



The City of  
**Hawaiian  
Gardens**  
California

**Comprehensive  
Annual  
Financial  
Report**

Fiscal Year Ended June 30, 2018



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CITY OF HAWAIIAN GARDENS,  
CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2018

Prepared by:  
Finance Department  
Linda Hollinsworth  
Finance Director/Treasurer

CITY OF HAWAIIAN GARDENS  
Comprehensive Annual Financial Report

Year Ended June 30, 2018

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Year Ended June 30, 2018

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“Our Youth - Our Future”

# CITY OF **HAWAIIAN GARDENS**

December 11, 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, 2018. 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 David L. Gruber and Associates, Inc., certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018, 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, 2018, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## Profile of Hawaiian Gardens

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

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

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

## Factors Affecting Financial Condition

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

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

**Local economy:** The Hawaiian Gardens local economy is unique in that the major revenue source is the casino license fee. The casino license fee provided \$13.4 million (76 percent) of the \$17.6 million general license, permit and tax revenue in FY 2017-18. The next largest revenue in this category was received through property taxes received from the County of Los Angeles. This includes property tax in lieu of vehicle license fee of \$1.7 million. Sales tax provided \$0.9 million with the balance of taxes received from hotel occupancy and transfer taxes.



The casino recently built an expansion, resulting in increased casino license fees in FY 2015-16 and FY 2016-17, with an increase of \$896,000 in FY 2016-17. This revenue has leveled off as the current year's increase was only \$82,000. 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 2017-18</u>	<u>FY 2016-17</u>	<u>% Change</u>
July	\$1,126,338	\$1,113,715	1.13%
August	1,114,510	1,094,374	1.84%
September	1,115,446	1,107,502	0.72%
October	1,107,701	1,106,602	0.10%
November	1,106,333	1,101,155	0.47%
December	1,126,713	1,113,770	1.16%
January	1,121,955	1,118,490	0.31%
February	1,099,385	1,103,187	-0.34%
March	1,141,536	1,129,966	1.02%
April	1,128,091	1,122,750	0.48%
May	1,132,629	1,131,511	0.10%
June	1,114,389	1,109,559	0.44%
<b>Total</b>	<b><u>\$13,435,026</u></b>	<b><u>\$13,352,581</u></b>	<b><u>0.62%</u></b>

**Long-term financial planning.** The City maintains a strong General Fund balance of \$26.9 million at June 30, 2018. This allows for flexibility in budget projections and provides the City with funding in the event of an unexpected fiscal emergency. Total General Fund unassigned fund balance is \$6.2 million and committed fund balances for contingencies, equipment replacement, and capital projects total \$17.98 million at June 30, 2018. By Council resolution, the City has committed \$15.75 million 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; the commitment for capital projects totals \$2.23 million. These commitments are fully funded within the general fund.

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



CITY OF HAWAIIAN GARDENS  
List of Elected and Appointed Officials  
Fiscal Year Ended June 30, 2018

Elected Officials

Mayor  
Mayor Pro Tem  
Councilmember  
Councilmember  
Councilmember

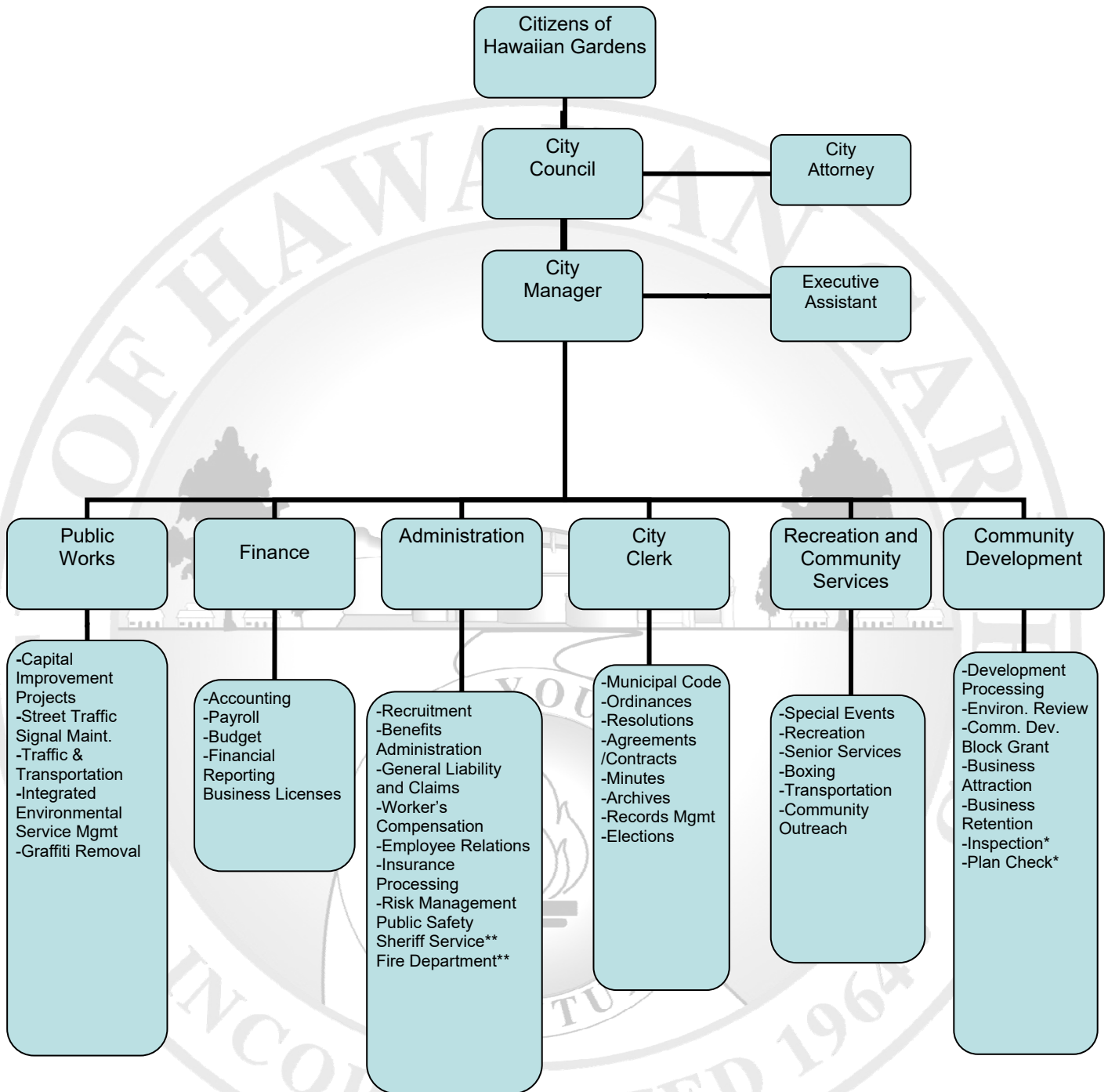
Reynaldo Rodriguez  
Marianna Rios  
Barry Bruce  
Hank Trimble  
Myra Maravilla

Appointed Officials

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

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

City of Hawaiian Gardens  
 Organization Chart  
 June 30, 2018



\*Contract Services  
 \*\*County Service



An Independent CPA Firm

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

### Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hawaiian Gardens, California (City), as of and for the year ended June 30, 2018 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.

#### **Auditor's Responsibility**

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

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

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hawaiian Gardens, California, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Emphasis of Matters**

As described further in note one to the financial statements, during the year ended June 30, 2018, the City implemented GASB Statement Nos. 75 and 85. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

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

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

**Other Reporting Required By Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018 on our consideration of the City of Hawaiian Gardens’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hawaiian Gardens’ internal control over financial reporting and compliance.

**David L. Gruber and Associates, Inc.**  
*David L. Gruber and Associates, Inc.*  
Newport Beach, California  
December 5, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF HAWAIIAN GARDENS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

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As management of the City of Hawaiian Gardens (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, found in the introductory section of this report, and with the basic financial statements which follow this section.

**FINANCIAL HIGHLIGHTS**

Financial highlights of the City for the fiscal year ending June 30, 2018 are summarized below. Details related to these highlights are found in the remaining sections of this analysis. The comparisons in the discussion and analysis below are between FY 2016-17 and FY 2017-18. All increases and decreases are expressed relative to FY 2016-17 amounts.

**Government-wide Statements**

- At fiscal year-end, the City's net position was equal to \$52.0 million. Of this amount, \$34.3 million was the investment in capital assets, \$4.1 million was restricted, and \$13.6 million was unrestricted. The unrestricted amount may be used to meet the City's ongoing obligations to citizens and creditors.
- Assets and deferred outflows of resources totaled \$72.5 million and liabilities and deferred inflows of resources totaled \$20.5 million.
- The City's net position decreased by \$0.4 million as a result of expenses of \$23.5 million exceeding revenues of \$23.1 million.
- The City's net position as of July 1, 2017 was restated to decrease net position by \$7.2 million as a result of 1) adjusting the City's OPEB liability by implementing Governmental Accounting Standards Board (GASB) Statement No. 75 and 2) recording prior costs incurred by the City for the administration of the Successor Agency. Refer to Notes to Basic Financial Statements No. 1(D) and No. 15 for additional information on the restatement of net position.

**Fund Level – Governmental Funds**

- Governmental funds for the City reported combined fund balances of \$29.7 million. Of this amount, \$2.7 million was nonspendable, \$3.4 million was restricted by external parties, \$18.0 million was committed by City Council action, and \$5.6 million was unassigned and available for future appropriation.
- General Fund expenditures totaled \$16.6 million, which represents 268.5% of the General Fund's unassigned fund balance of \$6.2 million.
- At June 30, 2018, the cash and investments of the General Fund are \$23.4 million, which represents 86.8% of the General Fund's total fund balance of \$26.9 million.
- The General Fund's fund balance was restated as of July 1, 2017 by a reduction of \$1.1 million to record prior costs incurred by the City for the administration of the Successor Agency. Refer to Notes to Basic Financial Statements No. 15 for additional information on the restatement of fund balance.

**Fund Level – Fiduciary Funds**

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



## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hawaiian Gardens, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These fund financial statements tell how general government services were financed in the short-term and identifies what remains for future spending.

The fund financial statements provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law 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 to identify whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* are identified within reconciliations which immediately follow the governmental funds' financial statements.

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

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

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the financial section of this report following the fund financial statements.

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

	<b>Governmental Activities</b>	
	<b>June 30, 2018</b>	<b>June 30, 2017*</b>
Current and other assets	\$ 34,068,869	\$ 37,487,215
Capital assets, net of depreciation	34,331,575	30,803,411
<b>Total Assets</b>	<b>68,400,444</b>	<b>68,290,626</b>
Deferred amount from pension	3,731,909	3,791,255
Deferred amount from OPEB	338,673	-
<b>Total Deferred Outflows of Resources</b>	<b>4,070,582</b>	<b>3,791,255</b>
Long-term debt outstanding	16,649,033	9,483,114
Other liabilities	3,316,386	2,490,105
<b>Total Liabilities</b>	<b>19,965,419</b>	<b>11,973,219</b>
Deferred amount from pension	383,445	490,721
Deferred amount from OPEB	106,630	-
<b>Total Deferred Inflows of Resources</b>	<b>490,075</b>	<b>490,721</b>
Net investment in capital assets	34,331,575	30,803,411
Restricted	4,131,805	5,403,357
Unrestricted	13,552,152	23,411,173
<b>Total Net Position</b>	<b>\$ 52,015,532</b>	<b>\$ 59,617,941</b>

\* Prior year information has not been restated for prior period adjustments.

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 \$52.0 million as of June 30, 2018 and \$59.6 million a year earlier at June 30, 2017, a decrease in net position of \$7.6 million. This change in net position is a result of 1) the \$7.2 million reduction due to restating net assets to record the City's OPEB liability with the implementation of GASB Statement No. 75 and to record prior costs incurred by the City for the administration of the Successor Agency (refer to Notes to Basic Financial Statements No. 1 (D) and No. 15) and 2) the current year excess of expenses over revenues of \$0.4 million. The excess of expenses over revenues will be analyzed in conjunction with the Statement of Activities.

The largest portion of the City's net position (\$34.3 million or 66%) reflects its investment in capital assets (e.g., land, building, and infrastructure), net of any related debt. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The City's restricted net position totals \$4.1 million (8%) of total net position. Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13.6 million (26%) 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 \$0.4 million decrease in the City's net position resulting from expenses exceeding revenues. Discussion regarding significant revenue and expense changes follows the table.

