

CITY OF HAWAIIAN GARDENS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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

March 7, 2018

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 report of the City of Hawaiian Gardens (the City) for the fiscal year ended June 30, 2017. This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the firm of 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 ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2017, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

The City operated under the Council-Manager/Administrator form of government from 1964 until 2012 when 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 and cultural events. The City is financially accountable for a housing authority and a public financing authority, each of which is reported within the City's financial statements as blended component units. Additionally, the Successor Agency to the Redevelopment Agency was created in Fiscal Year 2011-2012, and its activity is reported in a fiduciary private-purpose trust fund within the City's financial statements. The City is not financially responsible for the Successor Agency 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. public works), and department (e.g. parks and fields). Transfers of appropriations between funds require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. Formal budgetary integration is not employed for 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, had faced declining revenues due to the dissolution of redevelopment agencies, cutbacks in CDBG programs, and declining consumer purchases. In the past couple of years, the revenues from the City's major revenue source, the license fee of the Hawaiian Gardens Casino, has begun increasing, and property taxes have also shown a modest increase. The casino license fee increased by \$896,000 over the prior year as a result of a better economy and the recent expansion of the facility. Following is a summary which shows each month's license fee revenue compared to the prior year.

Hawaiian Gardens Casino License Fee Revenue

<u>Month</u>	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>% Change</u>
July	\$1,113,715	\$1,006,751	11.73%
August	1,094,374	1,000,899	5.64%
September	1,107,502	953,272	9.28%
October	1,106,602	1,040,380	12.49%
November	1,101,155	990,485	9.56%
December	1,113,770	1,029,424	7.91%
January	1,118,490	1,095,893	12.31%
February	1,103,187	1,011,004	11.07%
March	1,129,966	1,022,795	2.66%
April	1,122,750	1,102,057	12.17%
May	1,131,511	1,111,367	7.75%
June	1,109,559	1,092,524	13.70%
Total	<u>\$13,352,581</u>	<u>\$12,456,851</u>	<u>9.65%</u>

Long-term financial planning. In FY 2012-13, the City adopted a fiscal policy which provided for the commitment of the General Fund’s fund balance for specific contingencies. By Council resolution, the City has committed \$15,750,000 for contingencies including damages caused by a major earthquake, a 25 percent loss of casino revenues, future equipment replacement, major repairs of buildings due to casualty losses, and litigation losses of \$500,000 or more. This commitment is fully funded within the general fund.

For FY 2016-17, general fund revenues exceeded the budget due to the increased casino license revenues and increased tax revenues, offset by fewer other revenues being received relating to the payment of the Casiono’s capital growth fees. In addition, general fund expenditures were less than budgeted. These combined budget variances provided an increase to the fund balance. Revenues for FY 2017-18 are expected to remain stable. Expenditures will continue to be monitored, and capital projects will be funded by state, county, or federal grants where possible. The City’s long-term economic outlook should be sustained through careful planning, and the City will continue to work hard to preserve its resources and to provide a high level of service to its residents.

Acknowledgements

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

Respectfully submitted,

Ernie Hernandez, City Manager

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CITY OF HAWAIIAN GARDENS
List of Elected and Appointed Officials
Fiscal Year Ended June 30, 2017

Elected Officials

Mayor
Mayor Pro Tem
Councilmember
Councilmember
Councilmember

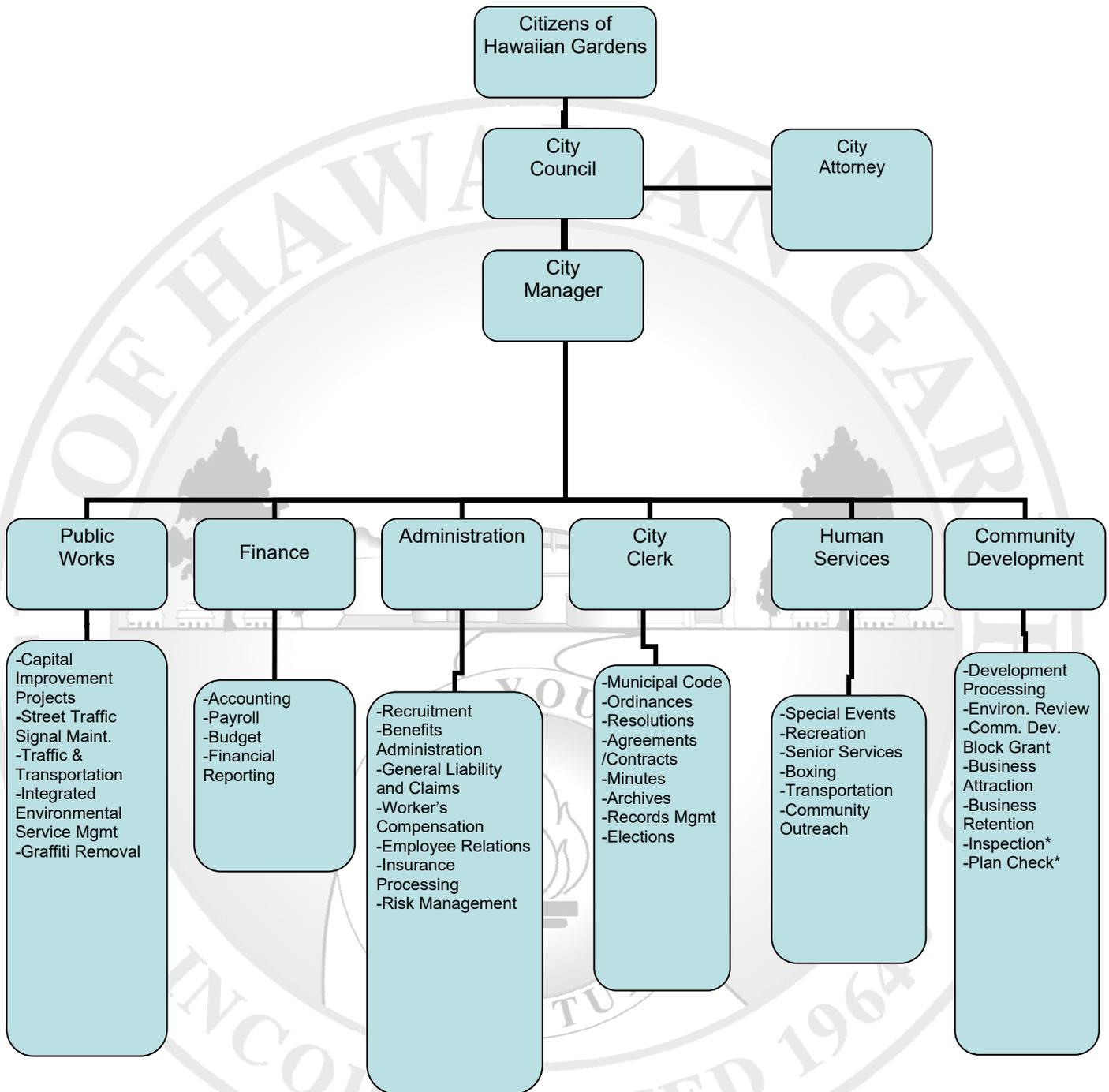
Hank Trimble
Barry Bruce
Myra Maravilla
Mariana Rios
Reynaldo Rodriguez

Appointed Officials

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

Ernie Hernandez
Arnold Alvarez-Glasman
Sue Underwood
Joseph Colombo
Linda Hollinsworth
Vacant
Steve J. Gomez
Joe Vasquez

City of Hawaiian Gardens
 Organization Chart
 June 30, 2017



*Contract Services
 **County Service

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, California (the City), as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of proportionate share of net pension liability and the schedules of contributions for the miscellaneous and safety defined benefit plans, the schedule of funding progress - other post-employment benefits 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2018, 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 Nick Evans LLP

Irvine, California

March 7, 2018

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**CITY OF HAWAIIAN GARDENS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

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, 2017. 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 2015-16 and FY 2016-17. All increases and decreases are expressed relative to FY 2015-16 amounts.

Financial highlights of the City for the fiscal year ending June 30, 2017 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 \$59.6 million. Of this amount, \$30.8 million is the investment in capital assets, \$5.4 million is restricted, and \$23.4 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 \$72.1 million and liabilities and deferred inflows totaled \$12.5 million.
- The City's net position increased by \$1.4 million as a result of revenues of \$21.7 million exceeding expenses of \$20.3 million.

Fund Level – Governmental Funds

- Governmental funds for the City reported combined fund balances of \$34.6 million. Of this amount, \$2.7 million is nonspendable, \$5.4 million is restricted by external parties, \$19.8 million is committed by City Council action, and \$6.7 million is unassigned and available for future appropriation.
- General Fund expenditures totaled \$15.5 million, which represent 233.3% of the General Fund's unassigned fund balance of \$6.7 million.
- At June 30, 2017, the cash and investments of the General Fund are \$25.5 million, which represent 87.2% of the General Fund's total fund balance of \$29.2 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, 2017	June 30, 2016	Change
Current and other assets	\$ 37,487,215	\$ 35,750,238	\$ 1,736,977
Capital assets, net of depreciation	30,803,411	31,386,223	(582,812)
Total Assets	68,290,626	67,136,461	1,154,165
Deferred amount from pension	3,791,255	2,472,601	1,318,654
Total Deferred Outflows of Resources	3,791,255	2,472,601	1,318,654
Long-term debt outstanding	9,483,114	8,482,650	(1,000,464)
Other liabilities	2,490,105	1,952,990	(537,115)
Total Liabilities	11,973,219	10,435,640	(1,537,579)
Deferred amount from pension	490,721	969,149	478,428
Total Deferred Inflows of Resources	490,721	969,149	478,428
Net investment in capital assets	30,803,411	31,386,223	(582,812)
Restricted	5,403,357	5,094,844	308,513
Unrestricted	23,411,173	21,723,206	1,687,967
Total Net Position	\$ 59,617,941	\$ 58,204,273	\$ 1,413,668

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 \$59.6 million as of June 30, 2017 and \$58.2 million a year earlier at June 30, 2016, an increase in net position of \$1.4 million. This change in net position is a result of the current year excess of revenues exceeding expenses. This change will be analyzed in conjunction with the Statement of Activities.

The largest portion of the City's net position (\$30.8 million or 51.6%) 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 \$5.4 million (9.1%) 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 \$23.4 million (39.3%) represents unrestricted net position; this category of net position may be used to meet the City's ongoing obligations to citizens and creditors.

Following is a summary of the government-wide *Statement of Activities*. This table illustrates the \$1.4 million increase in the City's net position, a result of the City's revenues of \$21.7 million exceeding expenses of \$20.3 million. Discussion regarding significant revenue and expense changes follows the table.

	Governmental Activities		
	June 30, 2017	June 30, 2016	Change
Revenues:			
Program Revenues:			
Charges for services	\$ 909,053	\$ 813,722	\$ 95,331
Operating grants and contributions	3,604,953	3,087,071	517,882
General Revenues:			
Property taxes	1,684,931	1,607,190	77,741
Business license tax	13,922,319	13,022,716	899,603
Motor vehicle in lieu, unrestricted	-	5,869	(5,869)
Sales tax	967,587	986,776	(19,189)
Other taxes	403,359	417,742	(14,383)
Other general revenues	263,416	268,587	(5,171)
Total Revenues	21,755,618	20,209,673	1,545,945
Expenses:			
General government	5,495,258	4,599,086	896,172
Public safety	4,131,716	3,773,979	357,737
Public works	3,813,884	3,258,555	555,329
Highways and streets	1,414,882	1,400,432	14,450
Culture and recreation	3,615,032	3,396,255	218,777
Urban development	339,106	344,373	(5,267)
Health and welfare	1,532,072	1,531,033	1,039
Total Expenses	20,341,950	18,303,713	2,038,237
Increase in net position	1,413,668	1,905,960	(492,292)
Net position at beginning of year	58,204,273	56,298,313	1,905,960
Net position at end of year	\$ 59,617,941	\$ 58,204,273	\$ 1,413,668

Governmental Activities

As explained below, City-wide revenues increased by \$1.5 million (7.6%) to \$21.7 million:

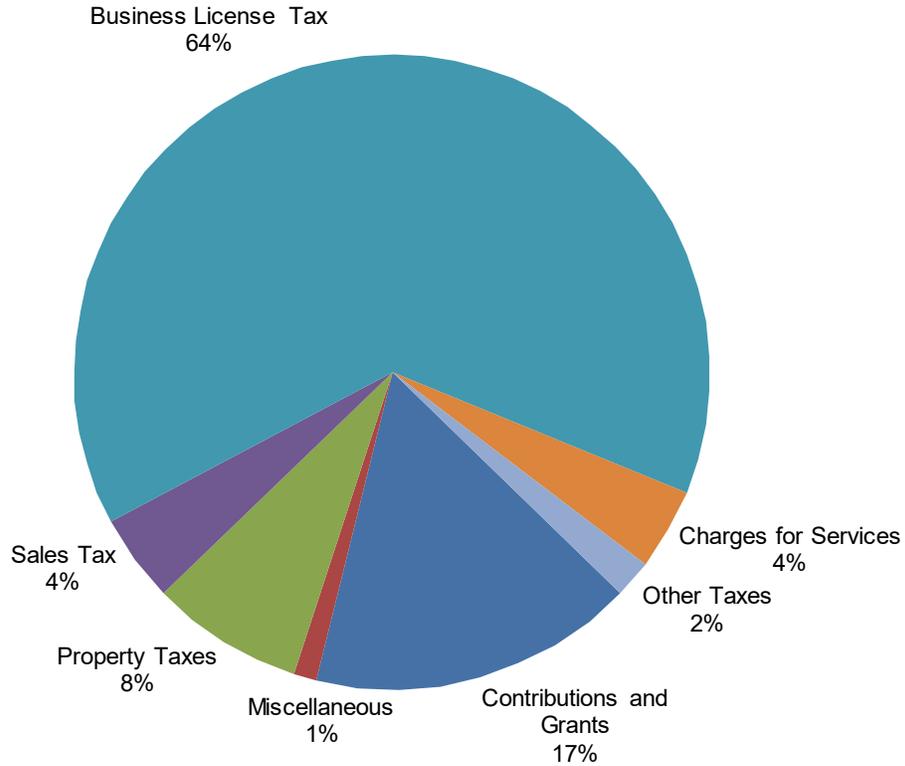
- Business license tax (the majority of which is from casino fees), increased by \$900,000; this increase is due to more casino business, a result of the general economy and the recent expansion of the casino.
- Operating grants and contributions increased by \$520,000 as a result of grants received for the Carson Street Bus Pads project and higher revenues for Section 8 Housing, Community Oriented Police Services, and the Earn and Learn annual grant programs.

