

CITY OF HAWAIIAN GARDENS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

Prepared By:
Finance Department

Linda Hollinsworth
Finance Director/Treasurer

CITY OF HAWAIIAN GARDENS

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INTRODUCTORY SECTION

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“Our Youth - Our Future”

CITY OF HAWAIIAN GARDENS

February 2, 2016

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

It is the policy of the City of Hawaiian Gardens to annually publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of Hawaiian Gardens (“the City”) for the fiscal year ending June 30, 2015. 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 aspects.

The City’s financial statements have been audited by the firm of White Nelson Diehl Evans LLP, 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 ending June 30, 2015, 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 ending June 30, 2015, were fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

General Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

Profile of Hawaiian Gardens

The City, incorporated in 1964, is located in the southeastern corner of Los Angeles County. The City currently occupies a land area of nine tenths of a square mile and serves a population of 14,446.

The City has operated under the Council-Manager/Administrator form of government since 1964. In 2012 the position of City Administrator was changed to City Manager. Policymaking and legislative authority are vested in a City Council consisting of five members, one of whom is selected Mayor by the City Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing commissions and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council and for overseeing the day-to-day operations of the City. The City Council is elected on a non-partisan basis. Council members serve four-year staggered

terms, with three council members elected in the first two year period and two council members elected in the other two year period.

The City provides a full range of services, including police protection (contracted with Los Angeles County 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 housing authority and a public financing authority, both of which are reported separately within the City's financial statements. Additionally, the Successor Agency to the Redevelopment Agency created in Fiscal Year 2011-2012 and the activity of that Agency is reported in a fiduciary private-purpose trust fund within the City's Financial Statements. The City is not financially responsible for the Successor Agency to the Redevelopment Agency. Information regarding 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 Manager during the month of March. The City Manager uses these requests as the starting point for developing a Preliminary Budget. The City Manager then presents this proposed budget to the City Council for review during the month of May. The City Council holds public hearings on the Preliminary Budget and approves a final Adopted Budget by no later than June 30, the close of the City's fiscal year. The Adopted Budget is prepared by fund, function (e.g. 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 budget integration is not employed for capital project funds because effective budgetary control is achieved through project management controls. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For 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 in which the City operates.

Local Economy: The City along with many cities in the state has faced declining revenues, due to the RDA dissolution by the State and cutbacks in CDBG programs. The revenues from the City's major revenue source, the license fee of the Hawaiian Gardens Casino, increased during the fiscal year. The casino license fee increased by \$529,665 (about 4.89%) compared to the previous year. The following is a summary which shows each month's license fee revenue compared to the prior year.

**Hawaiian Gardens Casino
License Fee Revenues**

| | FY 13-14 | FY 14-15 | Change |
|--------------|----------------------|----------------------|--------------|
| July | 944,516 | 901,055 | -4.60% |
| August | 949,571 | 947,481 | -0.22% |
| September | 875,327 | 872,288 | -0.35% |
| October | 880,697 | 924,879 | 5.02% |
| November | 887,433 | 904,087 | 1.88% |
| December | 924,133 | 953,961 | 3.23% |
| January | 905,264 | 975,755 | 7.79% |
| February | 861,553 | 910,259 | 5.65% |
| March | 968,808 | 996,301 | 2.84% |
| April | 878,612 | 982,485 | 11.82% |
| May | 915,599 | 1,031,467 | 12.65% |
| June | 839,735 | 960,895 | 14.43% |
| Total | \$ 10,831,248 | \$ 11,360,913 | 4.89% |

Long-term financial planning: In Fiscal Year 2013 City adopted a Fiscal Policy which provided for the assignment of committed fund balances. Pursuant to the Requirements of GASB 54 the specific contingencies for the use of the committed fund balances (reserves), are a \$15 million reserve in "General Fund Committed Fund Balance" (reserve) and a \$750,000 reserve for "General Fund Equipment Replacement Committed Fund Balance" (reserve). The annual contribution was increased to \$1.1 million per year until both are fully funded. The Fiscal Year 2013-2014 budget provided for both and was fully funded as June 30, 2014.

During Fiscal Year 2011-2012, the State dissolved the Redevelopment Agencies across California, including Hawaiian Gardens, and established Successor Agencies to carry on the legal obligations of the former Redevelopment Agencies. The City opted to establish its own Successor Agency to the former Hawaiian Gardens Redevelopment Agency and transferred the responsibilities formerly carried out by the Low and Moderate Income Housing Set-Aside Fund to the City's Housing Authority. The only asset of the fund allowed to be transferred to the new Housing Successor Agency was the future proceeds from repayment of the \$2,950,050 advance between the Redevelopment Agency and the Low and Moderate Income Housing Set-Aside Fund. This advance is expected to be repaid over time. The amount of the payments must be listed on the ROPS (Required Obligation Payment Schedule) and approved by the Successor Agency Oversight Board and the State Department of Finance.

Repayments are based upon the amount of funds available to be transferred to the taxing agencies and cannot be determined at this time; under these requirements it is expected that the funds available to repay the advance will be severely restricted and it will take a number of years to repay the advance.

Fiscal Year 2014-2015 revenues exceeded budget due mainly to the increased casino revenues. In addition overall expenditures were less than budgeted. These combined budget variances provided an increase to the fund balance. Revenues for Fiscal Year 2015-2016 are expected to remain stable; however expenditures will continue to be monitored, with capital projects being funded by state or federal grants where possible.

Despite the previous year's challenging economic climate, our long term economic outlook should be sustained through careful planning with local businesses and residents in the City. The City will continue to work hard to preserve its resources and provide the highest level of service to its residents.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ernesto Marquez', written over a horizontal line.

Ernesto Marquez, City Manager



CITY OF HAWAIIAN GARDENS
List of Elected and Appointed Officials
Fiscal Year Ended June 30, 2015

Elected Officials

Mayor
Mayor Pro Tem
Councilmember
Councilmember
Councilmember

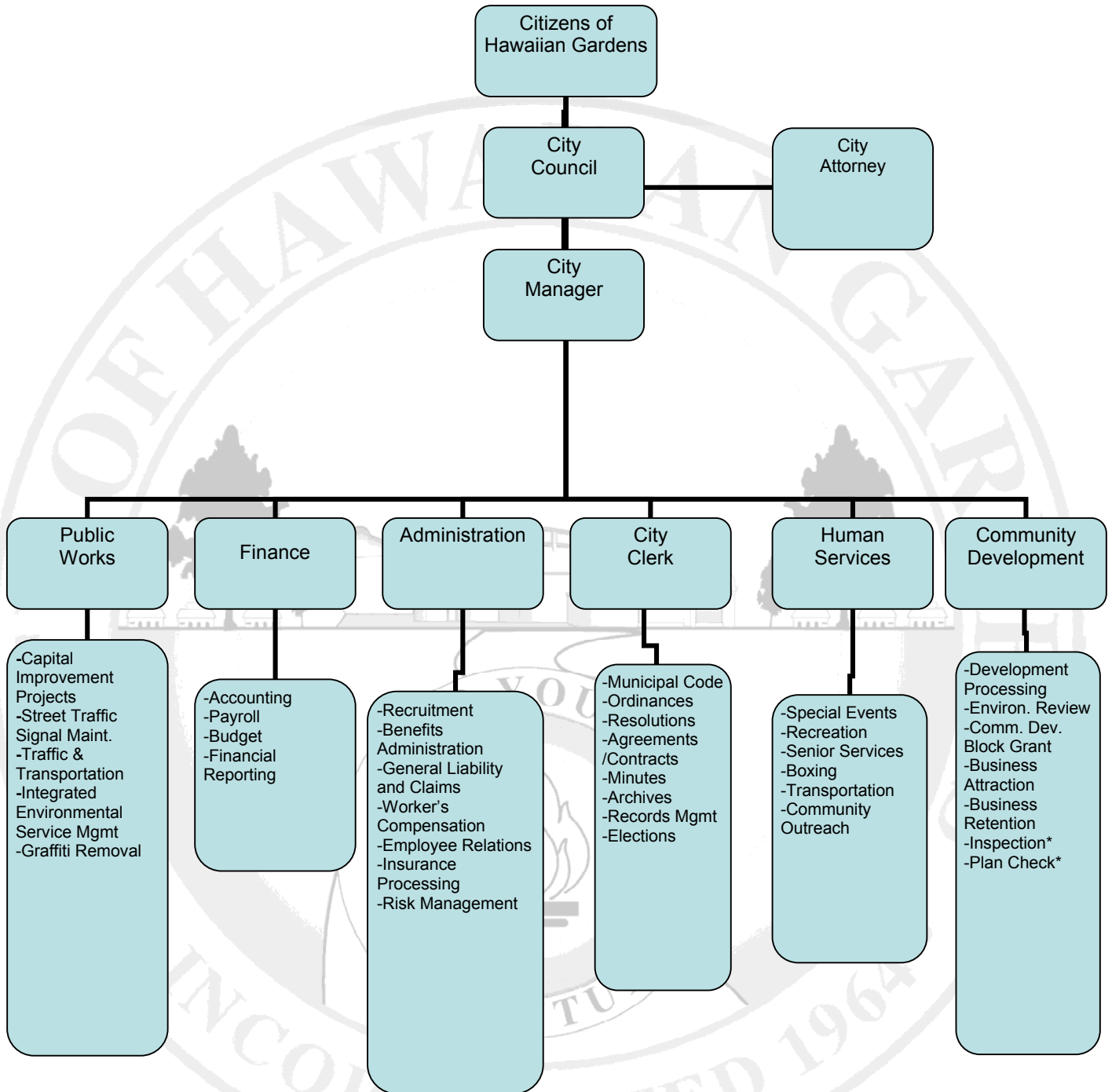
Barry Bruce
Mariana Rios
Victor A Farfan
Michael S. Gomez
Reynaldo Rodriguez

Appointed Officials

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

Ernesto Marquez
Omar Sandoval
Sue Underwood
Joseph Colombo
Linda Hollinsworth
Raylette Felton
Steve J. Gomez
Joe Vasquez

City of Hawaiian Gardens
 Organization Chart
 June 30, 2015



*Contract Services
 **County Service

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Hawaiian Gardens
Hawaiian Gardens, California

Report on the Financial Statements

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 (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hawaiian Gardens, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1D and 10 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". The adoption of these standards required retrospective application resulting in a \$6,725,580 reduction of previously reported net position of the governmental activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and individual fund schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
February 2, 2016

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**CITY OF HAWAIIAN GARDENS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015**

This section of the City's Comprehensive Annual Financial Report provides a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, found at the front of this report, and with the basic financial statements which follow this section.

FINANCIAL HIGHLIGHTS

The comparisons in the discussion and analysis below are between FY 2013-14 and FY 2014-15. All increases and decreases are expressed relative to FY 2013-14 amounts.

Financial highlights of the City for the fiscal year ending June 30, 2015 are summarized below. Details related to these highlights are found in the remaining sections of this analysis.

Citywide

- Net position, the amount by which total assets and deferred outflows exceed total liabilities and deferred inflows, equals \$56.7 million. Of this amount, \$32.8 million is net investment in capital assets, \$5.1 million is restricted, and \$18.8 million is unrestricted. The unrestricted amount may be used to meet the City's ongoing obligations to citizens and creditors.
- Assets and deferred outflows totaled \$68.3 million and liabilities and deferred inflows totaled \$11.6 million.
- The City's net position increased by \$4.9 million resulting from revenues of \$22.8 million exceeding expenses of \$17.9 million.

Fund Level – Governmental Funds

- Governmental funds for the City reported combined fund balances of \$30.2 million. Of this amount, \$2.7 million is nonspendable, \$5.1 million is restricted by external parties, \$15.7 million is committed by City Council action, and \$6.7 million is unassigned and available for future appropriation.
- For FY 2014-15, General Fund expenditures totaled \$13.5 million, which represent 198.6% of the General Fund's unassigned fund balance of \$6.8 million.
- At June 30, 2015, the cash and investments of the General Fund are \$22.3 million, which represent 88.2% of the General Fund's total fund balance of \$25.3 million.

Fund Level – Fiduciary Funds

- The City is the Successor Agency to the former Redevelopment Agency. The Successor Agency's assets, liabilities, and activities are recorded in a Private Purpose Trust Fund, and the Successor Agency is considered to be a separate operating entity from the City. Refer to pages 27-28 for details about this fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The basic financial statements include two types 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 and reports on the City's operations in more detail than the government-wide statements. The fund financial statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies.

The *Statement of Net Position* presents information on all of the City's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused employee leaves).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hawaiian Gardens, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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. 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. The differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* are identified within reconciliations which immediately follow the governmental funds' financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

| | Governmental Activities | | |
|---|--------------------------------|-----------------------|-----------------------|
| | June 30, 2015 | June 30, 2014* | Change |
| Current and other assets | \$ 34,376,292 | \$ 28,560,340 | \$ 5,815,952 |
| Capital assets, net of depreciation | 32,759,981 | 33,422,352 | (662,371) |
| Total Assets | 67,136,273 | 61,982,692 | 5,153,581 |
| Deferred amount from pension | 1,065,189 | - | 1,065,189 |
| Total Deferred Outflows of Resources | 1,065,189 | - | 1,065,189 |
| Long-term debt outstanding | 7,514,098 | 1,507,395 | (6,006,703) |
| Other liabilities | 2,447,065 | 1,989,955 | (457,110) |
| Total Liabilities | 9,961,163 | 3,497,350 | (6,463,813) |
| Deferred amount from pension | 1,541,206 | - | (1,541,206) |
| Total Deferred Inflows of Resources | 1,541,206 | - | (1,541,206) |
| Net investment in capital assets | 32,759,981 | 33,422,352 | (662,371) |
| Restricted | 5,088,435 | 5,143,343 | (54,908) |
| Unrestricted | 18,850,677 | 19,919,647 | (1,068,970) |
| Total Net Position | \$ 56,699,093 | \$ 58,485,342 | \$ (1,786,249) |

*Prior year information has not been restated for GASB Statements No.68 and No.71

As noted earlier, the City’s net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Hawaiian Gardens, net position was \$56.7 million as of June 30, 2015 and \$58.5 million a year earlier at June 30, 2014, a total decrease in net position of \$1.8 million. This change in net position is comprised of the following:

- A restatement at July 1, 2014 to decrease net position by \$6.7 million as a result of implementing Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71. These standards were implemented to record the City’s pension liability. Refer to Notes to Basic Financial Statements No. 1(D) and No. 10 for additional information on this restatement.
- A current year excess of revenues over expenses of \$4.9 million. This change will be analyzed in conjunction with the Statement of Activities.

The largest portion of the City’s net position (\$32.8 million or 57.8%) reflects its investment in capital assets (e.g., land, building, infrastructure, equipment, etc.), net of any related debt. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The City’s restricted net position totals \$5.1 million (9.0%) of total net position. Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18.8 million (33.2%) represents unrestricted net position; this category of net position may be used to meet the City’s ongoing obligations to citizens and creditors.

During FY 2014-15, current assets increased by 20.4% or \$5.8 million over the prior year; this increase is largely a result of the City’s expenses being less than revenues. During FY 2014-15, the City’s long-term debt increased by \$6.0 million. Of this amount, \$6.1 million is for the City’s net pension liability which was

recorded as a result of implementing GASB Statements No. 68 and No. 71 (see Notes to Basic Financial Statements No. 9 for additional information); this increase is reduced by \$0.1 million in reductions for notes payable and compensated absences.

The deferred inflows and deferred outflows are related to the City’s pension obligation; the deferred inflows and outflows were created during FY 2014-15 in conjunction with the implementation of GASB Statements No. 68 and No. 71 (see Notes to Basic Financial Statements No. 9 for additional information).

Following is a summary of the government-wide *Statement of Activities*. This table illustrates the \$4.9 million increase in the City’s net position, a result of the City’s revenues of \$22.8 million exceeding expenses of \$17.9 million. Discussion regarding significant revenue and expense changes follows the table.

| | Governmental Activities | | |
|--|--------------------------------|-----------------------|-----------------------|
| | June 30, 2015 | June 30, 2014* | Change |
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for services | \$ 1,616,541 | \$ 1,174,025 | \$ 442,516 |
| Operating grants and contributions | 3,298,207 | 3,572,376 | (274,169) |
| General Revenues: | | | |
| Property taxes | 1,740,562 | 1,504,630 | 235,932 |
| Business license tax | 11,919,789 | 11,370,160 | 549,629 |
| Motor vehicle in lieu, unrestricted | 6,525 | 6,755 | (230) |
| Sales tax | 844,475 | 772,165 | 72,310 |
| Other taxes | 437,166 | 372,993 | 64,173 |
| Other general revenues | 2,981,394 | 414,644 | 2,566,750 |
| Total Revenues | <u>22,844,659</u> | <u>19,187,748</u> | <u>3,656,911</u> |
| Expenses: | | | |
| General government | 6,037,441 | 6,052,505 | (15,064) |
| Public safety | 3,440,359 | 3,332,962 | 107,397 |
| Public works | 2,014,710 | 2,411,659 | (396,949) |
| Highways and streets | 1,389,596 | 1,349,640 | 39,956 |
| Culture and recreation | 3,304,846 | 3,204,330 | 100,516 |
| Urban development | 346,794 | 317,298 | 29,496 |
| Health and welfare | 1,371,582 | 1,444,790 | (73,208) |
| Total Expenses | <u>17,905,328</u> | <u>18,113,184</u> | <u>(207,856)</u> |
| Increase in net position | <u>4,939,331</u> | <u>1,074,564</u> | <u>3,864,767</u> |
| Net position at beginning of year | 58,485,342 | 57,410,778 | 1,074,564 |
| Restatement for GASB No. 68 & 71 implementation | (6,725,580) | - | (6,725,580) |
| Net position at beginning of year, restated | <u>51,759,762</u> | <u>57,410,778</u> | <u>(5,651,016)</u> |
| Net position at end of year | <u>\$ 56,699,093</u> | <u>\$ 58,485,342</u> | <u>\$ (1,786,249)</u> |

*Prior year information has not been restated for GASB Statements No.68 and No.71

Governmental Activities

As explained below, City-wide revenues increased by \$3.6 million (19%) to \$22.8 million.

- Public works charges for services increased by \$500,000 as a result of increased building permit fees which are mostly related to the expansion of the Hawaiian Gardens Casino.

