-	786,518	-	1,115,643
Debt service	-	-	-	3,680,021	-	-	-	3,680,021
Capital projects	-	-	-	-	-	1,198,088	-	1,198,088
Subtotal	<u>3,316,082</u>	<u>-</u>	<u>377,361</u>	<u>3,680,021</u>	<u>-</u>	<u>2,055,692</u>	<u>4,846</u>	<u>9,434,002</u>
Unreserved:								
Designated for:								
Contingencies	4,500,000	-	-	-	-	-	-	4,500,000
Undesignated	<u>6,622,134</u>	<u>5,713</u>	<u>4,448,360</u>	<u>-</u>	<u>-</u>	<u>(81,077)</u>	<u>868,506</u>	<u>11,863,636</u>
Total fund balances	<u>\$14,438,216</u>	<u>5,713</u>	<u>4,825,721</u>	<u>3,680,021</u>	<u>-</u>	<u>1,974,615</u>	<u>873,352</u>	<u>25,797,638</u>

## CITY OF HAWAIIAN GARDENS

### Notes to the Basic Financial Statements

(Continued)

#### (8) Liability, Property and Workers Compensation Protection

##### A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 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 coverages. The Authority's pool 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 9-member Executive Committee.

##### B. Self-Insurance Programs of the Authority

General Liability Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$50,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

Workers' Compensation City of Hawaiian Gardens also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employer's liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State

CITY OF HAWAIIAN GARDENS

Notes to the Basic Financial Statements

(Continued)

(8) Liability, Property and Workers Compensation Protection, (Continued)

Association of Counties – Excess Insurance Authority members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers. Costs in excess of \$300,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings

C. Purchased Insurance

Property Insurance City of Hawaiian Gardens participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by City of Hawaiian Gardens. Coverage is on a claims-made basis. There is a \$5,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2005 through July 1, 2008. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

Earthquake and Flood Insurance 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 Authority. City of Hawaiian Gardens' property currently has earthquake protection in the amount of \$14,505,196. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance 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 Authority. Premiums are paid annually and are not subject to retroactive adjustments.

Special Event Tenant User Liability Insurance 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 City property. The insurance premium is paid by the tenant user and is paid to the City of Hawaiian Gardens according to a schedule. City of Hawaiian Gardens then pays for the insurance. The insurance is arranged by the Authority.

CITY OF HAWAIIAN GARDENS  
Notes to the Basic Financial Statements  
(Continued)

(8) Liability, Property and Workers Compensation Protection, (Continued)

D. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

(9) Debt Without Government Commitment

On September 27, 1994, the cities of Hawaiian Gardens, Norwalk and Paramount signed a joint powers agreement creating the Tri-City Housing Finance Agency (Agency), a joint powers authority. On December 1, 1994, the Agency issued \$20,000,000 of Tri-City Housing Finance Agency 1994 Single Family Mortgage Revenue Bonds (Fannie Mae and Ginnie Mae Mortgaged-Backed Securities Program) for the purpose of financing home mortgages secured by homes within the cities. The outstanding debt at June 30, 2008 was \$155,000. These bonds do not constitute a debt or an obligation of the Agency because the bonds are solely payable from and secured by assets and revenues of other parties. The bonds are therefore not recorded as a liability of the City in the accompanying financial statements.

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CITY OF HAWAIIAN GARDENS  
Notes to the Basic Financial Statements  
(Continued)

(10) Expenditures in Excess of Appropriations

The following funds reported excess of expenditures over appropriations for the year ended June 30, 2008:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Low and Moderate Income Housing Special Revenue Fund	\$ 125,030	323,746	(198,716)
Lighting and Landscaping Special Revenue Fund	135,900	262,833	(126,933)

(11) Accumulated Fund Deficits

The following funds had fund deficits at June 30, 2008:

State Gas Tax Special Revenue Fund	\$ (551)
Proposition C Local Transit Assistance Special Revenue Fund	(4,272)
Proposition A Local Transit Assistance Special Revenue Fund	(4,512)

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAWAIIAN GARDENS

Notes to Required Supplementary Information

Year Ended June 30, 2008

(1) Budgetary Data

The City Manager submits to the City Council a proposed operating budget. The operating budget includes proposed expenditures and the sources of financing. 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.

Formal budgetary integration is not employed for debt service funds or capital project funds because effective budgetary control is alternatively achieved through trust indenture provisions. Therefore, these funds do not have legally adopted budgets. Special revenues 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.

Supplemental amendments were made during the year and have been reflected in the financial statements, resulting in an increase of total appropriations in the amount of \$387,675.

(2) Expenditures in Excess of Appropriations

The following funds reported excess of expenditures over appropriations for the year ended June 30, 2008:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Low and Moderate Income Housing Special Revenue Fund	\$ 125,030	323,746	(198,716)

CITY OF HAWAIIAN GARDENS

General Fund

Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2008

	Budgeted Amounts		2008 Actual	Variance- Positive (Negative)	2007 Actual
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ 757,000	757,000	828,530	71,530	775,958
Licenses and permits	12,259,200	12,259,200	14,257,240	1,998,040	12,280,520
Intergovernmental	2,056,508	2,056,508	1,765,415	(291,093)	1,714,924
Foundation contributions	1,000	1,000	499,250	498,250	83,150
Charges for services	60,000	60,000	103,602	43,602	87,900
Fines and penalties	31,500	31,500	159,332	127,832	168,314
Rental income	93,800	93,800	82,756	(11,044)	96,786
Investment income	390,000	390,000	589,732	199,732	545,781
Other revenues	231,050	231,050	190,291	(40,759)	178,763
<b>Total revenues</b>	<b>15,880,058</b>	<b>15,880,058</b>	<b>18,476,148</b>	<b>2,596,090</b>	<b>15,932,096</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	3,726,640	3,726,640	3,979,990	(253,350)	3,877,747
Public safety	2,844,397	2,844,397	2,792,398	51,999	2,809,079
Public works	988,880	988,880	1,013,085	(24,205)	970,568
Culture and recreations	3,722,099	3,722,099	3,419,025	303,074	3,126,003
Capital projects	16,659,548	16,659,548	10,182,424	6,477,124	2,838,252
<b>Debt service:</b>					
Interest	-	-	-	-	152,722
<b>Total expenditures</b>	<b>27,941,564</b>	<b>27,941,564</b>	<b>21,386,922</b>	<b>6,554,642</b>	<b>13,774,371</b>
Excess (deficiency) of revenues over (under) expenditures	(12,061,506)	(12,061,506)	(2,910,774)	9,150,732	2,157,725
<b>Other financing sources (uses):</b>					
Transfers in	5,006,297	5,006,297	5,006,297	-	1,507,367
Transfers out	(1,152,678)	(1,152,678)	(1,152,678)	-	(645,006)
<b>Total other financing sources (uses)</b>	<b>3,853,619</b>	<b>3,853,619</b>	<b>3,853,619</b>	<b>-</b>	<b>862,361</b>
<b>Net change in fund balances</b>	<b>(8,207,887)</b>	<b>(8,207,887)</b>	<b>942,845</b>	<b>9,150,732</b>	<b>3,020,086</b>
<b>Fund balances at beginning of year</b>	<b>13,495,371</b>	<b>13,495,371</b>	<b>13,495,371</b>	<b>-</b>	<b>10,475,285</b>
<b>Fund balances at end of year</b>	<b>\$ 5,287,484</b>	<b>5,287,484</b>	<b>14,438,216</b>	<b>9,150,732</b>	<b>13,495,371</b>