The total cost of all City programs and services during FY 2016-17 was \$20.3 million, a \$2.0 million increase (11.1%) over the prior year's cost of \$18.3 million.

- General government costs increased by \$900,000. This increase is due to a \$480,000 increase resulting from changes to the net pension and OPEB liabilities and a \$400,000 increase resulting from uncollected capital growth fees.
- Public safety costs increased by \$360,000 as a result of contract amendments for police coverage.
- Public works costs increased by \$550,000 resulting from higher salary and benefit costs and increased project work such as street paving and various city beautification and improvement projects.
- Culture and recreation costs increased \$220,000 as a result of a general funding increase for existing and new programs.

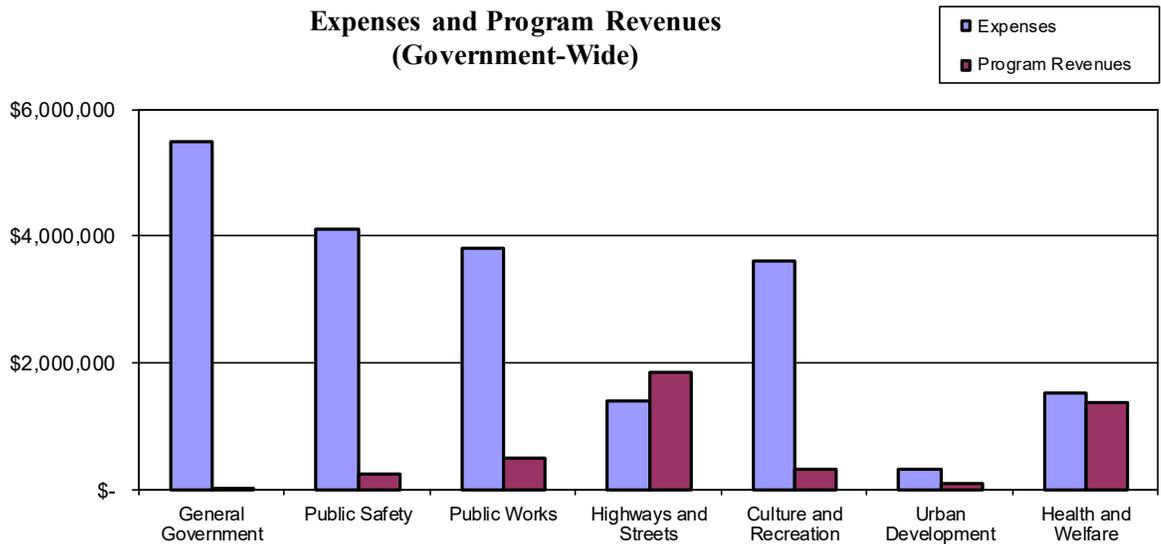
The following charts illustrate the City’s overall revenues and expenses by source and program:

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 (64%), followed by Contributions and Grants (17%), Property Taxes (8%), and Sales Tax (4%). Charges for services, other taxes, and miscellaneous revenues make up the remainder of the revenues.

Expenses and Program Revenues (Government-Wide)



General Government is the largest expense function, accounting for 27% of the total. Public Safety is the second largest expense function (20% of the total) followed by Public Works (19% of the total) and Culture and Recreation (17% of the total). The smaller categories of Highways and Streets, Urban Development, and Health and Welfare make up the remaining share of costs. The proportionate share of the expense functions remains relatively consistent from year to year with variances typically resulting from different amounts spent for capital projects.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34.6 million, representing an increase of \$1.6 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 \$5.4 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), \$4.1 million for capital projects 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 \$29.0 million, nonspendable fund balance was \$2.7 million, committed fund balance was \$19.8 million, and unassigned fund balance was \$6.7 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 188% of the general fund's FY 2016-17 expenditures. The general fund's liquidity is remaining stable from year to year as the FY 2015-16 results showed that the general fund's expenditures were 196% of the general fund's fund balance.

The general fund's fund balance increased by \$1.3 million which is a decrease of \$1.4 million from the prior year's increase of \$2.7 million. The year to year change of \$1.4 million is explained by the change in revenues and expenditures and transfers out to other funds.

- Revenues in FY 2016-17 are higher by \$19,000 than in the prior year. Although the total change is small, there are two categories with larger offsetting differences. Licenses and Permits are higher by \$879,000 as a result of higher casino license fees due to a better economy and the recent casino expansion. This is offset by a \$771,000 decrease in Other Revenues which is mainly a result of prior year one-time capital growth fees of \$800,000 received for the casino expansion. All other revenue categories remained consistent with the prior year.

- FY 2016-17 expenditures are higher than the prior year by \$1.3 million. Increases in general fund expenditures are due to higher costs related to personnel issues; higher public safety costs due to increased contractual obligations for County sheriff services; increased public works costs for project work such as street paving, various city beautification and improvement projects, and the Carson Street bus pads project; increased culture and recreation costs as a result of a general funding increase for existing and new programs; and higher debt service costs for the final principal payment made on the CJPIA retrospective deposit (for additional information see Note 9 in the Notes to Basic Financial Statements).
- The general fund transferred out \$700,000 to other funds in FY 2015-16 while the transfers out in FY 2016-17 totaled \$900,000. The transfers were to provide funding for costs accounted for in capital projects and special revenue funds as planned for in the budget.

The **Community Development Block Grant** fund has a fund balance of zero, indicating that grant revenues and transfers in equal grant expenditures. This fund accounts for the grants received from the federal government for community development projects and housing loans. Grant revenues of \$115,400 were received during the year, all of which were spent for community development programs and projects.

The **Housing Authority Successor Housing** fund has a fund balance of \$3,700,900. This fund's only activity during the year was to record interest revenue earned on its cash and investments.

The **Grant Funding CIP Fund** has a deficit fund balance of \$25,588 as a result of pending reimbursement for grants. The deficit is expected to be eliminated upon receipt of grant revenues during the next fiscal year.

Fiduciary Funds

The City presents one fiduciary fund which is the Successor Agency Private Purpose Trust Fund. At June 30, 2017, the net position was a deficit \$32.6 million. Operating additions exceeded deductions, resulting in an increase to net position of \$2.6 million. The operating additions consist mainly of the Successor Agency's share of property taxes from the Redevelopment Property Tax Trust Fund. The fund's other activity consists mainly of interest and related charges for debt, gains and losses on the sale of property, as well as contractual and administrative costs.

GENERAL FUND BUDGET

During the fiscal year, budget adjustments were needed to reflect updated expectation. Total budgeted revenues increased by \$1.4 million mainly as a result of higher than expected license fee revenues offset by lowering expected tax revenues. Total budgeted expenditures increased by \$1.3 million as a result of higher costs expected for general government and culture and recreation categories. The fiscal year's actual activity resulted in a positive variance with the final budget of \$3.3 million.

The total General Fund revenue budget was \$17.4 million with actual receipts of \$17.7 million. The variance between actual revenues and the final revenue budget was \$0.3 million (1.8%). The majority of this variance is due to the City receiving more casino license revenue than was anticipated. Additional reasons for this variance are due to receiving more tax revenue than were anticipated when the budget was prepared offset by lower than expected receipts of capital growth fees.

The General Fund's actual total expenditures of \$15.5 million were less than the final budgeted appropriations of \$16.6 million. The variance between actual total expenditures and the final appropriation was \$1.1 million (6.4%). The variance for the general fund budget expenditures is essentially due to effectively implementing cost-control measures throughout the City, and savings within the general government and culture and recreation programs.

In addition, net transfers to other funds of \$2.9 million were budgeted, but only \$900,000 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 \$30.8 million at fiscal year-end. During FY 2016-17, capital assets totaling \$833,000 were acquired and depreciation expense of \$1.4 million was recorded. The major capital asset acquisition was for street-related infrastructure in process. 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, 2017</u>	<u>June 30, 2016</u>
Buildings and improvements	\$ 10,472,108	\$ 10,863,088
Furniture and equipment	218,202	216,535
Vehicles	520,572	581,817
Infrastructure – road system	4,779,848	5,660,976
Construction in progress	1,005,269	256,395
Rights-of-way	3,290,005	3,290,005
Land	10,517,407	10,517,407
Total	<u>\$ 30,803,411</u>	<u>\$ 31,386,223</u>

LONG-TERM DEBT

As of June 30, 2017, the City had total long-term liabilities outstanding of \$9.5 million, an increase of \$1.0 million. This change is due to an increase in the City's net pension liability of \$1.4 million offset by reductions for principal payments on notes payable and other liabilities.

	Governmental Activities	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Compensated absences	\$ 498,490	\$ 561,279
Notes payable	110,710	148,857
CJPIA retrospective deposit	-	339,973
Net OPEB obligation	221,627	216,595
Net pension liability	8,652,287	7,215,946
Total	<u>\$ 9,483,114</u>	<u>\$ 8,482,650</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 continue to show modest growth for the 2017-18 tax rolls. Taxable sales are expected to maintain an upward trend for the next year. Casino revenues increased in FY 2016-17 and have continued to show small increases in the first few months of FY 2017-18. The City developed a two-year budget for FY 2017-18 and FY 2018-19 and considered these revenue trends. 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, 2017

	Governmental Activities
ASSETS:	
Cash and investments	\$ 28,929,473
Receivables:	
Accounts	1,179,551
Interest	47,164
Loans	737,574
Due from other governments	851,604
Prepaid items	13,000
Advances to Successor Agency	5,728,849
Capital assets, not depreciated	14,812,681
Capital assets, depreciated, net	<u>15,990,730</u>
TOTAL ASSETS	<u>68,290,626</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred amounts from pension	<u>3,791,255</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,791,255</u>
LIABILITIES:	
Accounts payable	1,351,084
Accrued liabilities	187,153
Due to other governments	741,555
Unearned revenue	210,313
Long-term liabilities:	
Due within one year	370,007
Due in more than one year	239,193
Net OPEB obligation - Due in more than one year	221,627
Net pension liability - Due in more than one year	<u>8,652,287</u>
TOTAL LIABILITIES	<u>11,973,219</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred amounts from pension	<u>490,721</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>490,721</u>
NET POSITION:	
Investment in capital assets	30,803,411
Restricted for:	
Public safety	28,158
Highways and streets	1,062,205
Culture and recreation	9,535
Air quality	155,432
Lighting and landscaping	364,073
Low- and moderate-income housing	3,783,954
Unrestricted	<u>23,411,173</u>
TOTAL NET POSITION	<u>\$ 59,617,941</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, 2017

Functions/programs	Expenses	Program Revenues			Net (Expenses) Revenues and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					Governmental Activities
General government	\$ 5,495,258	\$ 34,786	\$ -	\$ -	\$ (5,460,472)
Public safety	4,131,716	121,383	130,762	-	(3,879,571)
Public works	3,813,884	508,682	850	-	(3,304,352)
Highways and streets	1,414,882	-	1,866,665	-	451,783
Culture and recreation	3,615,032	242,156	100,196	-	(3,272,680)
Urban development	339,106	-	115,412	-	(223,694)
Health and welfare	1,532,072	2,046	1,391,068	-	(138,958)
Total governmental activities	\$ 20,341,950	\$ 909,053	\$ 3,604,953	\$ -	(15,827,944)
General revenues:					
Taxes:					
Property taxes					1,684,931
Business license taxes					13,922,319
Sales taxes					967,587
Transient occupancy taxes					173,713
Franchise taxes					196,114
Other taxes					33,532
Investment income					103,652
Other revenues					159,764
Total general revenues					17,241,612
Change in net position					1,413,668
Net position at beginning of year					58,204,273
Net position at end of year					\$ 59,617,941

See accompanying notes to basic financial statements.

CITY OF HAWAIIAN GARDENS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

		General Fund	Special Revenue Fund Community Development Block Grant
ASSETS			
Cash and investments		\$ 25,513,029	\$ -
Receivables:			
Accounts		1,179,551	-
Interest		47,164	-
Loans		-	737,574
Due from other governments		451,242	40,056
Due from other funds		166,850	-
Prepaid items		6,500	-
Advances to Successor Agency		3,063,039	-
TOTAL ASSETS		<u>\$ 30,427,375</u>	<u>\$ 777,630</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ 664,467	\$ 6,230
Accrued liabilities		139,654	-
Unearned revenue		-	-
Due to other funds		-	33,826
Due to other governments		-	737,574
TOTAL LIABILITIES		<u>804,121</u>	<u>777,630</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues		380,381	-
TOTAL DEFERRED INFLOWS OF RESOURCES		<u>380,381</u>	<u>-</u>
FUND BALANCES:			
Nonspendable:			
Prepaid items		6,500	-
Advances to Successor Agency		2,721,538	-
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	-
Capital projects		4,101,718	-
Unassigned		6,663,117	-
TOTAL FUND BALANCES		<u>29,242,873</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		<u>\$ 30,427,375</u>	<u>\$ 777,630</u>

See accompanying notes to basic financial statements.