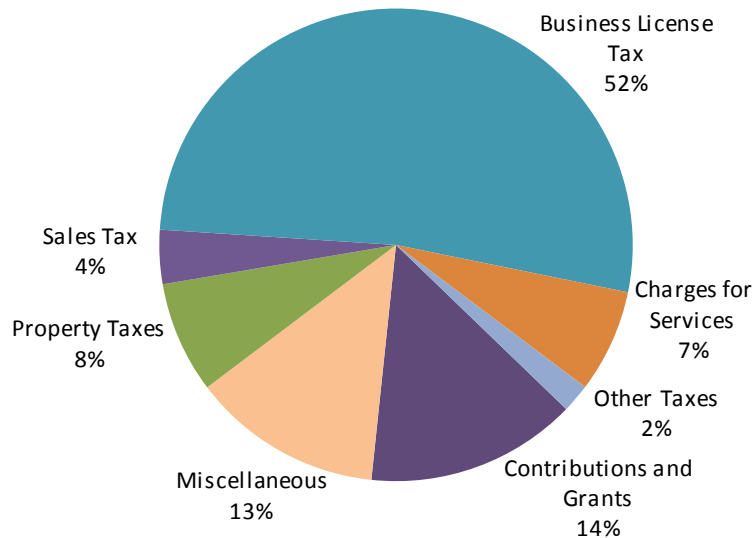
- Business license tax (the majority of which is from casino fees), increased by \$500,000; this increase is due to more casino business, a result of the general economy.
- Other general revenues increased by \$2.6 million. In FY 2014-15, the City recorded revenue of \$2.4 million for capital growth fees, mainly related to the expansion of the Hawaiian Gardens Casino.

The total cost of all City programs and services during FY 2014-15 was \$17.9 million, which is comparable to the prior year's costs of \$18.11 million (a decrease of 1.15%). Due to the City's adherence to cost control measures, the cost of providing services to the community decreased by \$208,000 from the prior year.

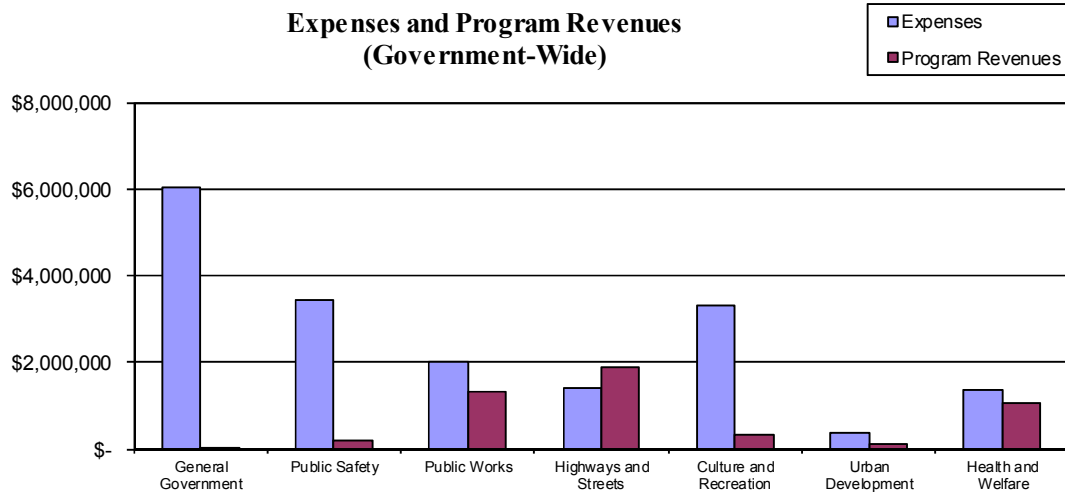
As previously noted, the July 1, 2014 net position was restated with a \$6.7 million decrease as a result of implementing Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71 in order to record the City's pension liability (see Notes to Basic Financial Statements No. 9 for additional information).

The following charts illustrate the City's overall revenues and expenses by source and program:

Revenues by Source (Government-Wide)



General revenues, such as property taxes and business license tax, are not shown by program, but are used to support program activities citywide. The Business License Tax is the single largest source of funds for the City (52%), followed by Contributions and Grants (14%), Miscellaneous Revenue (13%), and Property Taxes (8%). In most years, the miscellaneous revenue category is only around 2% of total revenue; in FY 2014-15, the large increase is due to the capital growth fees revenue recorded as a result of the Casino's expansion.



General government is the largest expense function, accounting for 33.7% of the total. Public Safety is the second largest expense function (19.2% of the total) followed by Culture and Recreation (18.5% of the total). The proportionate share of these expense functions to total costs remains consistent from year to year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30.2 million, representing an increase of \$4.0 million over the prior fiscal year. Nonspendable fund balances total \$2.7 million which is for the long-term receivable from the Successor Agency. Restricted fund balances total \$5.1 million and have legal restriction by external parties. City Council has committed \$15 million for specific contingencies (such as earthquake damage, loss of major revenue sources, major building repairs, and litigation losses) and \$750,000 for equipment replacement. The remaining fund balances are categorized as unassigned and may be used to meet the City's ongoing obligations to citizens and creditors.

Major Governmental Funds

The **General Fund** is the main operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$25.3 million, nonspendable fund balance was \$2.7 million, committed fund balance was \$15.75 million, and unassigned fund balance was \$6.8 million. As a measure of the general fund's liquidity, it is useful to compare the total fund balance to total fund expenditures, which comparison shows that fund balance is 187% of the general fund's expenditures for FY 2014-15. In contrast, the FY 2013-14 results showed that the general fund's expenditures were 171% of the general fund's fund balance.

The general fund's fund balance increased by \$4.1 million in comparison to the \$2.4 million increase in the prior year. The net increase of \$1.7 million is explained by the change in revenues and expenditures and transfers out to other funds.

- Revenues are higher by \$2.6 million mainly due to recording revenue of \$1.2 million for capital growth fees and \$0.5 million for building permit fees, both directly related to the Casino's expansion, and additional casino license fees of \$0.5 million due to increased Casino activity. The remaining increase in revenue is due to smaller increases in all tax revenue and additional grant revenues received in FY 2014-15.
- Expenditures are higher by \$1.1 million mainly due to increased program costs in general government of \$690,000, public safety of \$110,000, public works of \$160,000, and smaller increases in culture and recreation and urban development. General Government expenditures increased due to purchasing grant funds and allowing employees to use the vacation buyback program again after not allowing the program's use in the prior year.
- The general fund transferred out \$400,000 to other funds in FY 2014-15 while the transfers out in FY 2013-14 totaled \$600,000.

The **Community Development Block Grant** fund has a deficit fund balance of \$41,121; the deficit is expected to be relieved in a future year by additional grant funds or by a transfer from a City fund. This fund accounts for the grants received from the federal government for community development projects and housing loans. Grant revenues of \$128,797 were received during the year, all of which were spent for community development programs and projects.

The **Housing Authority Successor Agency** fund has a fund balance of \$3,726,086. This fund had no activity during the year other than to record deferred inflow of resources for interest accumulated on the long-term advance to the Successor Agency Private Purpose Trust Fund.

Fiduciary Funds

The City presents one fiduciary fund which is the Successor Agency Private Purpose Trust Fund. At June 30, 2015, the net position was a deficit \$37.3 million. Operating deductions exceeded additions, resulting in a reduction to net position of \$1.7 million. The operating additions consist mainly of the Successor Agency's share of property taxes from the Redevelopment Property Tax Trust Fund. The operating deductions consist mainly of interest and related charges for debt, as well as contractual and administrative costs.

GENERAL FUND BUDGET

During the fiscal year, there was a \$1,350,000 decrease in the budgeted revenues as a result of lower expected revenues from development-related fees. There was also a \$514,000 increase in budgeted expenditures, mainly due to a mid-year opportunity to purchase grant funds. The fiscal year's actual activity resulted in a positive variance with the final budget of \$6.6 million.

The total General Fund revenue budget was \$15.6 million with actual receipts of \$18.0 million. The variance between actual revenues and the final revenue budget was \$2.4 million (15.7%). The majority of this variance is due to the City receiving \$1.5 million more casino license revenue than was anticipated. Additional reasons for this variance are due to receiving more revenue in capital growth fees and state mandated fee refunds than were anticipated when the budget was prepared.

The General Fund's actual total expenditures of \$13.5 million were less than the final budgeted appropriations of \$14.8 million. The variance between actual total expenditures and the final appropriation was \$1.3 million (8.9%). The variance for the general fund budget expenditures is essentially due to effectively implementing cost-control measures throughout the City as well as costs for retiree health insurance were less than anticipated.

In addition, transfers to other funds of \$3.2 million were budgeted, but only \$400,000 of transfers were needed due to a delay of capital projects or other programs not requiring the anticipated funding from the General Fund.

CAPITAL ASSETS

Capital assets totaled \$32.8 million at fiscal year-end. During FY 2014-15, capital assets totaling \$732,000 were acquired and depreciation expense of \$1.4 million was recorded. The major capital asset acquisition was for street-related infrastructure. Additional information on the City's capital assets can be found in Note 5 of the Notes to Basic Financial Statements.

| Governmental Activities | | |
|--|-----------------------------|-----------------------------|
| (net of accumulated depreciation) | | |
| | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
| Buildings and improvements | \$ 11,221,641 | \$ 11,604,775 |
| Furniture and equipment | 237,121 | 232,438 |
| Vehicles | 471,279 | 508,078 |
| Infrastructure – road system | 6,532,534 | 6,868,869 |
| Construction in progress | 89,214 | - |
| Rights-of-way | 3,290,005 | 3,290,005 |
| Land | <u>10,918,187</u> | <u>10,918,187</u> |
| Total | <u><u>\$ 32,759,981</u></u> | <u><u>\$ 33,422,352</u></u> |

LONG-TERM DEBT

As of June 30, 2015, the City had total long-term liabilities outstanding of \$7.5 million, an increase of \$6.0 million. This increase is due to recording a June 30, 2015 liability for the City's net pension liability of \$6.1 million with \$0.1 million of reductions for principal payments on notes payable and for reductions in compensated absences due to reinstating the employee vacation buyback program.

| Governmental Activities | | |
|--------------------------------|-----------------------------|-----------------------------|
| | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
| Compensated absences | \$ 589,724 | \$ 653,213 |
| Notes payable | 191,748 | 238,539 |
| CJPIA retrospective deposit | 446,423 | 396,660 |
| Net OPEB obligation | 213,245 | 218,983 |
| Net pension liability | <u>6,072,958</u> | <u>-</u> |
| Total | <u><u>\$ 7,514,098</u></u> | <u><u>\$ 1,507,395</u></u> |

Additional information on the City's long-term liabilities can be found in Note 6 of the Notes to Basic Financial Statements. Additional information on the net pension liability can be found in Note 7 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Management must consider the possible impact that the State of California and national economies will have on the City's budget. The State adopted an on-time budget and the financial conditions for the State continue to improve. In general the economy is gradually recovering from the recession and key areas of growth within the City reflect this improvement. Net taxable property values show a 5.4% increase for the 2015-2016 tax rolls. Taxable sales also are trending upward from the previous year. Casino revenues increased in FY 2014-2015 and have continued to show increases in the first few months of 2015-2016. The City developed a two year budget for FY 2015-2016 and 2016-2017 considering these revenue trends. Additional programs were added to serve the community in several areas including Public Safety and Human Services. These assumptions will be monitored regularly as part of the budget to actual review with adjustments made as needed to assure the City will have adequate reserves to meet the on-going operational requirements.

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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BASIC FINANCIAL STATEMENTS

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CITY OF HAWAIIAN GARDENS

STATEMENT OF NET POSITION

June 30, 2015

| | Governmental Activities |
|--------------------------------------|----------------------------|
| ASSETS: | |
| Cash and investments | \$ 23,795,311 |
| Receivables: | |
| Accounts | 1,123,496 |
| Interest | 11,424 |
| Loans | 2,247,059 |
| Due from other governments | 465,228 |
| Advances to Successor Agency | 6,733,774 |
| Capital assets, not depreciated | 14,297,406 |
| Capital assets, depreciated, net | <u>18,462,575</u> |
| TOTAL ASSETS | <u>67,136,273</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | |
| Deferred amounts from pension | <u>1,065,189</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>1,065,189</u> |
| LIABILITIES: | |
| Accounts payable | 1,225,255 |
| Accrued liabilities | 377,254 |
| Due to other governments | 844,556 |
| Long-term liabilities: | |
| Due within one year | 567,617 |
| Due in more than one year | 873,523 |
| Net pension liability | <u>6,072,958</u> |
| TOTAL LIABILITIES | <u>9,961,163</u> |
| DEFERRED INFLOWS OF RESOURCES: | |
| Deferred amounts from pension | <u>1,541,206</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>1,541,206</u> |
| NET POSITION: | |
| Investment in capital assets | 32,759,981 |
| Restricted for: | |
| Public safety | 20,832 |
| Highways and streets | 801,904 |
| Culture and recreation | 16,749 |
| Air quality | 143,153 |
| Lighting and landscaping | 363,904 |
| Low and moderate income housing | 3,741,893 |
| Unrestricted | <u>18,850,677</u> |
| TOTAL NET POSITION | <u>\$ 56,699,093</u> |

See accompanying notes to basic financial statements.

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CITY OF HAWAIIAN GARDENS

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2015

| Functions/programs | Expenses | Program Revenues | | | Net (Expenses) |
|--|----------------------|----------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenues and Change in Net Position |
| | | | | | Governmental Activities |
| Governmental activities: | | | | | |
| General government | \$ 6,037,441 | \$ 6,745 | \$ - | \$ - | \$ (6,030,696) |
| Public safety | 3,440,359 | 80,378 | 106,303 | - | (3,253,678) |
| Public works | 2,014,710 | 1,332,288 | 970 | - | (681,452) |
| Highways and streets | 1,389,596 | - | 1,889,619 | - | 500,023 |
| Culture and recreation | 3,304,846 | 195,820 | 111,643 | - | (2,997,383) |
| Urban development | 346,794 | - | 128,986 | - | (217,808) |
| Health and welfare | 1,371,582 | 1,310 | 1,060,686 | - | (309,586) |
| Total governmental activities | \$ 17,905,328 | \$ 1,616,541 | \$ 3,298,207 | \$ - | (12,990,580) |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes | | | | | 1,740,562 |
| Business license taxes | | | | | 11,919,789 |
| Sales taxes | | | | | 844,475 |
| Transient occupancy taxes | | | | | 147,427 |
| Franchise taxes | | | | | 217,063 |
| Other taxes | | | | | 72,676 |
| Motor vehicle in lieu, unrestricted | | | | | 6,525 |
| Investment income | | | | | 50,245 |
| Other revenues | | | | | 2,931,149 |
| Total general revenues | | | | | 17,929,911 |
| Change in net position | | | | | 4,939,331 |
| Net position at beginning of year, as restated | | | | | 51,759,762 |
| Net position at end of year | | | | | \$ 56,699,093 |

See accompanying notes to basic financial statements.

CITY OF HAWAIIAN GARDENS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2015

| | | General Fund | Special Revenue Fund <u>Community Development Block Grant</u> |
|---|--|----------------------|--|
| ASSETS | | | |
| Cash and investments | | \$ 22,148,414 | \$ - |
| Receivables: | | | |
| Accounts | | 1,122,269 | - |
| Interest | | 11,424 | - |
| Loans | | 1,377,003 | 844,556 |
| Due from other governments | | 290,795 | 113,764 |
| Due from other funds | | 123,553 | - |
| Advances to Successor Agency | | 3,026,979 | - |
| TOTAL ASSETS | | <u>\$ 28,100,437</u> | <u>\$ 958,320</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| LIABILITIES: | | | |
| Accounts payable | | \$ 959,204 | \$ 16,234 |
| Accrued liabilities | | 235,857 | 39,003 |
| Due to other funds | | - | 61,694 |
| Due to other governments | | - | 844,556 |
| TOTAL LIABILITIES | | <u>1,195,061</u> | <u>961,487</u> |
| DEFFERED INFLOWS OF RESOURCES: | | | |
| Unavailable revenues | | <u>1,646,227</u> | <u>37,954</u> |
| FUND BALANCES (DEFICIT): | | | |
| Nonspendable: | | | |
| Advances to Successor Agency | | 2,721,539 | - |
| Restricted for: | | | |
| Public safety | | - | - |
| Public works | | - | - |
| Highways and streets | | - | - |
| Culture and recreation | | - | - |
| Health and welfare | | - | - |
| Low and moderate income housing | | - | - |
| Committed for: | | | |
| Specific contingencies | | 15,000,000 | - |
| Equipment replacement | | 750,000 | - |
| Unassigned | | 6,787,610 | (41,121) |
| TOTAL FUND BALANCES (DEFICIT) | | <u>25,259,149</u> | <u>(41,121)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCSE AND FUND BALANCES | | <u>\$ 28,100,437</u> | <u>\$ 958,320</u> |

See accompanying notes to basic financial statements.

| Special Revenue Fund | | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| Housing Authority Successor Agency | | | |
| \$ - | \$ 1,646,897 | \$ 23,795,311 | |
| - | 1,227 | 1,123,496 | |
| - | - | 11,424 | |
| 25,500 | - | 2,247,059 | |
| - | 60,669 | 465,228 | |
| - | - | 123,553 | |
| 3,706,795 | - | 6,733,774 | |
| <u>\$ 3,732,295</u> | <u>\$ 1,708,793</u> | <u>\$ 34,499,845</u> | |

| | | |
|----------|----------------|------------------|
| \$ - | \$ 249,817 | \$ 1,225,255 |
| - | 102,394 | 377,254 |
| - | 61,859 | 123,553 |
| - | - | 844,556 |
| <u>-</u> | <u>414,070</u> | <u>2,570,618</u> |

| | | |
|--------------|----------|------------------|
| <u>6,209</u> | <u>-</u> | <u>1,690,390</u> |
|--------------|----------|------------------|

| | | |
|------------------|------------------|-------------------|
| - | - | 2,721,539 |
| - | 20,832 | 20,832 |
| - | 363,904 | 363,904 |
| - | 801,904 | 801,904 |
| - | 16,749 | 16,749 |
| - | 152,751 | 152,751 |
| 3,726,086 | - | 3,726,086 |
| - | - | 15,000,000 |
| - | - | 750,000 |
| - | (61,417) | 6,685,072 |
| <u>3,726,086</u> | <u>1,294,723</u> | <u>30,238,837</u> |

| | | |
|---------------------|---------------------|----------------------|
| <u>\$ 3,732,295</u> | <u>\$ 1,708,793</u> | <u>\$ 34,499,845</u> |
|---------------------|---------------------|----------------------|

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CITY OF HAWAIIAN GARDENS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2015

| | | |
|---|--------------------|-----------------------------|
| Fund balances - total governmental funds | | \$ 30,238,837 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The capital assets consist of: | | |
| Non-depreciable assets | \$ 14,297,406 | |
| Depreciable assets, net of \$24,508,835 accumulated depreciation | <u>18,462,575</u> | 32,759,981 |
| The net OPEB obligation is not an due and payable in the current period and therefore, is not reported in the governmental funds. | | (213,245) |
| Long-term liabilities, such as compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | (1,227,895) |
| Pension related debt applicable to the City's governmental activites are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities: | | |
| Deferred outflows of resources | 1,065,189 | |
| Deferred inflows of resources | (1,541,206) | |
| Pension liability | <u>(6,072,958)</u> | (6,548,975) |
| Certain revenues in the governmental funds are unavailable, because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements. | | <u>1,690,390</u> |
| Net position of governmental activities | | <u><u>\$ 56,699,093</u></u> |

See accompanying notes to basic financial statements.