	<b>Governmental Activities</b>	
	<b>June 30, 2018</b>	<b>June 30, 2017*</b>
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$ 1,109,429	\$ 615,744
Operating grants and contributions	3,734,057	3,604,953
General Revenues:		
Property taxes	2,231,585	1,978,240
Business license tax	14,014,719	13,922,319
Sales tax	876,530	967,587
Other taxes	468,957	403,359
Other general revenues	697,362	263,416
Total Revenues	23,132,639	21,755,618
<b>Expenses:</b>		
General government	5,674,938	5,495,258
Public safety	4,581,942	4,131,716
Public works	4,040,356	3,813,884
Highways and streets	1,562,838	1,414,882
Culture and recreation	4,156,308	3,615,032
Urban development	316,806	339,106
Health and welfare	3,219,253	1,532,072
Total Expenses	23,552,441	20,341,950
Increase in net position	(419,802)	1,413,668
<b>Net position at beginning of year</b>	59,617,941	58,204,273
<b>Restatement - OPEB liability with GASB 75</b>	(6,090,576)	-
<b>Restatement - record prior administration costs</b>	(1,092,031)	-
<b>Net position at end of year</b>	\$ 52,015,532	\$ 59,617,941

\* Prior year information has not been restated, but certain reclassifications have been made to conform to current year presentation.

## Governmental Activities

As explained below, City-wide revenues increased by \$1.4 million (6%) to \$23.1 million:

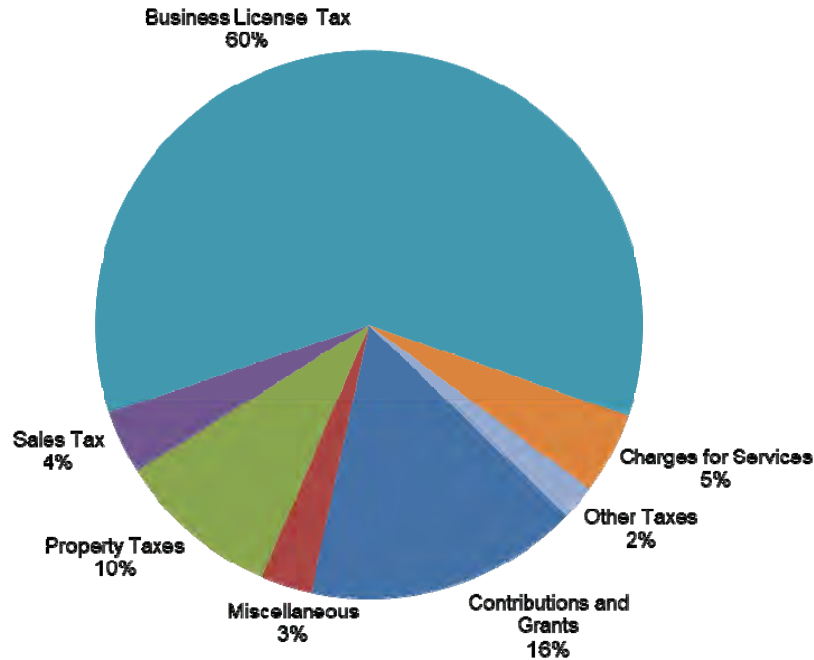
- Charges for services increased by \$0.5 million mainly as a result of receiving the final payment from the casino for the capital growth fees of \$0.4 million due from the casino's recent expansion. The remainder of the increase was due to higher participation in the City's enhanced culture and recreation program.
- Other general revenues increased by \$0.4 million from the receipt of \$0.25 million for the City's current year administration of the Successor Agency with the remainder of the increase coming from higher interest earnings as a result of higher interest rates.
- Property taxes increased by \$0.25 million mainly as a result of higher property taxes received in lieu of the City's allocation of vehicle license fees. The City is a no-low property tax City, which means that there is very little change in the property taxes received resulting from changes in property value.
- The remainder of the increase in revenue results from smaller changes in operating grants and contributions and other taxes (such as business license tax and sales tax).

The total cost of all City programs and services during FY 17-18 was \$23.5 million, a \$3.2 million increase (16%) over the prior year's cost of \$20.3 million.

- Public safety costs increased by \$450,000 as a result of contract amendments for police coverage.
- Public works and highways and streets costs increased by \$374,000 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 \$541,000 as a result of a general funding increase for existing and new programs.
- Health and welfare costs increased by \$1.7 million, mainly a result of \$1.3 million payments for land acquisitions to be used for low- and moderate-income housing and \$0.3 million in rehabilitation assistance programs.
- The remainder of the increase is due to smaller increases in the general government and urban development categories.

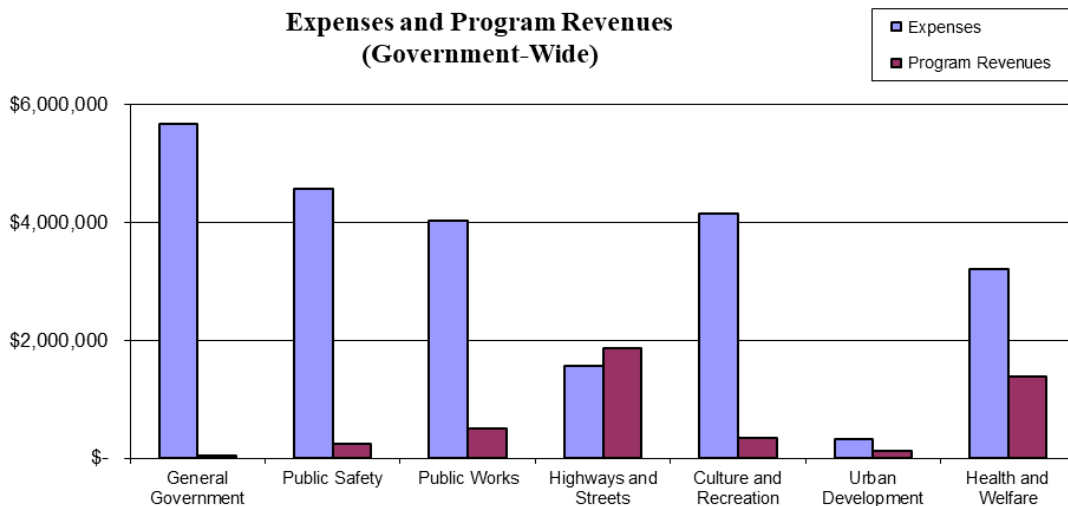
The following charts illustrate the City's overall revenues and expenses by source and program:

### 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 (60%), followed by Contributions and Grants (16%), Property Taxes (10%), Charges for services (5%) and Sales Tax (4%). 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 24% of the total. Public Safety is the second largest expense function (19% of the total), followed by Culture and Recreation (18% of the total) and Public Works (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 \$29.7 million representing a decrease of \$3.8 million from the restated prior year's balance of \$33.5 million. Nonspendable fund balances total \$2.7 million which is for the long-term receivable from the Successor Agency. Restricted fund balances total \$3.4 million and have legal restriction by external parties. City Council has committed \$15.0 million for specific contingencies (such as earthquake damage, loss of major revenue sources, major building repairs, and litigation losses), \$2.2 million for capital projects, and \$0.8 million for equipment replacement. The remaining fund balances are categorized as unassigned and may be used to meet the City's ongoing obligations to citizens and creditors.

### **Major Governmental Funds**

The **General Fund** is the main operating fund of the City. At the end of the current fiscal year, total fund balance of the general fund was \$26.9 million, nonspendable fund balance was \$2.7 million, committed fund balance was \$18.0 million, and unassigned fund balance was \$6.2 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 162% of the general fund's FY 2017-18 expenditures. FY 2017-18 continues the prior year's trend of a gradually declining liquidity as the FY 2016-17 results showed that the general fund's expenditures were 188% of the general fund's fund balance and the FY 2015-16 results showed that expenditures were 196% of the fund balance. One reason for the FY 2017-18 decline in liquidity is due to the restatement of the prior year's fund balance to record the costs incurred by the general fund for administering the Successor Agency.

The general fund's fund balance decreased by \$1.2 million as a result of the year's expenditures and transfers out exceeding the year's revenues and transfers in. In comparison, the prior year's fund balance increased by \$1.3 million. This year to year change of \$2.5 million is explained by the change in revenues over expenditures (\$0.3 million) and net transfers to other funds (<\$2.8> million).

- Revenues in FY 2017-18 were higher by \$1.3 million over the prior year. Total taxes were higher by \$175,000, mainly a result of receiving higher property taxes in lieu of vehicle license fees. Licenses and permits were higher by \$220,000 as a result of higher casino license fees and higher building permit fees. Investment income was higher by \$213,000 from higher interest rates. Other revenues were higher by \$650,000, mainly a result of receiving the final payment of capital growth fees due from the Casino's expansion. All other revenue categories had smaller increases over the prior year.
- FY 2017-18 expenditures were higher than the prior year by \$1.1 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 and various city beautification and improvement projects; and increased culture and recreation costs as a result of a general funding increases for existing and new programs. Debt service costs were lower in FY 2017-18 because the prior year had the final principal payment made on the CJPIA retrospective deposit.

- The general fund had net transfers to other funds of \$3.7 million in FY 2017-18 while the FY 2016-17 transfers 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 had a deficit fund balance of \$262,000 at year-end which is equal to the balance of unavailable revenue. This indicates that expenditures are expected to be fully funded by grant revenues and transfers in. This fund accounts for the grants received from the federal government for community development projects (including capital projects) and housing loans.

The **Grant Funding CIP Fund** had a deficit fund balance of \$300,000 at year-end as a result of pending reimbursement for grants. The deficit is equal to the unavailable revenue and is expected to be eliminated upon receipt of grant revenues during the next fiscal year.

The **Capital Projects Fund** had a fund balance of zero at fiscal year-end, indicating that all project costs were funded as planned. The City worked on several projects during the year with total expenditures of \$4.7 million.

### **Fiduciary Funds**

The City presents one fiduciary fund which is the Successor Agency Private Purpose Trust Fund. At June 30, 2018, the net position was a deficit \$33.2 million. Operating additions of \$4.5 million were less than deductions of \$4.7 million, resulting in a decrease to net position of \$235,000. 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. The fund's beginning net position was restated and was increased by \$1.1 million to remove the City's prior costs for administering the Successor Agency which were originally charged to the Successor Agency Fund.

### **GENERAL FUND BUDGET**

During the fiscal year, budget adjustments were needed to reflect updated expenditure expectations. Total budgeted expenditures increased by \$453,000 as a result of higher costs expected for general government and capital outlay categories. The fiscal year's actual revenue and expenditure activity resulted in a positive variance with the final budget of \$2.6 million.

The total General Fund revenue budget was \$17.6 million with actual receipts of \$19.1 million. The variance between actual revenues and the final revenue budget was \$1.5 million (8.5%). All revenue categories had higher actual revenues than were budgeted. The categories with the largest variances were taxes, licenses and permits, investment income, and other revenues. Property tax receipts were higher than anticipated, casino license fees and building permit fees were higher than expected, investments earned higher interest rates than were budgeted, and the City received the final payment of the capital growth fees from the casino expansion.



The General Fund's actual total expenditures of \$16.6 million were less than the final budgeted appropriations of \$17.7 million. The variance between actual total expenditures and the final appropriation was \$1.1 million (6.0%). 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 \$7.2 million were budgeted, but only \$3.7 million 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 \$34.3 million at fiscal year-end. During FY 2017-18, capital assets totaling \$5.1 million were acquired and depreciation expense of \$1.6 million was recorded. The major capital asset acquisitions were for street-related infrastructure and for land acquired for low- and moderate-income housing purposes. Additional information on the City's capital assets can be found in Note 5 of the Notes to Basic Financial Statements.

	<b>Governmental Activities</b>	
	<b>(net of accumulated depreciation)</b>	
	<b><u>June 30, 2018</u></b>	<b><u>June 30, 2017</u></b>
Buildings and improvements	\$ 10,438,100	\$ 10,472,108
Furniture and equipment	346,756	218,202
Vehicles	646,377	520,572
Infrastructure – road system	7,421,236	4,779,848
Construction in progress	761,561	1,005,269
Rights-of-way	3,290,005	3,290,005
Land	11,427,540	10,517,407
Total	<b><u>\$ 34,331,575</u></b>	<b><u>\$ 30,803,411</u></b>

### **LONG-TERM DEBT**

As of June 30, 2018, the City had total long-term liabilities outstanding of \$16.6 million, an increase of \$7.2 million. This change is due to an increase in the City's net pension liability of \$1.1 million and an increase in the City's OPEB liability of \$6.1. The City's OPEB liability increase was due to implementing GASB 75 (refer to Notes to Basic Financial Statements No. 1(D) and No. 15).

	<b>Governmental Activities</b>	
	<b><u>June 30, 2018</u></b>	<b><u>June 30, 2017*</u></b>
Compensated absences	\$ 528,716	\$ 498,490
Notes payable	84,661	110,710
OPEB liability	6,307,806	221,627
Net pension liability	9,727,850	8,652,287
Total	<b><u>\$ 16,649,033</u></b>	<b><u>\$ 9,483,114</u></b>

\* Prior year information has not been restated for implementation of GASB 75.