CITY OF HAWAIIAN GARDENS  
Community Development Block Grant Fund  
Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		2008	Variance-	2007
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)	<u>Actual</u>
Revenues:					
Intergovernmental	\$ 341,670	341,670	430,856	89,186	803,330
Total revenues	<u>341,670</u>	<u>341,670</u>	<u>430,856</u>	<u>89,186</u>	<u>803,330</u>
Expenditures:					
Current:					
General government	33,000	33,000	33,000	-	33,828
Urban development	995,969	995,969	699,353	296,616	703,368
Capital projects	-	-	-	-	390,452
Total expenditures	<u>1,028,969</u>	<u>1,028,969</u>	<u>732,353</u>	<u>296,616</u>	<u>1,127,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(687,299)</u>	<u>(687,299)</u>	<u>(301,497)</u>	<u>385,802</u>	<u>(324,318)</u>
Other financing sources (uses):					
Transfers in	<u>307,210</u>	<u>307,210</u>	<u>307,210</u>	-	<u>324,318</u>
Total other financing sources (uses)	<u>307,210</u>	<u>307,210</u>	<u>307,210</u>	-	<u>324,318</u>
Change in fund balances	(380,089)	(380,089)	5,713	385,802	-
Fund balances at beginning of year	-	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ (380,089)</u>	<u>(380,089)</u>	<u>5,713</u>	<u>385,802</u>	<u>-</u>

CITY OF HAWAIIAN GARDENS  
Low and Moderate Income Housing  
Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2008

	Budgeted Amounts		2008 Actual	Variance- Positive (Negative)	2007 Actual
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ -	-	1,255,757	1,255,757	1,206,594
Investment income	-	-	171,720	171,720	130,413
Other revenues	-	-	36,414	36,414	663
Total revenues	-	-	1,463,891	1,463,891	1,337,670
<b>Expenditures:</b>					
Current:					
General government	125,030	125,030	121,124	3,906	125,831
Debt service:					
Principal	-	-	2,622	(2,622)	20,976
Interest	-	-	200,000	(200,000)	218,060
Total expenditures	125,030	125,030	323,746	(198,716)	364,867
Net change in fund balances	(125,030)	(125,030)	1,140,145	1,265,175	972,803
Fund balances at beginning of year	3,685,576	3,685,576	3,685,576	-	2,712,773
Fund balances at end of year	\$ 3,560,546	3,560,546	4,825,721	1,265,175	3,685,576



CITY OF HAWAIIAN GARDENS  
Non-Major Governmental Funds

Combining Balance Sheet

June 30, 2008

	Special Revenue Funds			
	State Gas Tax	Local Transportation	Air Quality Management District	Proposition C Local Transit Assistance
<u>Assets</u>				
Cash and investments	\$ 12,877	51,587	110,542	-
Accounts receivable	-	-	5,600	-
Prepaid items	2,423	-	-	-
Due from other governments	-	-	8,422	-
Total assets	\$ 15,300	51,587	124,564	-
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 13,204	-	-	-
Accrued liabilities	2,647	-	-	3,817
Due to other funds	-	-	-	455
Total liabilities	15,851	-	-	4,272
Fund balances:				
Reserved for:				
Prepaid items	2,423	-	-	-
Unreserved:				
Undesignated	(2,974)	51,587	124,564	(4,272)
Total fund balances	(551)	51,587	124,564	(4,272)
Total liabilities and fund balances	\$ 15,300	51,587	124,564	-

Special Revenue Funds					
Proposition A Local Transit Assistance	Community Oriented Police Services (COPS)	Housing Authority	Lighting and Landscaping	Totals	
				2008	2007
284	39,561	322,402	361,569	898,822	817,359
-	-	-	-	5,600	-
-	-	-	2,423	4,846	2,422
-	-	-	12,442	20,864	28,187
<u>284</u>	<u>39,561</u>	<u>322,402</u>	<u>376,434</u>	<u>930,132</u>	<u>847,968</u>
-	1,910	3,022	23,090	41,226	71,463
4,796	-	2,692	1,147	15,099	22,038
-	-	-	-	455	44,949
<u>4,796</u>	<u>1,910</u>	<u>5,714</u>	<u>24,237</u>	<u>56,780</u>	<u>138,450</u>
-	-	-	2,423	4,846	2,422
<u>(4,512)</u>	<u>37,651</u>	<u>316,688</u>	<u>349,774</u>	<u>868,506</u>	<u>707,096</u>
<u>(4,512)</u>	<u>37,651</u>	<u>316,688</u>	<u>352,197</u>	<u>873,352</u>	<u>709,518</u>
<u>284</u>	<u>39,561</u>	<u>322,402</u>	<u>376,434</u>	<u>930,132</u>	<u>847,968</u>

CITY OF HAWAIIAN GARDENS  
Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2008

	Special Revenue Funds			
	State Gas Tax	Local Transportation	Air Quality Management District	Proposition C Local Transit Assistance
Revenues:				
Taxes	\$ 216,828	-	19,695	210,587
Intergovernmental	-	42,357	-	-
Investment income	-	1,583	3,391	-
Other revenues	-	-	-	-
Total revenues	<u>216,828</u>	<u>43,940</u>	<u>23,086</u>	<u>210,587</u>
Expenditures:				
Current:				
General government	-	-	50,146	-
Public safety	-	-	-	-
Public works	-	-	-	-
Highways and streets	463,461	-	-	366,483
Health and welfare	-	-	-	-
Total expenditures	<u>463,461</u>	<u>-</u>	<u>50,146</u>	<u>366,483</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(246,633)</u>	<u>43,940</u>	<u>(27,060)</u>	<u>(155,896)</u>
Other financing sources (uses):				
Transfers in	246,082	-	-	151,624
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>246,082</u>	<u>-</u>	<u>-</u>	<u>151,624</u>
Net change in fund balances	(551)	43,940	(27,060)	(4,272)
Fund balances at beginning of year	-	7,647	151,624	-
Fund balances (deficit) at end of year	<u>\$ (551)</u>	<u>51,587</u>	<u>124,564</u>	<u>(4,272)</u>