CITY OF HAWAIIAN GARDENS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2015

| | General Fund | Special Revenue Fund Community Development Block Grant |
|---|----------------------|---|
| REVENUES: | | |
| Taxes | \$ 2,687,839 | \$ - |
| Licenses and permits | 13,059,057 | - |
| Intergovernmental | 366,520 | 128,797 |
| Charges for services | 379,890 | - |
| Fines and penalties | 46,659 | - |
| Rental income | 73,688 | - |
| Investment income | 39,073 | - |
| Other revenues | 1,353,890 | - |
| TOTAL REVENUES | 18,006,616 | 128,797 |
| EXPENDITURES: | | |
| Current: | | |
| General government | 5,133,025 | - |
| Public safety | 3,258,095 | - |
| Public works | 1,596,337 | - |
| Highways and streets | 189,451 | - |
| Culture and recreation | 3,021,733 | - |
| Urban development | 171,442 | 175,352 |
| Health and welfare | - | - |
| Capital outlay | 33,303 | - |
| Debt service: | | |
| Principal | 79,093 | - |
| TOTAL EXPENDITURES | 13,482,479 | 175,352 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 4,524,137 | (46,555) |
| OTHER FINANCING SOURCES (USES): | | |
| Transfers in | - | 5,434 |
| Transfers out | (439,648) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (439,648) | 5,434 |
| NET CHANGE IN FUND BALANCES | 4,084,489 | (41,121) |
| FUND BALANCES - BEGINNING OF YEAR | 21,174,660 | - |
| FUND BALANCES (DEFICIT) - END OF YEAR | \$ 25,259,149 | \$ (41,121) |

See accompanying notes to basic financial statements.

| Special Revenue Fund | | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| Housing Authority Successor Agency | | | |
| \$ - | \$ 372,225 | \$ 3,060,064 | |
| - | - | 13,059,057 | |
| - | 2,936,970 | 3,432,287 | |
| - | 6,966 | 386,856 | |
| - | 33,720 | 80,379 | |
| - | - | 73,688 | |
| - | 3,633 | 42,706 | |
| - | 564 | 1,354,454 | |
| - | <u>3,354,078</u> | <u>21,489,491</u> | |
| - | - | 5,133,025 | |
| - | 181,184 | 3,439,279 | |
| - | 276,585 | 1,872,922 | |
| - | 1,200,145 | 1,389,596 | |
| - | 11,778 | 3,033,511 | |
| - | - | 346,794 | |
| - | 1,336,171 | 1,336,171 | |
| - | 822,123 | 855,426 | |
| - | - | 79,093 | |
| - | <u>3,827,986</u> | <u>17,485,817</u> | |
| - | <u>(473,908)</u> | <u>4,003,674</u> | |
| - | 993,970 | 999,404 | |
| - | <u>(559,756)</u> | <u>(999,404)</u> | |
| - | <u>434,214</u> | <u>-</u> | |
| - | (39,694) | 4,003,674 | |
| <u>3,726,086</u> | <u>1,334,417</u> | <u>26,235,163</u> | |
| <u>\$ 3,726,086</u> | <u>\$ 1,294,723</u> | <u>\$ 30,238,837</u> | |

CITY OF HAWAIIAN GARDENS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2015

| | | |
|---|--------------------|---------------------|
| Net change in fund balances - total governmental funds | | \$ 4,003,674 |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> | | |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Also, the disposition of capital assets (net book value) is deducted from the sale of capital assets. This is the amount by which depreciation expense exceeded capitalizable expenditures in the current period.</p> | | |
| Capital outlay | \$ 855,426 | |
| Amounts expensed for repairs and maintenance | <u>(123,827)</u> | |
| Capitalizable expenditures | 731,599 | |
| Depreciation expense | <u>(1,393,970)</u> | (662,371) |
| <p>Certain accrued revenues such as taxes, interest and grants do not provide current financial resources and therefore, are not reported in the governmental funds as revenues. This is the amount of the net change in these accrued revenues during the current period.</p> | | |
| | | 1,355,168 |
| <p>Issuance of long-term liabilities provides current financial resources to government funds, while the repayment of principal of long-term liabilities consumes current financial resources in governmental funds. Neither transaction, however, has any affect on net position.</p> | | |
| Principal payments | | 79,093 |
| <p>Governmental funds do not report the changes in the net OPEB asset/obligation, since it does not provide or require the use of current financial resources.</p> | | |
| | | 5,738 |
| <p>Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources</p> | | |
| | | 176,605 |
| <p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p> | | |
| Change in compensated absences | 63,489 | |
| Increase in CJPIA retro deposit payable | <u>(82,065)</u> | |
| | | <u>(18,576)</u> |
| Change in net position of governmental activities | | <u>\$ 4,939,331</u> |

See accompanying notes to basic financial statements.

CITY OF HAWAIIAN GARDENS

STATEMENT OF NET POSITION
FIDUCIARY FUND

June 30, 2015

| | <u>Successor Agency Private-Purpose Trust Fund</u> |
|--|--|
| ASSETS: | |
| CURRENT ASSETS: | |
| Cash and investments | \$ 1,049,537 |
| Restricted assets: | |
| Cash and investments with fiscal / other agents | 1,791,896 |
| TOTAL CURRENT ASSETS | <u>2,841,433</u> |
| NONCURRENT ASSETS: | |
| Capital assets: | |
| Nondepreciable | <u>4,185,090</u> |
| TOTAL ASSETS | <u>7,026,523</u> |
| LIABILITIES: | |
| CURRENT LIABILITIES: | |
| Accounts payable | 2,610 |
| Interest payable | 153,266 |
| Bonds payable, current portion | 1,465,000 |
| TOTAL CURRENT LIABILITIES | <u>1,620,876</u> |
| LONG-TERM LIABILITIES: | |
| Advances payable to Hawaiian Gardens Housing Authority | 3,706,795 |
| Advances payable to City of Hawaiian Gardens | 3,026,979 |
| Bonds payable | 35,935,000 |
| TOTAL LONG-TERM LIABILITIES | <u>42,668,774</u> |
| TOTAL LIABILITIES | <u>44,289,650</u> |
| NET POSITION: | |
| Held in trust for private purpose | <u>\$ (37,263,127)</u> |

See accompanying notes to basic financial statements.

CITY OF HAWAIIAN GARDENS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

For the fiscal year ended June 30, 2015

| | Successor Agency Private-Purpose Trust Fund |
|----------------------------------|---|
| ADDITIONS: | |
| Taxes | \$ 418,325 |
| Investment and rental income | 8,470 |
| Other revenues | 697 |
| TOTAL ADDITIONS | 427,492 |
| DEDUCTIONS: | |
| Contractual services | 98,179 |
| Interest and fiscal expenses | 1,875,954 |
| City administrative costs | 120,432 |
| TOTAL DEDUCTIONS | 2,094,565 |
| CHANGE IN NET POSITION | (1,667,073) |
| NET POSITION - BEGINNING OF YEAR | (35,596,054) |
| NET POSITION - END OF YEAR | \$ (37,263,127) |

See accompanying notes to basic financial statements.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Hawaiian Gardens, California (the City) have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity:

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

As required by 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 BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. Reporting Entity (Continued):

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

Hawaiian Gardens Public Financing Authority:

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

Housing Authority of the City of Hawaiian Gardens:

On February 26, 1985, the City Council of the City of Hawaiian Gardens adopted Resolution No. 11-85, establishing the Housing Authority of the City of Hawaiian Gardens (Housing Authority). The members of the City Council serve as the members of the Housing Authority Board, as long as the members remain on the City Council. In November 2002, the City Council appointed two additional Housing Authority Board members, in compliance with California Housing Authorities Law. The two additional board members must be eligible residents, meaning persons directly assisted by the Housing Authority. No individual financial statements are prepared for the Housing Authority.

City of Hawaiian Gardens Civic League:

The City of Hawaiian Gardens Civic League (the Civic League) is a nonprofit public benefit corporation with the explicit objective to promote civic events, enhance cultural endeavors, and support recreational and youth related activities in the City of Hawaiian Gardens. Even though the Civic League is a legally separate entity, in substance, the activities of the Civic League are part of the City's operations, and both entities share the same governing board. As such, the Civic League is considered to be a blended component unit of the City. No individual financial statements are prepared for the Civic League.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Basis of Accounting and Measurement Focus:

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

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

Government-wide Financial Statements:

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

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

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

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Fund Financial Statements:

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

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

Governmental Funds:

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

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

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 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.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Governmental Funds (Continued):

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 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 unavailable until they become current receivables. Noncurrent portions of the other long-term receivables are offset by either unearned revenues or a classification of fund balance that depends on what type of constraint there is on how the eventual proceeds can be spent.

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

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

C. Description of Funds:

The City reports the following major governmental funds:

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

Community Development Block Grant Special Revenue 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.

Housing Authority Successor Agency Special Revenue Fund - Used to account for the low and moderate income housing activities that were transferred to the City upon dissolution of the former Redevelopment Agency.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Description of Funds (Continued):

Additionally, the City reports the following fund types:

Governmental Funds:

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

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

Fiduciary Fund:

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

D. New Accounting Pronouncements:

Current Year Standards:

In fiscal year 2014-2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards decreased the governmental activities net position at July 1, 2014 by \$6,725,580.

GASB Statement No. 69 - "*Government Combinations and Disposals of Government Operations*" was required to be implemented in the current fiscal year and did not impact the City.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

GASB has issued the following statements which may impact the City's financial reporting requirements in the future:

- GASB 72 - "*Fair Value Measurement and Application*", effective for periods beginning after June 15, 2015.
- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 76 - "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", effective for periods beginning after June 15, 2015.

E. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for reporting in this category. The first item is the deferred outflow related to the pension plans. This amount is equal to employer contributions made after the measurement date of the net pension liability. The second item is a deferred outflow related to the pension plans for the changes in proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2013 (the beginning of the measurement period ended June 30, 2014), which is 3.8 years.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Deferred Outflows/Inflows of Resources (Continued):

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item which arises only under the modified accrual basis of accounting, is *unavailable revenues*, and is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: accrued interest on advances receivable and grants. These amounts are unavailable and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.

F. Cash and Investments:

Cash includes demand deposits. The California Government Code and the City's investment policy permit the City to invest in various instruments and pools. Investments are reported in the accompanying financial statements at fair value.

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 and restricted cash. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

G. Due from Other Governments:

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. 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.

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

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

I. Capital Outlay:

Capital outlay includes expenditures for capital assets of the City, as well as for improvements on properties not owned by the City. Improvements on properties not owned by the City are not capitalized; instead, they are reported on the statement of activities as urban development.

J. Compensated Absences:

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 probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination 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.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Compensated Absences (Continued):

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

K. Claims and Judgments:

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

L. Property Tax Calendar:

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

The property tax calendar:

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

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

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Net Position:

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

- Net investment in capital assets - This component of net position consists of capital assets including restricted assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent debt proceeds at year-end, those amounts are not included in the calculation of net capital assets. As of June 30, 2015, there was no debt related to the City's capital assets.
- Restricted net position - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net invested in capital assets" or "restricted".

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

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

N. Fund Balances:

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

- Nonspendable - includes amounts that are (a) not in a spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term receivables with no constraints on how the eventual proceeds are to be spent.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. Fund Balances (Continued):

- Restricted - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed - includes amounts that can only be used for the specific purposes determined by the City Council through the adoption of a resolution prior to the end of the year. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (i.e.: a resolution). Amounts committed for specific contingencies include equipment replacement, damages caused by an earthquake of 6.5 magnitude or greater, a 25 percent loss of casino revenues, major repairs of buildings due to casualty losses and litigations losses of \$500,000 or more. The total committed for these specific contingencies is \$15,750,000.
- Assigned - comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council, or (b) the City Manager which the City Council, by resolution, has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned - is the residual classification for the General Fund and includes all amounts not contained in the other classifications, as well as the residual negative fund balance of other governmental funds. Unassigned amounts are technically available for any purpose.

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

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

O. Pensions:

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

P. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. 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. The City Council may amend the budget by resolution during the fiscal year. The City Manager is authorized to transfer funds appropriated within the same fund. The level at which the expenditures may not legally exceed appropriations is the fund level. Capital project budgets are long-term in nature and, accordingly, no budgetary comparisons are reflected in the accompanying financial statements. Special revenue funds have legally adopted budgets, which are established on a basis consistent with GAAP. Budgeted amounts are as originally adopted and as further amended by the City Council. For the year ended June 30, 2015, no budget was adopted for the Housing Authority Successor Agency Special Revenue Fund.

B. Expenditures in Excess of Appropriations:

The following funds reported excess of expenditures over appropriations for the year ended June 30, 2015:

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|---------------|---------------------------------------|
| Major Special Revenue Fund: | | | |
| Community Development Block Grant | \$ 169,016 | \$ 175,352 | \$ (6,336) |
| Other Governmental Special Revenue Funds: | | | |
| Air Quality Management District | \$ - | \$ 5,018 | \$ (5,018) |
| Proposition C Local Transit Assistance | \$ 176,252 | \$ 205,294 | \$ (29,042) |
| Community Oriented Police Services | \$ 100,000 | \$ 100,986 | \$ (986) |
| City of Hawaiian Gardens Civic League | \$ - | \$ 11,778 | \$ (11,778) |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

C. Accumulated Fund Deficits:

The Community Development Block Grant Special Revenue Fund had a fund deficit of \$41,121 at June 30, 2015. The fund deficit relates primarily to unavailable revenues for receivables from other governmental agencies that are outside of the availability period.

The Traffic Safety Special Revenue Fund had a fund deficit of \$61,417 at June 30, 2015. Management expects to eliminate the deficit fund balance with future revenues and transfers from the General Fund.

3. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2015, are classified in the accompanying financial statements as follows:

| | Government Wide Statement of <u>Net Position</u> | Fiduciary Fund Statement of <u>Net Position</u> | <u>Total</u> |
|--|---|--|----------------------|
| Cash and investments | \$ 23,795,311 | \$ 1,049,537 | \$ 24,844,848 |
| Restricted: | | | |
| Cash and investments with fiscal / other agents | <u>-</u> | <u>1,791,896</u> | <u>1,791,896</u> |
| Total cash and investments | <u>\$ 23,795,311</u> | <u>\$ 2,841,433</u> | <u>\$ 26,636,744</u> |

Cash and investments at June 30, 2015, consist of the following:

| | |
|--------------------------------------|----------------------|
| Cash on hand | \$ 2,579 |
| Deposits with financial institutions | 8,675,583 |
| Investments | <u>17,958,582</u> |
| Total cash and investments | <u>\$ 26,636,744</u> |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

3. 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 (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by 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>* Maximum Maturity</u> | <u>* Maximum Percentage of Portfolio</u> | <u>* Maximum Investment in One Issuer</u> |
|---|-------------------------------|--|---|
| U.S. Treasury Obligations | 5 years | None | None |
| United States Agency Securities | 5 years | None | None |
| State of California Obligations | 5 years | None | None |
| Local Agency Bonds | 5 years | None | None |
| Banker's Acceptances | 180 days | 40% | 30% |
| Negotiable Certificates of Deposits | 5 years | 30% | None |
| Repurchase Agreements | 1 year | None | None |
| Money Market Mutual Funds | N/A | 20% | 10% |
| Local Agency Investment Fund | N/A | None | None |

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

N/A - Not Applicable

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

3. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. All investments of debt proceeds held by the bond trustee are reported in the Successor Agency Private-Purpose Trust Fiduciary Fund. The table below identifies the investment types that are authorized for investments held by 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 related to the 2004 Tax Allocation Revenue Bonds and 2006 Tax Allocation Bonds of the Successor Agency are as follows:

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment in One Issuer</u> |
|------------------------------------|-------------------------|--|---|
| United States Treasury Obligations | None | None | None |
| United States 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 Agreements | 30 years | None | None |

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk:

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

3. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

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>Remaining Maturity (in Years) 1 Year or Less</u> |
|------------------------------|---|
| Local Agency Investment Fund | \$ 16,166,686 |
| Held by Bond Trustee: | |
| Money Market Mutual Funds | <u>1,791,896</u> |
| Total | <u>\$ 17,958,582</u> |

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 as required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard and Poor's, as of year end for each investment type:

| <u>Investment Type</u> | <u>Total as of June 30, 2015</u> | <u>Minimum Legal Rating</u> | <u>Ratings as of Year End</u> | |
|------------------------------|--|-------------------------------------|-------------------------------|--------------------------|
| | | | <u>AAAm</u> | <u>Not Rated</u> |
| Local Agency Investment Fund | \$ 16,166,686 | N/A | \$ - | \$ 16,166,686 |
| Held by Bond Trustee: | | | | |
| Money Market Mutual Funds | <u>1,791,896</u> | A | <u>1,791,896</u> | <u>-</u> |
| Total | <u>\$ 17,958,582</u> | | <u>\$ 1,791,896</u> | <u>\$ 16,166,686</u> |

N/A - Not Applicable

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

3. CASH AND INVESTMENTS (CONTINUED):

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. There were no investments in any one issuer that represent 5% or more of the total City investments as of June 30, 2015.

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2015, the City had deposits that were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California Law.

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

Investment in State Investment Pool:

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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 BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

4. INTERFUND TRANSACTIONS:

The composition of interfund balances as of June 30, 2015, is as follows:

Due To/From Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------------|-------------------|
| General Fund | CDBG Special Revenue Fund | \$ 61,694 |
| | Other Governmental Funds | 61,859 |
| | | <u>\$ 123,553</u> |

The amounts loaned from the General Fund are short-term loans to fund operations of the various funds.

Interfund Transfers:

| <u>Transfer In to Fund</u> | <u>Transfer Out of Fund</u> | <u>Amount</u> |
|---|-----------------------------|-------------------|
| Community Development Block Grant Special Revenue Fund (2) | General Fund | \$ 5,434 |
| Capital Projects Capital Projects Fund (1) | General Fund | 262,367 |
| | Other Governmental Funds | 559,756 |
| Other Governmental Funds (2) | General Fund | <u>171,847</u> |
| | | <u>\$ 999,404</u> |

(1) To provide resources to cover various capital projects expenditures.