Additional information on the City's long-term liabilities can be found in Note 6 of the Notes to Basic Financial Statements. Additional information on the net pension liability can be found in Note 7 of the Notes to Basic Financial Statements and additional information on the net OPEB liability can be found in Note 8 of the Notes to Basic Financial Statements.

### **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. This is especially true of Casino related revenues which are heavily regulated by the State and are currently under evaluation. 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 2017-18 and have continued to show small increases in the first few months of FY 2018-19. 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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# CITY OF HAWAIIAN GARDENS

## Statement of Net Position

June 30, 2018

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash and investments (note 3)	\$ 25,730,512
Receivable:	
Accounts	1,316,556
Loans	707,968
Interest	120,183
Due from other governments	1,091,963
Advances to Successor Agency	5,101,687
Total current assets	<u>34,068,869</u>
Noncurrent assets:	
Capital assets (note 5):	
Non-depreciable	15,479,106
Depreciable, net	18,852,469
Total capital assets	<u>34,331,575</u>
Total noncurrent assets	<u>34,331,575</u>
<b>Total assets</b>	<u>68,400,444</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions (note 7)	3,731,909
OPEB (note 8)	338,673
<b>Total deferred outflows of resources</b>	<u>4,070,582</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	2,126,524
Accrued liabilities	129,895
Deposits payable	134,914
Unearned revenue	921,072
Due to other governments	3,981
Long-term debt - due within one year (note 6)	26,049
Compensated absences - due within one year (note 6)	264,358
Total current liabilities	<u>3,606,793</u>
Noncurrent liabilities:	
Net pension liability (note 7)	9,727,850
OPEB (note 8)	6,307,806
Long-term debt - due in more than one year (note 6)	58,612
Compensated absences - due in more than one year (note 6)	264,358
Total noncurrent liabilities	<u>16,358,626</u>
<b>Total liabilities</b>	<u>19,965,419</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions (note 7)	383,445
OPEB (note 8)	106,630
<b>Total deferred inflows of resources</b>	<u>490,075</u>
<b>NET POSITION</b>	
Net investment in capital assets (Note 5)	34,331,575
Restricted for:	
Public safety	68,623
Highway and streets	1,607,055
Culture and recreation	9,535
Air quality	137,307
Lighting and landscaping	198,522
Low-and moderate-income housing	2,110,763
Total restricted	<u>4,131,805</u>
Unrestricted	13,552,152
<b>Total net position</b>	<u>\$ 52,015,532</u>

See accompanying notes to the basic financial statements.

# CITY OF HAWAIIAN GARDENS

## Statement of Activities

For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental activities:					
General government	\$ 5,674,938	134,512	5,000	-	(5,535,426)
Public safety	4,581,942	-	189,212	-	(4,392,730)
Public works	4,040,356	800,115	5,027	-	(3,235,214)
Highway and streets	1,562,838	-	1,995,523	-	432,685
Culture and recreation	4,156,308	173,052	189,474	-	(3,793,782)
Urban development	316,806	-	36,540	-	(280,266)
Health and welfare	3,219,253	1,750	1,313,281	-	(1,904,222)
Total governmental activities	\$ 23,552,441	1,109,429	3,734,057	-	(18,708,955)
General revenues:					
Taxes:					
					2,231,585
					14,014,719
					876,530
					171,417
					222,146
					75,394
					17,591,791
					297,221
					400,141
					18,289,153
					(419,802)
					52,435,334
					\$ 52,015,532

See accompanying notes to the basic financial statements.

# CITY OF HAWAIIAN GARDENS

## Balance Sheet Governmental Funds June 30, 2018

	Special Revenue Funds			Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Community Development	Grant Funding	Capital Projects		
		Block Grant	CIP			
<b>ASSETS</b>						
Cash and investments (note 3)	\$ 23,365,604	-	-	879,924	1,484,984	25,730,512
Receivables:						
Accounts	1,316,556	-	-	-	-	1,316,556
Loans	-	707,968	-	-	-	707,968
Interest	120,183	-	-	-	-	120,183
Due from other governments	320,605	267,041	300,000	-	204,317	1,091,963
Advances to Successor Agency	3,105,187	-	-	-	1,996,500	5,101,687
Due from other funds (note 4)	444,899	-	-	-	-	444,899
<b>Total assets</b>	<u>\$ 28,673,034</u>	<u>975,009</u>	<u>300,000</u>	<u>879,924</u>	<u>3,685,801</u>	<u>34,513,768</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,187,615	1,067	-	830,498	107,344	2,126,524
Accrued liabilities	107,295	-	-	-	22,600	129,895
Deposits payable	85,488	-	-	49,426	-	134,914
Due to other funds (note 4)	-	265,973	89,687	-	89,239	444,899
Unearned revenue	2,790	707,969	210,313	-	-	921,072
Due to other governments	-	-	-	-	3,981	3,981
<b>Total liabilities</b>	<u>1,383,188</u>	<u>975,009</u>	<u>300,000</u>	<u>879,924</u>	<u>223,164</u>	<u>3,761,285</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	383,649	262,215	300,000	-	99,883	1,045,747
<b>Total deferred inflows     of resources</b>	<u>383,649</u>	<u>262,215</u>	<u>300,000</u>	<u>-</u>	<u>99,883</u>	<u>1,045,747</u>
<b>FUND BALANCES</b>						
Nonspendable	2,721,538	-	-	-	-	2,721,538
Restricted	-	-	-	-	3,388,129	3,388,129
Committed:						
Specific contingencies	15,000,000	-	-	-	-	15,000,000
Equipment replacement	750,000	-	-	-	-	750,000
Capital projects	2,234,604	-	-	-	-	2,234,604
Unassigned	6,200,055	(262,215)	(300,000)	-	(25,375)	5,612,465
<b>Total fund balances (deficits)</b>	<u>26,906,197</u>	<u>(262,215)</u>	<u>(300,000)</u>	<u>-</u>	<u>3,362,754</u>	<u>29,706,736</u>
<b>Total liabilities, deferred     inflows of resources,     and fund balances</b>	<u>\$ 28,673,034</u>	<u>975,009</u>	<u>300,000</u>	<u>879,924</u>	<u>3,685,801</u>	<u>34,513,768</u>

See accompanying notes to the basic financial statements.

**CITY OF HAWAIIAN GARDENS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-wide Statement of Net Position**  
**June 30, 2018**

Fund balances of governmental funds	\$ 29,706,736
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the governmental funds balance sheet. Capital assets were adjusted as follows:	
Capital assets	64,451,711
Accumulated depreciation	(30,120,136)
Certain revenues were not available to pay for current-period expenditures and, therefore, were deferred in funds.	1,045,747
Long-term debt and compensated absences have not been included in the governmental fund activity:	
Compensated absences	(528,716)
Note payable	(84,661)
Governmental funds report all PERS and OPEB contributions as expenditures, however, in the statement of net position and excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability:	
Other Post Employment Benefits	(6,307,806)
Net pension liability	(9,727,850)
Deferred outflows related to PERS contributions made after actuarial measurement date	3,731,909
Deferred outflows related to OPEB contributions made after actuarial measurement date	338,673
Deferred inflows related to PERS unrecognized actuarial gains and losses	(383,445)
Deferred inflows related to OPEB unrecognized actuarial gains and losses	<u>(106,630)</u>
Net position of governmental activities	<u>\$ 52,015,532</u>

See accompanying notes to the basic financial statements.



**CITY OF HAWAIIAN GARDENS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue Funds			Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Community Development Block Grant	Grant Funding CIP	Capital Projects		
Revenues:						
Taxes	\$ 3,003,637	-	-	-	326,866	3,330,503
Licenses and permits	14,538,311	-	-	-	-	14,538,311
Intergovernmental	64,894	36,540	40,000	-	2,969,806	3,111,240
Charges for services	254,140	-	-	-	-	254,140
Fines and forfeitures	127,414	-	-	-	-	127,414
Rental income	95,101	-	-	-	-	95,101
Investment income	293,879	-	-	-	35,776	329,655
Other revenues	719,351	-	5,000	-	370	724,721
Total revenues	<u>19,096,727</u>	<u>36,540</u>	<u>45,000</u>	<u>-</u>	<u>3,332,818</u>	<u>22,511,085</u>
Expenditures:						
Current:						
General government	5,284,332	-	-	-	-	5,284,332
Public safety	4,316,565	-	-	-	100,000	4,416,565
Public works	2,378,699	-	-	-	297,444	2,676,143
Highway and streets	305,181	-	-	-	1,202,626	1,507,807
Culture and recreation	3,600,749	-	-	-	116,488	3,717,237
Urban development	266,245	37,372	-	-	-	303,617
Health and welfare	-	-	-	-	3,120,344	3,120,344
Capital outlay	470,162	-	-	4,694,870	68,109	5,233,141
Debt service:						
Principal	26,049	-	-	-	-	26,049
Total expenditures	<u>16,647,982</u>	<u>37,372</u>	<u>-</u>	<u>4,694,870</u>	<u>4,905,011</u>	<u>26,285,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,448,745</u>	<u>(832)</u>	<u>45,000</u>	<u>(4,694,870)</u>	<u>(1,572,193)</u>	<u>(3,774,150)</u>
Other financing sources (uses):						
Transfers in (note 4)	2,434	-	-	4,694,870	189,097	4,886,401
Transfers out (note 4)	<u>(3,695,824)</u>	<u>(261,383)</u>	<u>(316,412)</u>	<u>-</u>	<u>(612,782)</u>	<u>(4,886,401)</u>
Total other financing sources (uses)	<u>(3,693,390)</u>	<u>(261,383)</u>	<u>(316,412)</u>	<u>4,694,870</u>	<u>(423,685)</u>	<u>-</u>
Net change in fund balances	(1,244,645)	(262,215)	(271,412)	-	(1,995,878)	(3,774,150)
Fund balances (deficits), beginning of year, as restated (note 15)	<u>28,150,842</u>	<u>-</u>	<u>(28,588)</u>	<u>-</u>	<u>5,358,632</u>	<u>33,480,886</u>
Fund balances (deficits), end of year	<u>\$ 26,906,197</u>	<u>(262,215)</u>	<u>(300,000)</u>	<u>-</u>	<u>3,362,754</u>	<u>29,706,736</u>

See accompanying notes to the basic financial statements.

**CITY OF HAWAIIAN GARDENS**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Government-wide Statement of Activities**  
**For the Year Ended June 30, 2018**

Changes in fund balances of governmental funds \$ (3,774,150)

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

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

Capital outlay	5,084,776
Depreciation expense	(1,556,612)

Revenues in the government-wide statement of activities that did not provide current financial resources were not reported as revenues in the governmental funds.	621,554
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(30,226)
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Repayment of note payables is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	26,049
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Pension and OPEB expense reported in the governmental funds includes the annual required contributions. In the statement of activities, pension and OPEB expense includes the change in the net pension and OPEB liability, and related change in pension and OPEB amounts for deferred outflows of resources and deferred inflows of resources.	(791,193)
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Change in net position of governmental activities	\$ (419,802)
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**CITY OF HAWAIIAN GARDENS**  
**Statement of Fiduciary Net Position**  
**Trust Funds**  
**June 30, 2018**

	Private- Purpose Trust Fund <hr/> Successor Agency of the Former Redevelopment Agency <hr/>
<b>ASSETS</b>	
Cash and investments (note 3)	\$ 5,022,382
Receivables:	
Accounts	1,167,863
Land held for resale	305,513
Restricted assets:	
Cash and investments with fiscal agents (note 3)	<u>1,811,689</u>
Total assets	<u>8,307,447</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	16,983
Due to other governments	3,394,465
Interest payable	136,100
Advances payable to the City of Hawaiian Gardens (note 10)	3,105,187
Advances payable to the Hawaiian Gardens Housing Authority (note 10)	1,996,500
Long-term liabilities	
Due in one year (note 10)	1,670,000
Due in more than one year (note 10)	<u>31,140,000</u>
Total liabilities	<u>41,459,235</u>
<b>NET POSITION</b>	
Held in trust for private purposes	<u>(33,151,788)</u>
Total net position	<u><u>\$ (33,151,788)</u></u>

See accompanying notes to the basic financial statements.

**CITY OF HAWAIIAN GARDENS**  
**Statement of Changes in Fiduciary Net Position**  
**Trust Funds**  
**For the year ended June 30, 2018**

	Private- Purpose Trust Fund
	Successor Agency of the Former Redevelopment Agency
Additions:	
Taxes	\$ 4,425,993
Investment income	48,185
Total additions	4,474,178
Deductions:	
Contractual services	51,119
Interest expense	1,716,356
Loss on sale of property	1,078,016
Distribution of net proceeds from asset liquidation	1,613,599
Contributions to other governments	250,000
Total deductions	4,709,090
Change in net position	(234,912)
Net position (deficit), beginning of year, as restated (note 15)	(32,916,876)
Net position (deficit), end of year	\$ (33,151,788)

See accompanying notes to the basic financial statements.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

Year ended June 30, 2018

(1) Organization and Summary of Significant Accounting Policies

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

a. Description of the Reporting Entity

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

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

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

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

**Hawaiian Gardens Public Financing Authority:**

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

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

a. Description of the Reporting Entity (continued)

**Housing Authority of the City of Hawaiian Gardens:**

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

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.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

b. Basis of Accounting and Measurement Focus (continued)

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.