Special Revenue Fund (Continued)			
Housing Authority Successor Housing	Grant Funding CIP Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,050,290	\$ -	\$ 2,366,154	\$ 28,929,473
-	-	-	1,179,551
-	-	-	47,164
-	-	-	737,574
-	310,588	49,718	851,604
-	-	-	166,850
-	-	6,500	13,000
2,665,810	-	-	5,728,849
<u>\$ 3,716,100</u>	<u>\$ 310,588</u>	<u>\$ 2,422,372</u>	<u>\$ 37,654,065</u>
\$ -	\$ -	\$ 680,387	\$ 1,351,084
-	-	47,499	187,153
-	210,313	-	210,313
-	100,275	32,749	166,850
-	-	3,981	741,555
-	310,588	764,616	2,656,955
15,224	28,588	-	424,193
<u>15,224</u>	<u>28,588</u>	<u>-</u>	<u>424,193</u>
-	-	6,500	13,000
-	-	-	2,721,538
-	-	28,158	28,158
-	-	364,073	364,073
-	-	1,062,205	1,062,205
-	-	9,535	9,535
-	-	216,786	216,786
3,700,876	-	-	3,700,876
-	-	-	15,000,000
-	-	-	750,000
-	-	-	4,101,718
-	(28,588)	(29,501)	6,605,028
<u>3,700,876</u>	<u>(28,588)</u>	<u>1,657,756</u>	<u>34,572,917</u>
<u>\$ 3,716,100</u>	<u>\$ 310,588</u>	<u>\$ 2,422,372</u>	<u>\$ 37,654,065</u>

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CITY OF HAWAIIAN GARDENS

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

June 30, 2017

Fund balances - total governmental funds		\$ 34,572,917
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:		
Nondepreciable assets	\$ 14,812,681	
Depreciable assets, net of \$28,563,524 accumulated depreciation	<u>15,990,730</u>	30,803,411
The net OPEB obligation is not an due and payable in the current period and, therefore, is not reported in the governmental funds.		(221,627)
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.		(609,200)
Pension related debt applicable to the City's governmental activities 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 affect only the government-wide statements for governmental activities:		
Deferred outflows of resources	3,791,255	
Deferred inflows of resources	(490,721)	
Pension liability	<u>(8,652,287)</u>	(5,351,753)
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>424,193</u>
Net position of governmental activities		<u><u>\$ 59,617,941</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, 2017

	General Fund	Special Revenue Fund <u>Community Development Block Grant</u>
REVENUES:		
Taxes	\$ 2,828,177	\$ -
Licenses and permits	14,318,713	-
Intergovernmental	47,459	115,412
Charges for services	313,165	-
Fines and penalties	9,144	-
Rental income	80,455	-
Investment income	80,729	-
Other revenues	69,682	-
TOTAL REVENUES	<u>17,747,524</u>	<u>115,412</u>
EXPENDITURES:		
Current:		
General government	5,356,431	-
Public safety	3,897,531	-
Public works	1,958,035	-
Highways and streets	307,765	-
Culture and recreation	3,275,980	-
Urban development	217,531	121,575
Health and welfare	-	-
Capital outlay	152,872	-
Debt service:		
Principal	378,121	-
TOTAL EXPENDITURES	<u>15,544,266</u>	<u>121,575</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,203,258</u>	<u>(6,163)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	2,675	6,163
Transfers out	(939,888)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(937,213)</u>	<u>6,163</u>
NET CHANGE IN FUND BALANCES	1,266,045	-
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>27,976,828</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 29,242,873</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

Special Revenue Fund (Continued)			
Housing Authority Successor Housing	Grant Funding CIP Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 292,459	\$ 3,120,636
-	-	-	14,318,713
-	282,000	3,225,135	3,670,006
-	-	5	313,170
-	-	101,846	110,990
-	-	-	80,455
290	-	5,860	86,879
-	-	351	70,033
<u>290</u>	<u>282,000</u>	<u>3,625,656</u>	<u>21,770,882</u>
-	-	-	5,356,431
-	-	233,105	4,130,636
-	-	284,688	2,242,723
-	-	1,107,117	1,414,882
-	-	64,013	3,339,993
-	-	-	339,106
-	-	1,468,922	1,468,922
-	-	1,332,243	1,485,115
-	-	-	378,121
-	-	4,490,088	20,155,929
<u>290</u>	<u>282,000</u>	<u>(864,432)</u>	<u>1,614,953</u>
-	-	1,524,611	1,533,449
-	(310,588)	(282,973)	(1,533,449)
-	(310,588)	1,241,638	-
290	(28,588)	377,206	1,614,953
<u>3,700,586</u>	<u>-</u>	<u>1,280,550</u>	<u>32,957,964</u>
<u>\$ 3,700,876</u>	<u>\$ (28,588)</u>	<u>\$ 1,657,756</u>	<u>\$ 34,572,917</u>

CITY OF HAWAIIAN GARDENS

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

For the fiscal year ended June 30, 2017

Net change in fund balances - total governmental funds	\$ 1,614,953
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the 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.	
Capital outlay	\$ 1,485,115
Amounts not meeting capitalization criteria	<u>(651,787)</u>
Capitalizable expenditures	833,328
Depreciation expense	<u>(1,392,273)</u>
Loss on disposal of assets	<u>(23,867)</u>
	(582,812)
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.	
	(415,091)
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 effect on net position.	
Principal payments	378,121
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.	
	(5,032)
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	
	360,741
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:	
Change in compensated absences	<u>62,788</u>
Change in net position of governmental activities	<u>\$ 1,413,668</u>

See accompanying notes to basic financial statements.

CITY OF HAWAIIAN GARDENS
STATEMENT OF NET POSITION
FIDUCIARY FUND

June 30, 2017

	<u>Successor Agency Private-Purpose Trust Fund</u>
ASSETS:	
CURRENT ASSETS:	
Cash and investments	\$ 3,255,453
Prepaid items	7,850
Restricted assets:	
Cash and investments with fiscal/other agents	1,796,987
TOTAL CURRENT ASSETS	<u>5,060,290</u>
NONCURRENT ASSETS:	
Capital assets:	
Nondepreciable	2,997,127
TOTAL ASSETS	<u>8,057,417</u>
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	9,409
Interest payable	142,200
Due to other governments	1,780,866
Bonds payable, current portion	1,595,000
TOTAL CURRENT LIABILITIES	<u>3,527,475</u>
LONG-TERM LIABILITIES:	
Advances payable to Hawaiian Gardens Housing Authority	2,665,810
Advances payable to City of Hawaiian Gardens	3,063,039
Bonds payable	32,810,000
TOTAL LONG-TERM LIABILITIES	<u>38,538,849</u>
TOTAL LIABILITIES	<u>42,066,324</u>
NET POSITION:	
Held in trust for private purpose	<u>\$ (34,008,907)</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, 2017

	Successor Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes	\$ 4,673,056
Investment and rental income	11,544
Gain (loss) on sale of property	192,123
TOTAL ADDITIONS	<u>4,876,723</u>
DEDUCTIONS:	
Contractual services	185,584
Distribution of net proceeds from asset liquidation	1,780,866
Interest and fiscal expenses	1,763,592
TOTAL DEDUCTIONS	<u>3,730,042</u>
CHANGE IN NET POSITION	1,146,681
NET POSITION - BEGINNING OF YEAR	<u>(35,155,588)</u>
NET POSITION - END OF YEAR	<u><u>\$ (34,008,907)</u></u>

See accompanying notes to basic financial statements.

CITY OF HAWAIIAN GARDENS
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity:

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

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

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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 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 adopted Resolution No. 11-85, establishing the Housing Authority of the City of Hawaiian Gardens (the Housing Authority). The members of the City Council serve as the members of the Housing Authority Board, as long as the members remain on the City Council. In November 2002, the City Council appointed two additional Housing Authority Board members in compliance with California Housing Authorities Law. The two additional board members must be eligible residents, meaning persons directly assisted by the Housing Authority. The Housing Authority is operating a federal housing choice voucher program and has accepted the role of Housing Successor to the former Redevelopment Agency to oversee the use of assets restricted to low- and moderate-income housing activities. 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. 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, 2017

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, 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, 2017

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 60-day availability period.

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

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 nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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. In the General Fund, the principal portion of these long-term receivables is offset by nonspendable fund balance to indicate that they are not available spendable resources. In the other governmental funds, long-term receivables are offset by the fund balance classification that would be applicable to the ultimate use of the loan repayments when they occur.

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

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

C. Description of Funds:

The City reports the following major governmental funds:

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

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

Housing Authority Successor Housing Special Revenue Fund - The Housing Authority Successor Housing Special Revenue Fund is 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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Description of Funds (Continued):

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

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:

GASB Statement No. 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*, was required to be implemented in the current fiscal year, except for those provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, and is effective for periods beginning after June 15, 2016, and did not impact the City.

GASB Statement No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for periods beginning after June 15, 2016, and did not impact the City.

GASB Statement No. 77 - *Tax Abatement Disclosure*, effective for periods beginning after December 15, 2015, and did not impact the City.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements (Continued):

Current-Year Standards (Continued):

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the City.

GASB Statement No. 80 - *Blending Requirements for Certain Component Units*, effective for periods beginning after June 15, 2016, and did not impact the City.

Pending Accounting Standards:

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

- GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017.
- GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017.
- GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

E. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

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

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 a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from *unavailable revenues*, which arise only under the modified accrual basis of accounting, are only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: accrued interest on advances receivable and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows related to pension plans for the changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

F. Cash and Investments:

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

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

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

G. Due from Other Governments:

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Capital Assets:

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

Capital assets include public domain (infrastructure) capital assets that consist of certain improvements other than buildings, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. 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. Compensated Absences:

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

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

I. 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.

J. Claims and Judgments:

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

K. Property Tax Calendar:

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

The property tax calendar is as follows:

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

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

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Net Position:

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

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent debt proceeds at year-end, those amounts are not included in the calculation of net capital assets. As of June 30, 2017, there was no debt related to the City's capital assets.
- Restricted Net Position - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

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

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

M. Fund Balances:

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

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Fund Balances (Continued):

- Restricted - Restricted includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed - Committed includes amounts that can only be used for the specific purposes determined by the City Council through the adoption of a resolution prior to the end of the year. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (i.e., a resolution). Amounts committed for specific contingencies include equipment replacement, damages caused by an earthquake of 6.5 magnitude or greater, a 25% loss of casino revenues, major repairs of buildings due to casualty losses, litigations losses of \$500,000 or more, and capital projects. The total committed for these specific contingencies is \$19,851,718.
- Assigned - Assigned comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) the City Manager, which the City Council, by resolution, has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned - Unassigned is the residual classification for the General Fund and includes all amounts not contained in the other classifications, as well as the residual negative fund balance of other governmental funds. Unassigned amounts are technically available for any purpose.

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

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. Pensions:

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

O. Use of Estimates:

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

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, 2017, no budgets were adopted for the Housing Authority Successor Housing Special Revenue Fund, the Grant Funding CIP Special Revenue Fund, the SELACO WIB Special Revenue Fund, the California Recycle Special Revenue Fund, and the City of Hawaiian Gardens Civic League Special Revenue Fund.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

B. Expenditures in Excess of Appropriations:

The following funds reported excess of expenditures over appropriations for the year ended June 30, 2017:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other Governmental Special Revenue Funds:			
Proposition C Local Transit Assistance	\$ 210,736	\$ 224,219	\$ (13,483)
Proposition A Local Transit Assistance	594,852	607,648	(12,796)
Community Oriented Police Services	-	101,313	(101,313)
Housing Authority Section 8	1,406,019	1,462,422	(56,403)

C. Accumulated Fund Deficits:

The Grant Funding CIP and Transportation Development Act Special Revenue Funds had fund deficits of \$28,588 and \$29,501, respectively, at June 30, 2017. Management expects to eliminate these deficit fund balances with future revenues.

3. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2017, are classified in the accompanying financial statements as follows:

	<u>Government Wide Statement of Net Position</u>	<u>Fiduciary Fund Statement of Net Position</u>	<u>Total</u>
Cash and investments	\$ 28,929,473	\$ 3,255,453	\$ 32,184,926
Restricted:			
Cash and investments with fiscal/ other agents	<u>-</u>	<u>1,796,987</u>	<u>1,796,987</u>
Total cash and investments	<u>\$ 28,929,473</u>	<u>\$ 5,052,440</u>	<u>\$ 33,981,913</u>

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

3. CASH AND INVESTMENTS (CONTINUED):

Cash and Investments (Continued):

Cash and investments at June 30, 2017, consist of the following:

Pooled cash and investments:	
Cash on hand	\$ 2,579
Deposits with financial institutions	2,887,613
Investments	29,294,734
Investments with fiscal agents	<u>1,796,987</u>
 Total cash and investments	 <u>\$ 33,981,913</u>

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 the bond trustee that are governed by the provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types <u>Authorized by State Law</u>	* Maximum <u>Maturity</u>	* Maximum <u>Percentage of Portfolio</u>	* Maximum <u>Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
State of California Obligations	5 years	None	None
Local Agency Bonds	5 years	None	None
Banker's Acceptance	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, 2017

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 the 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 Refunding Bonds and the 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>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptance	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Pre-refunded Municipal Obligations	None	None	None
Local Agency Investment Fund	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, 2017

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 the bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity (in Years) 1 Year or Less</u>
Local Agency Investment Fund Held by Bond Trustee:	\$ 29,294,734
Money Market Mutual Funds	<u>1,796,987</u>
Total	<u>\$ 31,091,721</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, 2017</u>	<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Local Agency Investment Fund Held by Bond Trustee:	\$ 29,294,734	N/A	\$ -	\$ 29,294,734
Money Market Mutual Funds	<u>1,796,987</u>	A	<u>1,796,987</u>	<u>-</u>
Total	<u>\$ 31,091,721</u>		<u>\$ 1,796,987</u>	<u>\$ 29,294,734</u>

N/A - Not Applicable

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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, 2017.