(2) To provide resources to cover costs of services provided.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

5. CAPITAL ASSETS:

The following is a summary of changes in capital assets for the year ended June 30, 2015:

| | <u>Balance at</u> <u>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at</u> <u>June 30, 2015</u> |
|--|--|---------------------|------------------|---|
| Capital assets, not being depreciated: | | | | |
| Rights-of-way | \$ 3,290,005 | \$ - | \$ - | \$ 3,290,005 |
| Land | 10,918,187 | - | - | 10,918,187 |
| Construction-in-progress | <u>-</u> | <u>89,214</u> | <u>-</u> | <u>89,214</u> |
| Total capital assets, not being depreciated | <u>14,208,192</u> | <u>89,214</u> | <u>-</u> | <u>14,297,406</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 17,301,766 | 14,915 | - | 17,316,681 |
| Furniture and equipment | 635,235 | 50,499 | - | 685,734 |
| Vehicles | 952,468 | - | - | 952,468 |
| Infrastructure - road system | <u>24,833,526</u> | <u>576,971</u> | <u>-</u> | <u>25,410,497</u> |
| Total capital assets, being depreciated | <u>43,722,995</u> | <u>642,385</u> | <u>-</u> | <u>44,365,380</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (5,696,991) | (398,049) | - | (6,095,040) |
| Furniture and equipment | (402,797) | (45,816) | - | (448,613) |
| Vehicles | (444,390) | (36,799) | - | (481,189) |
| Infrastructure - road system | <u>(17,964,657)</u> | <u>(913,306)</u> | <u>-</u> | <u>(18,877,963)</u> |
| Total accumulated depreciation | <u>(24,508,835)</u> | <u>(1,393,970)</u> | <u>-</u> | <u>(25,902,805)</u> |
| Total capital assets, being depreciated, net | <u>19,214,160</u> | <u>(751,585)</u> | <u>-</u> | <u>18,462,575</u> |
| Total governmental activities capital assets, net | <u>\$ 33,422,352</u> | <u>\$ (662,371)</u> | <u>\$ -</u> | <u>\$ 32,759,981</u> |

Depreciation expense was charged to the following functions in the Statement of Activities for the year ended June 30, 2015:

| | |
|----------------------------|---------------------|
| General government | \$ 1,068,183 |
| Public safety | 1,080 |
| Public works | 17,961 |
| Culture and recreation | 271,335 |
| Health and welfare | <u>35,411</u> |
| Total depreciation expense | <u>\$ 1,393,970</u> |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

6. LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

| | Balance at | | | Balance at | | | Due Within | Due in |
|---|---------------------|-------------------|---------------------|---------------------|-------------------|-------------------|------------|----------|
| | July 1, 2014 | Additions | Deletions | June 30, 2015 | One | More Than | Year | One Year |
| Note payable -SCE (1) | \$ 186,686 | \$ - | \$ (26,050) | \$ 160,636 | \$ 26,049 | \$ 134,587 | | |
| Note payable - SCE (2) | 51,853 | - | (20,741) | 31,112 | 20,741 | 10,371 | | |
| Compensated absences | 653,213 | 66,625 | (130,114) | 589,724 | 406,910 | 182,814 | | |
| Net OPEB obligation (Note 8) | 218,983 | 361,078 | (366,816) | 213,245 | - | 213,245 | | |
| CJPIA retro deposit payable (Note 9) | 396,660 | 82,065 | (32,302) | 446,423 | 113,917 | 332,506 | | |
| Total | <u>\$ 1,507,395</u> | <u>\$ 509,768</u> | <u>\$ (576,023)</u> | <u>\$ 1,441,140</u> | <u>\$ 567,617</u> | <u>\$ 873,523</u> | | |

Notes Payable:

- (1) On December 15, 2011, the City entered into an interest-free financing agreement in the amount of \$246,785 with Southern California Edison to purchase and install energy efficient equipment at the Fedde Sports Complex. The term of the loan is 9-1/2 years. Payments are made monthly in the amount of \$2,171. The City did not capitalize this equipment since it was installed at the Fedde Sports Complex which is the property of the ABC Unified School District pursuant to a joint use agreement dated October 13, 2009 between the City and the District.
- (2) On December 15, 2011, the City entered into an interest-free financing agreement in the amount of \$99,956 with Southern California Edison to purchase and install energy efficient equipment at the Fedde Sports Complex. The term of the loan is 58 months. Payments are made monthly in the amount of \$1,728. The City did not capitalize this equipment since it was installed at the Fedde Sports Complex which is the property of the ABC Unified School District pursuant to a joint use agreement dated October 13, 2009 between the City and the District.
- (3) The remaining repayment requirement to maturity for these notes payable is as follows:

| Year Ending June 30, | Amount |
|----------------------------|-------------------|
| 2016 | \$ 46,790 |
| 2017 | 36,410 |
| 2018 | 26,040 |
| 2019 | 26,040 |
| 2020 | 26,040 |
| 2021-2022 | 30,428 |
| | <u>\$ 191,748</u> |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

6. LONG-TERM LIABILITIES (CONTINUED):

Compensated Absences:

There is no fixed payment schedule for earned but unpaid compensated absences.

7. PENSION PLANS:

A. General Information about the Pension Plans:

Plan Descriptions:

All qualified permanent and probationary employees are eligible to participate in the City's separate Miscellaneous Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The City also participates in the CalPERS Inactive Agency Risk Pool, a cost-sharing multiple employer defined benefit pension plan, for safety employees of the City's former police department. Current employees are not eligible for this plan.

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. PENSION PLANS (CONTINUED):

A. General Information about the Pension Plans (Continued):

Benefits Provided (Continued):

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

| | Miscellaneous | |
|---|-----------------------------|--------------------------------|
| | Prior to January 1, 2013 | On or After January 1, 2013 |
| Hire date | | |
| Benefit formula | 2.7% @ 55 | 2% @ 62 5 years of |
| Benefit vesting schedule | 5 years of service | service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.00% to 2.70% | 1.00% to 2.5% |
| Required employee contribution rates | 8.00% | 6.50% |
| Required employer contribution rates | 22.785% | 6.70% |
| | Safety - Inactive Plan | |
| Benefit formula | 2.7% @ 50 | |
| Benefit vesting schedule | 5 years of service | |
| Benefit payments | monthly for life | |
| Retirement age | 50 - 65 | |
| Monthly benefits, as a % of eligible compensation | 2.00% to 2.70% | |
| Required employee contribution rates | 0.00% | |
| Required employer contribution rates | 0.00% | |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. PENSION PLANS (CONTINUED):

A. General Information about the Pension Plans (Continued):

Contributions:

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

| | <u>Proportionate Share of Net Pension Liability</u> |
|-----------------------------|---|
| Miscellaneous | \$ 6,114,052 |
| Safety - Inactive Plan | <u>(41,094)</u> |
| Total Net Pension Liability | <u>\$ 6,072,958</u> |

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. PENSION PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|------------------------------|----------------------|---------------|
| Proportion - June 30, 2013 | 0.23219% | 0.00123% |
| Proportion - June 30, 2014 | 0.24738% | -0.00110% |
| Change - Increase (Decrease) | 0.01519% | -0.00233% |

For the year ended June 30, 2015, the City recognized pension expense of \$738,594. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 915,199 | \$ - |
| Differences between actual and expected experience | - | - |
| Change in assumptions | - | - |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 149,990 | - |
| Net differences between projected and actual earnings on plan investments | - | (1,541,206) |
| Total | <u>\$ 1,065,189</u> | <u>\$ (1,541,206)</u> |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. PENSION PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

\$915,199 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ending June 30, | Amount |
|----------------------------|--------------|
| 2016 | \$ (331,733) |
| 2017 | (331,733) |
| 2018 | (342,450) |
| 2019 | (385,300) |
| 2020 | - |
| Thereafter | - |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. PENSION PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Actuarial Assumptions:

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

| | Miscellaneous | Safety |
|---------------------------|---------------------------------|---------------------------------|
| Valuation Date | June 30, 2013 | June 30, 2013 |
| Measurement Date | June 30, 2014 | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | | |
| Discount Rate | 7.50% | 7.50% |
| Inflation | 2.75% | 2.75% |
| Payroll Growth | 3.00% | (4) |
| Projected Salary Increase | 3.3% - 14.2% (1) | 3.3% - 14.2% (1) |
| Investment Rate of Return | 7.5% (2) | 7.5% (2) |
| Mortality | (3) | (3) |

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.
- (4) The plan has no active members; therefore, there is no payroll growth.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. PENSION PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Discount Rate:

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as a change in methodology occurs.

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. PENSION PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Discount Rate (Continued):

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10 (a) | Real Return Years 11+ (b) |
|-------------------------------|--------------------------------|------------------------------------|---------------------------------|
| Global Equity | 47.00% | 5.25% | 5.71% |
| Global Fixed Income | 19.00% | 0.99% | 2.43% |
| Inflation Sensitive | 6.00% | 0.45% | 3.36% |
| Private Equity | 12.00% | 6.83% | 6.95% |
| Real Estate | 11.00% | 4.50% | 5.13% |
| Infrastructure and Forestland | 3.00% | 4.50% | 5.09% |
| Liquidity | 2.00% | -0.55% | -1.05% |
| Total | 100.00% | | |

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. PENSION PLANS (CONTINUED):

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|-------------------------------|----------------------|---------------|
| 1% Decrease | 6.50% | 6.50% |
| Net Pension Liability | \$ 9,747,786 | \$ 108,405 |
| Current Discount Rate | 7.50% | 7.50% |
| Net Pension Liability (Asset) | \$ 6,114,052 | \$ (41,094) |
| 1% Increase | 8.50% | 8.50% |
| Net Pension Liability (Asset) | \$ 3,098,397 | \$ (164,275) |

Pension Plans Fiduciary Net Position:

Detailed information about each pension plans' fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plans:

At June 30, 2015, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2015.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN:

Plan Description:

The City provides postemployment health care benefits through the CalPERS healthcare program (PEMHCA), a single-employer postemployment benefit plan, to eligible employees who retire directly from the City. The City pays the cost for lifetime retiree and dependent medical benefits (maximum amount equal to the PERS Choice LA non-medicare 2-Party premium). The City does not provide a retiree contribution for dental, vision, or life insurance benefits. In order to be eligible, the employee must have worked a minimum of five years with the City. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

The City has elected to join the *California Employers' Retiree Benefit Trust* (Trust), which provides a means to fund the Annual Required Contribution (ARC) OPEB obligations. The City makes an annual contribution to the Trust, pays benefits either directly to retirees or through PEMHCA during the year, and then seeks reimbursement for these pay-as-you-go expenses from the Trust. For the year ended June 30, 2015, the City paid \$147,920 in retiree health benefits which will be reimbursed by the Trust. In addition, the City contributed \$366,816 to the Trust.

Membership of the plan consisted of the following at July 1, 2013, the date of the most recent actuarial valuation:

| | |
|-----------------------------|-----------|
| Retirees receiving benefits | 20 |
| Active plan members | <u>65</u> |
| Total | <u>85</u> |

Funding Policy:

The contributions by the City to the Trust are established by City Council action. The City will fund the full annual required contribution during each fiscal year and will deposit the funds with the Trust. The required contribution is measured on an accrual basis rather than on a pay-as-you-go basis. On an ongoing basis, the City will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds. The City contributed \$366,816 to the Trust for the year ended June 30, 2015.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

Annual OPEB Cost and Net OPEB Obligation (Asset):

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method, permitted by GASB Statement No. 45, for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years on an open basis. The following table shows the component of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset).

| | |
|--|-------------------|
| Annual required contribution (ARC) | \$ 366,816 |
| Interest adjustment on net OPEB obligation | (26,441) |
| Amortization adjustment to ARC | <u>20,703</u> |
| Annual OPEB cost | <u>361,078</u> |
| Contribution to Trust | 366,816 |
| Premium payments made by City | 147,920 |
| Less: Reimbursement from Trust | <u>(147,920)</u> |
| Actual contributions made | <u>366,816</u> |
| Decrease in net OPEB obligation | (5,738) |
| Net OPEB Obligation - beginning of year | <u>218,983</u> |
| Net OPEB Obligation - end of year | <u>\$ 213,245</u> |

Three-Year Trend Information:

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the three years ended June 30, 2015, were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Actual Contribution (Net of Adjustments) | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|-------------------|------------------|--|--|-----------------------------|
| 06/30/13 | \$ 580,191 | \$ 578,233 | 99.7 % | \$ (145,509) |
| 06/30/14 | 364,492 | - | 0.0 % | 218,983 |
| 06/30/15 | 361,078 | 366,816 | 101.6 % | 213,245 |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED):

Funded Status and Funding Progress:

As of July 1, 2013, the most recent valuation date, the actuarial accrued liability for benefits was \$5,970,042, and the actuarial value of assets was \$3,215,430, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,754,612 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 53.9%. The covered payroll (annual payroll of active employees covered by the plan) was \$3,953,923, and the ratio of the UAAL to the covered payroll was 69.7%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions:

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

Additional information for the latest actuarial valuation follows:

| | |
|-----------------------------|-----------------------------------|
| Valuation Date: | July 1, 2013 |
| Actuarial Cost Method: | Entry Age Normal |
| Amortization Method: | Level percentage of payroll, open |
| Amortization Period: | 30 years |
| Actuarial Assumptions: | |
| Retirement Age | 60 years old |
| Discount Rate: | 7.36% |
| Inflation Rate: | 2.75% |
| Healthcare Cost Trend Rate | 4.00% |
| Projected Salary Increases: | 3.00% |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

9. RISK MANAGEMENT:

Description of Joint Powers Insurance Authority:

The City of Hawaiian Gardens is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Self-insurance Programs of the Insurance Authority:

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program, claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

9. RISK MANAGEMENT (CONTINUED):

Self-insurance Programs of the Insurance Authority (Continued):

Liability (Continued)

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claim for subsidence losses have a sub-limit of \$30 million per occurrence

Workers' Compensation

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

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

9. RISK MANAGEMENT (CONTINUED):

Purchased Insurance:

Pollution Legal Liability Insurance

The City of Hawaiian Gardens participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Hawaiian Gardens. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Hawaiian Gardens participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Hawaiian Gardens property is currently insured according to a schedule of covered property submitted by the City of Hawaiian Gardens to the Authority. City of Hawaiian Gardens' property currently has all-risk property insurance protection in the amount of \$18,614,198. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

The City of Hawaiian Gardens purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Hawaiian Gardens' property currently has earthquake protection in the amount of \$16,380,136. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City of Hawaiian Gardens purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

9. RISK MANAGEMENT (CONTINUED):

Purchased Insurance (Continued):

Special Event Tenant User Liability Insurance

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

Adequacy of Protection:

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2014-2015.

Retrospective Deposit Liabilities:

As of June 30, 2015, based on the Authority's retrospective deposit computation, the City owes the Authority additional deposits of \$52,165 and \$394,258 related to the liability and workers' compensation programs, respectively. The minimum annual requirements to pay off these deposit liabilities are as follows:

| <u>Year Ending June 30,</u> | <u>Liability Program</u> | <u>Workers' Compensation Program</u> | <u>Total</u> |
|---------------------------------|------------------------------|--|-------------------|
| 2016 | \$ 15,352 | \$ 98,565 | \$ 113,917 |
| 2017 | 15,352 | 295,693 | 311,045 |
| 2018 | <u>21,461</u> | <u>-</u> | <u>21,461</u> |
| | <u>\$ 52,165</u> | <u>\$ 394,258</u> | <u>\$ 446,423</u> |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

10. RESTATEMENT OF BEGINNING NET POSITION:

The net position reported in the government-wide financial statements as of July 1, 2014 was restated as follows:

| | |
|---|----------------------|
| Net position as previously reported - July 1, 2014 | \$ 58,485,342 |
| Implementation of GASB Statements 68 and 71 to record pension liability at beginning of year | <u>(6,725,580)</u> |
| Net position as restated - July 1, 2014 | <u>\$ 51,759,762</u> |

11. SUCCESSOR AGENCY FIDUCIARY DISCLOSURES:

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

Capital Assets:

The following is a summary of capital assets transactions for the year ended June 30, 2015:

| | Balance at <u>June 30, 2014</u> | <u>Additions</u> | <u>Deletions</u> | Balance at <u>June 30, 2015</u> |
|--|------------------------------------|------------------|------------------|------------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,185,090 | \$ - | \$ - | \$ 4,185,090 |

Advances Payable to City of Hawaiian Gardens:

During the year ended June 30, 2000, the City advanced to the former Redevelopment Agency \$3,303,382, at an interest rate of 10%, to be paid back by February 2016. This advance was made pursuant to Disposition and Development Agreement 93-23 and Amendments No. 1 and No. 2, whereby the former Redevelopment Agency agreed to provide and pay for onsite and off-site improvements and fees levied in connection with developing a card club and associated facilities. The amount outstanding at June 30, 2015 is \$160,795, net of allowance.

For the four years ended June 30, 2010, the City made annual advances to the former Redevelopment Agency to assist in funding the former Redevelopment Agency's operating budget. Interest on these advances accrues at 10% and there is no fixed repayment schedule. The amount outstanding at June 30, 2015 is \$2,866,184, net of allowance.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

11. SUCCESSOR AGENCY FIDUCIARY DISCLOSURES (CONTINUED):

Advances Payable to City of Hawaiian Gardens (Continued):

During the year ended June 30, 2013, interest receivable on the advances was recalculated at the LAIF rates to comply with AB 1484, and the advances balances were reduced accordingly. Additionally, the City has recorded a 20% reserve against the advances receivable from the former RDA of \$756,745, which represents the eventual required transfer to the Housing Authority Successor Agency Special Revenue Fund in accordance with AB 1484.

Advances Payable to Hawaiian Gardens Housing Authority:

Prior to dissolution, the former Redevelopment Agency had borrowed low and moderate income housing set-aside funds to make payments to the State of California for the Supplemental Educational Revenue Augmentation Fund (SERAF), as required by AB26 4X. The loans of \$2,446,383 and \$503,667 were scheduled to be paid back by June 30, 2015 and 2016, respectively. Although the repayment terms are due or becoming due, the repayments are subject to the Successor Agency having sufficient residual taxes which it does not currently have. As such these advances payable are considered long-term. The amount outstanding at June 30, 2015, is \$2,950,050.

Additionally, AB 1484 required that 20% of all eventual advance repayments are to be transferred to the Housing Authority Successor Agency Special Revenue Fund to fund housing activity. Accordingly, during the year ended June 30, 2013, the City transferred 20% of the advance noted above to the Housing Authority Successor Agency Special Revenue Fund. The amount outstanding at June 30, 2015 is \$756,745.