Special Revenue Funds					
Proposition A Local Transit Assistance	Community Oriented Police Services (COPS)	Housing Authority	Lighting and Landscaping	Totals	
				2008	2007
265,157	-	-	252,378	964,645	1,033,852
-	204,810	862,029	-	1,109,196	1,250,018
-	1,214	1,019	11,092	18,299	29,622
1,023	-	-	-	1,023	161,947
<u>266,180</u>	<u>206,024</u>	<u>863,048</u>	<u>263,470</u>	<u>2,093,163</u>	<u>2,475,439</u>
-	-	-	-	50,146	-
-	168,373	-	-	168,373	264,594
-	-	-	262,833	262,833	236,669
412,885	-	-	-	1,242,829	1,195,394
-	-	1,050,616	-	1,050,616	916,166
<u>412,885</u>	<u>168,373</u>	<u>1,050,616</u>	<u>262,833</u>	<u>2,774,797</u>	<u>2,612,823</u>
<u>(146,705)</u>	<u>37,651</u>	<u>(187,568)</u>	<u>637</u>	<u>(681,634)</u>	<u>(137,384)</u>
142,193	-	305,569	-	845,468	320,688
-	-	-	-	-	(754,456)
<u>142,193</u>	<u>-</u>	<u>305,569</u>	<u>-</u>	<u>845,468</u>	<u>(433,768)</u>
(4,512)	37,651	118,001	637	163,834	(571,152)
-	-	198,687	351,560	709,518	1,280,670
<u>(4,512)</u>	<u>37,651</u>	<u>316,688</u>	<u>352,197</u>	<u>873,352</u>	<u>709,518</u>

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## SPECIAL REVENUE FUNDS

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

### State Gas Tax Fund

To account for State and County gasoline tax allocations and any Federal funds provided to the City for street-related purposes.

### Local Transportation Fund

To account for the receipt and disbursement of funds received per Transportation Development Act Article 3 (SB 821) of the Bikeway and Pedestrian Program and the State and Local Fiscal Assistance Act of 1972.

### Air Quality Management District 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.

### Proposition A Local Transit Assistance Fund

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

### Community Oriented Police Services (COPS)

To account for Federal and State funds received for policing and law enforcement activities.

### Housing Authority

To account for the receipt and expenditure of Federal and State funds related to housing programs.

### Lighting and Landscaping

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

CITY OF HAWAIIAN GARDENS  
State Gas Tax Fund

Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2008

	Budgeted Amounts		2008 Actual	Variance- Positive (Negative)	2007 Actual
	Original	Final			
Revenues:					
Taxes	\$ 395,000	395,000	216,828	(178,172)	290,157
Other revenues	-	-	-	-	135,683
Total revenues	<u>395,000</u>	<u>395,000</u>	<u>216,828</u>	<u>(178,172)</u>	<u>425,840</u>
Expenditures:					
Current:					
Highways and streets	<u>516,370</u>	<u>516,370</u>	<u>463,461</u>	<u>52,909</u>	<u>467,096</u>
Total expenditures	<u>516,370</u>	<u>516,370</u>	<u>463,461</u>	<u>52,909</u>	<u>467,096</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(121,370)</u>	<u>(121,370)</u>	<u>(246,633)</u>	<u>(125,263)</u>	<u>(41,256)</u>
Other financing sources (uses):					
Transfers in	<u>246,082</u>	<u>246,082</u>	<u>246,082</u>	<u>-</u>	<u>41,256</u>
Total other financing sources (uses)	<u>246,082</u>	<u>246,082</u>	<u>246,082</u>	<u>-</u>	<u>41,256</u>
Net change in fund balances	124,712	124,712	(551)	(125,263)	-
Fund balances at beginning of year	-	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 124,712</u>	<u>124,712</u>	<u>(551)</u>	<u>(125,263)</u>	<u>-</u>

CITY OF HAWAIIAN GARDENS

Local Transportation Fund

Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2008

	Budgeted Amounts		2008 Actual	Variance- Positive (Negative)	2007 Actual
	Original	Final			
Revenues:					
Intergovernmental	\$ 9,065	9,065	42,357	33,292	6,945
Investment income	-	-	1,583	1,583	702
Total revenues	<u>9,065</u>	<u>9,065</u>	<u>43,940</u>	<u>34,875</u>	<u>7,647</u>
Expenditures:					
Current:					
Highways and streets	-	-	-	-	7,123
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,123</u>
Net change in fund balances	9,065	9,065	43,940	34,875	524
Fund balances at beginning of year	<u>7,647</u>	<u>7,647</u>	<u>7,647</u>	<u>-</u>	<u>7,123</u>
Fund balances at end of year	<u>\$ 16,712</u>	<u>16,712</u>	<u>51,587</u>	<u>34,875</u>	<u>7,647</u>



CITY OF HAWAIIAN GARDENS  
Air Quality Management District Fund

Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2008

	Budgeted Amounts		2008 Actual	Variance- Positive (Negative)	2007 Actual
	Original	Final			
Revenues:					
Taxes	\$ 19,500	19,500	19,695	195	27,236
Investment income	-	-	3,391	3,391	9,581
Total revenues	<u>19,500</u>	<u>19,500</u>	<u>23,086</u>	<u>3,586</u>	<u>36,817</u>
Expenditures:					
Current:					
General government	<u>65,000</u>	<u>65,000</u>	<u>50,146</u>	<u>14,854</u>	<u>-</u>
Total expenditures	<u>65,000</u>	<u>65,000</u>	<u>50,146</u>	<u>14,854</u>	<u>-</u>
Net change in fund balances	(45,500)	(45,500)	(27,060)	18,440	36,817
Fund balances at beginning of year	<u>151,624</u>	<u>151,624</u>	<u>151,624</u>	-	<u>114,807</u>
Fund balances at end of year	<u>\$ 106,124</u>	<u>106,124</u>	<u>124,564</u>	<u>18,440</u>	<u>151,624</u>

CITY OF HAWAIIAN GARDENS  
Proposition C Local Transit Assistance  
Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2008

	Budgeted Amounts		2008 Actual	Variance- Positive (Negative)	2007 Actual
	Original	Final			
Revenues:					
Taxes	\$ 220,000	220,000	210,587	(9,413)	211,172
Total revenues	220,000	220,000	210,587	(9,413)	211,172
Expenditures:					
Current:					
Highways and streets	379,224	379,224	366,483	12,741	341,216
Total expenditures	379,224	379,224	366,483	12,741	341,216
Excess (deficiency) of revenues over (under) expenditures	(159,224)	(159,224)	(155,896)	3,328	(130,044)
Other financing sources (uses):					
Transfers in	151,624	151,624	151,624	-	130,044
Total other financing sources (uses)	151,624	151,624	151,624	-	130,044
Net change in fund balances	(7,600)	(7,600)	(4,272)	3,328	-
Fund balances at beginning of year	-	-	-	-	-
Fund balances (deficit) at end of year	\$ (7,600)	(7,600)	(4,272)	3,328	-