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, 2017, 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 a bond trustee, the trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

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, 2017

3. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements:

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The City's investments in LAIF and money market mutual funds are not subject to the fair value hierarchy.

4. INTERFUND TRANSACTIONS:

The composition of interfund balances as of June 30, 2017, 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	\$ 33,826
	Grant Funding CIP Special Revenue Fund	100,275
	Other Governmental Funds	<u>32,749</u>
		<u>\$ 166,850</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>
General Fund	Other Governmental Funds	\$ 2,675
Community Development Block Grant Special Revenue Fund (1)	General Fund	6,163
Other Governmental Funds (1)	Other Governmental Funds	280,298
Other Governmental Funds (1)	General Fund	933,725
Other Governmental Funds (1)	Grant Funding CIP	<u>310,588</u>
		<u>\$ 1,533,449</u>

(1) The City uses the Capital Projects fund to account for all of its capital projects. The funding sources for those projects are reported as transfers from the various funds to the Capital Projects fund. All other interfund transfers are to move resources from one fund to another fund in which the expenditures being funded were recorded.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

5. CAPITAL ASSETS:

The following is a summary of changes in capital assets for the year ended June 30, 2017:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
Capital assets, not being depreciated:				
Rights-of-way	\$ 3,290,005	\$ -	\$ -	\$ 3,290,005
Land	10,517,407	-	-	10,517,407
Construction in progress	<u>256,395</u>	<u>748,874</u>	<u>-</u>	<u>1,005,269</u>
Total capital assets, not being depreciated	<u>14,063,807</u>	<u>748,874</u>	<u>-</u>	<u>14,812,681</u>
Capital assets, being depreciated:				
Buildings and improvements	17,358,746	10,040	-	17,368,786
Furniture and equipment	712,545	51,934	-	764,479
Vehicles	994,358	-	(33,146)	961,212
Infrastructure - road system	<u>25,439,292</u>	<u>22,480</u>	<u>(1,995)</u>	<u>25,459,777</u>
Total capital assets, being depreciated	<u>44,504,941</u>	<u>84,454</u>	<u>(35,141)</u>	<u>44,554,254</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,495,658)	(401,020)	-	(6,896,678)
Furniture and equipment	(496,010)	(50,267)	-	(546,277)
Vehicles	(412,541)	(37,378)	9,279	(440,640)
Infrastructure - road system	<u>(19,778,316)</u>	<u>(903,608)</u>	<u>1,995</u>	<u>(20,679,929)</u>
Total accumulated depreciation	<u>(27,182,525)</u>	<u>(1,392,273)</u>	<u>11,274</u>	<u>(28,563,524)</u>
Total capital assets, being depreciated, net	<u>17,322,416</u>	<u>(1,307,819)</u>	<u>(23,867)</u>	<u>15,990,730</u>
Total governmental activities capital assets, net	<u>\$ 31,386,223</u>	<u>\$ (558,945)</u>	<u>\$ (23,867)</u>	<u>\$ 30,803,411</u>

Depreciation expense was charged to the following functions in the statement of activities for the year ended June 30, 2017:

General government	\$ 157,497
Public safety	1,080
Public works	919,374
Culture and recreation	275,039
Health and welfare	<u>39,283</u>
Total depreciation expense	<u>\$ 1,392,273</u>

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

6. LONG-TERM LIABILITIES:

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Balance at			Balance at			Due Within	Due in
	July 1, 2016	Additions	Deletions	June 30, 2017	One	More Than	Year	One Year
Note payable - SCE (1)	\$ 136,758	\$ -	\$ (26,049)	\$ 110,710	\$ 26,049	\$ 84,661		
Note payable - SCE (2)	12,099	-	(12,099)	-	-	-		
Compensated absences	561,279	343,423	(406,212)	498,490	343,958	154,532		
CJPIA retro deposit payable (Note 9)	339,973	-	(339,973)	-	-	-		
Total	<u>\$ 1,050,110</u>	<u>\$ 343,423</u>	<u>\$ (784,333)</u>	<u>\$ 609,200</u>	<u>\$ 370,007</u>	<u>\$ 239,193</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 (the 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 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
2018	\$ 26,049
2019	26,049
2020	26,049
2021	26,049
2022	6,514
	<u>\$ 110,710</u>

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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 (Miscellaneous Plan), which is a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions under the Miscellaneous 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 website of CalPERS.

The City also participates in the CalPERS Inactive Agency Risk Pool (Safety Plan), which is 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 50-62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least five years of services. California Public Employees' Pension Reform Act miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for nonindustrial disability benefits after five 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 Plan members can receive a special death benefit if the member dies while actively employed and the death is job-related. 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, 2017

7. PENSION PLANS (CONTINUED):

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

Benefits Provided (Continued):

Pension plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous Plan	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2.0% and 2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	1.40% to 2.70%	1.00% to 2.5%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates:		
Normal cost rate	12.429%	6.93%
Payment of unfunded liability	\$592,451	\$12
	Safety Plan	
Benefit formula	2.0% @ 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:		
Normal cost rate	0.00%	
Payment of unfunded liability	-	

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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 are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS annual actuarial valuation process. 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. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by pension plan terms as plan member contributions requirements are classified as plan member contributions.

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

As of June 30, 2017, 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 Plan	\$ 8,568,218
Safety Plan	<u>84,069</u>
Total net pension liability	<u><u>\$ 8,652,287</u></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, 2016, 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, 2015, rolled forward to June 30, 2016, 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, 2017

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 the measurement date ended June 30, 2015 and 2016, was as follows:

	Miscellaneous Plan	Safety Plan
Proportion - June 30, 2015	0.26283%	0.00013%
Proportion - June 30, 2016	0.24665%	0.00162%
Change - Increase (Decrease)	-0.01618%	0.00149%

For the year ended June 30, 2017, the City recognized pension expense of \$694,009. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	Miscellaneous Plan	
Pension contributions subsequent to measurement date	\$ 1,054,846	\$ -
Differences between actual and expected experience	36,054	(8,261)
Change in assumptions	-	(341,110)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	920,355	(78,337)
Net differences between projected and actual earnings on plan investments	1,775,366	-
Total	<u>\$ 3,786,621</u>	<u>\$ (427,708)</u>

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

7. PENSION PLANS (CONTINUED):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	Safety Plan	
Differences between actual and expected experience	\$ -	\$ (216)
Change in assumptions	-	(943)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(61,854)
Net differences between projected and actual earnings on plan investments	4,634	-
Total	<u>\$ 4,634</u>	<u>\$ (63,013)</u>

An amount of \$1,054,846 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, 2018. 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,	Miscellaneous Plan	Safety Plan
2018	\$ 587,049	\$ (31,421)
2019	479,772	(25,604)
2020	777,406	(2,561)
2021	459,840	1,207
2022	-	-
Thereafter	-	-

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

7. PENSION PLANS (CONTINUED):

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

Actuarial Assumptions:

For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial accounting valuation. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous Plan	Safety Plan
	_____	_____
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post-Retirement Benefit Increase	(3)	(3)

- (1) Varies by entry age and service
- (2) 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 April 2014 Experience Study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.
- (3) Contract cost-of-living adjustments up to 2.75% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

7. PENSION PLANS (CONTINUED):

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

Change of Assumptions:

There were no changes of assumptions during the measurement period June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate:

The discount rate used to measure the total pension liability was 7.65% 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 (PERF) 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.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

7. PENSION PLANS (CONTINUED):

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

Discount Rate (Continued):

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. The target allocation shown was adopted by CalPERS Board of Directors effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-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, 2017

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 one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous Plan	Safety Plan
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 12,590,839	\$ 245,708
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 8,568,218	\$ 84,069
1% Increase	8.65%	8.65%
Net Pension Liability (Asset)	\$ 5,243,721	\$ (48,620)

Pension Plans Fiduciary Net Position:

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

Subsequent Events

In December 2016, CalPERS Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019 and result in increases to employers' normal costs and unfunded actuarial liabilities. For the GASB Statement 68 accounting valuations, the discount rate will move straight to 7% starting with the June 30, 2017, measurement date reports and will result in an increase to employer's total pension liabilities.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

7. PENSION PLANS (CONTINUED):

C. Payable to the Pension Plans:

At June 30, 2017, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2017.

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

Plan Description:

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

The City has elected to join the California Employers' Retiree Benefit Trust (the Trust), which provides a means to fund the annual required contribution (ARC) OPEB obligations. The City makes an annual contribution to the Trust, pays benefits either directly to retirees or through PEMHCA during the year, and then seeks reimbursement for these pay-as-you-go expenses from the Trust. For the year ended June 30, 2017, the City paid \$183,218 in retiree health premiums, which were reimbursed from the Trust. In addition, the City contributed the annual required contribution of \$338,673 to the Trust.

Membership of the plan consisted of the following at July 1, 2015, the date of the most recent actuarial valuation:

Retirees receiving benefits	23
Active plan members	<u>65</u>
Total	<u><u>88</u></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 post-employment benefits out of interest earned on designated funds.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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 ARC of the employer. 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 100 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	\$ 338,673
Interest adjustment on net OPEB obligation	15,941
Amortization adjustment to ARC	<u>(10,909)</u>
Annual OPEB cost	<u>343,705</u>
Contribution to the Trust	338,673
Premium payments made by the City	183,218
Less: Reimbursement from the Trust	<u>(183,218)</u>
Actual contributions made	<u>338,673</u>
Increase in net OPEB obligation	5,032
Net OPEB Obligation - beginning of year	<u>216,595</u>
Net OPEB Obligation - end of year	<u>\$ 221,627</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, 2016, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
06/30/15	\$ 361,078	\$ 366,816	101.6%	\$ 213,245
06/30/16	342,023	338,673	99.0%	216,595
06/30/17	343,705	338,673	99.0%	221,627

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

Funded Status and Funding Progress:

As of July 1, 2015, the most recent valuation date, the actuarial accrued liability for benefits was \$6,370,532 and the actuarial value of assets was \$3,839,797, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,530,735 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 60.3%. The covered payroll (annual payroll of active employees covered by the plan) was \$3,906,812, and the ratio of the UAAL to the covered payroll was 64.8%.

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 health-care 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 is 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 a substantive plan (a 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 is as follows:

Valuation Date:	July 1, 2015
Actuarial Cost Method:	Entry Age - Normal
Amortization Method:	Level Percentage of Payroll, Open
Amortization Period:	30 Years
Asset Valuation:	Market Value
Actuarial Assumptions:	
Retirement Age:	60 Years Old
Discount Rate:	7.36%
Inflation Rate:	2.75%
Health-Care Cost Trend Rate:	4.00%
Projected Salary Increases:	3.00%

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

9. RISK MANAGEMENT:

Description of Self-Insurance Pool Pursuant to Agreement:

The City is a member of the California Joint Powers Insurance Authority (the Insurance Authority). The Insurance Authority is composed of 117 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 Joint Powers Insurance Authority 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 of Directors 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. Coverage years 2013-14 and forward are not subject to a routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$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, 2017

9. RISK MANAGEMENT (CONTINUED):

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

Primary Liability Program (Continued)

For 2016-17 the Insurance Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million and excess insurance to \$50 million. The Insurance Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million in excess of \$2 million layer and (b) \$3 million annual aggregate deductible in the \$5 million in excess of \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million in excess of \$5 million layer; however, it is fully covered under a separate policy and therefore not retained by the Insurance Authority.

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

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 2016-17 the Insurance 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, 2017

9. RISK MANAGEMENT (CONTINUED):

Purchased Insurance:

Pollution Legal Liability Insurance

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

Property Insurance

The City participates in the all-risk property protection program of the Insurance Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Insurance Authority. City property currently has all-risk property insurance protection in the amount of \$22,237,695. There is a \$5,000 deductible per occurrence except for nonemergency vehicle insurance, which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Insurance Authority. City property currently has earthquake protection in the amount of \$17,078,066. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

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

Special Event Tenant-User Liability Insurance

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

9. RISK MANAGEMENT (CONTINUED):

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 2016-2017.