Long-Term Liabilities:

Long-term liabilities activity for the year ended June 30, 2015 was as follows:

| | Balance at June 30, 2014 | | | Balance at June 30, 2015 | | | Due Within One Year | Due in More Than One Year |
|---------------------|--------------------------------|-------------|-----------------------|--------------------------------|---------------------|----------------------|---------------------------|---------------------------------|
| | | Additions | Deletions | | | | | |
| 2004 Tax Allocation | | | | | | | | |
| Refunding Bonds | \$ 33,150,000 | \$ - | \$ (1,050,000) | \$ 32,100,000 | \$ 1,095,000 | \$ 31,005,000 | | |
| 2006 Tax Allocation | | | | | | | | |
| Refunding Bonds | <u>5,650,000</u> | <u>-</u> | <u>(350,000)</u> | <u>5,300,000</u> | <u>370,000</u> | <u>4,930,000</u> | | |
| Total | <u>\$ 38,800,000</u> | <u>\$ -</u> | <u>\$ (1,400,000)</u> | <u>\$ 37,400,000</u> | <u>\$ 1,465,000</u> | <u>\$ 35,935,000</u> | | |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

11. SUCCESSOR AGENCY FIDUCIARY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

2004 Tax Allocation Revenue Bonds:

In May 2004, the Hawaiian Gardens Financing Authority (Authority) issued \$34,530,000 in Tax Allocation Revenue Bonds (Revenue Bonds). Proceeds of the sales of the Revenue Bonds were used to purchase the 2004 Redevelopment Agency Bonds Series A and B (Agency Bonds). Since the Authority is the sole owner of the former Redevelopment Agency bonds and the debt service requirements of both bond issues coincide with each other, the Authority's investment in the former Redevelopment Agency's bonds and the Authority's bonds payable have been eliminated for financial reporting purposes. The former Redevelopment Agency Bonds were issued to refund the outstanding 1993 Tax Allocation Refunding Bonds. The former Redevelopment Agency Bonds were being used to finance and refinance redevelopment activities of the former Redevelopment Agency with respect to its Redevelopment Project No.1 (Project Area).

Interest on the 2004 Revenue 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 through 2033 are term bonds payable on December 1 of each year. 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 or after December 1, 2014, from and to the extent of optional redemption of Agency Bonds by the former Redevelopment Agency, from available funds, at the redemption price of 100% of the principal amount plus accrued interest.

The minimum annual requirements to amortize the 2004 Tax Allocation Revenue Bonds as of June 30, 2015 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2016 | \$ 1,095,000 | \$ 1,552,698 | \$ 2,647,698 |
| 2017 | 1,145,000 | 1,504,245 | 2,649,245 |
| 2018 | 1,195,000 | 1,452,521 | 2,647,521 |
| 2019 | 1,245,000 | 1,397,486 | 2,642,486 |
| 2020 | 1,305,000 | 1,336,475 | 2,641,475 |
| 2021 - 2025 | 7,500,000 | 5,623,141 | 13,123,141 |
| 2026 - 2030 | 9,330,000 | 3,528,421 | 12,858,421 |
| 2031 - 2034 | <u>9,285,000</u> | <u>956,875</u> | <u>10,241,875</u> |
| Totals | <u>\$ 32,100,000</u> | <u>\$ 17,351,862</u> | <u>\$ 49,451,862</u> |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

11. SUCCESSOR AGENCY FIDUCIARY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

2006 Tax Allocation Revenue Bonds:

In July 2006, the former Redevelopment Agency issued Tax Allocation Bonds Series A, and Subordinate Tax Allocation Bonds, Series 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 former Redevelopment Agency and the City under which the former Redevelopment Agency was obligated to reimburse the City for lease payments that had been certified 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. As a result, the 2000 Certificates of Participation are considered defeased. There is no outstanding balance for the defeased 2000 Certificates of Participation as of June 30, 2015.

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 bonds are secured by a pledge of 80% of Project Area No.1 tax increment revenues.

At June 30, 2015, bonds outstanding on the 2006 Tax Allocation Revenue Bonds were \$5,300,000. The bonds are secured by a pledge of 80% of Project Area No. 1 tax increment revenues.

The minimum annual requirements to amortize the 2006 Tax Allocation Revenue Bonds as of June 30, 2015 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2016 | \$ 370,000 | \$ 254,325 | \$ 624,325 |
| 2017 | 385,000 | 236,394 | 621,394 |
| 2018 | 400,000 | 217,250 | 617,250 |
| 2019 | 425,000 | 196,625 | 621,625 |
| 2020 | 445,000 | 174,875 | 619,875 |
| 2021 - 2025 | 2,625,000 | 508,625 | 3,133,625 |
| 2026 | 650,000 | 16,250 | 666,250 |
| Totals | <u>\$ 5,300,000</u> | <u>\$ 1,604,344</u> | <u>\$ 6,904,344</u> |

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

12. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

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

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

Under the Dissolution Act, each California redevelopment agency (each a “Dissolved RDA”) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 24, 2012, the City elected to serve as the Successor Agency of the Hawaiian Gardens Redevelopment Agency.

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

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA’s housing functions, such housing functions and all related housing assets were to be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The Housing Authority elected on January 24, 2012, to serve as the Housing Successor Agency.

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

12. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

As part of the dissolution process AB 1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations.

These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The former Redevelopment Agency (Successor Agency) had to remit \$3,634,163 to the CAC as a result of the due diligence reviews.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

On June 12, 2012, the Successor Agency approved the disposition of former redevelopment agency properties as approved by the Oversight Board. Certain properties totaling \$2,035,320 and \$1,275,251 were transferred to the City and Housing Authority, respectively. All properties transferred, except for two totaling \$321,527 that were transferred to the City, were returned back to the Successor Agency as of June 30, 2012, as a result of the State Department of Finance's subsequent denial of the transfers. The two properties not returned to the Successor Agency are being used by the City as open space and a community day care center.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

12. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011.

If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller's Office is required to order the available assets to be transferred to the public body designated as the successor agency. The City has not yet heard from the State Controller's Office regarding the audit.

The Successor Agency's use and disposition of all properties held (Long Range Property Management Plan or LRPMP) was approved by the oversight board on June 25, 2014, and approved by the DOF on January 29, 2015. As of June 30, 2015, no properties have been sold or disposed of.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

13. COMMITMENTS:

On October 13, 2009, the City entered into a joint use agreement with ABC Unified School District related to the Fedde Sports Complex which was constructed on District property. The term of the agreement is for 30 years. In exchange for the access and use of the property, the City committed to constructing the sports complex, replacing all or a portion of the artificial turf that needs replacement at the end of ten years, performing all custodial services associated with the sports complex including replacement of all defective lights, maintaining the artificial turf, and covering the cost of electric power consumption and 10% of the cost of the water utilities irrigation for the sports complex. The City has expended the construction costs as incurred since ownership of the constructed assets is retained by the District. For the year ended June 30, 2015, the City has expended \$54,103 in connection with this agreement.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

14. LOAN RECEIVABLE:

In September 2014, the City entered into an agreement with the operators of the local casino to allow for the payment of the \$2,400,000 growth requirement capital fee, required by City Municipal Code Section 15.36.030 for new development, over a two-year period. The loan bears interest at a rate of 0.52%. The loan calls for an initial payment of \$350,000, twenty-two monthly payments of \$75,569, and a final lump-sum payment of \$400,000 in August 2016. At June 30, 2015, the outstanding balance of the loan receivable, which is reported in the General Fund, is \$1,377,003.

15. SUBSEQUENT EVENTS:

Events occurring after June 30, 2015 have been evaluated for possible adjustments to the financial statements or disclosure as of February 2, 2016 which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF HAWAIIAN GARDENS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

| | <u>2015</u> |
|--|---------------|
| Proportion of the net pension liability | 0.09760% |
| Proportionate share of the net pension liability | \$ 6,072,958 |
| Covered - employee payroll | \$ 4,163,053 |
| Proportionate share of the net pension liability as percentage of covered - employee payroll | 145.88% |
| Plan's fiduciary net position | \$ 22,433,914 |
| Plan fiduciary net position as a percentage of the total pension liability | 159.52% |

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF HAWAIIAN GARDENS

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLANS

Last Ten Fiscal Years*

| | <u>2015</u> |
|---|------------------|
| Contractually required contribution (actuarially determined) | \$ 915,199 |
| Contributions in relation to the actuarially determined contributions | <u>(915,199)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered - employee payroll | \$ 4,163,053 |
| Contributions as a percentage of covered - employee payroll | 21.98% |

Notes to Schedule:

Valuation Date 6/30/2012

Methods:

| | |
|--------------------------|-------------------------------|
| Actuarial cost method | Entry age normal cost method |
| Amortization method | Level percentage of payroll |
| Average remaining period | 19 years as of valuation date |
| Asset valuation method | 15-year smoothed market |

Actuarial Assumptions:

| | |
|----------------------------|--|
| Discount rate | 7.5% (net of administrative expenses) |
| Projected salary increases | 3.30% to 14.20% depending on age, service, and type of employment |
| Inflation | 2.75% |
| Payroll growth | 3.00% |
| Individual salary growth | A merit scale varying by duration of employment coupled with an assumed annual inflationm growth of 2.75% and an annual production growth of 0.25% |
| Retirement age | 50 |
| Mortality | |

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF HAWAIIAN GARDENS

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2015

OTHER POST-EMPLOYMENT BENEFITS PLAN

| Actuarial Valuation Date | Actuarial Accrued Liability (AAL) (a) | Actuarial Value of Assets (AVA) (b) | Unfunded AAL (UAAL) (a) - (b) | Funded Ratio (b)/(a) | Annual Covered Payroll (c) | UAAL as a % of Covered Payroll [(a)-(b)]/(c) |
|--------------------------------|---|---|--|----------------------------|-------------------------------------|--|
| 07/01/09 | \$ 5,989,009 | \$ 1,168,710 | \$ 4,820,299 | 19.51% | \$ 4,638,347 | 103.92% |
| 07/01/11 | 6,465,354 | 1,893,823 | 4,571,531 | 29.29% | 4,617,000 | 99.02% |
| 07/01/13 | 5,970,042 | 3,215,430 | 2,754,612 | 53.86% | 3,953,923 | 69.67% |

CITY OF HAWAIIAN GARDENS
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with |
|---|----------------------|----------------------|----------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| REVENUES: | | | | |
| Taxes | \$ 2,520,699 | \$ 2,520,699 | \$ 2,687,839 | \$ 167,140 |
| Licenses and permits | 11,413,536 | 11,413,536 | 13,059,057 | 1,645,521 |
| Intergovernmental | 98,162 | 98,162 | 366,520 | 268,358 |
| Charges for services | 198,180 | 198,180 | 379,890 | 181,710 |
| Fines and penalties | 74,000 | 74,000 | 46,659 | (27,341) |
| Rental income | 139,138 | 139,138 | 73,688 | (65,450) |
| Investment income | 35,000 | 35,000 | 39,073 | 4,073 |
| Other revenues | 2,436,700 | 1,086,700 | 1,353,890 | 267,190 |
| TOTAL REVENUES | 16,915,415 | 15,565,415 | 18,006,616 | 2,441,201 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 5,508,053 | 5,983,053 | 5,133,025 | 850,028 |
| Public safety | 3,376,267 | 3,406,267 | 3,258,095 | 148,172 |
| Public works | 1,667,374 | 1,667,374 | 1,596,337 | 71,037 |
| Highways and streets | 248,000 | 248,000 | 189,451 | 58,549 |
| Culture and recreation | 3,252,134 | 3,261,134 | 3,021,733 | 239,401 |
| Urban development | 175,254 | 175,254 | 171,442 | 3,812 |
| Capital outlay | 70,000 | 70,000 | 33,303 | 36,697 |
| Debt service: | | | | |
| Principal | - | - | 79,093 | (79,093) |
| TOTAL EXPENDITURES | 14,297,082 | 14,811,082 | 13,482,479 | 1,328,603 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 2,618,333 | 754,333 | 4,524,137 | 3,769,804 |
| OTHER FINANCING USES: | | | | |
| Transfers out | (3,030,000) | (3,249,841) | (439,648) | 2,810,193 |
| TOTAL OTHER FINANCING USES | (3,030,000) | (3,249,841) | (439,648) | 2,810,193 |
| NET CHANGE IN FUND BALANCE | (411,667) | (2,495,508) | 4,084,489 | 6,579,997 |
| FUND BALANCE - BEGINNING OF YEAR | 21,174,660 | 21,174,660 | 21,174,660 | - |
| FUND BALANCE - END OF YEAR | \$ 20,762,993 | \$ 18,679,152 | \$ 25,259,149 | \$ 6,579,997 |

See accompanying note to required supplementary information.

CITY OF HAWAIIAN GARDENS

BUDGETARY COMPARISON SCHEDULE

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 169,016 | \$ 169,016 | \$ 128,797 | \$ (40,219) |
| TOTAL REVENUES | <u>169,016</u> | <u>169,016</u> | <u>128,797</u> | <u>(40,219)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Urban development | <u>169,016</u> | <u>169,016</u> | <u>175,352</u> | <u>(6,336)</u> |
| TOTAL EXPENDITURES | <u>169,016</u> | <u>169,016</u> | <u>175,352</u> | <u>(6,336)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>-</u> | <u>(46,555)</u> | <u>(46,555)</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>5,434</u> | <u>5,434</u> |
| TOTAL OTHER FINANCING SOURCES | <u>-</u> | <u>-</u> | <u>5,434</u> | <u>5,434</u> |
| NET CHANGE IN FUND BALANCE | <u>-</u> | <u>-</u> | <u>(41,121)</u> | <u>(41,121)</u> |
| FUND BALANCE - BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (41,121)</u> | <u>\$ (41,121)</u> |

See accompanying note to required supplementary information.

CITY OF HAWAIIAN GARDENS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

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. The City Council may amend the budget by resolution during the fiscal year. The City Manager is authorized to transfer funds appropriated within the same fund.

The level at which the expenditures may not legally exceed appropriations is the fund level.

Capital project budgets are long-term in nature and, accordingly, no budgetary comparisons are reflected in the accompanying financial statements. Special revenue funds have legally adopted budgets which are established on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted and as further amended by the City Council. No budget was adopted for the Housing Authority Successor Agency Special Revenue Fund.

SUPPLEMENTARY INFORMATION

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OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The 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.

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

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

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

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

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

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

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

Traffic Safety Fund - To account for the vehicle code fines expended for traffic safety enforcement.

City of Hawaiian Gardens Civic League Fund - To account for activities of the City of Hawaiian Gardens Civic League.

CAPITAL PROJECTS FUND

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

CITY OF HAWAIIAN GARDENS

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2015

| | Special Revenue Funds | | | | |
|--|-----------------------|--|--|--|---|
| | State Gas Tax | Air Quality Management District | Prop C Local Transit Assistance | Prop A Local Transit Assistance | Measure R Local Transit Assistance |
| ASSETS | | | | | |
| Cash and investments | \$ 64,938 | \$ 138,447 | \$ 99,197 | \$ 365,490 | \$ 288,786 |
| Receivables: | | | | | |
| Accounts | - | - | - | - | - |
| Due from other governments | 39,525 | 4,706 | - | - | - |
| TOTAL ASSETS | <u>\$ 104,463</u> | <u>\$ 143,153</u> | <u>\$ 99,197</u> | <u>\$ 365,490</u> | <u>\$ 288,786</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES: | | | | | |
| Accounts payable | \$ 10,370 | \$ - | \$ 6,754 | \$ 10,272 | \$ 4,480 |
| Accrued liabilities | 6,814 | - | 3,894 | 13,448 | - |
| Due to other funds | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - |
| TOTAL LIABILITIES | <u>17,184</u> | <u>-</u> | <u>10,648</u> | <u>23,720</u> | <u>4,480</u> |
| FUND BALANCES (DEFICIT): | | | | | |
| Restricted for: | | | | | |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Highways and streets | 87,279 | - | 88,549 | 341,770 | 284,306 |
| Culture and recreation | - | - | - | - | - |
| Health and welfare | - | 143,153 | - | - | - |
| Unassigned | - | - | - | - | - |
| TOTAL FUND BALANCES (DEFICIT) | <u>87,279</u> | <u>143,153</u> | <u>88,549</u> | <u>341,770</u> | <u>284,306</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 104,463</u> | <u>\$ 143,153</u> | <u>\$ 99,197</u> | <u>\$ 365,490</u> | <u>\$ 288,786</u> |

| Special Revenue Funds (Continued) | | | | | Capital Projects Fund | Total Other Governmental Funds |
|------------------------------------|-----------------------------|--------------------------|-----------------|---------------------------------------|-----------------------|--------------------------------|
| Community Oriented Police Services | Housing Authority Section 8 | Lighting and Landscaping | Traffic Safety | City of Hawaiian Gardens Civic League | Capital Projects | |
| \$ 29,165 | 16,403 | \$ 369,466 | \$ - | \$ 16,749 | \$ 258,256 | \$ 1,646,897 |
| - | 912 | - | 315 | - | - | 1,227 |
| - | 3,110 | 11,780 | 1,548 | - | - | 60,669 |
| <u>\$ 29,165</u> | <u>\$ 20,425</u> | <u>\$ 381,246</u> | <u>\$ 1,863</u> | <u>\$ 16,749</u> | <u>\$ 258,256</u> | <u>\$ 1,708,793</u> |
| | | | | | | |
| \$ 8,333 | \$ 3,642 | \$ 15,563 | \$ - | \$ - | \$ 190,403 | \$ 249,817 |
| - | 7,185 | 1,779 | 1,421 | - | 67,853 | 102,394 |
| - | - | - | 61,859 | - | - | 61,859 |
| - | - | - | - | - | - | - |
| <u>8,333</u> | <u>10,827</u> | <u>17,342</u> | <u>63,280</u> | <u>-</u> | <u>258,256</u> | <u>414,070</u> |
| | | | | | | |
| 20,832 | - | - | - | - | - | 20,832 |
| - | - | 363,904 | - | - | - | 363,904 |
| - | - | - | - | - | - | 801,904 |
| - | - | - | - | 16,749 | - | 16,749 |
| - | 9,598 | - | - | - | - | 152,751 |
| - | - | - | (61,417) | - | - | (61,417) |
| <u>20,832</u> | <u>9,598</u> | <u>363,904</u> | <u>(61,417)</u> | <u>16,749</u> | <u>-</u> | <u>1,294,723</u> |
| | | | | | | |
| <u>\$ 29,165</u> | <u>\$ 20,425</u> | <u>\$ 381,246</u> | <u>\$ 1,863</u> | <u>\$ 16,749</u> | <u>\$ 258,256</u> | <u>\$ 1,708,793</u> |