CITY OF HAWAIIAN GARDENS  
Proposition A Local Transit Assistance

Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2008

	Budgeted Amounts		2008 Actual	Variance- Positive (Negative)	2007 Actual
	Original	Final			
Revenues:					
Taxes	\$ 275,000	275,000	265,157	(9,843)	254,065
Other revenues	450	450	1,023	573	12,857
Total revenues	<u>275,450</u>	<u>275,450</u>	<u>266,180</u>	<u>(9,270)</u>	<u>266,922</u>
Expenditures:					
Current:					
Highways and streets	<u>415,341</u>	<u>415,341</u>	<u>412,885</u>	<u>2,456</u>	<u>379,959</u>
Total expenditures	<u>415,341</u>	<u>415,341</u>	<u>412,885</u>	<u>2,456</u>	<u>379,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(139,891)</u>	<u>(139,891)</u>	<u>(146,705)</u>	<u>(6,814)</u>	<u>(113,037)</u>
Other financing sources (uses):					
Transfers in	<u>142,193</u>	<u>142,193</u>	<u>142,193</u>	<u>-</u>	<u>113,037</u>
Total other financing sources (uses)	<u>142,193</u>	<u>142,193</u>	<u>142,193</u>	<u>-</u>	<u>113,037</u>
Net change in fund balances	2,302	2,302	(4,512)	(6,814)	-
Fund balances at beginning of year	-	-	-	-	-
Fund balances (deficit) at end of year	<u>\$ 2,302</u>	<u>2,302</u>	<u>(4,512)</u>	<u>(6,814)</u>	<u>-</u>

CITY OF HAWAIIAN GARDENS  
Community Oriented Police Services (COPS)

Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2008

	Budgeted Amounts		2008 Actual	Variance- Positive (Negative)	2007 Actual
	Original	Final			
Revenues:					
Intergovernmental	\$ -	-	204,810	204,810	217,089
Investment income	-	-	1,214	1,214	-
Total revenues	-	-	206,024	206,024	217,089
Expenditures:					
Current:					
Public safety	180,000	180,000	168,373	11,627	264,594
Total expenditures	180,000	180,000	168,373	11,627	264,594
Excess (deficiency) of revenues over (under) expenditures	(180,000)	(180,000)	37,651	217,651	(47,505)
Other financing sources (uses):					
Transfers in	-	-	-	-	36,351
Total other financing sources (uses)	-	-	-	-	36,351
Net change in fund balances	(180,000)	(180,000)	37,651	217,651	(11,154)
Fund balances at beginning of year	-	-	-	-	11,154
Fund balances (deficit) at end of year	\$ (180,000)	(180,000)	37,651	217,651	-

CITY OF HAWAIIAN GARDENS  
Housing Authority

Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		2008	Variance-	2007
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>	<u>Actual</u>
Revenues:					
Intergovernmental	\$ 1,070,000	1,070,000	862,029	(207,971)	1,025,984
Investment income	-	-	1,019	1,019	13,407
Total revenues	<u>1,070,000</u>	<u>1,070,000</u>	<u>863,048</u>	<u>(206,952)</u>	<u>1,039,391</u>
Expenditures:					
Current:					
Health and welfare	<u>1,121,017</u>	<u>1,121,017</u>	<u>1,050,616</u>	<u>70,401</u>	<u>916,166</u>
Total expenditures	<u>1,121,017</u>	<u>1,121,017</u>	<u>1,050,616</u>	<u>70,401</u>	<u>916,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,017)</u>	<u>(51,017)</u>	<u>(187,568)</u>	<u>(136,551)</u>	<u>123,225</u>
Other financing sources (uses):					
Transfers in	<u>305,569</u>	<u>305,569</u>	<u>305,569</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>305,569</u>	<u>305,569</u>	<u>305,569</u>	<u>-</u>	<u>-</u>
Net change in fund balances	254,552	254,552	118,001	(136,551)	123,225
Fund balances at beginning of year	<u>198,687</u>	<u>198,687</u>	<u>198,687</u>	<u>-</u>	<u>75,462</u>
Fund balances at end of year	<u>\$ 453,239</u>	<u>453,239</u>	<u>316,688</u>	<u>(136,551)</u>	<u>198,687</u>

CITY OF HAWAIIAN GARDENS

Lighting and Landscaping

Schedule of Revenues, Expenditures  
and Changes in Fund Balances - Budget and Actual

Year Ended June 30, 2008

	Budgeted Amounts		2008 Actual	Variance- Positive (Negative)	2007 Actual
	Original	Final			
Revenues:					
Taxes	\$ 262,000	262,000	252,378	(9,622)	251,222
Investment income	-	-	11,092	11,092	16,649
Total revenues	<u>262,000</u>	<u>262,000</u>	<u>263,470</u>	<u>1,470</u>	<u>267,871</u>
Expenditures:					
Current:					
Public works	<u>135,900</u>	<u>135,900</u>	<u>262,833</u>	<u>(126,933)</u>	<u>236,669</u>
Total expenditures	<u>135,900</u>	<u>135,900</u>	<u>262,833</u>	<u>(126,933)</u>	<u>236,669</u>
Net change in fund balances	126,100	126,100	637	(125,463)	31,202
Fund balances at beginning of year	<u>351,560</u>	<u>351,560</u>	<u>351,560</u>	-	<u>320,358</u>
Fund balances at end of year	<u>\$ 477,660</u>	<u>477,660</u>	<u>352,197</u>	<u>(125,463)</u>	<u>351,560</u>

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## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<u>Financial Trends</u>	66-72
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	73-77
These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and business license tax.	
<u>Debt Capacity</u>	78-83
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	84-85
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<u>Operating Information</u>	86-88
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.



CITY OF HAWAIIAN GARDENS

Net Assets by Component

Last Five Fiscal Years

	Fiscal Year				
	2008	2007	2006	2005	2004
Governmental activities					
Invested in capital assets, net of related debt	\$ (3,492,729)	(6,487,493)	(8,112,953)	(8,382,519)	(10,738,130)
Restricted	5,707,857	4,395,094	3,241,677	2,492,902	1,980,322
Unrestricted	<u>13,124,836</u>	<u>12,401,215</u>	<u>11,473,212</u>	<u>8,208,447</u>	<u>9,893,035</u>
Total governmental activities	<u>\$ 15,339,964</u>	<u>10,308,816</u>	<u>6,601,936</u>	<u>2,318,830</u>	<u>1,135,227</u>

*The City of Hawaiian Gardens implemented GASB 34 for the fiscal year ended June 30, 2004. Information prior to the implementation of GASB 34 is not available.*