10. SUCCESSOR AGENCY FIDUCIARY DISCLOSURES:

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

Capital Assets:

The following is a summary of capital assets transactions for the year ended June 30, 2017:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
Capital assets, not being depreciated:				
Land and buildings	\$ 4,585,870	\$ -	\$ (1,588,743)	\$ 2,997,127

Advances Payable to City of Hawaiian Gardens:

During the year ended June 30, 2000, the City advanced to the former Redevelopment Agency \$3,303,382. This advance was made pursuant to Disposition and Development Agreement 93-26 and Amendments No. 1 and No. 2, whereby the former Redevelopment Agency agreed to provide and pay for on-site and off-site improvements and fees levied in connection with developing a card club and associated facilities. Interest accrues on the outstanding balance at a rate equal to the average annual LAIF rates published by the State Treasurer. The amount outstanding at June 30, 2017, is \$162,711, which is net of allowance of 20% required to be transferred to the Housing Authority Successor Housing Fund.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

10. SUCCESSOR AGENCY FIDUCIARY DISCLOSURES:

Advances Payable to City of Hawaiian Gardens (Continued):

For the four years ended June 30, 2010, the City made annual advances to the former Redevelopment Agency to assist in funding the former Redevelopment Agency's operating budget. Interest accrues on the outstanding balance at a rate equal to the average annual LAIF rates published by the State Treasurer. In September 2016, a revised 2016-17 Recognized Obligation Payments Schedule (ROPS) was sent to the Department of Finance (DOF) asking it to recognize this advance as an enforceable obligation for reimbursement in future years. The required resolution, debt service schedule, and documentation were also sent. The DOF did not approve the obligation at that time since it was submitted on a revised ROPS but will allow the Successor Agency to resubmit for consideration in the future. The amount outstanding at June 30, 2017, is \$2,900,328, which is net of allowance of 20% required to be transferred to the Housing Authority Successor Housing Fund.

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 Assembly Bill 26 4X. The loan amounts of \$2,446,383 and \$503,667 were scheduled to be paid back by June 30, 2015 and 2016, respectively. In September 2017, a revised 2016-17 ROPS was sent to the DOF asking it to provide funding for the repayment of this loan. The required resolution, debt service schedule, and documentation were also sent. The DOF approved the repayment schedule with the first disbursement of funds to occur in June 2017. The amount outstanding at June 30, 2017, is \$1,900,050.

Additionally, Assembly Bill 1484 required that 20% of all eventual advance repayments to the City be transferred to the Housing Authority Successor Housing Special Revenue Fund to fund housing activity. Accordingly, 20% of the advance payable to the City has been recorded in the Housing Authority Successor Housing Special Revenue Fund. The amount outstanding at June 30, 2017, is \$765,760.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

10. SUCCESSOR AGENCY FIDUCIARY DISCLOSURES (CONTINUED):

Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year	Due in More Than One Year
2004 Tax Allocation						
Refunding Bonds	\$ 31,005,000	\$ -	\$ (1,145,000)	\$ 29,860,000	\$ 1,195,000	\$ 28,665,000
2006 Tax Allocation						
Refunding Bonds	4,930,000	-	(385,000)	4,545,000	400,000	4,145,000
Total	<u>\$ 35,935,000</u>	<u>\$ -</u>	<u>\$ (1,530,000)</u>	<u>\$ 34,405,000</u>	<u>\$ 1,595,000</u>	<u>\$ 32,810,000</u>

2004 Tax Allocation Refunding Bonds

In May 2004, the Authority issued \$34,530,000 in Tax Allocation Refunding (Refunding Bonds). Proceeds of the sales of the Refunding Bonds were used to purchase the 2004 Redevelopment Agency Tax Allocation Refunding 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 Refunding Bonds is payable semiannually 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 on 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.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

10. SUCCESSOR AGENCY FIDUCIARY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

2004 Tax Allocation Refunding Bonds (Continued)

The minimum annual requirements to amortize the 2004 Tax Allocation Refunding Bonds as of June 30, 2017, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,370,000	1,271,381	2,641,381
2022 - 2026	7,820,000	5,238,020	13,058,020
2027 - 2031	9,795,000	3,052,536	12,847,536
2032 - 2034	7,130,000	546,500	7,676,500
Total	<u>\$ 29,860,000</u>	<u>\$ 14,294,919</u>	<u>\$ 44,154,919</u>

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. The 2000 Certificates of Participation are considered defeased. There is no outstanding balance for the defeased 2000 Certificates of Participation as of June 30, 2017.

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, 2017, bonds outstanding on the 2006 Tax Allocation Revenue Bonds were \$4,545,000. The bonds are secured by a pledge of 80% of Project Area No. 1 tax increment revenues.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

10. SUCCESSOR AGENCY FIDUCIARY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

2006 Tax Allocation Revenue Bonds (Continued)

The minimum annual requirements to amortize the 2006 Tax Allocation Revenue Bonds as of June 30, 2017, are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 400,000	\$ 217,250	\$ 617,250
2019	425,000	196,625	621,625
2020	445,000	174,875	619,875
2021	465,000	152,125	617,125
2022-2026	<u>2,810,000</u>	<u>372,750</u>	<u>3,182,750</u>
Total	<u>\$ 4,545,000</u>	<u>\$ 1,113,625</u>	<u>\$ 5,658,625</u>

11. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

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

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

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

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

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

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

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

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

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

In current and future fiscal years, the Successor Agency will only be allocated revenue from the County of Los Angeles in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the Dissolved RDA until all enforceable obligations of the Dissolved RDA have been paid in full and all assets have been liquidated. During the current year, the Successor Agency liquidated fifteen properties that resulted in net proceeds of \$1,780,866. As of June 30, 2017, these proceeds had not been remitted to the County of Los Angeles; therefore, a liability was accrued in the Successor Agency Private-purpose Trust Fiduciary Fund.

12. COMMITMENTS:

On October 13, 2009, the City entered into a joint use agreement with the District related to the Fedde Sports Complex, which was constructed on District property. The term of the agreement is for 30 years. In exchange for the access and use of the property, the City committed to constructing the sports complex, replacing all or a portion of the artificial turf that needs replacement at the end of 10 years, performing all custodial services associated with the sports complex including replacement of all defective lights, maintaining the artificial turf, and covering the cost of electric power consumption and 10% of the cost of the water utilities irrigation for the sports complex. The City has expended the construction costs as incurred since ownership of the constructed assets is retained by the District. For the year ended June 30, 2017, the City has expended \$90,447 in connection with this agreement.

CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2017

13. 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, 22 monthly payments of \$75,569, and a final lump-sum payment of \$400,000 in August 2016. At June 30, 2017, the outstanding balance of the loan receivable, which is reported in the General Fund, is \$400,000 and has been entirely offset by an allowance for doubtful accounts since the final lump-sum payment is past due.

14. SUBSEQUENT EVENTS:

Other events occurring after June 30, 2017, have been evaluated for possible adjustments to the financial statements or disclosure as of March 7, 2018, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF HAWAIIAN GARDENS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.09902%	0.10505%	0.09826%
Plan's proportionate share of the net pension liability	\$ 8,568,218	\$ 7,210,637	\$ 6,114,052
Plan's covered - employee payroll	\$ 3,897,864	\$ 4,163,053	\$ 4,056,796
Plan's proportionate share of the net pension liability as percentage of its covered - employee payroll	219.82%	173.21%	150.71%
Plan's proportionate share of the fiduciary net position as a percentage of the proportionate share of the Plan's total pension liability	74.06%	78.40%	77.68%
Plan's proportionate share of aggregate employer contributions	\$ 793,590	\$ 733,242	\$ 575,354

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

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

CITY OF HAWAIIAN GARDENS

SCHEDULE OF CONTRIBUTIONS - MISCELLANEOUS PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 1,054,846	\$ 1,008,274	\$ 941,271
Contributions in relation to the actuarially determined contributions	<u>(1,054,846)</u>	<u>(1,008,274)</u>	<u>(941,271)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 3,770,860	\$ 3,897,864	\$ 4,163,053
Contributions as a percentage of covered - employee payroll	27.97%	25.87%	22.61%

Notes to Schedule:

Valuation Date	June 30, 2014	June 30, 2013	June 30, 2012
Methods and Assumptions Used to Determine Contribution Rates:			
Actuarial cost method	Entry age**		
Amortization method	Level percentage of payroll, closed**		
Asset valuation method	Market Value ***		
Inflation	2.75%**		
Salary increases	Depending on age, service, and type of employment**		
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**		
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board of Directors.**		

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

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal years ended June 30, 2015 and 2016, respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

CITY OF HAWAIIAN GARDENS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - SAFETY PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability (asset)	0.00097%	0.00008%	-0.00066%
Plan's proportionate share of the net pension liability (asset)	\$ 84,069	\$ 5,309	\$ (41,094)
Plan's covered - employee payroll	\$ -	\$ -	\$ -
Plan's proportionate share of the net pension liability as percentage of its covered - employee payroll	0.00%	0.00%	0.00%
Plan's proportionate share of the fiduciary net position as a percentage of the proportionate share of the Plan's total pension liability	74.06%	78.40%	103.68%
Plan's proportionate share of aggregate employer contributions	\$ 38,240	\$ 37,763	\$ 32,762

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

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

CITY OF HAWAIIAN GARDENS

SCHEDULE OF CONTRIBUTIONS - SAFETY PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ -	\$ 2,729	\$ -
Contributions in relation to the actuarially determined contributions	<u>-</u>	<u>(2,729)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered - employee payroll	0.00%	0.00%	0.00%

Notes to Schedule:

Valuation Date	June 30, 2014	June 30, 2013	June 30, 2012
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value ***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years (2.0%@50)**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board of Directors.**

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

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal years ended June 30, 2015 and 2016, respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively).

CITY OF HAWAIIAN GARDENS

SCHEDULE OF FUNDING PROGRESS -
OTHER POST-EMPLOYMENT BENEFITS PLAN

For the year ended June 30, 2017

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)
07/01/11	\$ 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%
07/01/15	6,370,532	3,839,797	2,530,735	60.27%	3,906,812	64.78%

CITY OF HAWAIIAN GARDENS

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,754,358	\$ 2,469,158	\$ 2,828,177	\$ 359,019
Licenses and permits	12,299,144	13,976,444	14,318,713	342,269
Intergovernmental	65,000	65,000	47,459	(17,541)
Charges for services	220,115	258,915	313,165	54,250
Fines and penalties	70,000	40,000	9,144	(30,856)
Rental income	121,000	85,000	80,455	(4,545)
Investment income	35,000	35,000	80,729	45,729
Other revenues	509,000	509,000	69,682	(439,318)
TOTAL REVENUES	16,073,617	17,438,517	17,747,524	309,007
EXPENDITURES:				
Current:				
General government	5,491,532	6,076,010	5,356,431	719,579
Public safety	3,860,832	3,948,632	3,897,531	51,101
Public works	1,951,110	2,062,110	1,958,035	104,075
Highways and streets	268,000	357,000	307,765	49,235
Culture and recreation	3,503,554	3,808,166	3,275,980	532,186
Urban development	188,849	224,672	217,531	7,141
Capital outlay	91,500	129,350	152,872	(23,522)
Debt service:				
Principal	-	-	378,121	(378,121)
TOTAL EXPENDITURES	15,355,377	16,605,940	15,544,266	1,061,674
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	718,240	832,577	2,203,258	1,370,681
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,675	2,675
Transfers out	(1,556,889)	(2,900,337)	(939,888)	1,960,449
TOTAL OTHER FINANCING USES	(1,556,889)	(2,900,337)	(937,213)	1,963,124
NET CHANGE IN FUND BALANCE	(838,649)	(2,067,760)	1,266,045	3,333,805
FUND BALANCE - BEGINNING OF YEAR	27,976,828	27,976,828	27,976,828	-
FUND BALANCE - END OF YEAR	<u>\$ 27,138,179</u>	<u>\$ 25,909,068</u>	<u>\$ 29,242,873</u>	<u>\$ 3,333,805</u>

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 142,000	\$ 142,000	\$ 115,412	\$ (26,588)
TOTAL REVENUES	142,000	142,000	115,412	(26,588)
EXPENDITURES:				
Current:				
Urban development	144,513	144,513	121,575	22,938
TOTAL EXPENDITURES	144,513	144,513	121,575	22,938
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,513)	(2,513)	(6,163)	(3,650)
OTHER FINANCING SOURCES:				
Transfers in	-	-	6,163	6,163
TOTAL OTHER FINANCING SOURCES	-	-	6,163	6,163
NET CHANGE IN FUND BALANCE	(2,513)	(2,513)	-	2,513
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ (2,513)	\$ (2,513)	\$ -	\$ 2,513

See accompanying note to required supplementary information.

CITY OF HAWAIIAN GARDENS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

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. For the year ended June 30, 2017, no budgets were adopted for the following special revenue funds: Housing Authority Successor Housing Fund, Grant Funding CIP Fund, SELACO WIB Fund, California Recycle Fund and City of Hawaiian Gardens Civic League 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 that 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.