**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.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

b. Basis of Accounting and Measurement Focus (continued)

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

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

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

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



CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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.

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.

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.

Additionally, the City reports the following fund types:

**Governmental Funds:**

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

Fiduciary Fund:

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

d. New Accounting Pronouncements

The City adopted Statement on Governmental Accounting Standards (GASB Statement) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 85 *Omnibus 2017*. See Note 15 for the effect on the City's beginning net assets as a result of the change in accounting principal related to the adoption of GASB No. 75.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

e. Deferred Outflows/Inflows of Resources

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.

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

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

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

e. Deferred Outflows/Inflows of Resources (continued)

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

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)

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

h. Capital Assets

Capital assets with an individual cost greater than \$5,000 and having a useful life of three or more years are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Donated capital assets are valued at their acquisition 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. Infrastructure capital assets are defined by the City as long-lived capital assets or system of assets with an initial cost of more than \$50,000 that are stationary and can be preserved for at least 25 years. Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements.

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

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

i. Compensated Absences

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

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

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

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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)

(1) Organization and 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, 2018, 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)

(1) Organization and 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 \$17,984,604.
- 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)

(1) Organization and 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. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OEPB liability and deferred outflows/inflows of resources to OPEB and OPEB expense, information about the fiduciary net position of the City's OPEB Plan (the assets of which are held by CalPERS as part of the California Employer's Retiree Benefit Trust Program (CERBT), and additions to/deductions from the OPEB Plans' fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

p. Use of Estimates

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

(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, 2018, no budgets were adopted for the Homeless Grant Special Revenue Fund and the City of Hawaiian Gardens Civic League Special Revenue Fund.



CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Stewardship, Compliance, and Accountability (continued)

b. Expenditures in Excess of Appropriations

The following funds reported excess of expenditures over appropriations for the year ended June 30, 2018:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other governmental special revenue funds:			
Proposition A Local Transit Assistance	\$ 644,027	\$ 706,082	\$ (62,055)
Proposition C Local Transit Assistance	207,288	241,894	(34,606)
Homeless Grant	-	8,375	(8,375)
California Recycle Grant	10,000	12,112	(2,112)
PHA Low Mod Successor Housing	1,050,000	1,641,677	(591,677)

c. Accumulated Fund Deficits

The Community Development Block Grant, Grant Funding CIP, Homeless Grant, and Transportation Development Act Special Revenue Funds had fund deficits of \$262,215, \$300,000, \$8,375, and \$17,000, respectively, at June 30, 2018. Management expects to eliminate these deficit fund balances with future grant revenues.

(3) Cash and Investments

As of June 30, 2018, cash and investments, including cash and investments with fiscal agent, were reported in the accompanying financial statements as follows:

Governmental activities	\$25,730,512
Fiduciary funds	<u>6,834,071</u>
Total cash and investments	<u>\$32,564,583</u>

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	\$ 2,879
Deposits with financial institutions	5,469,453
Investments	<u>27,092,251</u>
Total cash and investments	<u>\$32,564,583</u>

CITY OF HAWAIIAN GARDENS  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Cash and Investments (continued)

Investments Authorized by the City’s Investment Policy

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

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

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

N/A – Not Applicable

Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. All investments of debt proceeds held by the bond trustee are reported in the Successor Agency Private-Purpose Trust Fiduciary Fund. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

CITY OF HAWAIIAN GARDENS  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Cash and Investments (continued)

Investments Authorized by Debt Agreements (continued)

The permitted investments related to the 2004 Tax Allocation Refunding Bonds and the 2006 Tax Allocation Bonds of the Successor Agency are as follows:

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

N/A – Not Applicable

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Remaining Investment Maturities</u>			<u>Total</u>
	<u>Less than 1 Year</u>	<u>1 to 3 Years</u>	<u>4 to 5 Years</u>	
Local Agency Investment Fund Held by Fiscal Agents:	\$25,280,562	-	-	25,280,562
Money Market Mutual Funds	<u>1,811,689</u>	-	-	<u>1,811,689</u>
Total	<u>\$27,092,251</u>	<u>-</u>	<u>-</u>	<u>27,092,251</u>

CITY OF HAWAIIAN GARDENS  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Cash and Investments (continued)

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>		Minimum Legal <u>Rating</u>	<u>Ratings as of Year End</u>			Not <u>Rated</u>
			<u>AAA</u>	<u>AA</u>	<u>A</u>	
Local Agency Investment Fund	\$25,280,562	N/A	-	-	-	25,280,562
Held by Fiscal Agent:						
Money Market						
Mutual Funds	<u>1,811,689</u>	A	<u>1,811,689</u>	-	-	-
Total	<u>\$27,092,251</u>		<u>1,811,689</u>	-	-	<u>25,280,562</u>

N/A – Not Applicable

Concentration of Credit Risk

The City's investment policy does not impose restrictions on the maximum percentage it can invest in a single type of investment. As of June 30, 2018, in accordance with GASB Statement No. 40 requirements, the City is exposed to concentration of credit risk whenever they have invested more than 5% of their total investments in any one issuer. As of June 30, 2018, the City was not exposed to concentration of credit risk.

Custodial Credit Risk

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

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Cash and Investments (continued)

Custodial Credit Risk (continued)

held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2018, 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.

Investments in State Investment Pool

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

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments categorized as Level 2 are valued using market approach using quoted market prices. The City's investments in LAIF and money market mutual funds are not subject to the fair value hierarchy.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(4) Inter-fund Receivables, Payables and Transfers

a. Due To / From Other Funds:

The following summarizes the total due to and from other funds as of June 30, 2018:

	<u>Due To Other Funds:</u>			
<u>Due From Other Funds:</u>	Community Development Block <u>Grant</u>	Grant Funding <u>CIP</u>	Other Nonmajor Governmental <u>Funds</u>	<u>Total</u>
General Fund	<u>\$265,973</u>	<u>89,687</u>	<u>89,239</u>	<u>\$444,899</u>

Inter-fund receivables and payables as of June 30, 2018 are the result of the elimination of deficit cash balances in individual funds.

b. Transfers To / From Other Funds:

The following summarizes the total transfers in and transfers out to other funds as of June 30, 2018:

	<u>Transfers In:</u>			
<u>Transfers Out:</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund	\$ -	3,506,727	189,097	3,695,824
CDBG Fund	-	261,383	-	261,383
Grant Funding CIP Fund	-	316,412	-	316,412
Nonmajor Governmental Funds	<u>2,434</u>	<u>610,348</u>	<u>-</u>	<u>612,782</u>
Total	<u>\$ 2,434</u>	<u>4,694,870</u>	<u>189,097</u>	<u>4,886,401</u>

The transfers to the Capital Project fund funded capital projects. Transfer from the General Fund to Nonmajor Governmental funds was subsidy of operating costs and program needs.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(5) Capital Assets

A summary of the changes in capital asset activity for the year ended June 30, 2018, is as follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable:				
Rights-of-way	\$ 3,290,005	-	-	3,290,005
Land	10,517,407	1,252,651	(342,518)	11,427,540
Construction in process	<u>1,005,269</u>	<u>3,488,953</u>	<u>(3,732,661)</u>	<u>761,561</u>
Total non-depreciable	<u>14,812,681</u>	<u>4,741,604</u>	<u>(4,075,179)</u>	<u>15,479,106</u>
Depreciable:				
Buildings and improvements	17,368,786	382,303	-	17,751,089
Furniture and equipment	764,479	172,313	-	936,792
Vehicles	961,212	171,038	-	1,132,250
Infrastructure- road system	<u>25,459,777</u>	<u>3,692,697</u>	<u>-</u>	<u>29,152,474</u>
Total depreciable capital assets	<u>44,554,254</u>	<u>4,418,351</u>	<u>-</u>	<u>48,972,605</u>
Less accumulated depreciation for:				
Buildings and improvements	6,896,678	416,311	-	7,312,989
Furniture and equipment	546,277	43,759	-	590,036
Vehicles	440,640	45,233	-	485,873
Infrastructure- road system	<u>20,679,929</u>	<u>1,051,309</u>	<u>-</u>	<u>21,731,238</u>
Total accumulated depreciation	<u>28,563,524</u>	<u>1,556,612</u>	<u>-</u>	<u>30,120,136</u>
Total depreciable capital assets, net	<u>15,990,730</u>	<u>2,861,739</u>	<u>-</u>	<u>18,852,469</u>
Total capital assets, net	<u>\$ 30,803,411</u>	<u>7,603,343</u>	<u>(4,075,179)</u>	<u>34,331,575</u>

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

General Government	\$ 146,643
Public Safety	4,675
Public Works	1,067,509
Culture and Recreation	298,465
Health and Welfare	<u>39,320</u>
Total	<u>\$1,556,612</u>

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Note payable:					
So Cal Edison Financing	\$ 110,710	-	26,049	84,661	26,049
Compensated absences	<u>498,490</u>	<u>220,141</u>	<u>189,915</u>	<u>528,716</u>	<u>264,358</u>
Total	<u>\$ 609,200</u>	<u>220,141</u>	<u>215,964</u>	<u>613,377</u>	<u>290,407</u>

**Note payable:**

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

At June 30, 2018, the annual requirements to repay the outstanding indebtedness were as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 26,049
2020	26,049
2021	26,049
2022	<u>6,514</u>
Total	<u>\$ 84,661</u>

(7) Defined Benefit Pension Plan

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



CITY OF HAWAIIAN GARDENS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

*Benefits Provided:* CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members with five years of total service are eligible to retire at age 50 and PEPRA members must be at least 52 years old to retire with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 63	52 – 67
Monthly benefits, as a % of eligible compensation	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.5%
Required employer contribution rates:		
Normal cost rate	12.429%	6.93%
Payment of unfunded liability	\$592,451	\$12
	Safety	
	Prior to January 1, 2013	
Hire Date		
Benefit formula	2.0% @ 50	
Benefit vesting schedule	5 years service	
Benefit payments	monthly for life	
Retirement age	50 - 65	
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	
Required employee contribution rates	0.00%	
Required employer contribution rates:		
Normal cost rate	0.0%	
Payment of unfunded liability	-	

CITY OF HAWAIIAN GARDENS  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

*Contributions:* Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City of Hawaiian Gardens is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the fiscal year ended June 30, 2018, the contributions recognized as part of pension expense for the plan totaled \$1,054,846.

*Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions -* As of June 30, 2018, the City of Hawaiian Gardens reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 9,619,315
Safety	108,536
Total Net Pension Liability	\$ 9,727,850

The City of Hawaiian Gardens' net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City of Hawaiian Gardens' proportion of the net pension liability was based on a projection of the City of Hawaiian Gardens' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City of Hawaiian Gardens' proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	Combined (PERFC)
Proportion – June 30, 2017	0.099991%
Proportion – June 30, 2018	0.098090%
Change – Increase (Decrease)	(0.001900)%

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

For the year ended June 30, 2018, the City of Hawaiian Gardens recognized pension expense of \$2,146,447. At June 30, 2018, the City of Hawaiian Gardens reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,181,797	-
Change in proportion	633,323	(182,414)
Net difference in actual contributions vs. proportionate share of contributions	248,682	(53,659)
Net difference between expected and actual experience		(147,372)
Net differences between projected and actual earnings on plan investments	327,732	-
Change in assumptions	<u>1,340,375</u>	<u>-</u>
Total	<u>\$ 3,731,909</u>	<u>(383,445)</u>

The \$1,181,797 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2019	\$ 808,748
2020	945,234
2021	607,165
2022	<u>(194,480)</u>
	<u>\$2,166,667</u>

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

*Actuarial Assumptions* – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	Varies by Entry Age	Varies by Entry Age
Investment Rate of Return	7.375% (1)	7.375% (2)
Mortality	Varies (2)	Varies (2)

(1) Net of pension plan investment expenses, including inflation.