CITY OF HAWAIIAN GARDENS

Changes in Net Assets

Last Five Fiscal Years

Expenses:	Fiscal Year				
	2008	2007	2006	2005	2004
Governmental activities:					
General government	\$ 6,376,603	6,062,061	6,577,405	5,762,647	4,518,330
Public safety	2,973,856	3,076,208	2,478,149	2,748,910	2,184,435
Public works	1,891,194	1,564,133	1,384,822	1,308,662	1,250,952
Highways and streets	3,042,425	2,114,683	2,577,800	2,240,664	938,543
Culture and recreations	3,867,286	4,007,930	3,136,595	2,489,541	2,042,629
Urban development	996,756	822,744	1,037,822	1,382,237	876,822
Health and welfare	1,061,060	926,553	975,746	976,007	1,034,321
Interest and fiscal charges	2,470,165	3,411,036	2,339,139	2,359,155	4,969,273
Total governmental activities	<u>\$ 22,679,345</u>	<u>21,985,348</u>	<u>20,507,478</u>	<u>19,267,823</u>	<u>17,815,305</u>
Program Revenues:					
Governmental activities:					
Charges for services					
General government	\$ 135,651	102,814	96,878	100,849	74,480
Public safety	986,372	568,487	658,938	461,542	446,443
Public works	299,565	281,424	269,998	288,899	265,319
Culture and recreations	94,197	313,776	577,301	523,941	518,272
Health and welfare	105,486	104,680	109,180	4,974	699
Operating grants and contributions	2,562,089	3,266,016	2,931,450	2,525,149	2,279,547
Capital grants and contributions	499,736	83,129	506,710	-	-
Total governmental activities program revenues	<u>\$ 4,683,096</u>	<u>4,720,326</u>	<u>5,150,455</u>	<u>3,905,354</u>	<u>3,584,760</u>

(Continued)

CITY OF HAWAIIAN GARDENS

Changes in Net Assets

(Continued)

	Fiscal Year				
	2008	2007	2006	2005	2004
Governmental activities net (expense)/revenue	\$ (17,996,249)	(17,265,022)	(15,357,023)	(15,362,469)	(14,230,545)
<u>General Revenues and Other Changes in Net Assets</u>					
Governmental activities:					
Taxes:					
Property taxes	6,106,660	5,841,469	5,337,310	4,679,678	4,221,075
Business license tax	13,252,065	11,676,652	10,804,786	9,306,103	7,644,733
Sales taxes	694,394	690,784	634,205	615,476	540,526
Franchise taxes	153,861	168,341	162,522	155,249	243,083
Other taxes	52,189	62,424	73,352	47,780	39,206
Motor vehicle in lieu, unrestricted	1,426,058	1,325,587	1,517,327	1,021,176	761,054
Investment income	1,153,044	1,237,348	585,675	461,737	402,806
Other revenues	189,126	178,407	524,952	258,873	177,809
Total governmental activities	<u>23,027,397</u>	<u>21,181,012</u>	<u>19,640,129</u>	<u>16,546,072</u>	<u>14,030,292</u>
Change in Net Assets	\$ <u>5,031,148</u>	<u>3,915,990</u>	<u>4,283,106</u>	<u>1,183,603</u>	<u>(200,253)</u>

*The City of Hawaiian Gardens implemented GASB 34 for the fiscal year ended June 30, 2004. Information prior to the implementation of GASB 34 is not available.*

CITY OF HAWAIIAN GARDENS  
 Governmental Activities Tax Revenues By Source  
 Last Five Fiscal Years

Fiscal Year	Property Tax	Business License Tax	Sales Tax	Franchise Taxes	Other Taxes	Total
2004	\$ 4,221,075	7,644,733	540,526	243,083	39,206	12,688,623
2005	4,679,678	9,306,103	615,476	155,249	47,780	14,804,286
2006	5,337,310	10,804,786	634,205	162,522	73,352	17,012,175
2007	5,841,469	11,676,652	690,784	168,341	62,424	18,439,670
2008	6,106,660	13,252,065	694,394	153,861	52,189	20,259,169

*The City of Hawaiian Gardens implemented GASB 34 for the fiscal year ended June 30, 2004. Information prior to the implementation of GASB 34 is not available.*

CITY OF HAWAIIAN GARDENS  
Fund Balances of Governmental Funds  
Last Five Fiscal Years

	Fiscal Year				
	2008	2007	2006	2005	2004
General fund					
Reserved	\$ 3,316,082	3,753,111	2,766,990	1,260,252	1,896,311
Unreserved	<u>11,122,134</u>	<u>9,742,260</u>	<u>7,917,405</u>	<u>5,787,267</u>	<u>4,023,686</u>
Total general fund	<u>\$ 14,438,216</u>	<u>13,495,371</u>	<u>10,684,395</u>	<u>7,047,519</u>	<u>5,919,997</u>
All other governmental funds					
Reserved	\$ 6,117,920	12,958,711	6,102,532	6,310,926	9,077,676
Unreserved, reported in:					
Special revenue funds	5,322,579	4,344,677	3,193,682	2,372,878	1,738,165
Capital projects funds	<u>(81,077)</u>	<u>(52,096)</u>	<u>-</u>	<u>-</u>	<u>2,333,389</u>
Total all other governmental funds	<u>\$ 11,359,422</u>	<u>17,251,292</u>	<u>9,296,214</u>	<u>8,683,804</u>	<u>13,149,230</u>

*The City of Hawaiian Gardens has elected to show only five years of data for this schedule.*

CITY OF HAWAIIAN GARDENS

Changes in Fund Balances of Governmental Funds

Last Five Fiscal Years

	Fiscal Year				
	2008	2007	2006	2005	2004
<b>Revenues:</b>					
Taxes	\$ 8,071,962	7,842,778	7,084,914	6,354,896	5,748,930
Licenses and permits	14,257,240	12,280,520	11,490,064	9,824,414	8,225,915
Intergovernmental	3,305,467	3,768,272	3,704,233	2,816,312	2,333,356
Foundation contributions	499,250	83,150	506,710	5,940	5,670
Charges for services	103,602	87,900	90,381	79,748	49,764
Fines and penalties	159,332	168,314	176,779	130,773	117,367
Rental income	145,003	141,426	1,005,169	977,859	996,605
Investment income	1,153,044	1,237,348	585,785	473,692	402,806
Other revenues	232,753	341,491	466,147	247,392	197,056
Gain on sale of agency property	-	-	140,002	-	-
<b>Total revenues</b>	<b>27,927,653</b>	<b>25,951,199</b>	<b>25,250,184</b>	<b>20,911,026</b>	<b>18,077,469</b>
<b>Expenditures:</b>					
General government	5,371,729	4,935,292	4,718,045	4,730,487	3,823,732
Public safety	2,960,771	3,073,673	2,475,614	2,731,411	2,181,900
Public works	1,275,918	1,207,237	1,204,851	1,237,449	1,013,922
Highways and streets	1,242,829	1,660,678	2,220,587	5,970,605	938,543
Culture and recreations	3,419,025	3,126,003	2,726,177	2,381,893	1,983,416
Urban development	1,250,831	1,050,126	1,673,136	1,382,237	876,822
Health and welfare	1,050,616	916,166	969,686	967,713	1,029,550
Capital projects	10,182,424	3,228,704	1,822,340	1,318,204	1,181,960
<b>Debt service:</b>					
Principal	3,320,000	705,000	630,000	600,000	570,000
Interest	2,802,535	2,784,104	2,801,435	2,928,931	3,219,163
Payment to bond escrow agent	-	759,204	-	-	2,789,912
Cost of issuance	-	389,237	-	-	1,138,239
Bond premium and discounts	-	-	-	-	102,644
<b>Total expenditures</b>	<b>32,876,678</b>	<b>23,835,424</b>	<b>21,241,871</b>	<b>24,248,930</b>	<b>20,849,803</b>
<b>Excess of revenues over(under) expenditures</b>	<b>(4,949,025)</b>	<b>2,115,775</b>	<b>4,008,313</b>	<b>(3,337,904)</b>	<b>(2,772,334)</b>