CITY OF HAWAIIAN GARDENS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2015

| | Special Revenue Funds | | | | |
|---|-----------------------|--|--|--|---|
| | State Gas Tax | Air Quality Management District | Prop C Local Transit Assistance | Prop A Local Transit Assistance | Measure R Local Transit Assistance |
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 442,934 | 17,936 | 212,112 | 904,230 | 158,191 |
| Charges for services | - | - | - | - | - |
| Fines and penalties | - | - | - | - | - |
| Investment income | 85 | 269 | 220 | 999 | 934 |
| Other revenues | - | - | - | 564 | - |
| TOTAL REVENUES | <u>443,019</u> | <u>18,205</u> | <u>212,332</u> | <u>905,793</u> | <u>159,125</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Highways and streets | 429,855 | - | 205,294 | 564,996 | - |
| Culture and recreation | - | - | - | - | - |
| Health and welfare | - | 1,821 | - | - | - |
| Capital outlay | - | - | - | - | - |
| TOTAL EXPENDITURES | <u>429,855</u> | <u>1,821</u> | <u>205,294</u> | <u>564,996</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>13,164</u> | <u>16,384</u> | <u>7,038</u> | <u>340,797</u> | <u>159,125</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | 11,847 | - | - | - |
| Transfers out | - | - | - | - | (343,416) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>11,847</u> | <u>-</u> | <u>-</u> | <u>(343,416)</u> |
| NET CHANGE IN FUND BALANCES | 13,164 | 28,231 | 7,038 | 340,797 | (184,291) |
| FUND BALANCES (DEFICITS) - BEGINNING OF YEAR | <u>74,115</u> | <u>114,922</u> | <u>81,511</u> | <u>973</u> | <u>468,597</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 87,279</u> | <u>\$ 143,153</u> | <u>\$ 88,549</u> | <u>\$ 341,770</u> | <u>\$ 284,306</u> |

| Special Revenue Funds (Continued) | | | | | Capital Projects Fund | Total Other Governmental Funds |
|------------------------------------|-----------------------------|--------------------------|--------------------|---------------------------------------|-----------------------|--------------------------------|
| Community Oriented Police Services | Housing Authority Section 8 | Lighting and Landscaping | Traffic Safety | City of Hawaiian Gardens Civic League | Capital Projects | |
| \$ - | \$ - | \$ 372,225 | \$ - | \$ - | \$ - | \$ 372,225 |
| 106,230 | 1,060,645 | 970 | - | - | 33,722 | 2,936,970 |
| - | - | - | - | 6,966 | - | 6,966 |
| - | - | - | 33,720 | - | - | 33,720 |
| 73 | 31 | 1,022 | - | - | - | 3,633 |
| - | - | - | - | - | - | 564 |
| <u>106,303</u> | <u>1,060,676</u> | <u>374,217</u> | <u>33,720</u> | <u>6,966</u> | <u>33,722</u> | <u>3,354,078</u> |
| 100,986 | - | - | 80,198 | - | - | 181,184 |
| - | - | 276,585 | - | - | - | 276,585 |
| - | - | - | - | - | - | 1,200,145 |
| - | - | - | - | 11,778 | - | 11,778 |
| - | 1,334,350 | - | - | - | - | 1,336,171 |
| - | - | - | - | - | 822,123 | 822,123 |
| <u>100,986</u> | <u>1,334,350</u> | <u>276,585</u> | <u>80,198</u> | <u>11,778</u> | <u>822,123</u> | <u>3,827,986</u> |
| 5,317 | (273,674) | 97,632 | (46,478) | (4,812) | (788,401) | (473,908) |
| - | 130,000 | - | 30,000 | - | 822,123 | 993,970 |
| - | - | (216,340) | - | - | - | (559,756) |
| - | 130,000 | (216,340) | 30,000 | - | 822,123 | 434,214 |
| 5,317 | (143,674) | (118,708) | (16,478) | (4,812) | 33,722 | (39,694) |
| 15,515 | 153,272 | 482,612 | (44,939) | 21,561 | (33,722) | 1,334,417 |
| <u>\$ 20,832</u> | <u>\$ 9,598</u> | <u>\$ 363,904</u> | <u>\$ (61,417)</u> | <u>\$ 16,749</u> | <u>\$ -</u> | <u>\$ 1,294,723</u> |

CITY OF HAWAIIAN GARDENS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE GAS TAX SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------|------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 405,250 | \$ 405,250 | \$ 442,934 | \$ 37,684 |
| Investment income | - | - | 85 | 85 |
| TOTAL REVENUES | 405,250 | 405,250 | 443,019 | 37,769 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Highways and streets | 454,260 | 454,260 | 429,855 | 24,405 |
| TOTAL EXPENDITURES | 454,260 | 454,260 | 429,855 | 24,405 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (49,010) | (49,010) | 13,164 | 62,174 |
| FUND BALANCE - BEGINNING OF YEAR | 74,115 | 74,115 | 74,115 | - |
| FUND BALANCE - END OF YEAR | \$ 25,105 | \$ 25,105 | \$ 87,279 | \$ 62,174 |

CITY OF HAWAIIAN GARDENS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AIR QUALITY MANAGEMENT DISTRICT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------|------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 15,500 | \$ 15,500 | \$ 17,936 | \$ 2,436 |
| Investment income | 700 | 700 | 269 | (431) |
| TOTAL REVENUES | 16,200 | 16,200 | 18,205 | 2,005 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Health and welfare | - | - | 1,821 | (1,821) |
| TOTAL EXPENDITURES | - | - | 1,821 | (1,821) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 16,200 | 16,200 | 16,384 | 184 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | - | - | 11,847 | 11,847 |
| TOTAL OTHER FINANCING SOURCES | - | - | 11,847 | 11,847 |
| NET CHANGE IN FUND BALANCE | 16,200 | 16,200 | 28,231 | 12,031 |
| FUND BALANCE - BEGINNING OF YEAR | 114,922 | 114,922 | 114,922 | - |
| FUND BALANCE - END OF YEAR | \$ 131,122 | \$ 131,122 | \$ 143,153 | \$ 12,031 |

CITY OF HAWAIIAN GARDENS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION C LOCAL TRANSIT ASSISTANCE SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------|------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 208,791 | \$ 208,791 | \$ 212,112 | \$ 3,321 |
| Investment income | - | - | 220 | 220 |
| TOTAL REVENUES | 208,791 | 208,791 | 212,332 | 3,541 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Highways and streets | 342,052 | 176,252 | 205,294 | (29,042) |
| TOTAL EXPENDITURES | 342,052 | 176,252 | 205,294 | (29,042) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (133,261) | 32,539 | 7,038 | (25,501) |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 120,000 | 120,000 | - | (120,000) |
| TOTAL OTHER FINANCING SOURCES | 120,000 | 120,000 | - | (120,000) |
| NET CHANGE IN FUND BALANCE | (13,261) | 152,539 | 7,038 | (145,501) |
| FUND BALANCE - BEGINNING OF YEAR | 81,511 | 81,511 | 81,511 | - |
| FUND BALANCE - END OF YEAR | \$ 68,250 | \$ 234,050 | \$ 88,549 | \$ (145,501) |

CITY OF HAWAIIAN GARDENS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION A LOCAL TRANSIT ASSISTANCE SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------|------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 65,000 | \$ 650,000 | \$ 904,230 | \$ 254,230 |
| Investment income | - | - | 999 | 999 |
| Other revenues | 1,000 | 1,000 | 564 | (436) |
| TOTAL REVENUES | 66,000 | 651,000 | 905,793 | 254,793 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Highways and streets | 405,184 | 570,984 | 564,996 | 5,988 |
| TOTAL EXPENDITURES | 405,184 | 570,984 | 564,996 | 5,988 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (339,184) | 80,016 | 340,797 | 260,781 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 180,000 | 180,000 | - | (180,000) |
| TOTAL OTHER FINANCING SOURCES | 180,000 | 180,000 | - | (180,000) |
| NET CHANGE IN FUND BALANCE | (159,184) | 260,016 | 340,797 | 80,781 |
| FUND BALANCE - BEGINNING OF YEAR | 973 | 973 | 973 | - |
| FUND BALANCE - END OF YEAR | \$ (158,211) | \$ 260,989 | \$ 341,770 | \$ 80,781 |

CITY OF HAWAIIAN GARDENS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEASURE R LOCAL TRANSIT ASSISTANCE SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 156,595 | \$ 156,595 | \$ 158,191 | \$ 1,596 |
| Investment income | - | - | 934 | 934 |
| TOTAL REVENUES | <u>156,595</u> | <u>156,595</u> | <u>159,125</u> | <u>2,530</u> |
| EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>156,595</u> | <u>156,595</u> | <u>159,125</u> | <u>2,530</u> |
| OTHER FINANCING USES: | | | | |
| Transfers out | <u>(343,416)</u> | <u>(343,416)</u> | <u>(343,416)</u> | <u>-</u> |
| TOTAL OTHER FINANCING USES | <u>(343,416)</u> | <u>(343,416)</u> | <u>(343,416)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (186,821) | (186,821) | (184,291) | 2,530 |
| FUND BALANCE - BEGINNING OF YEAR | <u>468,597</u> | <u>468,597</u> | <u>468,597</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 281,776</u> | <u>\$ 281,776</u> | <u>\$ 284,306</u> | <u>\$ 2,530</u> |

CITY OF HAWAIIAN GARDENS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY ORIENTED POLICE SERVICES SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 110,700 | \$ 110,700 | \$ 106,230 | \$ (4,470) |
| Investment income | - | - | 73 | 73 |
| TOTAL REVENUES | <u>110,700</u> | <u>110,700</u> | <u>106,303</u> | <u>(4,397)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | <u>100,000</u> | <u>100,000</u> | <u>100,986</u> | <u>(986)</u> |
| TOTAL EXPENDITURES | <u>100,000</u> | <u>100,000</u> | <u>100,986</u> | <u>(986)</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 10,700 | 10,700 | 5,317 | (5,383) |
| FUND BALANCE - BEGINNING OF YEAR | <u>15,515</u> | <u>15,515</u> | <u>15,515</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 26,215</u> | <u>\$ 26,215</u> | <u>\$ 20,832</u> | <u>\$ (5,383)</u> |

CITY OF HAWAIIAN GARDENS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING AUTHORITY SECTION 8 SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,258,595 | \$ 1,258,595 | \$ 1,060,645 | \$ (197,950) |
| Investment income | - | - | 31 | 31 |
| TOTAL REVENUES | <u>1,258,595</u> | <u>1,258,595</u> | <u>1,060,676</u> | <u>(197,919)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Health and welfare | <u>1,420,756</u> | <u>1,420,756</u> | <u>1,334,350</u> | <u>86,406</u> |
| TOTAL EXPENDITURES | <u>1,420,756</u> | <u>1,420,756</u> | <u>1,334,350</u> | <u>86,406</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(162,161)</u> | <u>(162,161)</u> | <u>(273,674)</u> | <u>(111,513)</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | <u>-</u> | <u>100,000</u> | <u>130,000</u> | <u>30,000</u> |
| TOTAL OTHER FINANCING SOURCES | <u>-</u> | <u>100,000</u> | <u>130,000</u> | <u>30,000</u> |
| NET CHANGE IN FUND BALANCE | (162,161) | (62,161) | (143,674) | (81,513) |
| FUND BALANCE - BEGINNING OF YEAR | <u>153,272</u> | <u>153,272</u> | <u>153,272</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ (8,889)</u> | <u>\$ 91,111</u> | <u>\$ 9,598</u> | <u>\$ (81,513)</u> |

CITY OF HAWAIIAN GARDENS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LIGHTING AND LANDSCAPING SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 245,627 | \$ 245,627 | \$ 372,225 | \$ 126,598 |
| Intergovernmental | - | - | 970 | 970 |
| Investment income | - | - | 1,022 | 1,022 |
| TOTAL REVENUES | <u>245,627</u> | <u>245,627</u> | <u>374,217</u> | <u>128,590</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | <u>281,380</u> | <u>281,380</u> | <u>276,585</u> | <u>4,795</u> |
| TOTAL EXPENDITURES | <u>281,380</u> | <u>281,380</u> | <u>276,585</u> | <u>4,795</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(35,753)</u> | <u>(35,753)</u> | <u>97,632</u> | <u>133,385</u> |
| OTHER FINANCING USES: | | | | |
| Transfers out | <u>(270,000)</u> | <u>(270,000)</u> | <u>(216,340)</u> | <u>53,660</u> |
| TOTAL OTHER FINANCING USES | <u>(270,000)</u> | <u>(270,000)</u> | <u>(216,340)</u> | <u>53,660</u> |
| NET CHANGE IN FUND BALANCE | (305,753) | (305,753) | (118,708) | 187,045 |
| FUND BALANCE - BEGINNING OF YEAR | <u>482,612</u> | <u>482,612</u> | <u>482,612</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 176,859</u> | <u>\$ 176,859</u> | <u>\$ 363,904</u> | <u>\$ 187,045</u> |

CITY OF HAWAIIAN GARDENS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC SAFETY SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Fines and penalties | \$ 19,000 | \$ 19,000 | \$ 33,720 | \$ 14,720 |
| TOTAL REVENUES | 19,000 | 19,000 | 33,720 | 14,720 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 91,500 | 91,500 | 80,198 | 11,302 |
| TOTAL EXPENDITURES | 91,500 | 91,500 | 80,198 | 11,302 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (72,500) | (72,500) | (46,478) | 26,022 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 30,000 | 30,000 | 30,000 | - |
| TOTAL OTHER FINANCING SOURCES | 30,000 | 30,000 | 30,000 | - |
| NET CHANGE IN FUND BALANCE | (42,500) | (42,500) | (16,478) | 26,022 |
| FUND BALANCE (DEFICIT) - BEGINNING OF YEAR | (44,939) | (44,939) | (44,939) | - |
| FUND BALANCE (DEFICIT) - END OF YEAR | <u>\$ (87,439)</u> | <u>\$ (87,439)</u> | <u>\$ (61,417)</u> | <u>\$ 26,022</u> |

CITY OF HAWAIIAN GARDENS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CITY OF HAWAIIAN GARDENS CIVIC LEAGUE SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------|-----------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services | \$ - | \$ - | \$ 6,966 | \$ 6,966 |
| TOTAL REVENUES | - | - | 6,966 | 6,966 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Culture and recreation | - | - | 11,778 | (11,778) |
| TOTAL EXPENDITURES | - | - | 11,778 | (11,778) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | - | (4,812) | (4,812) |
| FUND BALANCE - BEGINNING OF YEAR | 21,561 | 21,561 | 21,561 | - |
| FUND BALANCE - END OF YEAR | \$ 21,561 | \$ 21,561 | \$ 16,749 | \$ (4,812) |

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**STATISTICAL SECTION
(UNAUDITED)**

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CITY OF HAWAIIAN GARDENS

DESCRIPTION OF STATISTICAL SECTION CONTENTS

For the year ended June 30, 2015

This part of the City of Hawaiian Gardens' (the City) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the City's overall financial health.

| Contents: | <u>Pages</u> |
|--|--------------|
| <u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 102 |
| <u>Revenue Capacity</u> - These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes and casino license fee. | 110 |
| <u>Debt Capacity</u> - 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. | 117 |
| <u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. | 120 |
| <u>Operating Information</u> - These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. | 122 |

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

CITY OF HAWAIIAN GARDENS

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Governmental activities | | | | |
| Net investment in capital assets | \$ (8,112,953) | \$ (6,487,493) | \$ (3,492,729) | \$ (4,507,696) |
| Restricted | 3,241,677 | 4,395,094 | 5,707,857 | 6,937,550 |
| Unrestricted | 11,264,102 | 12,401,215 | 12,813,583 | 17,668,250 |
| Total net position | \$ 6,392,826 | \$ 10,308,816 | \$ 15,028,711 | \$ 20,098,104 |

Fiscal Year

| 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ (3,524,365) | \$ 36,451,627 | \$ 34,476,494 | \$ 34,133,568 | \$ 33,422,352 | \$ 32,759,981 |
| 7,835,302 | 8,897,227 | 5,067,991 | 6,101,895 | 5,143,343 | 5,088,435 |
| 18,950,754 | (21,637,253) | 20,937,060 | 18,066,019 | 19,919,647 | 18,850,677 |
| <u>\$ 23,261,691</u> | <u>\$ 23,711,601</u> | <u>\$ 60,481,545</u> | <u>\$ 58,301,482</u> | <u>\$ 58,485,342</u> | <u>\$ 56,699,093</u> |

CITY OF HAWAIIAN GARDENS

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 6,577,405 | \$ 6,062,061 | \$ 6,376,603 | \$ 8,743,259 |
| Public safety | 2,687,259 | 3,076,208 | 3,211,600 | 3,575,518 |
| Public works | 1,384,822 | 1,564,133 | 1,891,194 | 1,821,252 |
| Highways and streets | 2,577,800 | 2,114,683 | 3,042,425 | 2,759,782 |
| Culture and recreation | 3,136,595 | 4,007,930 | 3,867,286 | 3,899,959 |
| Urban development | 1,037,822 | 822,744 | 996,756 | 821,009 |
| Health and welfare | 975,746 | 926,553 | 1,061,060 | 1,255,981 |
| Interest on long-term debt | 2,339,139 | 3,411,036 | 2,470,165 | 2,324,079 |
| Total governmental activities expenses | <u>20,716,588</u> | <u>21,985,348</u> | <u>22,917,089</u> | <u>25,200,839</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services | | | | |
| General government | 96,878 | 102,814 | 135,651 | 350,998 |
| Public safety | 658,938 | 568,487 | 986,372 | 208,209 |
| Public works | 269,998 | 281,424 | 299,565 | 889,034 |
| Culture and recreation | 577,301 | 313,776 | 94,197 | 120,450 |
| Health and welfare | 109,180 | 104,680 | 105,486 | 129,483 |
| Operating grants and contributions | 2,931,450 | 3,266,016 | 2,488,580 | 3,651,069 |
| Capital grants and contributions | 506,710 | 83,129 | 499,736 | 529,850 |
| Total governmental activities program revenues | <u>5,150,455</u> | <u>4,720,326</u> | <u>4,609,587</u> | <u>5,879,093</u> |
| Net (Expense)/Revenue - Governmental Activities | <u>(15,566,133)</u> | <u>(17,265,022)</u> | <u>(18,307,502)</u> | <u>(19,321,746)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | 5,337,310 | 5,841,469 | 6,106,660 | 7,195,328 |
| Business license taxes | 10,804,786 | 11,676,652 | 13,252,065 | 14,117,458 |
| Sales taxes | 634,205 | 690,784 | 694,394 | 705,319 |
| Franchise taxes | 162,522 | 168,341 | 153,861 | 181,547 |
| Other taxes | 73,352 | 62,424 | 52,189 | 31,514 |
| Motor vehicle in lieu, unrestricted | 1,517,327 | 1,325,587 | 1,426,058 | 1,454,009 |
| Investment income | 585,675 | 1,237,348 | 1,153,044 | 617,954 |
| Other general revenues | 524,952 | 178,407 | 189,126 | 88,010 |
| Total governmental activities | <u>19,640,129</u> | <u>21,181,012</u> | <u>23,027,397</u> | <u>24,391,139</u> |
| Change in net position before extraordinary gain | 4,073,996 | 3,915,990 | 4,719,895 | 5,069,393 |
| Extraordinary gain (loss) on dissolution of RDA | - | - | - | - |
| Change in Net Position | <u>\$ 4,073,996</u> | <u>\$ 3,915,990</u> | <u>\$ 4,719,895</u> | <u>\$ 5,069,393</u> |