(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 AA.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

*Change of Assumptions* – In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflow of resources for changes of assumptions represent the unamortized portion of the assumption change and 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 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected 7.15 percent rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees' Retirement Fund, CalPERS indicated that a

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (continued)

19 year horizon was ideal in determining the level equivalent discount rate assumption. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan. These geometric rates of return are net of administrative expenses and are summarized in the following table:

Asset Class	New Strategic Allocation
Global Equity	50.0%
Fixed Income	28.0%
Real Assets	13.0%
Private Equity	8.0%
Liquidity	1.0%
Total	100%

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

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$14,225,843	\$ 285,455
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 9,619,315	\$ 108,536
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 5,804,105	\$ (36,087)

CITY OF HAWAIIAN GARDENS  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Other Post Employment Benefits (OPEB)

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date: June 30, 2017  
 Measurement Date: June 30, 2017  
 Measurement Period: July 1, 2016 – June 30, 2017

*Employee Covered* – As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	75
Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>102</u>

*Contributions* - The City has elected to join the California Employers' Retiree Benefit Trust (the Trust), which provides a means to fund the annual required contribution (ARC) OPEB obligations. The City makes an annual contribution to the Trust, pays benefits either directly to retirees or through PEMHCA during the year, and then seeks reimbursement for these pay-as-you-go expenses from the Trust. For the measurement year ended June 30, 2017, the City paid \$221,279 in retiree health premiums, which were reimbursed from the Trust. In addition, the City contributed the measurement year's annual required contribution of \$677,346 to the Trust.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

*Net OPEB Liability* - The City of Hawaiian Gardens net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OEPB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate – as of 6/30/16	7.25%
Discount Rate – as of 6/30/17	7.25%
Projected Salary Increase	3.25%
Assumed Salary Growth	3.0%
General Inflation	2.75%
Mortality (1)	Varies (1)

- (1) The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

*Discount Rate* – The discount rate used to measure the OPEB liability was 7.25 percent, which was based on the published change in return for the applicable municipal bond index.

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balance at Fiscal Year Ending 6/30/17			
<i>Measurement Date 6/30/16</i>	\$10,023,257	\$3,711,054	\$6,312,203
Changes During the Period:		-	
Service Cost	345,853	-	345,853
Interest Cost	743,739	-	743,739
Expected Investment Income	-	285,506	(285,506)
Employer Contributions	-	677,346	(677,346)
Changes of Benefit Terms	-	-	-
Administrative Expenses	-	(2,150)	2,150
Benefit Payments	(221,279)	(221,279)	-
Assumption Changes	-	-	-
Plan Experience	-	-	-
Investment Experience	-	133,287	(133,287)
Recognized Deferred Resources	-	-	-
Employer Contributions Subsequent to Measurement Date	-	-	-
Net Changes in Fiscal Year 2017-18	868,313	872,710	(4,397)
Balance at Fiscal Year Ending 6/30/18			
<i>Measurement Date 6/30/17</i>	<u>\$10,891,570</u>	<u>\$4,583,764</u>	<u>\$6,307,806</u>

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

1% Decrease	6.25%
Net OPEB Liability	\$7,981,333
Current Discount Rate	7.25%
Net OPEB Liability	\$6,307,806
1% Increase	8.25%
Net OPEB Liability	\$4,950,031

*Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trends* – The following presents the net OPEB liability of the City of Hawaiian Gardens if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the measurement period June 30, 2017. Healthcare cost trend rate was assumed to start at 7.5% and grade down to 5.0% for years 2024 and thereafter:

1% Decrease	-1%
Net OPEB Liability	\$4,794,940
Current Discount Rate	Current Trend
Net OPEB Liability	\$6,307,806
1% Increase	+1%
Net OPEB Liability	\$8,331,422

*OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB* – For the fiscal year ended June 30, 2018, the City of Hawaiian Gardens recognized OPEB expense of \$49,533. As of the fiscal year ended June 30, 2018, the City of Hawaiian Gardens reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 338,673	-
Net difference between projected and actual earnings on investments	-	(106,630)
Total	\$ 338,673	(106,630)



CITY OF HAWAIIAN GARDENS  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

The \$338,673 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2019	\$ (26,657)
2020	(26,657)
2021	(26,658)
2022	<u>(26,658)</u>
	<u><u>\$ (106,630)</u></u>

(9) Risk Management

**Description of Self-Insurance Pool Pursuant to Agreement:**

The City of Hawaiian Gardens is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 117 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**Self-Insurance Program of the Authority**

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

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Risk Management (continued)

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.

For 2017-18 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

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 2017-18 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)

(9) Risk Management (continued)

**Purchased Insurance:**

Pollution Legal Liability Insurance

The City of Hawaiian Gardens participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets and storm drains owned by the City of Hawaiian Gardens. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3- year period from July 1, 2015 through July 1, 2018. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Hawaiian Gardens participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Hawaiian Gardens property is currently insured according to a schedule of covered property submitted by the City of Hawaiian Gardens to the Authority. City of Hawaiian Gardens property currently has all-risk property insurance protection in the amount of \$72,387,123. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

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.

**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 2017-2018.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) Successor Agency Fiduciary Disclosures

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

**Advances Payable to City of Hawaiian Gardens:**

During the year ended June 30, 2000, the City advanced to the former Redevelopment Agency \$3,303,382. This advance was made pursuant to Disposition and Development Agreement 93-26 and Amendments No. 1 and No. 2, whereby the former Redevelopment Agency agreed to provide and pay for on-site and off-site improvements and fees levied in connection with developing a card club and associated facilities. Interest accrues on the outstanding balance at a rate equal to the average annual LAIF rates published by the State Treasurer. The amount outstanding at June 30, 2018, is \$164,950, which is net of allowance of 20% required to be transferred to the PHA Low Mod & Successor Housing Fund.

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, 2018, is \$2,940,237, which is net of allowance of 20% required to be transferred to the Housing Authority Successor Housing Fund.

**Advances Payable to Hawaiian Gardens PHA Low Mod & Successor Housing:**

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, 2018, is \$1,220,203.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) Successor Agency Fiduciary Disclosures (continued)

Additionally, Assembly Bill 1484 required that 20% of all eventual advance repayments to the City be transferred to the PHA Low Mod & Successor Housing Special Revenue Fund to fund housing activity. Accordingly, 20% of the advance payable to the City has been recorded in the PHA Low Mod & Successor Housing Special Revenue Fund. The amount outstanding at June 30, 2018, is \$776,297.

**Long-Term Liabilities:**

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
2004 Tax Allocation Refunding Bonds	\$29,860,000	-	1,195,000	28,665,000	1,245,000
2006 Tax Allocation Revenue Bonds	<u>4,545,000</u>	<u>-</u>	<u>400,000</u>	<u>4,145,000</u>	<u>425,000</u>
Total	<u>\$34,405,000</u>	<u>-</u>	<u>1,595,000</u>	<u>32,810,000</u>	<u>1,670,000</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)

(10) Successor Agency Fiduciary Disclosures (continued)

At June 30, 2018, bonds outstanding on the 2004 Tax Allocation Refunding Bonds were \$28,665,000. The minimum annual requirements to amortize the 2004 Tax Allocation Refunding Bonds as of June 30, 2018, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,435,000	1,204,329	2,639,329
2023	1,505,000	1,130,239	2,635,239
2024-2028	8,515,000	4,414,489	12,929,489
2029-2033	10,795,000	2,025,625	12,820,625
2034	<u>2,495,000</u>	<u>62,375</u>	<u>2,557,375</u>
Total	<u>\$28,665,000</u>	<u>12,842,399</u>	<u>41,507,399</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, 2018.

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, 2018, bonds outstanding on the 2006 Tax Allocation Revenue Bonds were \$4,145,000. 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)

(10) Successor Agency Fiduciary Disclosures (continued)

The minimum annual requirements to amortize the 2006 Tax Allocation Revenue Bonds as of June 30, 2018, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 425,000	196,625	621,625
2020	445,000	174,875	619,875
2021	465,000	152,125	617,125
2022	490,000	128,250	618,250
2023	510,000	103,250	612,250
2024-2026	<u>1,810,000</u>	<u>141,250</u>	<u>1,951,250</u>
Total	<u>\$4,145,000</u>	<u>896,375</u>	<u>5,041,375</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.

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.

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the PHA Low Mod & 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 ten properties that resulted in net proceeds of \$1,613,599. As of June 30, 2018, 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, 2018, the City has expended \$116,732 in connection with this agreement.

(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. During the year ended June 30, 2018, the loan was paid in full and no outstanding balance existed as of June 30, 2018.



CITY OF HAWAIIAN GARDENS  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(14) Contingent Liabilities

a. *Lawsuits in the Normal Course of Business*

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

b. *Federal and State Grant Programs*

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

(15) Fund Balance and Net Position Restatements

The following schedule summarizes the effects of the prior period adjustment to the Government-wide Statements as of July 1, 2017.

Government-wide:

	<u>Governmental Activities</u>
Net position at June 30, 2017, as previously reported	\$59,617,941
Adjustment made to prior year:	
Administrative costs incurred by the City which were charged to the Successor Agency in prior years	(1,092,031)
Change in accounting principal for adoption of GASB No.75	<u>(6,090,576)</u>
Net position as July 1, 2017, as restated	<u>\$52,435,334</u>

CITY OF HAWAIIAN GARDENS  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(15) Fund Balance and Net Position Restatements (continued)

Governmental Funds:

	<u>General Fund</u>	<u>Governmental Funds</u>
Fund balance at June 30, 2017, as previously reported	\$29,242,873	34,572,917
Adjustment made to prior year: Administrative costs incurred by the City which were charged to the Successor Agency in prior years	<u>(1,092,031)</u>	<u>(1,092,031)</u>
Fund balance as July 1, 2017, as restated	<u>\$28,150,842</u>	<u>33,480,886</u>

Fiduciary Funds:

	<u>Private-Purpose Trust Funds</u>
Net position (deficit) at June 30, 2017, as previously reported	\$(34,008,907)
Adjustment made to prior year: Administrative costs incurred by the City which were charged to the Successor Agency in prior years	<u>1,092,031</u>
Net position, (deficit) as July 1, 2017, as restated	<u>\$(32,916,876)</u>

(16) Subsequent Events

Management has evaluated subsequent events through December 5, 2018 which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the City.

REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF HAWAIIAN GARDENS

## General Fund

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

For the Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 2,824,800	2,824,800	3,003,637	178,837
Licenses and permits	14,312,100	14,312,100	14,538,311	226,211
Intergovernmental	60,000	60,000	64,894	4,894
Charges for services	233,095	233,095	254,140	21,045
Fines and forfeitures	74,000	74,000	127,414	53,414
Rental income	71,000	71,000	95,101	24,101
Investment income	5,000	5,000	293,879	288,879
Other revenues	16,500	16,500	719,351	702,851
Total revenues	<u>17,596,495</u>	<u>17,596,495</u>	<u>19,096,727</u>	<u>1,500,232</u>
<b>Expenditures:</b>				
Current:				
General government	5,775,860	5,870,930	5,284,332	586,598
Public safety	4,387,756	4,392,396	4,316,565	75,831
Public works	2,294,849	2,347,648	2,378,699	(31,051)
Highway and streets	484,880	484,880	305,181	179,699
Culture and recreation	3,822,229	3,825,229	3,600,749	224,480
Urban development	238,191	238,191	266,245	(28,054)
Capital outlay	262,610	560,302	470,162	90,140
Debt service:				
Principal	-	-	26,049	(26,049)
Total expenditures	<u>17,266,375</u>	<u>17,719,576</u>	<u>16,647,982</u>	<u>1,071,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>330,120</u>	<u>(123,081)</u>	<u>2,448,745</u>	<u>2,571,826</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	2,434	2,434
Transfers out	(1,066,204)	(7,204,410)	(3,695,824)	3,508,586
Total other financing sources (uses)	<u>(1,066,204)</u>	<u>(7,204,410)</u>	<u>(3,693,390)</u>	<u>3,511,020</u>
Net change in fund balances	(736,084)	(7,327,491)	(1,244,645)	6,082,846
Fund balance, beginning of year, as restated (note 15)	<u>28,150,842</u>	<u>28,150,842</u>	<u>28,150,842</u>	<u>-</u>
Fund balance, end of year	<u>\$ 27,414,758</u>	<u>20,823,351</u>	<u>26,906,197</u>	<u>6,082,846</u>

## CITY OF HAWAIIAN GARDENS

### Community Development Block Grant Special Revenue Fund

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

For the Year Ended June 30, 2018

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Intergovernmental	\$ 270,709	270,709	36,540	(234,169)
Total revenues	270,709	270,709	36,540	(234,169)
Expenditures:				
Current:				
Urban development	302,191	302,191	37,372	264,819
Total expenditures	302,191	302,191	37,372	264,819
Excess (deficiency) of revenues over (under) expenditures	(31,482)	(31,482)	(832)	30,650
Other financing sources (uses):				
Transfers in	4,635	4,635	-	(4,635)
Transfers out	(250,000)	(250,000)	(261,383)	(11,383)
Total other financing sources (uses)	(245,365)	(245,365)	(261,383)	(16,018)
Net change in fund balances	(276,847)	(276,847)	(262,215)	14,632
Fund balance, beginning of year	-	-	-	-
Fund balance (deficit), end of year	\$ (276,847)	(276,847)	(262,215)	14,632

**CITY OF HAWAIIAN GARDENS**  
**Grant Funding CIP Special Revenue Fund**

**Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2018**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 96,000	96,000	40,000	(56,000)
Other revenues	-	-	5,000	5,000
Total revenues	96,000	96,000	45,000	(51,000)
Excess (deficiency) of revenues over (under) expenditures	96,000	96,000	45,000	(51,000)
Other financing sources (uses):				
Transfers out	(401,000)	(401,000)	(316,412)	84,588
Total other financing sources (uses)	(401,000)	(401,000)	(316,412)	84,588
Net change in fund balances	(305,000)	(305,000)	(271,412)	33,588
Fund balance (deficit), beginning of year	(28,588)	(28,588)	(28,588)	-
Fund balance (deficit), end of year	\$ (333,588)	(333,588)	(300,000)	33,588

CITY OF HAWAIIAN GARDENS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

Stewardship, Compliance and Accountability

General Budget Policies

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

The level at which the expenditures may not legally exceed appropriations is the fund level. Capital projects budgets are long-term in nature, and accordingly, no budgetary comparisons are reflected in the accompanying financial statements. For the year ended June 30, 2018, no budgets were adopted for the following nonmajor special revenue funds: Homeless Grant Fund and City of Hawaiian Gardens Civic League Fund.