(Continued)

CITY OF HAWAIIAN GARDENS  
 Changes in Fund Balances of Governmental Funds  
 (Continued)

	Fiscal Year				
	2008	2007	2006	2005	2004
Other financing sources (uses)					
Transfers in	6,957,342	11,527,855	2,136,556	1,861,413	4,298,522
Transfers out	(6,957,342)	(11,527,855)	(2,136,556)	(1,861,413)	(4,298,522)
Sale of capital assets	-	98,888	240,973	-	-
Issuance of long-term debt	-	12,505,000	-	-	34,530,000
Payment to bond escrow agent	-	(3,934,042)	-	-	(27,329,462)
Bond premium	-	189,543	-	-	-
Total other financing sources (uses)	-	8,859,389	240,973	-	7,200,538
Net change in fund balances	<u>\$ (4,949,025)</u>	<u>10,975,164</u>	<u>4,249,286</u>	<u>(3,337,904)</u>	<u>4,428,204</u>
Debt service as a percentage of noncapital expenditures	31.7%	26.4%	20.9%	19.9%	22.4%

CITY OF HAWAIIAN GARDENS  
 General Governmental Tax Revenues By Source

Last Five Fiscal Years				
Fiscal Year	Property Tax	Sales Tax	Other Taxes	Total
2004	\$ 4,221,075	540,526	987,329	5,748,930
2005	4,679,678	615,476	1,059,742	6,354,896
2006	5,337,310	634,205	1,113,399	7,084,914
2007	6,068,851	690,784	1,083,143	7,842,778
2008	6,360,071	694,394	1,017,497	8,071,962

*The City of Hawaiian Gardens has elected to show only five years of data for this schedule.*

CITY OF HAWAIIAN GARDENS

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
1999	\$ 339,988,268	11,554,604	(6,993,017)	344,549,855	0.88%
2000	341,312,601	14,929,004	(7,127,134)	349,114,471	0.88%
2001	349,897,233	15,073,019	(6,537,296)	358,432,956	0.88%
2002	367,436,659	16,662,208	(5,308,209)	378,790,658	0.88%
2003	387,024,934	18,315,837	(4,551,103)	400,789,668	0.89%
2004	426,831,693	15,701,171	(4,673,562)	437,859,302	0.90%
2005	468,547,888	16,138,352	(4,695,704)	479,990,536	0.91%
2006	541,290,725	23,510,432	(4,778,093)	560,023,064	0.91%
2007	609,233,786	20,638,106	(5,082,214)	624,789,678	0.92%
2008	680,648,066	20,556,067	(3,750,045)	697,454,088	0.93%

NOTE:

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 assessed value of the property begin taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HDL Coren & Cone, as compiled from the Los Angeles County Assessor Combined Tax Rolls



CITY OF HAWAIIAN GARDENS  
 Direct and Overlapping Property Tax Rates  
 (Rate per \$100 of assessed value)  
 Last Ten Fiscal Years

	<u>98/99</u>	<u>99/00</u>	<u>00/01</u>	<u>01/02</u>	<u>02/03</u>	<u>03/04</u>	<u>04/05</u>	<u>05/06</u>	<u>06/07</u>	<u>07/08</u>
Basic Levy*	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
001.53 Detention Facilities 1987 Debt S	0.00145	0.00142	0.00131	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	0.00000
030.60 La. Co. Fl. Con. Storm Dr. D. S. #4	0.00050	0.00097	0.00092	0.00066	0.00062	0.00043	0.00021	0.00002	0.00005	0.00000
030.61 Flood Con. Ref. Bonds 1993 Ds	0.00145	0.00079	0.00064	0.00041	0.00026	0.00004	0.00003	0.00003	0.00000	0.00000
315.05 Central Basin Mwd 1114	0.00890	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450
790.50 Cerritos Cc Ds 2004 Ser 2004A	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01908	0.01279	0.00251	0.00407
790.51 Cerritos Cc Ds 2005 Ref. Bonds	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01144	0.00429	0.00412
790.52 Cerritos Ccd Ds 2004 Series 2006	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01713	0.00253
807.50 Long Beach Ccd Ds 2002 S-A 2003	0.00000	0.00000	0.00000	0.00000	0.00000	0.01171	0.01239	0.00518	0.00088	0.00265
807.51 Long Beach Ccd Ds 2002 Series B 2005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01339	0.00780	0.00688
807.52 Long Beach Ccd Ds Ref. Bd 02 S-C 05	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00285	0.00792
807.53 Long Beach Ccd Ds 2002 Series D (2007)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00095
819.51 Abc Usd Ds 2003 Refdg Bd S-A	0.02639	0.02578	0.01059	0.01137	0.01223	0.00998	0.01087	0.01248	0.01028	0.01015
819.52 Abc Unified School District 1997 Series B	0.00000	0.00000	0.01508	0.01359	0.01556	0.01493	0.01570	0.01497	0.01399	0.01420
883.50 Long Beach Unified School District 1999 Series A	0.00000	0.00763	0.00657	0.00566	0.00552	0.00511	0.00443	0.00387	0.00368	0.00330
883.51 Long Beach Unified School District 1999 Series B	0.00000	0.00000	0.00939	0.00687	0.00685	0.00645	0.00545	0.00479	0.00456	0.00412
883.52 Long Beach Unified School District 1999 Series C	0.00000	0.00000	0.00000	0.01625	0.01345	0.01190	0.00996	0.00889	0.00851	0.00772
883.53 Long Beach Unified School District 1999 Series D	0.00000	0.00000	0.00000	0.00000	0.00938	0.00826	0.00712	0.00615	0.00587	0.00532
883.54 Long Beach Unified School District 1999 Series E	0.00000	0.00000	0.00000	0.00000	0.00000	0.01114	0.01054	0.00877	0.00820	0.00751
883.55 Long Beach Unified School District 1999 Series F	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00918</u>	<u>0.00829</u>	<u>0.00730</u>	<u>0.00660</u>
Total Direct & Overlapping Tax Rates	1.03869	1.04549	1.05330	1.06364	1.07160	1.08704	1.11168	1.11706	1.10326	1.09254
City's Share of 1% Levy Per Prop 13^	0.05602	0.05602	0.05602	0.05602	0.05602	0.05602	0.05602	0.05602	0.05602	0.05602
Redevelopment Rate**	1.01230	1.01209	1.01167	1.00990	1.00861	1.00755	1.00697	1.00604	1.00541	1.00450
Total Direct Rate**^	0.87686	0.87615	0.87859	0.88421	0.89245	0.90223	0.90622	0.91098	0.92028	0.92834

\*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.