Source: City of Hawaiian Gardens, Finance Department

| Fiscal Year | | | | | |
|---------------------|---------------------|----------------------|-----------------------|---------------------|---------------------|
| 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| \$ 10,072,928 | \$ 8,775,983 | \$ 6,191,160 | \$ 6,815,321 | \$ 6,052,505 | \$ 6,037,441 |
| 3,552,391 | 3,443,643 | 3,398,478 | 3,571,344 | 3,332,962 | 3,440,359 |
| 1,764,726 | 1,550,686 | 1,775,077 | 2,136,582 | 2,411,659 | 2,014,710 |
| 1,830,911 | 1,454,659 | 1,437,639 | 1,459,348 | 1,349,640 | 1,389,596 |
| 3,491,850 | 3,709,136 | 7,686,306 | 3,461,731 | 3,204,330 | 3,304,846 |
| 624,566 | 3,335,270 | 658,504 | 629,006 | 317,298 | 346,794 |
| 1,277,996 | 1,324,531 | 1,434,204 | 1,532,618 | 1,444,790 | 1,371,582 |
| 2,208,365 | 2,127,469 | 1,216,576 | - | - | - |
| <u>24,823,733</u> | <u>25,721,377</u> | <u>23,797,944</u> | <u>19,605,950</u> | <u>18,113,184</u> | <u>17,905,328</u> |
| 8,416 | 3,273 | 21,797 | 410 | 29,030 | 6,745 |
| 98,194 | 1,000 | 85,249 | 74,820 | 87,074 | 80,378 |
| 623,352 | 469,288 | 519,232 | 913,998 | 817,364 | 1,332,288 |
| 104,572 | 114,225 | 187,863 | 183,181 | 237,432 | 195,820 |
| 195,253 | 2,145 | 260 | 304 | 3,125 | 1,310 |
| 3,982,760 | 3,580,784 | 3,982,145 | 3,177,014 | 3,572,376 | 3,298,207 |
| 627,892 | 3,265 | 321,527 | - | - | - |
| <u>5,640,439</u> | <u>4,173,980</u> | <u>5,118,073</u> | <u>4,349,727</u> | <u>4,746,401</u> | <u>4,914,748</u> |
| <u>(19,183,294)</u> | <u>(21,547,397)</u> | <u>(18,679,871)</u> | <u>(15,256,223)</u> | <u>(13,366,783)</u> | <u>(12,990,580)</u> |
| 6,405,122 | 5,966,338 | 3,793,578 | 1,697,928 | 1,504,630 | 1,740,562 |
| 13,372,929 | 12,760,534 | 12,738,887 | 11,850,275 | 11,370,160 | 11,919,789 |
| 625,572 | 654,284 | 723,098 | 761,152 | 772,165 | 844,475 |
| 182,528 | 186,371 | 197,451 | 197,706 | 208,830 | 217,063 |
| 67,964 | 124,417 | 143,522 | 154,971 | 164,163 | 220,103 |
| 1,339,490 | 1,317,884 | 7,877 | 8,162 | 6,755 | 6,525 |
| 288,510 | 134,720 | 47,942 | 59,930 | 47,365 | 50,245 |
| 64,766 | 409,073 | 311,548 | 725,566 | 367,279 | 2,931,149 |
| <u>22,346,881</u> | <u>21,553,621</u> | <u>17,963,903</u> | <u>15,455,690</u> | <u>14,441,347</u> | <u>17,929,911</u> |
| 3,163,587 | 6,224 | (715,968) | 199,467 | 1,074,564 | 4,939,331 |
| - | - | 37,867,843 | (2,250,125) | - | - |
| <u>\$ 3,163,587</u> | <u>\$ 6,224</u> | <u>\$ 37,151,875</u> | <u>\$ (2,050,658)</u> | <u>\$ 1,074,564</u> | <u>\$ 4,939,331</u> |

CITY OF HAWAIIAN GARDENS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Note 1)
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| General Fund | | | | |
| Nonspendable | | | | |
| Committed | | | | |
| Unassigned | | | | |
| Total General Fund | | | | |
| All Other Governmental Funds | | | | |
| Nonspendable | | | | |
| Restricted | | | | |
| Public safety | | | | |
| Public works | | | | |
| Debt service | | | | |
| Highways and streets | | | | |
| Urban development | | | | |
| Culture and recreation | | | | |
| Health and welfare | | | | |
| Unassigned | | | | |
| Total All Other Governmental Funds | | | | |
| Total All Governmental Funds | | | | |
| General Fund | | | | |
| Reserved | \$ 2,766,990 | \$ 3,753,111 | \$ 3,316,082 | \$ 3,960,018 |
| Unreserved | 7,708,295 | 9,742,260 | 10,892,539 | 12,602,337 |
| Total General Fund | <u>10,475,285</u> | <u>13,495,371</u> | <u>14,208,621</u> | <u>16,562,355</u> |
| All Other Governmental Funds | | | | |
| Reserved | 6,102,532 | 12,958,711 | 6,036,262 | 9,258,799 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 3,193,682 | 4,344,677 | 5,322,579 | 1,071,053 |
| Capital projects funds | - | (52,096) | (81,077) | (279,391) |
| Total All Other Governmental Funds | <u>9,296,214</u> | <u>17,251,292</u> | <u>11,277,764</u> | <u>10,050,461</u> |
| Total All Governmental Funds | <u>\$ 19,771,499</u> | <u>\$ 30,746,663</u> | <u>\$ 25,486,385</u> | <u>\$ 26,612,816</u> |

Note 1: The City implemented GASB Statement No. 54 for the fiscal year ended June 30, 2011. This statement changed the fund balance presentation for governmental funds. Fund balance data in accordance with GASB Statement No. 54 is not available for years prior to fiscal year 2010-11.

| Fiscal Year | | | | | |
|-------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| | \$ - | \$ 3,771,450 | \$ 2,721,538 | \$ 2,721,538 | \$ 2,721,539 |
| | - | - | 14,650,000 | 15,750,000 | 15,750,000 |
| | 20,095,731 | 15,443,364 | 1,446,073 | 2,703,122 | 6,787,610 |
| | <u>20,095,731</u> | <u>19,214,814</u> | <u>18,817,611</u> | <u>21,174,660</u> | <u>25,259,149</u> |
| | - | - | - | - | - |
| | 94,485 | 17,361 | 33,466 | 15,515 | 20,832 |
| | 2,857,483 | 350,586 | 487,094 | 482,612 | 363,904 |
| | 252,140 | - | - | - | - |
| | 335,059 | 562,423 | 569,728 | 625,196 | 801,904 |
| | 7,881,826 | 2,975,550 | 3,726,086 | 3,726,086 | 3,726,086 |
| | - | - | - | 21,561 | 16,749 |
| | 230,947 | 275,184 | 394,817 | 268,194 | 152,751 |
| | (4,480,770) | (12,175) | (2,991) | (78,661) | (102,538) |
| | <u>7,171,170</u> | <u>4,168,929</u> | <u>5,208,200</u> | <u>5,060,503</u> | <u>4,979,688</u> |
| | <u>\$ 27,266,901</u> | <u>\$ 23,383,743</u> | <u>\$ 24,025,811</u> | <u>\$ 26,235,163</u> | <u>\$ 30,238,837</u> |

\$ 5,685,769
15,348,649
21,034,418

8,631,506

699,391
(2,496,232)
6,834,665
\$ 27,869,083

CITY OF HAWAIIAN GARDENS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|--|---------------------|----------------------|-----------------------|---------------------|
| | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Revenues | | | | |
| Taxes | \$ 7,084,914 | \$ 7,842,778 | \$ 8,071,962 | \$ 10,500,124 |
| Licenses and permits | 11,490,064 | 12,280,520 | 14,257,240 | 14,526,268 |
| Intergovernmental | 3,704,233 | 3,768,272 | 3,231,958 | 2,877,183 |
| Foundation contributions | 506,710 | 83,150 | 499,250 | 529,850 |
| Charges for services | 90,381 | 87,900 | 103,602 | 843,071 |
| Fines and penalties | 176,779 | 168,314 | 159,332 | 183,713 |
| Rental income | 1,005,169 | 141,426 | 145,003 | 109,186 |
| Investment income | 585,785 | 1,237,348 | 1,153,044 | 502,948 |
| Other revenue | 466,147 | 341,491 | 232,753 | 143,299 |
| Gain on sale of agency property | 140,002 | - | - | - |
| Total Revenues | <u>25,250,184</u> | <u>25,951,199</u> | <u>27,854,144</u> | <u>30,215,642</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 4,718,045 | 4,935,292 | 5,371,729 | 7,723,707 |
| Public safety | 2,684,724 | 3,073,673 | 3,198,515 | 3,572,983 |
| Public works | 1,204,851 | 1,207,237 | 1,275,918 | 1,306,535 |
| Highways and streets | 2,220,587 | 1,660,678 | 1,242,829 | 1,323,897 |
| Culture and recreation | 2,726,177 | 3,126,003 | 3,419,025 | 3,525,838 |
| Urban development | 1,673,136 | 1,050,126 | 1,250,831 | 820,063 |
| Health and welfare | 969,686 | 916,166 | 1,050,616 | 1,247,533 |
| Capital outlay | 1,822,340 | 3,228,704 | 10,182,424 | 4,451,112 |
| Debt Service: | | | | |
| Principal | 630,000 | 705,000 | 3,320,000 | 2,340,000 |
| Interest | 2,801,435 | 2,784,104 | 2,802,535 | 2,777,543 |
| Payment to bond escrow agent | - | 759,204 | - | - |
| Cost of issuance | - | 389,237 | - | - |
| Bond premiums and discounts | - | - | - | - |
| Total Expenditures | <u>21,450,981</u> | <u>23,835,424</u> | <u>33,114,422</u> | <u>29,089,211</u> |
| Excess of revenues over/(under) expenditure | <u>3,799,203</u> | <u>2,115,775</u> | <u>(5,260,278)</u> | <u>1,126,431</u> |
| Other Financing Sources/(Uses) | | | | |
| Transfers in | 2,136,556 | 11,527,855 | 6,957,342 | 3,092,410 |
| Transfers out | (2,136,556) | (11,527,855) | (6,957,342) | (3,092,410) |
| Sale of property | 240,973 | 98,888 | - | - |
| Issuance of long-term debt | - | 12,505,000 | - | - |
| Payment to bond escrow agent | - | (3,934,042) | - | - |
| Bond premium | - | 189,543 | - | - |
| Total other financing sources/(uses) | <u>240,973</u> | <u>8,859,389</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances before extraordinary items | 4,040,176 | 10,975,164 | (5,260,278) | 1,126,431 |
| Extraordinary loss on dissolution of RDA | - | - | - | - |
| Net change in fund balances | <u>\$ 4,040,176</u> | <u>\$ 10,975,164</u> | <u>\$ (5,260,278)</u> | <u>\$ 1,126,431</u> |
| Debt service as a percentage of noncapital exp. | 21.46% | 14.64% | 18.49% | 18.63% |

Source: City of Hawaiian Gardens, Finance Department

| Fiscal Year | | | | | |
|---------------------|---------------------|-----------------------|-------------------|---------------------|---------------------|
| 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| \$ 9,464,075 | \$ 7,990,645 | \$ 4,932,237 | \$ 2,889,739 | \$ 2,685,762 | \$ 3,060,064 |
| 13,685,819 | 13,053,035 | 13,092,096 | 12,613,530 | 11,969,338 | 13,059,057 |
| 3,505,975 | 3,557,418 | 3,996,356 | 3,450,920 | 3,553,268 | 3,432,287 |
| 504,800 | - | - | - | - | - |
| 344,766 | 261,805 | 309,501 | 259,280 | 456,760 | 386,856 |
| 96,944 | 110,825 | 85,477 | 74,810 | 87,074 | 80,379 |
| 131,250 | 127,593 | 120,877 | 127,429 | 104,150 | 73,688 |
| 156,328 | 134,720 | 46,374 | 47,752 | 27,643 | 42,706 |
| 83,801 | 507,906 | 177,531 | 327,481 | 252,128 | 1,354,454 |
| - | - | - | - | - | - |
| <u>27,973,758</u> | <u>25,743,947</u> | <u>22,760,449</u> | <u>19,790,941</u> | <u>19,136,123</u> | <u>21,489,491</u> |
| 9,016,829 | 7,081,365 | 5,319,270 | 5,356,118 | 4,445,996 | 5,133,025 |
| 3,549,856 | 3,441,839 | 3,396,674 | 3,569,540 | 3,331,158 | 3,439,279 |
| 1,557,724 | 1,532,211 | 1,552,330 | 1,742,331 | 1,730,904 | 1,872,922 |
| 1,257,060 | 1,412,771 | 1,437,639 | 1,459,348 | 1,349,640 | 1,389,596 |
| 3,173,330 | 3,426,149 | 3,635,312 | 3,186,491 | 2,933,003 | 3,033,511 |
| 624,566 | 370,302 | 631,959 | 620,648 | 317,298 | 346,794 |
| 1,269,548 | 1,313,431 | 1,423,104 | 1,502,214 | 1,409,379 | 1,336,171 |
| 1,294,095 | 3,990,791 | 4,194,454 | 1,364,288 | 1,321,855 | 855,426 |
| 2,245,000 | 1,140,000 | 1,216,792 | 48,519 | 87,538 | 79,093 |
| 2,729,483 | 2,637,270 | 1,051,776 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>26,717,491</u> | <u>26,346,129</u> | <u>23,859,310</u> | <u>18,849,497</u> | <u>16,926,771</u> | <u>17,485,817</u> |
| <u>1,256,267</u> | <u>(602,182)</u> | <u>(1,098,861)</u> | <u>941,444</u> | <u>2,209,352</u> | <u>4,003,674</u> |
| 3,216,017 | 1,980,053 | 5,394,736 | 1,942,614 | 620,859 | 999,404 |
| (3,216,017) | (1,980,053) | (5,394,736) | (1,942,614) | (620,859) | (999,404) |
| - | - | - | - | - | - |
| - | - | 346,741 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 346,741 | - | - | - |
| 1,256,267 | (602,182) | (752,120) | 941,444 | 2,209,352 | 4,003,674 |
| - | - | (3,131,038) | (299,376) | - | - |
| <u>\$ 1,256,267</u> | <u>\$ (602,182)</u> | <u>\$ (3,883,158)</u> | <u>\$ 642,068</u> | <u>\$ 2,209,352</u> | <u>\$ 4,003,674</u> |
| 25.82% | 15.69% | 9.68% | 0.26% | 0.52% | 0.45% |

CITY OF HAWAIIAN GARDENS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Secured | | | | | |
|------------------------------------|----------------|---------------|---------------|---------------|--------------|--------------|
| | Residential | Commercial | Industrial | Institutional | Vacant | Recreational |
| 2006 | \$ 394,533,179 | \$ 90,685,021 | \$ 23,871,485 | \$ 6,571,000 | \$ 8,928,558 | \$ 8,031,934 |
| 2007 | 429,458,297 | 102,336,916 | 39,852,099 | 6,702,418 | 12,743,080 | 8,989,550 |
| 2008 | 490,057,033 | 111,372,731 | 41,520,674 | 6,836,461 | 14,252,914 | 9,173,009 |
| 2009 | 504,753,584 | 111,280,537 | 44,685,280 | 6,973,188 | 13,298,562 | 9,356,466 |
| 2010 | 437,985,474 | 108,554,772 | 45,077,422 | 7,112,649 | 12,212,000 | 24,372,514 |
| 2011 | 410,190,220 | 114,897,254 | 41,533,040 | 7,095,787 | 12,413,298 | 24,324,737 |
| 2012 | 414,140,064 | 116,297,871 | 40,726,780 | 7,149,214 | 11,187,970 | 24,507,897 |
| 2013 | 417,320,632 | 120,181,763 | 41,824,758 | 7,292,193 | 11,599,695 | 24,998,050 |
| 2014 | 431,620,356 | 118,940,806 | 44,566,404 | 10,858,133 | 14,196,767 | 25,498,006 |
| 2015 | 455,558,443 | 122,046,256 | 44,794,174 | 11,185,280 | 11,974,495 | 25,613,763 |

Notes:

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

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

| <u>Secured Other (Note 2)</u> | <u>Unsecured</u> | <u>SBE Nonunitary</u> | <u>Taxable Assessed Value (Note 1)</u> | <u>Total Direct Rate</u> |
|---------------------------------------|------------------|---------------------------|--|----------------------------------|
| \$ 3,876,255 | \$ 23,510,432 | \$ 15,200 | \$ 560,023,064 | 91.096% |
| 4,054,012 | 20,638,106 | 15,200 | 624,789,678 | 92.027% |
| 3,654,949 | 20,556,067 | 30,250 | 697,454,088 | 92.833% |
| 3,685,612 | 22,559,776 | 30,250 | 716,623,255 | 93.020% |
| 3,744,895 | 22,703,802 | 30,250 | 661,793,778 | 92.373% |
| 3,437,507 | 23,404,804 | 30,250 | 637,326,897 | 92.038% |
| 3,729,247 | 21,711,071 | 30,250 | 639,480,364 | 92.074% |
| 3,511,557 | 20,137,240 | 30,250 | 646,896,138 | 92.612% |
| 3,154,507 | 20,184,271 | 30,250 | 669,049,500 | 94.151% |
| 3,354,055 | 21,015,094 | 30,250 | 695,571,810 | 94.022% |