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

Cost Sharing Defined Benefit Pension Plan  
Last 10 Fiscal Years \*

	As of the fiscal year ending June 30,			
	2018	2017	2016	2015
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan's proportion of the collective net pension liability	0.098090%	0.099991%	0.105129%	0.09826%
Plan's proportionate share of the net pension liability	\$ 9,727,851	\$ 8,652,287	\$ 7,215,946	\$ 6,072,958
Covered employee payroll, measurement date	\$ 3,770,860	\$ 3,897,864	\$ 4,163,053	\$ 4,056,796
Plan's proportionate share of the net pension liability as percentage of covered-employee payroll	257.97%	221.98%	173.33%	149.70%
Plan's fiduciary net position as a percentage of the total pension liability	72.01%	72.15%	75.56%	78.70%
Plan's proportionate share of aggregate employer contributions	\$ 943,094	\$ 831,830	\$ 771,005	\$ 575,354

**Notes to Schedule:**

**Benefit Changes:** There were no changes in benefits.

**Changes in assumptions:**

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

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

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

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



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

Cost Sharing Defined Benefit Pension Plan  
Last 10 Fiscal Years \*

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

Methods and Assumptions Used to Determine Contribution Rates:

Cost-sharing employers	Entry-age normal cost method **
Amortization method	Level percentage of payroll, closed **
Asset valuation method	Market Value ***
Inflation	2.75% **
Salary increases	Varies by entry age, service, and type of employment **
Investment rate of return	7.5%, net of pension plan investment expense, including inflation **
Retirement age	50 for all plans with the exception of 52 for Miscellaneous PEPRA 2% at 62 **
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board. **

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

\*\* The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017, respectively) included the same actuarial assumptions.

\*\*\* The valuation for the 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, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018, respectively).

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

Last 10 Fiscal Years \*

	For the fiscal year ending <u>June 30, 2018</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 345,853
Interest on the total OPEB Liability	743,739
Actual and expected experience difference	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments **	<u>(221,279)</u>
Net change in total OPEB liability	868,313
Total OPEB liability - beginning	<u>10,023,257</u>
Total OPEB liability - ending (a)	<u><u>\$ 10,891,570</u></u>
 <b>Plan Fiduciary Net Position</b>	
Contribution - employer	\$ 677,346
Net investment income	418,793
Benefit payments **	(221,279)
Administrative expense	<u>(2,150)</u>
Net change in plan fiduciary net position	872,710
Plan fiduciary net position - beginning	<u>3,711,054</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 4,583,764</u></u>
 Net OPEB liability - ending (a)-(b)	 <u><u>\$ 6,307,806</u></u>
 Covered-employee payroll	 \$ 4,421,834
 Net OPEB liability as a percentage of covered-employee payroll	 142.65%

**Notes to Schedule**

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

\* Fiscal year 2017-18 was the first year of implementation, therefore only one year is shown.

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

**CITY OF HAWAIIAN GARDENS**  
**Schedule of Plan Contributions - OPEB Plan**

Last 10 Fiscal Years \*

	As of the fiscal year ending June 30,
	2018
Valuation Date	6/30/2017
Actuarially determined contribution	\$ 338,673
Contributions in relation to the actuarially determined contributions	\$ (338,673)
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 4,976,597
Contributions as a percentage of covered employee payroll	6.81%

Notes to schedule:

Actuarial Cost Method	Entry-age normal
Amortization Valuation Method/Period	Level percent of pay
Asset valuation method	Market value of assets
Inflation	2.75%
Payroll Growth	3% per year
Investment rate of return	7.25%, net of plan investment expenses and including inflation
Healthcare Cost-Trend Rates	Assumed increase occurs once each year with premium increase of 7.5% on 1/1/19 with increase of 0.5% less each January 1 thereafter through 2024. Assumed 5.0% increases for year 2014 and later.
Mortality	MacLeod Watts Scale 2017 applied generationally

\* Fiscal year 2017-18 was the first year of implementation, therefore only one year is shown.

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## SUPPLEMENTARY INFORMATION

## **OTHER GOVERNMENTAL FUNDS**

### **NONMAJOR SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**PHA Low Mod & Successor Housing Fund** - To account for the City's low and moderate income housing activities including activities transferred to the City upon dissolution of the former Redevelopment Agency.

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

**CITY OF HAWAIIAN GARDENS**

**Nonmajor Governmental Funds**

**Combining Balance Sheet**

**June 30, 2018**

Special Revenue Funds

	State Gas Tax	Prop A Local Transit Assistance	Air Quality Management District	Prop C Local Transit Assistance	Community Oriented Police Services	SELACO WIB	Homeless Grant
<b>ASSETS</b>							
Cash and investments	\$ 62,336	395,955	132,450	4,040	85,290	-	-
Receivables:							
Due from other governments	25,372	-	4,857	-	48,747	52,399	8,375
Advances to Successor Agency	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 87,708</b>	<b>395,955</b>	<b>137,307</b>	<b>4,040</b>	<b>134,037</b>	<b>52,399</b>	<b>8,375</b>
<b>LIABILITIES</b>							
Accounts payable	\$ 13,281	2,117	-	2,098	16,667	-	6,500
Accrued liabilities	1,363	7,951	-	1,926	-	6,968	-
Due to other funds	-	-	-	-	-	41,450	1,875
Due to other governments	-	-	-	-	-	3,981	-
<b>Total liabilities</b>	<b>14,644</b>	<b>10,068</b>	<b>-</b>	<b>4,024</b>	<b>16,667</b>	<b>52,399</b>	<b>8,375</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	-	-	-	-	48,747	-	8,375
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,747</b>	<b>-</b>	<b>8,375</b>
<b>FUND BALANCES</b>							
Restricted:							
Public safety	-	-	-	-	68,623	-	-
Public works	-	-	-	-	-	-	-
Highway and streets	73,064	385,887	-	16	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Health and welfare	-	-	137,307	-	-	-	-
Low and moderate income housing	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(8,375)
<b>Total fund balances (deficits)</b>	<b>73,064</b>	<b>385,887</b>	<b>137,307</b>	<b>16</b>	<b>68,623</b>	<b>-</b>	<b>(8,375)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 87,708</b>	<b>395,955</b>	<b>137,307</b>	<b>4,040</b>	<b>134,037</b>	<b>52,399</b>	<b>8,375</b>

Special Revenue Funds

Measure R Local Transit Assistance	Measure M Local Transit Assistance	California Recycle Grant	SB1 Road Maintenance	Housing Authority Section 8	Transportation Development Act	City of Hawaiian Gardens Civic League	PHA Low Mod & Successor Housing	Lighting and Landscaping	Total Non-major Governmental Funds
\$ 386,782	7,588	13,224	-	37,735	-	9,535	144,963	205,086	1,484,984
-	-	5,000	31,269	-	17,000	-	-	11,298	204,317
-	-	-	-	-	-	-	<u>1,996,500</u>	-	<u>1,996,500</u>
<u>\$ 386,782</u>	<u>7,588</u>	<u>18,224</u>	<u>31,269</u>	<u>37,735</u>	<u>17,000</u>	<u>9,535</u>	<u>2,141,463</u>	<u>216,384</u>	<u>3,685,801</u>
\$ -	-	-	-	7,538	-	-	42,155	16,988	107,344
-	-	-	-	3,518	-	-	-	874	22,600
-	-	-	28,914	-	17,000	-	-	-	89,239
-	-	-	-	-	-	-	-	-	<u>3,981</u>
-	-	-	28,914	11,056	17,000	-	42,155	17,862	<u>223,164</u>
-	-	-	-	-	17,000	-	25,761	-	<u>99,883</u>
-	-	-	-	-	17,000	-	25,761	-	<u>99,883</u>
-	-	-	-	-	-	-	-	-	68,623
-	-	-	-	-	-	-	-	198,522	198,522
386,782	7,588	18,224	2,355	-	-	-	-	-	873,916
-	-	-	-	-	-	9,535	-	-	9,535
-	-	-	-	26,679	-	-	-	-	163,986
-	-	-	-	-	-	-	2,073,547	-	2,073,547
-	-	-	-	-	(17,000)	-	-	-	<u>(25,375)</u>
<u>386,782</u>	<u>7,588</u>	<u>18,224</u>	<u>2,355</u>	<u>26,679</u>	<u>(17,000)</u>	<u>9,535</u>	<u>2,073,547</u>	<u>198,522</u>	<u>3,362,754</u>
<u>\$ 386,782</u>	<u>7,588</u>	<u>18,224</u>	<u>31,269</u>	<u>37,735</u>	<u>17,000</u>	<u>9,535</u>	<u>2,141,463</u>	<u>216,384</u>	<u>3,685,801</u>



**CITY OF HAWAIIAN GARDENS**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2018**

	Special Revenue Funds						
	State Gas Tax	Prop A Local Transit Assistance	Air Quality Management District	Prop C Local Transit Assistance	Community Oriented Police Services	SELACO WIB	Homeless Grant
<b>Revenues:</b>							
Taxes	\$ -	-	-	-	-	-	-
Intergovernmental	312,246	458,419	18,719	229,627	139,416	116,488	-
Investment income	325	6,899	1,798	163	1,049	-	-
Other revenues	-	370	-	-	-	-	-
<b>Total revenues</b>	<u>312,571</u>	<u>465,688</u>	<u>20,517</u>	<u>229,790</u>	<u>140,465</u>	<u>116,488</u>	<u>-</u>
<b>Expenditures:</b>							
<b>Current:</b>							
Public safety	-	-	-	-	100,000	-	-
Public works	-	-	-	-	-	-	-
Highway and streets	278,505	671,065	-	240,944	-	-	-
Culture and recreation	-	-	-	-	-	116,488	-
Health and welfare	-	-	6,500	-	-	-	8,375
Capital outlay	-	35,017	32,142	950	-	-	-
<b>Total expenditures</b>	<u>278,505</u>	<u>706,082</u>	<u>38,642</u>	<u>241,894</u>	<u>100,000</u>	<u>116,488</u>	<u>8,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,066</u>	<u>(240,394)</u>	<u>(18,125)</u>	<u>(12,104)</u>	<u>40,465</u>	<u>-</u>	<u>(8,375)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(2,434)	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,434)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>34,066</u>	<u>(240,394)</u>	<u>(18,125)</u>	<u>(14,538)</u>	<u>40,465</u>	<u>-</u>	<u>(8,375)</u>
Fund balances (deficits), beginning of year	<u>38,998</u>	<u>626,281</u>	<u>155,432</u>	<u>14,554</u>	<u>28,158</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 73,064</u>	<u>385,887</u>	<u>137,307</u>	<u>16</u>	<u>68,623</u>	<u>-</u>	<u>(8,375)</u>