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

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

\*\*Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Source: HDL Coren & Cone

CITY OF HAWAIIAN GARDENS

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer	2008		1999	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Gardens Regional Hospital & Medical Center	\$ 26,510,760	3.80%	-	0.00%
ESS Prisa III Owner LLC	14,990,367	2.15%	-	0.00%
Urdang & Cadence Hawaiian Gardens	14,014,188	2.01%	-	0.00%
Hawaiian Gardens Housing Partners LP	21,511,439	3.08%	-	0.00%
Irving I Moskowitz Foundation	12,890,907	1.85%	-	0.00%
Colton Hawaiian Gardens LLC	12,304,504	1.76%	-	0.00%
NF Hawaiian Gardens Limited Partnership	9,385,566	1.35%	-	0.00%
Hawaiian Gardens Square	9,203,718	1.32%	5,026,820	1.46%
Whelan Investment NC	8,421,036	1.21%	-	0.00%
DV Properties	8,181,843	1.17%	-	0.00%
Cerritos Gardens General Hospital	-	0.00%	19,836,987	5.76%
Norwalk & Carson Associates	-	0.00%	9,659,705	2.80%
JJJ Enterprises Limited	-	0.00%	7,178,000	2.08%
Hawaiian Gardens Apartments	-	0.00%	5,499,288	1.60%
Susa Partnership Limited Partnership	-	0.00%	5,406,000	1.57%
Whelan Investment Inc.	-	0.00%	5,349,170	1.55%
AU Zone Investment No 2 Limited Partnership	-	0.00%	4,080,000	1.18%
Albertsons Inc.	-	0.00%	3,975,666	1.15%
Irving Moskowitz	-	0.00%	3,457,502	1.00%
	<u>\$ 137,414,328</u>	<u>19.70%</u>	<u>69,469,138</u>	<u>20.16%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: HDL Coren & Cone

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 the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1999	\$ 2,946,063	2,828,733	96.02%	123,885	2,952,618	100.22%
2000	2,994,567	2,850,632	95.19%	49,626	2,900,258	96.85%
2001	3,130,787	2,999,952	95.82%	191,993	3,191,945	101.95%
2002	3,346,964	3,230,670	96.53%	270,115	3,500,785	104.60%
2003	3,701,941	3,663,753	98.97%	250,617	3,914,370	105.74%
2004	4,017,233	3,927,253	97.76%	290,230	4,217,483	104.98%
2005	4,321,601	4,217,492	97.59%	597,135	4,814,627	111.41%
2006	5,600,231	5,249,349	93.73%	350,882	5,600,231	100.00%
2007	6,247,897	6,038,110	96.64%	209,787	6,247,897	100.00%
2008	6,974,541	6,360,735	91.20%	278,499	6,639,234	95.19%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies. In addition, amounts include supplemental revenue, reductions for taxpayer refunds and revenue from prior years.

Source: HDL Coren & Cone

CITY OF HAWAIIAN GARDENS

Business License Tax Revenue

Last Five Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Business License Tax Rate</u>	<u>Business License Tax Revenue</u>
2004	10%-13.2%	\$ 7,644,733
2005	10%-13.2%	9,306,103
2006	10%-13.2%	10,804,786
2007	10%-13.2%	11,676,652
2008	10%-13.2%	13,252,065

Source: City Finance Department

*The City of Hawaiian Gardens has elected to show only five years of data for this schedule.*

CITY OF HAWAIIAN GARDENS  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds	Certificates of Participation	Total	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
1999	\$ 36,606,644	4,220,000	40,826,644	N/A	N/A
2000	37,266,644	4,745,000	42,011,644	N/A	N/A
2001	36,926,644	4,665,000	41,591,644	26%	\$10,728
2002	36,501,644	4,580,000	41,081,644	27%	\$10,222
2003	36,056,644	4,490,000	40,546,644	28%	\$9,716
2004	40,845,000	4,390,000	45,235,000	32%	\$9,210
2005	40,350,000	4,285,000	44,635,000	33%	\$8,704
2006	39,835,000	4,170,000	44,005,000	35%	\$8,196
2007	51,635,000	-	51,635,000	41%	\$8,196
2008	48,315,000	-	48,315,000	39%	\$8,196

<sup>1</sup> These ratios are calculated using personal income and population for the prior calendar year.

N/A - Information was not available

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF HAWAIIAN GARDENS  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value <sup>1</sup>	Debt Per Capita
	Certificates of Participation	Tax Allocation Bonds	Total		
	1999	\$ 4,220,000	36,606,644		
2000	4,745,000	37,266,644	42,011,644	12.03%	N/A
2001	4,665,000	36,926,644	41,591,644	11.60%	2,814
2002	4,580,000	36,501,644	41,081,644	10.85%	2,749
2003	4,490,000	36,056,644	40,546,644	10.12%	2,680
2004	4,390,000	40,845,000	45,235,000	10.33%	2,962
2005	4,285,000	40,350,000	44,635,000	9.30%	2,903
2006	4,170,000	39,835,000	44,005,000	7.86%	2,858
2007	-	51,635,000	51,635,000	8.26%	3,348
2008	-	48,315,000	48,315,000	6.93%	3,162

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

<sup>1</sup> Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

N/A - Information was not available

CITY OF HAWAIIAN GARDENS  
 Direct and Overlapping Governmental Activities Debt  
 June 30, 2008

	Debt Outstanding	Percent Applicable To City	Estimated Share of Overlapping Debt
Overlapping debt:			
Metropolitan Water District	\$ 150,054,336	0.006%	\$ 9,618
Cerritos CC DS 2004 Series A	5,455,000	2.011%	109,680
Cerritos CC DS 2005 Refunding Bonds	24,265,994	2.011%	487,900
Cerritos CC DS 2004 Series 2006	30,645,000	2.011%	616,159
ABC Unified School District 2003 Refunding Bonds	17,120,000	6.204%	1,062,157
ABC Unified School District 1997 Series B	36,014,966	6.204%	<u>2,234,436</u>
Total overlapping debt:			4,519,950
City of Hawaiian Gardens direct debt at 6/30/08			<u>48,315,000</u>
Total direct and overlapping debt			<u>\$ 52,834,950</u>

NOTES:

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City'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.