CITY OF HAWAIIAN GARDENS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

| | Fiscal Year | | | |
|--|----------------|----------------|----------------|----------------|
| | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| Basic Levy (Note 1) | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Overlapping Rates (Note 2): | | | | |
| ABC Unified School District | 0.02745 | 0.02427 | 0.02434 | 0.02388 |
| Cerritos Community College District | 0.02424 | 0.02392 | 0.01071 | 0.00994 |
| County Detentions Facility 1987 Debt | 0.00080 | 0.00066 | 0.00000 | 0.00000 |
| LA County Flood Control | 0.00005 | 0.00005 | 0.00000 | 0.00000 |
| Long Beach Community College District | 0.01857 | 0.01153 | 0.01839 | 0.02181 |
| Long Beach Unified School District | 0.04075 | 0.03811 | 0.03457 | 0.03220 |
| Metropolitan Water District | 0.00520 | 0.00470 | 0.00450 | 0.00430 |
| Total Direct & Overlapping Tax Rates | <u>1.11706</u> | <u>1.10324</u> | <u>1.09251</u> | <u>1.09213</u> |
| City's Share of 1% Levy Per Prop 13 (Note 3) | 0.05602 | 0.05602 | 0.05602 | 0.05602 |
| Redevelopment Rate (Note 4) | 1.00604 | 1.00541 | 1.00450 | 1.00430 |
| Total Direct Rate (Note 5) | 0.91096 | 0.92027 | 0.92833 | 0.93020 |

Notes:

Note 1: In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

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

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

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

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

| Fiscal Year | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| 0.02695 | 0.02920 | 0.02858 | 0.02453 | 0.02894 | 0.02916 |
| 0.01854 | 0.02677 | 0.01782 | 0.02594 | 0.02502 | 0.04809 |
| 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| 0.02392 | 0.02559 | 0.02615 | 0.05095 | 0.02241 | 0.04595 |
| 0.08663 | 0.08834 | 0.09223 | 0.09394 | 0.07981 | 0.08764 |
| 0.00430 | 0.00370 | 0.00370 | 0.00350 | 0.00350 | 0.00350 |
| <u>1.16034</u> | <u>1.17360</u> | <u>1.16848</u> | <u>1.19886</u> | <u>1.15968</u> | <u>1.21434</u> |
| 0.05602 | 0.05602 | 0.05602 | 0.05602 | 0.05602 | 0.05602 |
| 1.00430 | 1.00370 | 1.00370 | 0.00000 | 0.00000 | 0.00000 |
| 0.92373 | 0.92038 | 0.92074 | 0.92612 | 0.32190 | 0.32199 |

CITY OF HAWAIIAN GARDENS
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

| Taxpayer | Fiscal Year 2014-15 | | Fiscal Year 2005-06 | |
|---|---------------------------|--|---------------------------|--|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Percent of Total City Taxable Assessed Value |
| Cerritos Gardens General Hospital Company | 1 \$ 21,136,908 | 3.04% | 2 \$ 18,311,648 | 3.27% |
| Irving I Moskowitz Foundation | 2 18,395,956 | 2.64% | | |
| Hawaiian Gardens Lakewood Reta | 3 17,642,312 | 2.54% | | |
| Extra Space Properties Ninety Four LP | 4 14,590,652 | 2.10% | | |
| NSA-C Holdings LLC | 5 10,715,070 | 1.54% | | |
| Xavier A Wong Trust Et Al | 6 10,257,832 | 1.47% | | |
| Hawaiian Gardens Square | 7 10,059,059 | 1.45% | 8 7,308,000 | 1.30% |
| DV Properties | 8 9,941,235 | 1.43% | 6 7,864,140 | 1.40% |
| Whelan Investments NC | 9 9,198,806 | 1.32% | 4 8,062,916 | 1.44% |
| TGL Group LLC | 10 7,371,900 | 1.06% | | |
| Hawaiian Gardens Housing Partners | | | 1 20,662,065 | 3.69% |
| CCGMNG I LLC | | | 3 9,021,116 | 1.61% |
| ESS Prisa III Owner LLC | | | 5 7,970,890 | 1.42% |
| Hawaiian Urdang and Cadence | | | 7 7,700,000 | 1.37% |
| JJJ Enterprises Limited | | | 9 6,913,900 | 1.23% |
| John E. Franklin Co. Tr. Et Al | | | 10 6,602,347 | 1.18% |
| | <u>\$ 129,309,730</u> | <u>18.59%</u> | <u>\$ 100,417,022</u> | <u>17.93%</u> |

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of Levy (1) | |
|------------------------------------|--|---|--------------------|
| | | Amount | Percent of Levy |
| 2006 | \$ 141,641 | \$ 129,899 | 91.71% |
| 2007 | 142,336 | 129,711 | 91.13% |
| 2008 | 139,771 | 129,834 | 92.89% |
| 2009 | 146,503 | 138,785 | 94.73% |
| 2010 | 146,248 | 127,993 | 87.52% |
| 2011 | 148,819 | 128,074 | 86.06% |
| 2012 | 152,552 | 135,750 | 88.99% |
| 2013 | 150,943 | 137,577 | 91.15% |
| 2014 | 149,558 | 134,730 | 90.09% |
| 2015 | 155,736 | 134,726 | 86.51% |

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

Note: 2 These numbers have been revised from the prior year.

CITY OF HAWAIIAN GARDENS

LICENSE FEE (CASINO) AND COLLECTIONS

Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Total Casino Fee | Collected within the Fiscal Year of Revenue | | Collections in Subsequent Years | Collections to Date | |
|------------------------------------|------------------------|--|-------------------|--|---------------------|-------------------|
| | | Amount | Percent of Fee | | Amount | Percent of Fee |
| 2006 | \$ 10,804,786 | \$ 9,906,815 | 91.69% | \$ 897,971 | \$ 10,804,786 | 100.00% |
| 2007 | 11,676,652 | 10,703,744 | 91.67% | 972,908 | 11,676,652 | 100.00% |
| 2008 | 13,252,065 | 12,104,703 | 91.34% | 1,147,362 | 13,252,065 | 100.00% |
| 2009 | 13,754,068 | 12,661,189 | 92.05% | 1,092,879 | 13,754,068 | 100.00% |
| 2010 | 12,838,324 | 11,864,727 | 92.42% | 973,597 | 12,838,324 | 100.00% |
| 2011 | 12,257,796 | 11,248,446 | 91.77% | 1,009,349 | 12,257,795 | 100.00% |
| 2012 | 12,238,200 | 11,285,260 | 92.21% | 953,939 | 12,239,199 | 100.01% |
| 2013 | 11,311,928 | 10,396,088 | 91.90% | 915,840 | 11,311,928 | 100.00% |
| 2014 | 10,831,248 | 9,991,512 | 92.25% | 10,831,247 | 20,822,759 | 192.25% |
| 2015 | 11,360,913 | 10,400,019 | 91.54% | 960,894 | 11,360,913 | 100.00% |

Notes:

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

CITY OF HAWAIIAN GARDENS

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

Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Governmental Activities - General Bonded Debt | | | Percent of Assessed Value (2) | Percent of Personal Income (1) | Debt Per Capita (1) |
|------------------------------------|---|-------------------------------------|---------------|-------------------------------------|--------------------------------------|---------------------------|
| | Tax Allocation Bonds | Certificates of Participation | Total | | | |
| 2006 | \$ 39,530,000 | \$ 4,170,000 | \$ 43,700,000 | 7.80% | 24% | \$ 2,773 |
| 2007 | 51,635,000 | - | 51,635,000 | 8.26% | 27% | 3,271 |
| 2008 | 48,315,000 | - | 48,315,000 | 6.93% | 25% | 3,064 |
| 2009 | 45,975,000 | - | 45,975,000 | 6.42% | 24% | 2,913 |
| 2010 | 43,730,000 | - | 43,730,000 | 6.61% | 23% | 2,763 |
| 2011 | 42,590,000 | - | 42,590,000 | 6.68% | 19% | 2,681 |
| 2012 | (3) | - | (3) | 0.00% | 0% | - |
| 2013 | (3) | - | (3) | 0.00% | 0% | - |
| 2014 | (3) | - | (3) | 0.00% | 0% | - |
| 2015 | (3) | - | (3) | 0.00% | 0% | - |

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

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

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

CITY OF HAWAIIAN GARDENS

DIRECT AND OVERLAPPING BONDED DEBT SCHEDULE

As of June 30, 2015

| Overlapping Debt (Note 1): | Debt Outstanding | Percent Applicable To City | Estimated City's Share of Overlapping Debt 6/30/2015 |
|--|---------------------|----------------------------------|---|
| Metropolitan Water District | \$ 53,296,395 | 0.005% | \$ 2,773 |
| Cerritos CC DS 2005 Refunding Bonds | 488,591 | 1.774% | 8,667 |
| Cerritos CC DS 2004 Series 2004A, 2009C & 2012D | 87,756,432 | 1.774% | 1,556,730 |
| Cerritos CC DS 2012 Series 2014A | 198,370,000 | 1.774% | 3,518,927 |
| ABC Unified School District 2003 REF SER A DS | 29,626,700 | 5.381% | 1,594,336 |
| ABC Unified School District 2010 REF | 16,055,000 | 5.381% | 863,986 |
| Total Overlapping Debt | | | 7,545,419 |
| City of Hawaiian Gardens Direct Debt at 6/30/15 | (2) | 100.000% | (2) |
| Total Net Direct and Overlapping Governmental Debt | | | \$ 7,545,419 |
| 2014-15 Assessed Valuation | \$ 695,571,810 | | |
| Ratios to 2014/15 Assessed Valuation: | | | |
| Direct Debt | | 0.00% | |
| Overlapping Debt | | 14.91% | |
| Total Debt (Direct & Overlapping) | | 14.91% | |

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

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

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

Legal Debt Margin Calculation for the Current Year:

| | |
|-------------------------------------|------------------------------|
| Assessed value | \$ 695,571,810 |
| Debt limit (15% of assessed value) | 104,335,772 |
| Debt applicable to limit (see Note) | - |
| Legal debt margin - Current Year | <u><u>\$ 104,335,772</u></u> |

| Fiscal Year | Debt Limit | Debt Applicable to Limit | Legal Debt Margin | Debt as Percentage of Limit |
|----------------|---------------|--------------------------------|-------------------------|-----------------------------------|
| 2005-06 | \$ 84,003,460 | \$ - | \$ 84,003,460 | 0% |
| 2006-07 | 93,718,452 | - | 93,718,452 | 0% |
| 2007-08 | 104,618,113 | - | 104,618,113 | 0% |
| 2008-09 | 107,493,488 | - | 107,493,488 | 0% |
| 2009-10 | 99,269,067 | - | 99,269,067 | 0% |
| 2010-11 | 95,599,035 | - | 95,599,035 | 0% |
| 2011-12 | 95,922,055 | - | 95,922,055 | 0% |
| 2012-13 | 97,034,421 | - | 97,034,421 | 0% |
| 2013-14 | 100,357,425 | - | 100,357,425 | 0% |
| 2014-15 | 104,335,772 | - | 104,335,772 | 0% |

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

CITY OF HAWAIIAN GARDENS
 DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

| Calendar Year | City Population | Personal Income (in thousands) | Per Capita Personal Income | Unemployment Rate |
|------------------|--------------------|--------------------------------------|----------------------------------|----------------------|
| 2005 | 15,758 | \$ 183,803 | \$ 11,664 | 6.1% |
| 2006 | 15,788 | 190,257 | 12,051 | 5.4% |
| 2007 | 15,767 | 194,056 | 12,308 | 5.7% |
| 2008 | 15,784 | 195,202 | 12,367 | 8.4% |
| 2009 | 15,825 | 192,757 | 12,181 | 13.0% |
| 2010 | 15,884 | 221,884 | 13,969 | 7.0% |
| 2011 | 14,303 | 222,297 | 15,542 | 13.8% |
| 2012 | 14,375 | 201,264 | 14,001 | 10.5% |
| 2013 | 14,456 | 211,665 | 14,642 | 8.6% |
| 2014 | 14,462 | 208,383 | 14,409 | 7.3% |

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

PRINCIPAL EMPLOYERS

Current Year and Four Years Ago

| Employer | Fiscal Year 2014-15 | | Fiscal Year 2011-12 | |
|-----------------------------|---------------------|-----------------------------|---------------------|-----------------------------|
| | Number of Employees | Percent of Total Employment | Number of Employees | Percent of Total Employment |
| Hawaiian Gardens Card Club | 1,730 | 28.36% | 1,170 | 15.60% |
| Tri-City Medical Center | 350 | 5.74% | 300 | 4.00% |
| ABC Unified School District | 120 | 1.97% | 200 | 2.67% |
| Walmart Grocery | 85 | 1.39% | | |
| Zion Market | 65 | 1.07% | | |
| City of Hawaiian Gardens | 78 | 1.15% | 80 | 1.07% |
| Total Building Care, Inc. | 70 | 1.15% | 70 | 0.93% |
| Food 4 Less #775 | 70 | 1.15% | 113 | 1.51% |
| Richmond Plastering Inc. | 50 | 0.82% | 50 | 0.67% |
| CVS / Pharmacy #9589 | 25 | 0.41% | | |
| 99 Cents Store | 25 | 0.41% | 25 | 0.33% |
| Howard Contracting Inc. | | | 50 | 0.67% |
| Cypress Garden Villas | | | 70 | 0.93% |
| Patchman Plastering Inc. | | | 45 | 0.60% |
| Jose Villaflor | | | 35 | 0.43% |
| Jack in the box | | | 29 | 0.39% |

Source: City of Hawaiian Gardens Community Development Department

CITY OF HAWAIIAN GARDENS

FULL-TIME AND PART-TIME CITY EMPLOYEES

Last Ten Fiscal Years

| Function | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Government | 19 | 18 | 15 | 16 | 16 | 11 | 11 | 11 | 11 | 12 |
| Public Safety | 6 | 6 | 6 | 6 | 6 | 7 | 3 | 3 | 3 | 3 |
| Public Works | 11 | 6 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Culture and Recreation | 30 | 36 | 35 | 36 | 36 | 40 | 42 | 42 | 42 | 32 |
| Highways and Streets | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Urban Development | 9 | 7 | 9 | 9 | 9 | 8 | 8 | 8 | 8 | 9 |
| | <u>81</u> | <u>79</u> | <u>79</u> | <u>81</u> | <u>81</u> | <u>80</u> | <u>78</u> | <u>78</u> | <u>78</u> | <u>70</u> |

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

CITY OF HAWAIIAN GARDENS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

| Function | Fiscal Year Ended June 30, | | | | |
|--------------------------------|----------------------------|--------|--------|--------|--------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Police: | | | | | |
| Physical arrests | 527 | 486 | 686 | 584 | 706 |
| Parking violations | 2,028 | 258 | 2,885 | 2,647 | 1,918 |
| Traffic violations | 1,087 | 1,750 | 1,837 | 1,791 | 2,304 |
| Highways and Streets: | | | | | |
| Street resurfacing (miles) | 1 | 2 | 1 | 1 | 1 |
| Potholes repaired | 78 | 89 | 72 | 86 | 72 |
| Human Services: | | | | | |
| Senior Center Programs: | | | | | |
| Classes and activities | 190 | 191 | 195 | 193 | 190 |
| Number of Participants | 32,396 | 34,206 | 38,200 | 38,107 | 36,000 |
| Excursions | 27 | 32 | 35 | 34 | 38 |
| Number of Participants | 969 | 1,214 | 1,400 | 1,375 | 1,500 |
| Special events | 21 | 21 | 21 | 20 | 19 |
| Number of Participants | 1,917 | 2,234 | 2,910 | 3,022 | 3,200 |
| Transportation: | | | | | |
| Number of passengers | 28,148 | 31,027 | 31,356 | 31,004 | 16,390 |
| Mileage | 75,570 | 76,083 | 77,770 | 76,289 | 63,320 |
| Recreation: | | | | | |
| Classes and activities | 180 | 178 | 182 | 186 | 201 |
| Number of participants | 78,016 | 77,094 | 79,565 | 80,434 | 85,000 |
| Special events | 21 | 21 | 22 | 22 | 24 |
| Number of participants | 11,005 | 11,430 | 15,010 | 14,699 | 27,000 |
| Number of facility rentals | 26 | 18 | 23 | 21 | 19 |

| Function | Fiscal Year Ended June 30, | | | | |
|--------------------------------|----------------------------|---------|---------|---------|---------|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Police: | | | | | |
| Physical arrests | 542 | 596 | 491 | 366 | 515 |
| Parking violations | 1,783 | 2,151 | 1,820 | 1,715 | 2,093 |
| Traffic violations | 1,824 | 1,672 | 1,195 | 1,142 | 998 |
| Highways and Streets: | | | | | |
| Street resurfacing (miles) | - | 1 | 1 | 1 | 1 |
| Potholes repaired | 62 | 2 | - | 5 | 8 |
| Human Services: | | | | | |
| Senior Center Programs: | | | | | |
| Classes and activities | 200 | 132 | 144 | 140 | 13 |
| Number of Participants | 36,500 | 53,640 | 53,984 | 54,178 | 46,273 |
| Excursions | 30 | 24 | 32 | 30 | 27 |
| Number of Participants | 1,000 | 960 | 1,270 | 1,260 | 1,363 |
| Special events | 19 | 19 | 22 | 25 | 23 |
| Number of Participants | 4,000 | 12,757 | 2,707 | 3,075 | 2,077 |
| Transportation: | | | | | |
| Number of passengers | 20,000 | 21,886 | 21,886 | 21,886 | 24,226 |
| Mileage | 68,000 | 62,504 | 62,504 | 62,504 | 58,682 |
| Recreation: | | | | | |
| Classes and activities | 211 | 263 | 279 | 205 | 240 |
| Number of participants | 87,000 | 180,539 | 198,330 | 142,172 | 104,545 |
| Special events | 28 | 26 | 28 | 29 | 28 |
| Number of participants | 29,000 | 19,870 | 20,280 | 22,000 | 108,545 |
| Number of facility rentals | 22 | 20 | 21 | 25 | 16 |

Source: City of Hawaiian Gardens - various departments

CITY OF HAWAIIAN GARDENS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

| Function | Fiscal Year Ended June 30, | | | | | | | | | |
|-------------------------|----------------------------|------|------|------|------|------|------|------|------|------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Government | | | | | | | | | | |
| Vehicles | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 |
| Public Safety: | | | | | | | | | | |
| Vehicles | 3 | 3 | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 |
| Public Works: | | | | | | | | | | |
| Vehicles | 21 | 20 | 23 | 23 | 23 | 23 | 20 | 20 | 20 | 20 |
| Highways and Streets: | | | | | | | | | | |
| Streets (miles) | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Traffic signals | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Culture and Recreation: | | | | | | | | | | |
| Vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 | 0 |
| Parks acreage | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Parks acreage | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Swimming pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Health and Welfare: | | | | | | | | | | |
| Vehicles | 6 | 6 | 5 | 5 | 5 | 7 | 7 | 6 | 7 | 7 |

Source: City of Hawaiian Gardens - various departments