Special Revenue Funds

Measure R	Measure M					City of	PHA		Total
Local	Local	California	SB1	Housing	Transportation	Hawaiian	Low Mod	Lighting	Non-major
Transit	Transit	Recycle	Road	Authority	Development	Gardens	& Successor	and	Governmental
Assistance	Assistance	Grant	Maintenance	Section 8	Act	Civic League	Housing	Landscaping	Funds
\$ -	-	-	-	-	-	-	-	326,866	326,866
172,972	156,752	15,000	86,446	1,233,453	29,501	-	-	767	2,969,806
5,591	836	198	242	67	-	-	14,348	4,260	35,776
-	-	-	-	-	-	-	-	-	370
<u>178,563</u>	<u>157,588</u>	<u>15,198</u>	<u>86,688</u>	<u>1,233,520</u>	<u>29,501</u>	<u>-</u>	<u>14,348</u>	<u>331,893</u>	<u>3,332,818</u>
-	-	-	-	-	-	-	-	-	100,000
-	-	-	-	-	-	-	-	297,444	297,444
-	-	12,112	-	-	-	-	-	-	1,202,626
-	-	-	-	-	-	-	-	-	116,488
-	-	-	-	1,463,792	-	-	1,641,677	-	3,120,344
-	-	-	-	-	-	-	-	-	68,109
<u>-</u>	<u>-</u>	<u>12,112</u>	<u>-</u>	<u>1,463,792</u>	<u>-</u>	<u>-</u>	<u>1,641,677</u>	<u>297,444</u>	<u>4,905,011</u>
<u>178,563</u>	<u>157,588</u>	<u>3,086</u>	<u>86,688</u>	<u>(230,272)</u>	<u>29,501</u>	<u>-</u>	<u>(1,627,329)</u>	<u>34,449</u>	<u>(1,572,193)</u>
-	-	-	-	189,097	-	-	-	-	189,097
(159,015)	(150,000)	-	(84,333)	-	(17,000)	-	-	(200,000)	(612,782)
<u>(159,015)</u>	<u>(150,000)</u>	<u>-</u>	<u>(84,333)</u>	<u>189,097</u>	<u>(17,000)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>(423,685)</u>
19,548	7,588	3,086	2,355	(41,175)	12,501	-	(1,627,329)	(165,551)	(1,995,878)
<u>367,234</u>	<u>-</u>	<u>15,138</u>	<u>-</u>	<u>67,854</u>	<u>(29,501)</u>	<u>9,535</u>	<u>3,700,876</u>	<u>364,073</u>	<u>5,358,632</u>
<u>\$ 386,782</u>	<u>7,588</u>	<u>18,224</u>	<u>2,355</u>	<u>26,679</u>	<u>(17,000)</u>	<u>9,535</u>	<u>2,073,547</u>	<u>198,522</u>	<u>3,362,754</u>

**CITY OF HAWAIIAN GARDENS**

**State Gas Tax Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental	\$ 349,004	312,246	(36,758)
Investment income	<u>          -</u>	<u>          325</u>	<u>          325</u>
Total revenues	<u>          349,004</u>	<u>          312,571</u>	<u>          (36,433)</u>
Expenditures:			
Current:			
Highway and streets	<u>          357,575</u>	<u>          278,505</u>	<u>          79,070</u>
Total expenditures	<u>          357,575</u>	<u>          278,505</u>	<u>          79,070</u>
Net change in fund balances	(8,571)	34,066	42,637
Fund balance, beginning of year	<u>          38,998</u>	<u>          38,998</u>	<u>          -</u>
Fund balance, end of year	<u><u>          30,427</u></u>	<u><u>          73,064</u></u>	<u><u>          42,637</u></u>

**CITY OF HAWAIIAN GARDENS**

**Proposition A Local Transit Assistance Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
<b>Revenues:</b>			
Intergovernmental	\$ 456,911	458,419	1,508
Investment income	25	6,899	6,874
Other revenues	<u>1,000</u>	<u>370</u>	<u>(630)</u>
 Total revenues	 <u>457,936</u>	 <u>465,688</u>	 <u>7,752</u>
 <b>Expenditures:</b>			
Current:			
Highway and streets	644,027	671,065	(27,038)
Capital outlay	<u>-</u>	<u>35,017</u>	<u>(35,017)</u>
 Total expenditures	 <u>644,027</u>	 <u>706,082</u>	 <u>(62,055)</u>
 Net change in fund balances	 (186,091)	 (240,394)	 (54,303)
 Fund balance, beginning of year	 <u>626,281</u>	 <u>626,281</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 440,190</u>	 <u>385,887</u>	 <u>(54,303)</u>

**CITY OF HAWAIIAN GARDENS**

**Air Quality Management District Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 18,500	18,719	219
Investment income	<u>500</u>	<u>1,798</u>	<u>1,298</u>
Total revenues	<u>19,000</u>	<u>20,517</u>	<u>1,517</u>
Expenditures:			
Current:			
Health and welfare	33,000	6,500	26,500
Capital outlay	<u>35,000</u>	<u>32,142</u>	<u>2,858</u>
Total expenditures	<u>68,000</u>	<u>38,642</u>	<u>29,358</u>
Net change in fund balances	(49,000)	(18,125)	30,875
Fund balance, beginning of year	<u>155,432</u>	<u>155,432</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 106,432</u></u>	<u><u>137,307</u></u>	<u><u>30,875</u></u>

**CITY OF HAWAIIAN GARDENS**

**Proposition C Local Transit Assistance Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 229,691	229,627	(64)
Investment income	<u>-</u>	<u>163</u>	<u>163</u>
Total revenues	<u>229,691</u>	<u>229,790</u>	<u>99</u>
Expenditures:			
Current:			
Highway and streets	207,288	240,944	(33,656)
Capital outlay	<u>-</u>	<u>950</u>	<u>(950)</u>
Total expenditures	<u>207,288</u>	<u>241,894</u>	<u>(34,606)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,403</u>	<u>(12,104)</u>	<u>(34,507)</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(2,434)</u>	<u>(2,434)</u>
Total other financing sources (uses)	<u>-</u>	<u>(2,434)</u>	<u>(2,434)</u>
Net change in fund balances	22,403	(14,538)	(36,941)
Fund balance, beginning of year	<u>14,554</u>	<u>14,554</u>	<u>-</u>
Fund balance, end of year	<u>\$ 36,957</u>	<u>16</u>	<u>(36,941)</u>

**CITY OF HAWAIIAN GARDENS**

**Community Oriented Police Services Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental	\$ 100,000	139,416	39,416
Investment income	<u>          -</u>	<u>          1,049</u>	<u>          1,049</u>
Total revenues	<u>          100,000</u>	<u>          140,465</u>	<u>          40,465</u>
Expenditures:			
Current:			
Public safety	<u>          100,000</u>	<u>          100,000</u>	<u>                  -</u>
Total expenditures	<u>          100,000</u>	<u>          100,000</u>	<u>                  -</u>
Net change in fund balances	-	40,465	40,465
Fund balance, beginning of year	<u>          28,158</u>	<u>          28,158</u>	<u>                  -</u>
Fund balance, end of year	<u>          \$ 28,158</u>	<u>          68,623</u>	<u>          40,465</u>

**CITY OF HAWAIIAN GARDENS**

**SELACO WIB Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>        </u>	<u>        </u>	<u>        </u>
Revenues:			
Intergovernmental	\$ 162,160	116,488	(45,672)
Total revenues	<u>162,160</u>	<u>116,488</u>	<u>(45,672)</u>
Expenditures:			
Current:			
Culture and recreation	<u>162,160</u>	<u>116,488</u>	<u>45,672</u>
Total expenditures	<u>162,160</u>	<u>116,488</u>	<u>45,672</u>
Net change in fund balances	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>



**CITY OF HAWAIIAN GARDENS**

**Measure R Local Transit Assistance Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	<u>Budget Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 172,271	172,972	701
Investment income	<u>-</u>	<u>5,591</u>	<u>5,591</u>
 Total revenues	 <u>172,271</u>	 <u>178,563</u>	 <u>6,292</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>172,271</u>	 <u>178,563</u>	 <u>6,292</u>
 Other financing sources (uses):			
Transfers out	<u>(384,215)</u>	<u>(159,015)</u>	<u>225,200</u>
 Total other financing sources (uses)	 <u>(384,215)</u>	 <u>(159,015)</u>	 <u>225,200</u>
 Net change in fund balances	 (211,944)	 19,548	 231,492
 Fund balance, beginning of year	 <u>367,234</u>	 <u>367,234</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 155,290</u>	 <u>386,782</u>	 <u>231,492</u>

**CITY OF HAWAIIAN GARDENS**

**Measure M Local Transit Assistance Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
Revenues:			
Intergovernmental	\$ 175,871	156,752	(19,119)
Investment income	<u>          -</u>	<u>          836</u>	<u>          836</u>
Total revenues	<u>175,871</u>	<u>157,588</u>	<u>(18,283)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>175,871</u>	<u>157,588</u>	<u>(18,283)</u>
Other financing sources (uses):			
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	<u>          -</u>
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>          -</u>
Net change in fund balances	25,871	7,588	(18,283)
Fund balance, beginning of year	<u>          -</u>	<u>          -</u>	<u>          -</u>
Fund balance, end of year	<u>\$ 25,871</u>	<u>7,588</u>	<u>(18,283)</u>

**CITY OF HAWAIIAN GARDENS**

**California Recycle Grant Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental	\$ 5,000	15,000	10,000
Investment income	<u>          -</u>	<u>          198</u>	<u>          198</u>
Total revenues	<u>          5,000</u>	<u>         15,198</u>	<u>         10,198</u>
Expenditures:			
Current:			
Highway and streets	<u>         10,000</u>	<u>         12,112</u>	<u>         (2,112)</u>
Total expenditures	<u>         10,000</u>	<u>         12,112</u>	<u>         (2,112)</u>
Net change in fund balances	(5,000)	3,086	8,086
Fund balance, beginning of year	<u>         15,138</u>	<u>         15,138</u>	<u>                  -</u>
Fund balance, end of year	<u>         \$ 10,138</u>	<u>         18,224</u>	<u>          8,086</u>

**CITY OF HAWAIIAN GARDENS**

**SB1 Road Maintenance Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental	\$ 84,333	86,446	2,113
Investment income	<u>          -</u>	<u>          242</u>	<u>          242</u>
Total revenues	<u>          84,333</u>	<u>          86,688</u>	<u>          2,355</u>
Excess (deficiency) of revenues over (under) expenditures	<u>          84,333</u>	<u>          86,688</u>	<u>          2,355</u>
Other financing sources (uses):			
Transfers out	<u>          (84,333)</u>	<u>          (84,333)</u>	<u>          -</u>
Total other financing sources (uses)	<u>          (84,333)</u>	<u>          (84,333)</u>	<u>          -</u>
Net change in fund balances	-	2,355	2,355
Fund balance, beginning of year	<u>          -</u>	<u>          -</u>	<u>          -</u>
Fund balance, end of year	<u><u>          -</u></u>	<u><u>          2,355</u></u>	<u><u>          2,355</u></u>

**CITY OF HAWAIIAN GARDENS**

**Housing Authority Section 8 Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental	\$ 1,428,650	1,233,453	(195,197)
Investment income	<u>50</u>	<u>67</u>	<u>17</u>
Total revenues	<u>1,428,700</u>	<u>1,233,520</u>	<u>(195,180)</u>
Expenditures:			
Current:			
Health and welfare	<u>1,561,207</u>	<u>1,463,792</u>	<u>97,415</u>
Total expenditures	<u>1,561,207</u>	<u>1,463,792</u>	<u>97,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(132,507)</u>	<u>(230,272)</u>	<u>(97,765)</u>
Other financing sources (uses):			
Transfers in	<u>136,825</u>	<u>189,097</u>	<u>52,272</u>
Total other financing sources (uses)	<u>136,825</u>	<u>189,097</u>	<u>52,272</u>
Net change in fund balances	4,318	(41,175)	(45,493)
Fund balance, beginning of year	<u>67,854</u>	<u>67,854</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 72,172</u></u>	<u><u>26,679</u></u>	<u><u>(45,493)</u></u>

**CITY OF HAWAIIAN GARDENS**

**Transportation Development Act Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	Budget Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 27,500	29,501	2,001
Total revenues	<u>27,500</u>	<u>29,501</u>	<u>2,001</u>
Expenditures:			
Current:			
Highway and streets	<u>27,000</u>	<u>-</u>	<u>27,000</u>
Total expenditures	<u>27,000</u>	<u>-</u>	<u>27,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>500</u>	<u>29,501</u>	<u>29,001</u>
Other financing sources (uses):			
Transfers out	<u>-</u>	<u>(17,000)</u>	<u>(17,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>(17,000)</u>	<u>(17,000)</u>
Net change in fund balances	500	12,501	12,001
Fund (deficit) balance, beginning of year	<u>(29,501)</u>	<u>(29,501)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (29,001)</u></u>	<u><u>(17,000)</u></u>	<u><u>12,001</u></u>

**CITY OF HAWAIIAN GARDENS**  
**PHA Low Mod & Successor Housing Special Revenue Fund**  
**Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2018**

	<u>Budget</u> Final	<u>Actual</u> Amounts	<u>Variance with</u> Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 829,847	-	(829,847)
Investment income	-	14,348	14,348
Total revenues	<u>829,847</u>	<u>14,348</u>	<u>(815,499)</u>
Expenditures:			
Current:			
Health and welfare	<u>1,050,000</u>	<u>1,641,677</u>	<u>(591,677)</u>
Total expenditures	<u>1,050,000</u>	<u>1,641,677</u>	<u>(591,677)</u>
Net change in fund balances	(220,153)	(1,627,329)	(1,407,176)
Fund balance, beginning of year	<u>3,700,876</u>	<u>3,700,876</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,480,723</u>	<u>2,073,547</u>	<u>(1,407,176)</u>