Source: HDL Coren & Cone

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CITY OF HAWAIIAN GARDENS  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	Fiscal Year				
	2008	2007	2006	2005	2004
Debt limit	\$ 26,154,528	\$ 23,429,613	21,000,865	17,999,645	16,419,724
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 26,154,528</u>	<u>\$ 23,429,613</u>	<u>21,000,865</u>	<u>17,999,645</u>	<u>16,419,724</u>
Total net debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 697,454,088
Debt limit (3.75% of assessed value)	<u>26,154,528</u>
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 26,154,528</u>

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). Although the statutory debt limit has not been amended by the State since this change the percentages presented in the above computations have been proportionately modified to 3.75% (25% of 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit at the time of the State's establishment of the limit.

Source: City Finance Department  
 Los Angeles County Tax Assessor's Office

Fiscal Year				
2003	2002	2001	2000	1999
15,029,613	14,204,650	13,441,236	13,091,793	12,920,620
-	-	-	-	-
<u>15,029,613</u>	<u>14,204,650</u>	<u>13,441,236</u>	<u>13,091,793</u>	<u>12,920,620</u>
0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF HAWAIIAN GARDENS  
 Demographic and Economic Statistics  
 Last Eight Calendar Years

Calendar Year	Population <sup>1</sup>	Personal Income (in thousands) <sup>1</sup>	Per Capita Personal Income <sup>1</sup>	Unemployment Rate <sup>2</sup>
2000	14,779	\$158,549	\$10,728	5.4%
2001	14,943	\$152,747	\$10,222	5.7%
2002	15,127	\$146,974	\$9,716	6.8%
2003	15,270	\$140,637	\$9,210	7.0%
2004	15,373	\$133,807	\$8,704	6.5%
2005	15,398	\$126,202	\$8,196	5.3%
2006	15,422	\$126,399	\$8,196 <sup>3</sup>	4.7%
2007	15,279	\$125,227	\$8,196 <sup>3</sup>	6.4%

Sources:

<sup>1</sup> U.S. Census Bureau

<sup>2</sup> State of California Employment Development Department (data shown is for the County)

<sup>3</sup> 2007 and 2006 information not available. Amount shown represents information for 2005.

NOTE:

Demographic and economic data was not available for years prior to 2000. The U.S. Census Bureau performed its most recent decennial census in 2000. Certain estimates have been made by the Census Bureau since 2000 to estimate the City's population, personal income, and per capita personal income data.

CITY OF HAWAIIAN GARDENS

Principal Employers

Current Year and Three Years Ago

Employer	2008		2005	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Hawaiian Gardens Card Club	1,000	14.81%	1,170	17.33%
Tri-City Medical Center	300	4.44%	660	9.78%
City of Hawaiian Gardens	80	1.19%	81	1.20%
Vons Co's Inc.	-	0.00%	49	0.73%
Cypress Garden Villas	70	1.04%	-	0.00%
Kroger Co.	60	0.89%	-	0.00%
Howard Contracting Inc.	50	0.74%	-	0.00%
Richmond Plastering Inc.	50	0.74%	-	0.00%
ABC Unified School District	40	0.59%	-	0.00%
Jose Villaflor	35	0.52%	-	0.00%
Hawaiian Gardens Casino	30	0.44%	-	0.00%
Providence Community Servic	30	0.44%	-	0.00%
United States Postal Service	30	0.44%	-	0.00%
Valu Plus Food Warehouse	30	0.44%	-	0.00%
Jack In the Box	29	0.43%	31	0.46%
99 Cents Store	25	0.37%	40	0.59%
Consolidated Color Corp	25	0.37%	-	0.00%
Food 4 Less	-	0.00%	65	0.96%
Top Valu Market	-	0.00%	55	0.81%
McDonald's	-	0.00%	43	0.64%
Sav On Drugs Store	-	0.00%	38	0.56%
	<u>1,884</u>	<u>27.91%</u>	<u>2,232</u>	<u>33.06%</u>

Source: Community Development Department

*The principal employer information prior to 2005 was not available.*

CITY OF HAWAIIAN GARDENS  
 Full-time and Part-time City Employees  
 Last Five Fiscal Years

<u>Function</u>	<u>Full-time and Part-time Employees as of June 30</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General government	15	18	19	19	19
Public safety	6	6	6	6	6
Public works	8	6	11	11	11
Culture and recreation	35	36	30	30	30
Highways and streets	6	6	6	6	6
Urban development	<u>9</u>	<u>7</u>	<u>9</u>	<u>9</u>	<u>9</u>
	79	79	81	81	81

Source: City Budget Office

*Full-time and part-time employee information was not available for years prior to 2004.*

CITY OF HAWAIIAN GARDENS

Operating Indicators by Function

Last Four Fiscal Years

	Fiscal Year			
	2008	2007	2006	2005
Police:				
Physical arrests	686	486	527	577
Parking violations	2,885	258	2,028	627
Traffic violations	1,837	1,750	1,087	1,466
Highways and streets:				
Street resurfacing (miles)	1	2	1	4
Potholes repaired	72	89	78	85
Human Services-Senior Citizens Program:				
Classes and Activities	195	191	190	185
Number of Participants	38,200	34,206	32,396	37,114
Excursions	35	32	27	30
Number of Participants	1,400	1,214	969	1,431
Special Events	21	21	21	22
Number of Participants	2,910	2,234	1,917	2,406
Human Services-Transportation:				
Number of Passengers	31,356	31,027	28,148	33,546
Mileage	77,770	76,083	75,570	74,741
Human Services-Recreation:				
Classes and Activities	182	178	180	167
Number of Participants	79,565	77,094	78,016	58,386
Special Events	22	21	21	18
Number of Participants	15,010	11,430	11,005	14,362
Number of Facility Rentals	23	18	26	21

Source: Sheriff/ Community Development/Community Services

*Operating indicator information was not available for years prior to 2005.*

CITY OF HAWAIIAN GARDENS  
 Capital Assets Statistics by Function  
 Last Five Fiscal Years

	Fiscal Year				
	2008	2007	2006	2005	2004
Public safety					
Vehicles	3	3	3	3	3
Public works					
Vehicles	31	28	29	28	28
Highways and streets					
Streets (miles)	16	16	16	16	16
Traffic signals	15	15	15	15	15
Culture and recreation					
Vehicles	2	2	2	3	3
Parks acreage	13	13	13	13	13
Parks	3	3	3	3	3
Swimming pools	1	1	1	1	1
Community centers	1	1	1	1	1
Health and welfare					
Vehicles	5	6	6	4	4

Source: Various city departments

*The City of Hawaiian Gardens has elected to show only five years of data for this schedule.*