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

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

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

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

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

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

CITY OF HAWAIIAN GARDENS
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS

June 30, 2017

	Special Revenue Funds		
	State Gas Tax	Transportation Development Act	SELACO WIB
ASSETS			
Cash and investments	\$ 14,504	\$ -	\$ -
Receivables:			
Due from other governments	27,483	-	10,405
Prepaid items	-	-	-
TOTAL ASSETS	\$ 41,987	\$ -	\$ 10,405
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 2,038	\$ -	\$ -
Accrued liabilities	951	-	3,176
Due to other funds	-	29,501	3,248
Due to other governments	-	-	3,981
TOTAL LIABILITIES	2,989	29,501	10,405
FUND BALANCES (DEFICITS):			
Nonspendable:			
Prepaid items	-	-	-
Restricted for:			
Public safety	-	-	-
Public works	-	-	-
Highways and streets	38,998	-	-
Culture and recreation	-	-	-
Health and welfare	-	-	-
Unassigned	-	(29,501)	-
TOTAL FUND BALANCES (DEFICITS)	38,998	(29,501)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 41,987	\$ -	\$ 10,405

Special Revenue Funds (Continued)

California Recycle	Air Quality Management District	Prop C Local Transit Assistance	Prop A Local Transit Assistance	Measure R Local Transit Assistance	Community Oriented Police Services
\$ 15,138	\$ 144,076	\$ 19,708	\$ 637,286	\$ 367,234	\$ 36,491
-	4,856	-	-	-	-
-	6,500	-	-	-	-
<u>\$ 15,138</u>	<u>\$ 155,432</u>	<u>\$ 19,708</u>	<u>\$ 637,286</u>	<u>\$ 367,234</u>	<u>\$ 36,491</u>
\$ -	\$ -	\$ 3,235	\$ 4,190	\$ -	\$ 8,333
-	-	1,919	6,815	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,154	11,005	-	8,333
-	6,500	-	-	-	-
-	-	-	-	-	28,158
-	-	-	-	-	-
15,138	-	14,554	626,281	367,234	-
-	-	-	-	-	-
-	148,932	-	-	-	-
-	-	-	-	-	-
<u>15,138</u>	<u>155,432</u>	<u>14,554</u>	<u>626,281</u>	<u>367,234</u>	<u>28,158</u>
<u>\$ 15,138</u>	<u>\$ 155,432</u>	<u>\$ 19,708</u>	<u>\$ 637,286</u>	<u>\$ 367,234</u>	<u>\$ 36,491</u>

(Continued)

CITY OF HAWAIIAN GARDENS
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 (CONTINUED)

June 30, 2017

		Special Revenue Funds (Continued)		
		Housing Authority Section 8	Lighting and Landscaping	Traffic Safety
ASSETS				
Cash and investments		\$ 71,551	\$ 371,789	\$ -
Receivables:				
Due from other governments		-	6,974	-
Prepaid items		-	-	-
TOTAL ASSETS		\$ 71,551	\$ 378,763	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ 13,917	\$ -
Accrued liabilities		3,697	773	-
Due to other funds		-	-	-
Due to other governments		-	-	-
TOTAL LIABILITIES		3,697	14,690	-
FUND BALANCES (DEFICITS):				
Nonspendable:				
Prepaid items		-	-	-
Restricted for:				
Public safety		-	-	-
Public works		-	364,073	-
Highways and streets		-	-	-
Culture and recreation		-	-	-
Health and welfare		67,854	-	-
Unassigned		-	-	-
TOTAL FUND BALANCES (DEFICITS)		67,854	364,073	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		\$ 71,551	\$ 378,763	\$ -

Special Revenue Funds (Continued)	Capital Projects Fund	Total Other Governmental Funds
City of Hawaiian Gardens Civic League	Capital Projects	Funds
\$ 10,286	\$ 678,091	\$ 2,366,154
-	-	49,718
-	-	6,500
<u>\$ 10,286</u>	<u>\$ 678,091</u>	<u>\$ 2,422,372</u>

\$ 751	\$ 647,923	\$ 680,387
-	30,168	47,499
-	-	32,749
-	-	3,981
<u>751</u>	<u>678,091</u>	<u>764,616</u>

-	-	6,500
-	-	28,158
-	-	364,073
-	-	1,062,205
9,535	-	9,535
-	-	216,786
-	-	(29,501)
<u>9,535</u>	<u>-</u>	<u>1,657,756</u>
<u>\$ 10,286</u>	<u>\$ 678,091</u>	<u>\$ 2,422,372</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, 2017

	Special Revenue Funds		
	State Gas Tax	Transportation Development Act	SELACO WIB
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	289,348	21,000	148,662
Charges for services	-	-	-
Fines and penalties	-	-	-
Investment income	15	-	-
Other revenues	-	-	-
TOTAL REVENUES	<u>289,363</u>	<u>21,000</u>	<u>148,662</u>
EXPENDITURES:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Highways and streets	275,250	-	-
Culture and recreation	-	-	57,555
Health and welfare	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>275,250</u>	<u>-</u>	<u>57,555</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>14,113</u>	<u>21,000</u>	<u>91,107</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	499	3,108
Transfers out	-	(41,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(40,501)</u>	<u>3,108</u>
NET CHANGE IN FUND BALANCES	14,113	(19,501)	94,215
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>24,885</u>	<u>(10,000)</u>	<u>(94,215)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 38,998</u>	<u>\$ (29,501)</u>	<u>\$ -</u>

Special Revenue Funds (Continued)

California Recycle	Air Quality Management District	Prop C Local Transit Assistance	Prop A Local Transit Assistance	Measure R Local Transit Assistance	Community Oriented Police Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,000	19,071	221,452	845,408	165,152	129,324
-	-	-	-	-	-
-	-	-	-	-	-
126	470	20	2,477	1,313	147
-	-	-	351	-	-
<u>10,126</u>	<u>19,541</u>	<u>221,472</u>	<u>848,236</u>	<u>166,465</u>	<u>129,471</u>
-	-	-	-	-	101,313
-	-	-	-	-	-
-	-	224,219	607,648	-	-
-	-	-	-	-	-
-	6,500	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>6,500</u>	<u>224,219</u>	<u>607,648</u>	<u>-</u>	<u>101,313</u>
<u>10,126</u>	<u>13,041</u>	<u>(2,747)</u>	<u>240,588</u>	<u>166,465</u>	<u>28,158</u>
-	-	9,463	-	-	-
-	-	-	-	(179,298)	-
<u>-</u>	<u>-</u>	<u>9,463</u>	<u>-</u>	<u>(179,298)</u>	<u>-</u>
10,126	13,041	6,716	240,588	(12,833)	28,158
5,012	142,391	7,838	385,693	380,067	-
<u>\$ 15,138</u>	<u>\$ 155,432</u>	<u>\$ 14,554</u>	<u>\$ 626,281</u>	<u>\$ 367,234</u>	<u>\$ 28,158</u>

(Continued)

CITY OF HAWAIIAN GARDENS

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

For the fiscal year ended June 30, 2017

	Special Revenue Funds (Continued)		
	Housing Authority Section 8	Lighting and Landscaping	Traffic Safety
REVENUES:			
Taxes	\$ -	\$ 292,459	\$ -
Intergovernmental	1,374,868	850	-
Charges for services	-	-	-
Fines and penalties	-	-	101,846
Investment income	53	1,239	-
Other revenues	-	-	-
TOTAL REVENUES	<u>1,374,921</u>	<u>294,548</u>	<u>101,846</u>
EXPENDITURES:			
Current:			
Public safety	-	-	131,792
Public works	-	284,688	-
Highways and streets	-	-	-
Culture and recreation	-	-	-
Health and welfare	1,462,422	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>1,462,422</u>	<u>284,688</u>	<u>131,792</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(87,501)</u>	<u>9,860</u>	<u>(29,946)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	146,677	-	32,621
Transfers out	-	(60,000)	(2,675)
TOTAL OTHER FINANCING SOURCES (USES)	<u>146,677</u>	<u>(60,000)</u>	<u>29,946</u>
NET CHANGE IN FUND BALANCES	59,176	(50,140)	-
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>8,678</u>	<u>414,213</u>	<u>-</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 67,854</u>	<u>\$ 364,073</u>	<u>\$ -</u>

Special Revenue Funds (Continued)	Capital Projects Fund	Total Other Governmental Funds
City of Hawaiian Gardens Civic League	Capital Projects	Funds
\$ -	\$ -	\$ 292,459
-	-	3,225,135
5	-	5
-	-	101,846
-	-	5,860
-	-	351
<u>5</u>	<u>-</u>	<u>3,625,656</u>
-	-	233,105
-	-	284,688
-	-	1,107,117
6,458	-	64,013
-	-	1,468,922
-	1,332,243	1,332,243
<u>6,458</u>	<u>1,332,243</u>	<u>4,490,088</u>
<u>(6,453)</u>	<u>(1,332,243)</u>	<u>(864,432)</u>
-	1,332,243	1,524,611
-	-	(282,973)
<u>-</u>	<u>1,332,243</u>	<u>1,241,638</u>
(6,453)	-	377,206
<u>15,988</u>	<u>-</u>	<u>1,280,550</u>
<u>\$ 9,535</u>	<u>\$ -</u>	<u>\$ 1,657,756</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 328,800	\$ 328,800	\$ 289,348	\$ (39,452)
Investment income	-	-	15	15
TOTAL REVENUES	<u>328,800</u>	<u>328,800</u>	<u>289,363</u>	<u>(39,437)</u>
EXPENDITURES:				
Current:				
Highways and streets	<u>308,989</u>	<u>308,989</u>	<u>275,250</u>	<u>33,739</u>
TOTAL EXPENDITURES	<u>308,989</u>	<u>308,989</u>	<u>275,250</u>	<u>33,739</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>19,811</u>	<u>19,811</u>	<u>14,113</u>	<u>(5,698)</u>
NET CHANGE IN FUND BALANCE	19,811	19,811	14,113	(5,698)
FUND BALANCE - BEGINNING OF YEAR	<u>24,885</u>	<u>24,885</u>	<u>24,885</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 44,696</u>	<u>\$ 44,696</u>	<u>\$ 38,998</u>	<u>\$ (5,698)</u>

CITY OF HAWAIIAN GARDENS

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

TRANSPORTATION DEVELOPMENT ACT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 9,500	\$ 26,500	\$ 21,000	\$ (5,500)
TOTAL REVENUES	9,500	26,500	21,000	(5,500)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,500	26,500	21,000	(5,500)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	499	499
Transfers out	-	(17,000)	(41,000)	(24,000)
TOTAL OTHER FINANCING USES	-	(17,000)	(40,501)	(23,501)
NET CHANGE IN FUND BALANCE	9,500	9,500	(19,501)	(29,001)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(10,000)	(10,000)	(10,000)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ (500)	\$ (500)	\$ (29,501)	\$ (29,001)

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 18,500	\$ 18,500	\$ 19,071	\$ 571
Investment income	1,000	1,000	470	(530)
TOTAL REVENUES	19,500	19,500	19,541	41
EXPENDITURES:				
Current:				
Health and welfare	6,500	6,500	6,500	-
TOTAL EXPENDITURES	6,500	6,500	6,500	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,000	13,000	13,041	41
FUND BALANCE - BEGINNING OF YEAR	142,391	142,391	142,391	-
FUND BALANCE - END OF YEAR	<u>\$ 155,391</u>	<u>\$ 155,391</u>	<u>\$ 155,432</u>	<u>\$ 41</u>

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 223,023	\$ 223,023	\$ 221,452	\$ (1,571)
Investment income	-	-	20	20
TOTAL REVENUES	<u>223,023</u>	<u>223,023</u>	<u>221,472</u>	<u>(1,551)</u>
EXPENDITURES:				
Current:				
Highways and streets	<u>210,736</u>	<u>210,736</u>	<u>224,219</u>	<u>(13,483)</u>
TOTAL EXPENDITURES	<u>210,736</u>	<u>210,736</u>	<u>224,219</u>	<u>(13,483)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,287	12,287	(2,747)	(15,034)
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>9,463</u>	<u>9,463</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>9,463</u>	<u>9,463</u>
NET CHANGE IN FUND BALANCE	12,287	12,287	6,716	(5,571)
FUND BALANCE - BEGINNING OF YEAR	<u>7,838</u>	<u>7,838</u>	<u>7,838</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 20,125</u>	<u>\$ 20,125</u>	<u>\$ 14,554</u>	<u>\$ (5,571)</u>

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 344,069	\$ 344,069	\$ 845,408	\$ 501,339
Investment income	25	25	2,477	2,452
Other revenues	1,000	1,000	351	(649)
TOTAL REVENUES	345,094	345,094	848,236	503,142
EXPENDITURES:				
Current:				
Highways and streets	594,852	594,852	607,648	(12,796)
TOTAL EXPENDITURES	594,852	594,852	607,648	(12,796)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(249,758)	(249,758)	240,588	490,346
FUND BALANCE - BEGINNING OF YEAR	385,693	385,693	385,693	-
FUND BALANCE - END OF YEAR	\$ 135,935	\$ 135,935	\$ 626,281	\$ 490,346

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 165,000	\$ 165,000	\$ 165,152	\$ 152
Investment income	-	-	1,313	1,313
TOTAL REVENUES	165,000	165,000	166,465	1,465
OTHER FINANCING USES:				
Transfers out	(150,000)	(215,785)	(179,298)	36,487
TOTAL OTHER FINANCING USES	(150,000)	(215,785)	(179,298)	36,487
NET CHANGE IN FUND BALANCE	15,000	(50,785)	(12,833)	37,952
FUND BALANCE - BEGINNING OF YEAR	380,067	380,067	380,067	-
FUND BALANCE - END OF YEAR	<u>\$ 395,067</u>	<u>\$ 329,282</u>	<u>\$ 367,234</u>	<u>\$ 37,952</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 129,324	\$ 29,324
Investment income	-	-	147	147
TOTAL REVENUES	100,000	100,000	129,471	29,471
EXPENDITURES:				
Current:				
Public safety	-	-	101,313	(101,313)
TOTAL EXPENDITURES	-	-	101,313	(101,313)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100,000	100,000	28,158	(71,842)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 28,158</u>	<u>\$ (71,842)</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,210,405	\$ 1,210,405	\$ 1,374,868	\$ 164,463
Investment income	50	50	53	3
TOTAL REVENUES	<u>1,210,455</u>	<u>1,210,455</u>	<u>1,374,921</u>	<u>164,466</u>
EXPENDITURES:				
Current:				
Health and welfare	<u>1,406,019</u>	<u>1,406,019</u>	<u>1,462,422</u>	<u>(56,403)</u>
TOTAL EXPENDITURES	<u>1,406,019</u>	<u>1,406,019</u>	<u>1,462,422</u>	<u>(56,403)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(195,564)</u>	<u>(195,564)</u>	<u>(87,501)</u>	<u>108,063</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>155,310</u>	<u>155,310</u>	<u>146,677</u>	<u>(8,633)</u>
TOTAL OTHER FINANCING SOURCES	<u>155,310</u>	<u>155,310</u>	<u>146,677</u>	<u>(8,633)</u>
NET CHANGE IN FUND BALANCE	(40,254)	(40,254)	59,176	99,430
FUND BALANCE - BEGINNING OF YEAR	<u>8,678</u>	<u>8,678</u>	<u>8,678</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (31,576)</u>	<u>\$ (31,576)</u>	<u>\$ 67,854</u>	<u>\$ 99,430</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 250,062	\$ 250,062	\$ 292,459	\$ 42,397
Intergovernmental	-	-	850	850
Investment income	-	-	1,239	1,239
TOTAL REVENUES	<u>250,062</u>	<u>250,062</u>	<u>294,548</u>	<u>44,486</u>
EXPENDITURES:				
Current:				
Public works	<u>299,376</u>	<u>299,376</u>	<u>284,688</u>	<u>14,688</u>
TOTAL EXPENDITURES	<u>299,376</u>	<u>299,376</u>	<u>284,688</u>	<u>14,688</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(49,314)</u>	<u>(49,314)</u>	<u>9,860</u>	<u>59,174</u>
OTHER FINANCING USES:				
Transfers out	<u>-</u>	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>
TOTAL OTHER FINANCING USES	<u>-</u>	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>
NET CHANGE IN FUND BALANCE	(49,314)	(49,314)	(50,140)	(826)
FUND BALANCE - BEGINNING OF YEAR	<u>414,213</u>	<u>414,213</u>	<u>414,213</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 364,899</u>	<u>\$ 364,899</u>	<u>\$ 364,073</u>	<u>\$ (826)</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines and penalties	\$ 30,000	\$ 30,000	\$ 101,846	\$ 71,846
TOTAL REVENUES	30,000	30,000	101,846	71,846
EXPENDITURES:				
Current:				
Public safety	227,179	227,179	131,792	95,387
TOTAL EXPENDITURES	227,179	227,179	131,792	95,387
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(197,179)	(197,179)	(29,946)	167,233
OTHER FINANCING SOURCES:				
Transfers in	97,179	97,179	32,621	(64,558)
Transfers out	-	-	(2,675)	(2,675)
TOTAL OTHER FINANCING SOURCES	97,179	97,179	29,946	(67,233)
NET CHANGE IN FUND BALANCE	(100,000)	(100,000)	-	100,000
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ (100,000)	\$ (100,000)	\$ -	\$ 100,000

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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, 2017

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.	108
<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.	116
<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.	123
<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.	126
<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.	127

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

CITY OF HAWAIIAN GARDENS

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Governmental activities				
Net investment in capital assets	\$ (3,492,729)	\$ (4,507,696)	\$ (3,524,365)	\$ 36,451,627
Restricted	5,707,857	6,937,550	7,835,302	8,897,227
Unrestricted	12,813,583	17,668,250	18,950,754	(21,637,253)
Total net position	<u>\$ 15,028,711</u>	<u>\$ 20,098,104</u>	<u>\$ 23,261,691</u>	<u>\$ 23,711,601</u>

Fiscal Year

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 34,476,494	\$ 34,133,568	\$ 33,422,352	\$ 32,759,981	\$ 31,386,223	\$ 30,803,411
5,067,991	6,101,895	5,143,343	5,088,435	5,094,844	5,403,357
20,937,060	18,066,019	19,919,647	18,850,677	21,723,206	23,411,173
<u>\$ 60,481,545</u>	<u>\$ 58,301,482</u>	<u>\$ 58,485,342</u>	<u>\$ 56,699,093</u>	<u>\$ 58,204,273</u>	<u>\$ 59,617,941</u>

CITY OF HAWAIIAN GARDENS

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Expenses				
Governmental activities:				
General government	\$ 6,376,603	\$ 8,743,259	\$ 10,072,928	\$ 8,775,983
Public safety	3,211,600	3,575,518	3,552,391	3,443,643
Public works	1,891,194	1,821,252	1,764,726	1,550,686
Highways and streets	3,042,425	2,759,782	1,830,911	1,454,659
Culture and recreation	3,867,286	3,899,959	3,491,850	3,709,136
Urban development	996,756	821,009	624,566	3,335,270
Health and welfare	1,061,060	1,255,981	1,277,996	1,324,531
Interest on long-term debt	2,470,165	2,324,079	2,208,365	2,127,469
Total governmental activities expenses	<u>22,917,089</u>	<u>25,200,839</u>	<u>24,823,733</u>	<u>25,721,377</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	135,651	350,998	8,416	3,273
Public safety	986,372	208,209	98,194	1,000
Public works	299,565	889,034	623,352	469,288
Culture and recreation	94,197	120,450	104,572	114,225
Health and welfare	105,486	129,483	195,253	2,145
Operating grants and contributions	2,488,580	3,651,069	3,982,760	3,580,784
Capital grants and contributions	499,736	529,850	627,892	3,265
Total governmental activities program revenues	<u>4,609,587</u>	<u>5,879,093</u>	<u>5,640,439</u>	<u>4,173,980</u>
Net (Expense)/Revenue - Governmental Activities	<u>(18,307,502)</u>	<u>(19,321,746)</u>	<u>(19,183,294)</u>	<u>(21,547,397)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	6,106,660	7,195,328	6,405,122	5,966,338
Business license taxes	13,252,065	14,117,458	13,372,929	12,760,534
Sales taxes	694,394	705,319	625,572	654,284
Franchise taxes	153,861	181,547	182,528	186,371
Other taxes	52,189	31,514	67,964	124,417
Motor vehicle in lieu, unrestricted	1,426,058	1,454,009	1,339,490	1,317,884
Investment income	1,153,044	617,954	288,510	134,720
Other general revenues	189,126	88,010	64,766	409,073
Total governmental activities	<u>23,027,397</u>	<u>24,391,139</u>	<u>22,346,881</u>	<u>21,553,621</u>
Change in net position before extraordinary gain	4,719,895	5,069,393	3,163,587	6,224
Extraordinary gain (loss) on dissolution of RDA	-	-	-	-
Change in Net Position	<u>\$ 4,719,895</u>	<u>\$ 5,069,393</u>	<u>\$ 3,163,587</u>	<u>\$ 6,224</u>

Source: City of Hawaiian Gardens, Finance Department

		Fiscal Year									
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17				
\$	6,191,160	\$	6,815,321	\$	6,052,505	\$	6,037,441	\$	4,599,086	\$	5,495,258
	3,398,478		3,571,344		3,332,962		3,440,359		3,773,979		4,131,716
	1,775,077		2,136,582		2,411,659		2,014,710		3,258,555		3,813,884
	1,437,639		1,459,348		1,349,640		1,389,596		1,400,432		1,414,882
	7,686,306		3,461,731		3,204,330		3,304,846		3,396,255		3,615,032
	658,504		629,006		317,298		346,794		344,373		339,106
	1,434,204		1,532,618		1,444,790		1,371,582		1,531,033		1,532,072
	1,216,576		-		-		-		-		-
	<u>23,797,944</u>		<u>19,605,950</u>		<u>18,113,184</u>		<u>17,905,328</u>		<u>18,303,713</u>		<u>20,341,950</u>
	21,797		410		29,030		6,745		17,495		34,786
	85,249		74,820		87,074		80,378		60,932		121,383
	519,232		913,998		817,364		1,332,288		515,685		508,682
	187,863		183,181		237,432		195,820		217,755		242,156
	260		304		3,125		1,310		1,855		2,046
	3,982,145		3,177,014		3,572,376		3,298,207		3,087,071		3,604,953
	321,527		-		-		-		-		-
	<u>5,118,073</u>		<u>4,349,727</u>		<u>4,746,401</u>		<u>4,914,748</u>		<u>3,900,793</u>		<u>4,514,006</u>
	<u>(18,679,871)</u>		<u>(15,256,223)</u>		<u>(13,366,783)</u>		<u>(12,990,580)</u>		<u>(14,402,920)</u>		<u>(15,827,944)</u>
	3,793,578		1,697,928		1,504,630		1,740,562		1,607,190		1,684,931
	12,738,887		11,850,275		11,370,160		11,919,789		13,022,716		13,922,319
	723,098		761,152		772,165		844,475		986,776		967,587
	197,451		197,706		208,830		217,063		214,227		173,713
	143,522		154,971		164,163		220,103		203,515		196,114
	7,877		8,162		6,755		6,525		5,869		33,532
	47,942		59,930		47,365		50,245		90,265		103,652
	311,548		725,566		367,279		2,931,149		178,322		159,764
	<u>17,963,903</u>		<u>15,455,690</u>		<u>14,441,347</u>		<u>17,929,911</u>		<u>16,308,880</u>		<u>17,241,612</u>
	(715,968)		199,467		1,074,564		4,939,331		1,905,960		1,413,668
	-		37,867,843		(2,250,125)		-		-		-
\$	<u>(715,968)</u>	\$	<u>38,067,310</u>	\$	<u>(1,175,561)</u>	\$	<u>4,939,331</u>	\$	<u>1,905,960</u>	\$	<u>1,413,668</u>

CITY OF HAWAIIAN GARDENS

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
General Fund				
Nonspendable				\$ -
Committed				-
Unassigned				20,095,731
Total General Fund				<u>20,095,731</u>
All Other Governmental Funds				
Nonspendable				-
Restricted:				
Public safety				94,485
Public works				2,857,483
Debt service				252,140
Highways and streets				335,059
Low and moderate income housing				7,881,826
Culture and recreation				-
Health and welfare				230,947
Unassigned				(4,480,770)
Total All Other Governmental Funds				<u>7,171,170</u>
Total All Governmental Funds				<u>\$ 27,266,901</u>
General Fund				
Reserved	\$ 3,316,082	\$ 3,960,018	\$ 5,685,769	
Unreserved	<u>10,892,539</u>	<u>12,602,337</u>	<u>15,348,649</u>	
Total General Fund	<u>14,208,621</u>	<u>16,562,355</u>	<u>21,034,418</u>	
All Other Governmental Funds				
Reserved	6,036,262	9,258,799	8,631,506	
Unreserved, reported in:				
Special revenue funds	5,322,579	1,071,053	699,391	
Capital projects funds	<u>(81,077)</u>	<u>(279,391)</u>	<u>(2,496,232)</u>	
Total All Other Governmental Funds	<u>11,277,764</u>	<u>10,050,461</u>	<u>6,834,665</u>	
Total All Governmental Funds	<u>\$ 25,486,385</u>	<u>\$ 26,612,816</u>	<u>\$ 27,869,083</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

2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
\$ 3,771,450	\$ 2,721,538	\$ 2,721,538	\$ 2,721,539	\$ 2,721,538	\$ 2,728,038
-	14,650,000	15,750,000	15,750,000	15,750,000	19,851,718
15,443,364	1,446,073	2,703,122	6,787,610	9,505,290	6,663,117
<u>19,214,814</u>	<u>18,817,611</u>	<u>21,174,660</u>	<u>25,259,149</u>	<u>27,976,828</u>	<u>29,242,873</u>
-	-	-	-	-	6,500
17,361	33,466	15,515	20,832	-	28,158
350,586	487,094	482,612	363,904	414,213	364,073
-	-	-	-	-	-
562,423	569,728	625,196	801,904	803,495	1,062,205
2,975,550	3,726,086	3,726,086	3,726,086	3,700,586	3,700,876
-	-	21,561	16,749	15,988	9,535
275,184	394,817	268,194	152,751	151,069	216,786
(12,175)	(2,991)	(78,661)	(102,538)	(104,215)	(58,089)
<u>4,168,929</u>	<u>5,208,200</u>	<u>5,060,503</u>	<u>4,979,688</u>	<u>4,981,136</u>	<u>5,330,044</u>
<u>\$ 23,383,743</u>	<u>\$ 24,025,811</u>	<u>\$ 26,235,163</u>	<u>\$ 30,238,837</u>	<u>\$ 32,957,964</u>	<u>\$ 34,572,917</u>

CITY OF HAWAIIAN GARDENS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Revenues				
Taxes	\$ 8,071,962	\$ 10,500,124	\$ 9,464,075	\$ 7,990,645
Licenses and permits	14,257,240	14,526,268	13,685,819	13,053,035
Intergovernmental	3,231,958	2,877,183	3,505,975	3,557,418
Foundation contributions	499,250	529,850	504,800	-
Charges for services	103,602	843,071	344,766	261,805
Fines and penalties	159,332	183,713	96,944	110,825
Rental income	145,003	109,186	131,250	127,593
Investment income	1,153,044	502,948	156,328	134,720
Other revenue	232,753	143,299	83,801	507,906
Total Revenues	<u>27,854,144</u>	<u>30,215,642</u>	<u>27,973,758</u>	<u>25,743,947</u>
Expenditures				
Current:				
General government	5,371,729	7,723,707	9,016,829	7,081,365
Public safety	3,198,515	3,572,983	3,549,856	3,441,839
Public works	1,275,918	1,306,535	1,557,724	1,532,211
Highways and streets	1,242,829	1,323,897	1,257,060	1,412,771
Culture and recreation	3,419,025	3,525,838	3,173,330	3,426,149
Urban development	1,250,831	820,063	624,566	370,302
Health and welfare	1,050,616	1,247,533	1,269,548	1,313,431
Capital outlay	10,182,424	4,451,112	1,294,095	3,990,791
Debt Service:				
Principal	3,320,000	2,340,000	2,245,000	1,140,000
Interest	2,802,535	2,777,543	2,729,483	2,637,270
Total Expenditures	<u>33,114,422</u>	<u>29,089,211</u>	<u>26,717,491</u>	<u>26,346,129</u>
Excess of revenues over (under) expenditures	<u>(5,260,278)</u>	<u>1,126,431</u>	<u>1,256,267</u>	<u>(602,182)</u>
Other Financing Sources/(Uses)				
Transfers in	6,957,342	3,092,410	3,216,017	1,980,053
Transfers out	(6,957,342)	(3,092,410)	(3,216,017)	(1,980,053)
Issuance of long-term debt	-	-	-	-
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances before extraordinary item	<u>(5,260,278)</u>	<u>1,126,431</u>	<u>1,256,267</u>	<u>(602,182)</u>
Extraordinary loss on dissolution of RDA	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (5,260,278)</u>	<u>\$ 1,126,431</u>	<u>\$ 1,256,267</u>	<u>\$ (602,182)</u>
Debt service as a percentage of noncapital exp.	18.49%	17.59%	19.82%	19.99%

Source: City of Hawaiian Gardens, Finance Department

Fiscal Year						
2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
\$ 4,932,237	\$ 2,889,739	\$ 2,685,762	\$ 3,060,064	\$ 3,078,583	\$ 3,120,636	
13,092,096	12,613,530	11,969,338	13,059,057	13,439,303	14,318,713	
3,996,356	3,450,920	3,553,268	3,432,287	3,197,253	3,670,006	
-	-	-	-	-	-	
309,501	259,280	456,760	386,856	292,955	313,170	
85,477	74,810	87,074	80,379	58,709	110,990	
120,877	127,429	104,150	73,688	75,415	80,455	
46,374	47,752	27,643	42,706	77,189	86,879	
177,531	327,481	252,128	1,354,454	841,372	70,033	
<u>22,760,449</u>	<u>19,790,941</u>	<u>19,136,123</u>	<u>21,489,491</u>	<u>21,060,779</u>	<u>21,770,882</u>	
5,319,270	5,356,118	4,445,996	5,133,025	5,303,677	5,356,431	
3,396,674	3,569,540	3,331,158	3,439,279	3,772,899	4,130,636	
1,552,330	1,742,331	1,730,904	1,872,922	2,011,794	2,242,723	
1,437,639	1,459,348	1,349,640	1,389,596	1,400,432	1,414,882	
3,635,312	3,186,491	2,933,003	3,033,511	3,122,878	3,339,993	
631,959	620,648	317,298	346,794	344,373	339,106	
1,423,104	1,502,214	1,409,379	1,336,171	1,440,245	1,468,922	
4,194,454	1,364,288	1,321,855	855,426	796,013	1,485,115	
1,216,792	48,519	87,538	79,093	149,341	378,121	
1,051,776	-	-	-	-	-	
<u>23,859,310</u>	<u>18,849,497</u>	<u>16,926,771</u>	<u>17,485,817</u>	<u>18,341,652</u>	<u>20,155,929</u>	
(1,098,861)	941,444	2,209,352	4,003,674	2,719,127	1,614,953	
5,394,736	1,942,614	620,859	999,404	799,154	1,533,449	
(5,394,736)	(1,942,614)	(620,859)	(999,404)	(799,154)	(1,533,449)	
346,741	-	-	-	-	-	
<u>346,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
(752,120)	941,444	2,209,352	4,003,674	2,719,127	1,614,953	
-	(3,131,038)	(299,376)	-	-	-	
<u>\$ (752,120)</u>	<u>\$ (2,189,594)</u>	<u>\$ 1,909,976</u>	<u>\$ 4,003,674</u>	<u>\$ 2,719,127</u>	<u>\$ 1,614,953</u>	
10.51%	0.26%	0.53%	0.46%	0.84%	1.96%	

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
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
2016	481,294,982	125,528,200	45,689,141	8,663,100	20,369,589	28,077,232
2017	501,479,004	147,084,341	44,256,629	9,107,582	48,060,809	28,505,405

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>
\$ 3,654,949	\$ 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%
4,187,520	19,491,479	30,250	733,331,493	93.874%
4,341,326	20,122,122	30,250	802,987,468	94.265%

CITY OF HAWAIIAN GARDENS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2):				
ABC Unified School District	0.02434	0.02388	0.02695	0.02920
Cerritos Community College District	0.01071	0.00994	0.01854	0.02677
County Detentions Facility 1987 Debt	0.00000	0.00000	0.00000	0.00000
LA County Flood Control	0.00000	0.00000	0.00000	0.00000
Long Beach Community College District	0.01839	0.02181	0.02392	0.02559
Long Beach Unified School District	0.03457	0.03220	0.08663	0.08834
Metropolitan Water District	0.00450	0.00430	0.00430	0.00370
Total Direct & Overlapping Tax Rates	1.09251	1.09213	1.16034	1.17360
City's Share of 1% Levy Per Prop 13 (Note 3)	0.05602	0.05602	0.05602	0.05602
Redevelopment Rate (Note 4)	1.00450	1.00430	1.00430	1.00370
Total Direct Rate (Note 5)	0.92833	0.93020	0.92373	0.92038

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					
<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.02858	0.02453	0.02894	0.02916	0.03243	0.03132
0.01782	0.02594	0.02502	0.04809	0.04829	0.04698
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.02615	0.05095	0.02241	0.04595	0.03825	0.06736
0.09223	0.09394	0.07981	0.08764	0.08324	0.08539
<u>0.00370</u>	<u>0.00350</u>	<u>0.00350</u>	<u>0.00350</u>	<u>0.00350</u>	<u>0.00350</u>
<u>1.16848</u>	<u>1.19886</u>	<u>1.15968</u>	<u>1.21434</u>	<u>1.20571</u>	<u>1.23455</u>
0.05602	0.05602	0.05602	0.05602	0.05602	0.05602
1.00370	0.00000	0.00000	0.00000	0.00000	0.00000
0.92074	0.92612	0.32190	0.32199	0.32202	0.32192

CITY OF HAWAIIAN GARDENS
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2016-17		Fiscal Year 2007-08	
	Taxable	Percent of	Taxable	Percent of
Cerritos Gardens General Hospital Company	1 \$ 58,399,750	7.27%	\$ 19,051,427	2.73%
Hawaiian Gardens Lakewood Retail	2 33,503,244	4.17%		0.00%
Irving I Moskowitz Foundation	3 19,495,810	2.43%	13,662,910	1.96%
Extra Space Properties Ninety Four LP	4 15,103,261	1.88%		0.00%
NSA-C Holdings LLC	5 11,056,072	1.38%		0.00%
Stanton H. Wong Trust	6 10,622,338	1.32%		0.00%
Hawaiian Gardens Square	7 10,416,494	1.30%	9,203,718	1.32%
DV Properties	8 10,294,485	1.28%	8,181,843	1.17%
Whelan Investments Inc.	9 9,523,826	1.19%	8,421,036	1.21%
TGL Group LLC	10 7,559,402	0.94%		0.00%
ESS Prisa III Owner LLC			14,990,367	2.15%
Urdang and Cadence Hawaiian Gardens LLC			14,014,188	2.01%
Hawaiian Gardens Housing Partners LP			12,906,443	1.85%
Colton Hawaiian Gardens LLC			12,304,504	1.76%
Park City Main Street Mall LLC			9,385,566	1.35%
	<u>\$ 185,974,682</u>	<u>23.16%</u>	<u>\$ 122,122,002</u>	<u>17.51%</u>

CITY OF HAWAIIAN GARDENS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy (1)	
		Amount	Percent of Levy
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%
2016	164,880	134,709	81.70%
2017	181,787	134,699	74.10%

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

CITY OF HAWAIIAN GARDENS

LICENSE FEE (CASINO) AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Casino Fee	Collected within the Fiscal Year of Revenue		Collections in Subsequent Years	Collections to Date	
		Amount	Percent of Fee		Amount	Percent of Fee
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%
2016	12,456,851	11,364,327	91.23%	1,092,524	12,456,851	100.00%
2017	13,352,581	12,243,022	91.69%	1,109,559	13,352,581	100.00%

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 Deb			Percent of Assessed Value (2)	Percent of Personal Income (1)	Debt Per Capita (1)
	Tax Allocation Bonds	Certificates of Participation	Total			
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%	-
2016	(3)	-	(3)	0.00%	0%	-
2017	(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, 2017

Overlapping Debt (Note 1):	Debt Outstanding	Percent Applicable To City	Estimated City's Share of Overlapping Debt 6/30/2017
Metropolitan Water District	\$ 36,281,674	0.005%	\$ 1,698
Cerritos CCD DS 2004 Serices 2009C	3,610,000	1.866%	67,378
Cerritos CCD DS 2004 Serices 2012D	81,752,021	1.866%	1,525,842
Cerritos CCD DS 2012 Series 2014A	81,355,000	1.866%	1,518,432
Cerritos CCD DS 2014 Refuncing Bonds Series A	78,350,000	1.866%	1,462,345
Cerritos CCD DS 2014 Refuncing Bonds Series B	15,670,000	1.866%	292,469
ABC Unified School District 2003 Refunding Bond Series A	29,626,700	5.707%	1,690,806
ABC Unified School District 2010 Refunding Bonds	9,140,000	5.707%	521,623
 Total Overlapping Debt			 7,080,593
 City of Hawaiian Gardens Direct Debt at 6/30/17	(2)	100.000%	(2)
 Total Net Direct and Overlapping Governmental Debt			 \$ 7,080,593
 2016-17 Assessed Valuation	\$ 802,987,468		
 Ratios to 2016/17 Assessed Valuation:			
Direct Debt		0.0000%	
Overlapping Debt		0.8818%	
Total Debt (Direct & Overlapping)		0.8818%	

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	\$ 802,987,468
Debt limit (15% of assessed value)	120,448,120
Debt applicable to limit (see Note)	-
Legal debt margin - Current Year	<u><u>\$ 120,448,120</u></u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2015-16	109,999,724	-	109,999,724	0%
2016-17	120,448,120	-	120,448,120	0%

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

CITY OF HAWAIIAN GARDENS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

<u>Calendar Year</u>	<u>City Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2015	14,926	195,658	13,108	5.9%
2016	14,753	192,682	13,060	4.6%

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

FULL-TIME AND PART-TIME CITY EMPLOYEES

Last Ten Fiscal Years

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	15	16	16	11	11	11	11	12	12	14
Public Safety	6	6	6	7	3	3	3	3	3	7
Public Works	8	8	8	8	8	8	8	8	8	8
Culture and Recreation	35	36	36	40	42	42	42	32	31	36
Highways and Streets	6	6	6	6	6	6	6	6	6	5
Urban Development	9	9	9	8	8	8	8	9	9	9
	<u>79</u>	<u>81</u>	<u>81</u>	<u>80</u>	<u>78</u>	<u>78</u>	<u>78</u>	<u>70</u>	<u>69</u>	<u>79</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,				
	2008	2009	2010	2011	2012
Police:					
Physical arrests	686	584	706	542	596
Parking violations	2,885	2,647	1,918	1,783	2,151
Traffic violations	1,837	1,791	2,304	1,824	1,672
Highways and Streets:					
Street resurfacing (miles)	1	1	1	-	1.00
Potholes repaired	72	86	72	62	2
Human Services:					
Senior Center Programs:					
Classes and activities	195	193	190	200	132
Number of Participants	38,200	38,107	36,000	36,500	53,640
Excursions	35	34	38	30	24
Number of Participants	1,400	1,375	1,500	1,000	960
Special events	21	20	19	19	19
Number of Participants	2,910	3,022	3,200	4,000	12,757
Transportation:					
Number of passengers	31,356	31,004	16,390	20,000	21,886
Mileage	77,770	76,289	63,320	68,000	62,504
Recreation:					
Classes and activities	182	186	201	211	263
Number of participants	79,565	80,434	85,000	87,000	180,539
Special events	22	22	24	28	26
Number of participants	15,010	14,699	27,000	29,000	19,870
Number of facility rentals	23	21	19	22	20

Function	Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
Police:					
Physical arrests	491	366	515	386	427
Parking violations	1,820	1,715	2,093	2,130	3,460
Traffic violations	1,195	1,142	998	998	2,139
Highways and Streets:					
Street resurfacing (miles)	1.00	1.00	1.00	1.85	1.15
Potholes repaired	-	5	8	52	47
Human Services:					
Senior Center Programs:					
Classes and activities	144	140	13	191	20
Number of Participants	53,984	54,178	46,273	36,500	37,000
Excursions	32	30	27	37	35
Number of Participants	1,270	1,260	1,363	1,000	980
Special events	22	25	23	23	23
Number of Participants	2,707	3,075	2,077	2,100	2,200
Transportation:					
Number of passengers	21,886	21,886	24,226	24,300	24,400
Mileage	62,504	62,504	58,682	63,400	64,000
Recreation:					
Classes and activities	279	205	240	248	250
Number of participants	198,330	142,172	104,545	104,500	104,500
Special events	28	29	28	28	25
Number of participants	20,280	22,000	108,545	108,500	107,000
Number of facility rentals	21	25	16	14	32

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Vehicles	3	3	3	3	3	3	4	4	5	5
Public Safety:										
Vehicles	3	3	3	3	1	1	1	1	1	1
Public Works:										
Vehicles	23	23	23	23	20	20	20	20	13	13
Highways and Streets:										
Streets (miles)	23	23	23	23	23	23	23	23	23	23
Traffic signals	17	17	17	17	17	17	17	17	17	17
Culture and Recreation:										
Vehicles	1	1	1	1	1	-	-	-	-	-
Parks acreage	13	13	13	13	13	13	13	13	13	13
Parks 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	5	5	5	7	7	6	7	7	7	7

Source: City of Hawaiian Gardens - Various Departments