**CITY OF HAWAIIAN GARDENS**

**Lighting and Landscaping Special Revenue Fund**

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

**For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with</u>
	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Positive</u>
			<u>(Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 265,000	326,866	61,866
Intergovernmental	-	767	767
Investment income	<u>1,000</u>	<u>4,260</u>	<u>3,260</u>
 Total revenues	 <u>266,000</u>	 <u>331,893</u>	 <u>65,893</u>
 <b>Expenditures:</b>			
Current:			
Public works	<u>315,287</u>	<u>297,444</u>	<u>17,843</u>
 Total expenditures	 <u>315,287</u>	 <u>297,444</u>	 <u>17,843</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(49,287)</u>	 <u>34,449</u>	 <u>83,736</u>
 <b>Other financing sources (uses):</b>			
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>(200,000)</u>	 <u>(200,000)</u>
 Net change in fund balances	 (49,287)	 (165,551)	 (116,264)
 Fund balance, beginning of year	 <u>364,073</u>	 <u>364,073</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 314,786</u>	 <u>198,522</u>	 <u>(116,264)</u>



# Statistical Section

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

## Contents

### Financial Trends

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

### Revenue Capacity

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

### Debt Capacity

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

### Demographic and Economic Information

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

### Operating Information

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

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

CITY OF HAWAIIAN GARDENS

NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Governmental activities					
Net investment in capital assets	\$ (4,507,696)	\$ (3,524,365)	\$ 36,451,627	\$ 34,476,494	\$ 34,133,568
Restricted	6,937,550	7,835,302	8,897,227	5,067,991	6,101,895
Unrestricted	17,668,250	18,950,754	(21,637,253)	20,937,060	18,066,019
Total net position	<u>\$ 20,098,104</u>	<u>\$ 23,261,691</u>	<u>\$ 23,711,601</u>	<u>\$ 60,481,545</u>	<u>\$ 58,301,482</u>
	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Governmental activities					
Net investment in capital assets	\$ 33,422,352	\$ 32,759,981	\$ 31,386,223	\$ 30,803,411	\$ 34,331,575
Restricted	5,143,343	5,088,435	5,094,844	5,403,357	4,131,805
Unrestricted	19,919,647	18,850,677	21,723,206	23,411,173	13,552,152
Total net position	<u>\$ 58,485,342</u>	<u>\$ 56,699,093</u>	<u>\$ 58,204,273</u>	<u>\$ 59,617,941</u>	<u>\$ 52,015,532</u>

Source: City of Hawaiian Gardens, Finance Department

CITY OF HAWAIIAN GARDENS

CHANGES IN NET POSITION

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
<b>Expenses</b>				
Governmental activities:				
General government	\$ 8,743,259	\$ 10,072,928	\$ 8,775,983	\$ 6,191,160
Public safety	3,575,518	3,552,391	3,443,643	3,398,478
Public works	1,821,252	1,764,726	1,550,686	1,775,077
Highways and streets	2,759,782	1,830,911	1,454,659	1,437,639
Culture and recreation	3,899,959	3,491,850	3,709,136	7,686,306
Urban development	821,009	624,566	3,335,270	658,504
Health and welfare	1,255,981	1,277,996	1,324,531	1,434,204
Interest on long-term debt	2,324,079	2,208,365	2,127,469	1,216,576
Total governmental activities expenses	<u>25,200,839</u>	<u>24,823,733</u>	<u>25,721,377</u>	<u>23,797,944</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	350,998	8,416	3,273	21,797
Public safety	208,209	98,194	1,000	85,249
Public works	889,034	623,352	469,288	519,232
Culture and recreation	120,450	104,572	114,225	187,863
Health and welfare	129,483	195,253	2,145	260
Operating grants and contributions	3,651,069	3,982,760	3,580,784	3,982,145
Capital grants and contributions	529,850	627,892	3,265	321,527
Total governmental activities program revenues	<u>5,879,093</u>	<u>5,640,439</u>	<u>4,173,980</u>	<u>5,118,073</u>
Net (Expense)/Revenue - Governmental Activities	<u>(19,321,746)</u>	<u>(19,183,294)</u>	<u>(21,547,397)</u>	<u>(18,679,871)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	7,195,328	6,405,122	5,966,338	3,793,578
Business license taxes	14,117,458	13,372,929	12,760,534	12,738,887
Sales taxes	705,319	625,572	654,284	723,098
Franchise taxes	181,547	182,528	186,371	197,451
Other taxes	31,514	67,964	124,417	143,522
Motor vehicle in lieu, unrestricted	1,454,009	1,339,490	1,317,884	7,877
Investment income	617,954	288,510	134,720	47,942
Other general revenues	88,010	64,766	409,073	311,548
Total governmental activities	<u>24,391,139</u>	<u>22,346,881</u>	<u>21,553,621</u>	<u>17,963,903</u>
Change in net position before extraordinary gain	5,069,393	3,163,587	6,224	(715,968)
Extraordinary gain (loss) on dissolution of RDA	-	-	-	-
Change in Net Position	<u>\$ 5,069,393</u>	<u>\$ 3,163,587</u>	<u>\$ 6,224</u>	<u>\$ (715,968)</u>

Source: City of Hawaiian Gardens, Finance Department

Fiscal Year					
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 6,815,321	\$ 6,052,505	\$ 6,037,441	\$ 4,599,086	\$ 5,495,258	\$ 5,674,938
3,571,344	3,332,962	3,440,359	3,773,979	4,131,716	4,581,942
2,136,582	2,411,659	2,014,710	3,258,555	3,813,884	4,040,356
1,459,348	1,349,640	1,389,596	1,400,432	1,414,882	1,562,838
3,461,731	3,204,330	3,304,846	3,396,255	3,615,032	4,156,308
629,006	317,298	346,794	344,373	339,106	316,806
1,532,618	1,444,790	1,371,582	1,531,033	1,532,072	3,219,253
-	-	-	-	-	-
<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>	<u>23,552,441</u>
410	29,030	6,745	17,495	34,786	134,512
74,820	87,074	80,378	60,932	121,383	-
913,998	817,364	1,332,288	515,685	508,682	800,115
183,181	237,432	195,820	217,755	242,156	173,052
304	3,125	1,310	1,855	2,046	1,750
3,177,014	3,572,376	3,298,207	3,087,071	3,604,953	3,734,057
-	-	-	-	-	-
<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>4,843,486</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>	<u>(18,708,955)</u>
1,697,928	1,504,630	1,740,562	1,607,190	1,684,931	2,231,585
11,850,275	11,370,160	11,919,789	13,022,716	13,922,319	14,014,719
761,152	772,165	844,475	986,776	967,587	876,530
197,706	208,830	217,063	214,227	173,713	222,146
154,971	164,163	220,103	203,515	196,114	246,811
8,162	6,755	6,525	5,869	33,532	-
59,930	47,365	50,245	90,265	103,652	297,221
725,566	367,279	2,931,149	178,322	159,764	400,141
<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>	<u>18,289,153</u>
199,467	1,074,564	4,939,331	1,905,960	1,413,668	(419,802)
<u>37,867,843</u>	<u>(2,250,125)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ (419,802)</u>

CITY OF HAWAIIAN GARDENS

FUND BALANCES - GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
<b>General Fund</b>				
Nonspendable			\$ -	\$ 3,771,450
Committed			-	-
Unassigned			20,095,731	15,443,364
Total General Fund			<u>20,095,731</u>	<u>19,214,814</u>
<b>All Other Governmental Funds</b>				
Nonspendable			-	-
Restricted:				
Public safety			94,485	17,361
Public works			2,857,483	350,586
Debt service			252,140	-
Highways and streets			335,059	562,423
Low and moderate income housing			7,881,826	2,975,550
Culture and recreation			-	-
Health and welfare			230,947	275,184
Unassigned			<u>(4,480,770)</u>	<u>(12,175)</u>
Total All Other Governmental Funds			<u>7,171,170</u>	<u>4,168,929</u>
Total All Governmental Funds			<u>\$ 27,266,901</u>	<u>\$ 23,383,743</u>
<b>General Fund</b>				
Reserved	\$ 3,960,018	\$ 5,685,769		
Unreserved	<u>12,602,337</u>	<u>15,348,649</u>		
Total General Fund	<u>16,562,355</u>	<u>21,034,418</u>		
<b>All Other Governmental Funds</b>				
Reserved	9,258,799	8,631,506		
Unreserved, reported in:				
Special revenue funds	1,071,053	699,391		
Capital projects funds	<u>(279,391)</u>	<u>(2,496,232)</u>		
Total All Other Governmental Funds	<u>10,050,461</u>	<u>6,834,665</u>		
Total All Governmental Funds	<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					
2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$ 2,721,538	\$ 2,721,538	\$ 2,721,539	\$ 2,721,538	\$ 2,728,038	\$ 2,721,538
14,650,000	15,750,000	15,750,000	15,750,000	19,851,718	17,984,604
1,446,073	2,703,122	6,787,610	9,505,290	6,663,117	6,200,055
<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>	<u>26,906,197</u>
-	-	-	-	6,500	-
33,466	15,515	20,832	-	28,158	68,623
487,094	482,612	363,904	414,213	364,073	198,522
-	-	-	-	-	-
569,728	625,196	801,904	803,495	1,062,205	873,916
3,726,086	3,726,086	3,726,086	3,700,586	3,700,876	2,073,547
-	21,561	16,749	15,988	9,535	9,535
394,817	268,194	152,751	151,069	216,786	163,986
(2,991)	(78,661)	(102,538)	(104,215)	(58,089)	(587,590)
<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>2,800,539</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>	<u>\$ 29,706,736</u>

CITY OF HAWAIIAN GARDENS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
<b>Revenues</b>				
Taxes	\$ 10,500,124	\$ 9,464,075	\$ 7,990,645	\$ 4,932,237
Licenses and permits	14,526,268	13,685,819	13,053,035	13,092,096
Intergovernmental	2,877,183	3,505,975	3,557,418	3,996,356
Foundation contributions	529,850	504,800	-	-
Charges for services	843,071	344,766	261,805	309,501
Fines and penalties	183,713	96,944	110,825	85,477
Rental income	109,186	131,250	127,593	120,877
Investment income	502,948	156,328	134,720	46,374
Other revenue	143,299	83,801	507,906	177,531
Total Revenues	<u>30,215,642</u>	<u>27,973,758</u>	<u>25,743,947</u>	<u>22,760,449</u>
<b>Expenditures</b>				
Current:				
General government	7,723,707	9,016,829	7,081,365	5,319,270
Public safety	3,572,983	3,549,856	3,441,839	3,396,674
Public works	1,306,535	1,557,724	1,532,211	1,552,330
Highways and streets	1,323,897	1,257,060	1,412,771	1,437,639
Culture and recreation	3,525,838	3,173,330	3,426,149	3,635,312
Urban development	820,063	624,566	370,302	631,959
Health and welfare	1,247,533	1,269,548	1,313,431	1,423,104
Capital outlay	4,451,112	1,294,095	3,990,791	4,194,454
Debt Service:				
Principal	2,340,000	2,245,000	1,140,000	1,216,792
Interest	2,777,543	2,729,483	2,637,270	1,051,776
Total Expenditures	<u>29,089,211</u>	<u>26,717,491</u>	<u>26,346,129</u>	<u>23,859,310</u>
Excess of revenues over (under) expenditures	<u>1,126,431</u>	<u>1,256,267</u>	<u>(602,182)</u>	<u>(1,098,861)</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers in	3,092,410	3,216,017	1,980,053	5,394,736
Transfers out	(3,092,410)	(3,216,017)	(1,980,053)	(5,394,736)
Issuance of long-term debt	-	-	-	346,741
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>346,741</u>
Net change in fund balances before extraordinary item	<u>1,126,431</u>	<u>1,256,267</u>	<u>(602,182)</u>	<u>(752,120)</u>
Extraordinary loss on dissolution of RDA	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,126,431</u>	<u>\$ 1,256,267</u>	<u>\$ (602,182)</u>	<u>\$ (752,120)</u>
Debt service as a percentage of noncapital exp.	17.59%	18.62%	15.28%	13.83%

Source: City of Hawaiian Gardens, Finance Department

Fiscal Year						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
\$	2,889,739	\$ 2,685,762	\$ 3,060,064	\$ 3,078,583	\$ 3,120,636	\$ 3,330,503
	12,613,530	11,969,338	13,059,057	13,439,303	14,318,713	14,538,311
	3,450,920	3,553,268	3,432,287	3,197,253	3,670,006	3,111,240
	-	-	-	-	-	-
	259,280	456,760	386,856	292,955	313,170	254,140
	74,810	87,074	80,379	58,709	110,990	127,414
	127,429	104,150	73,688	75,415	80,455	95,101
	47,752	27,643	42,706	77,189	86,879	329,655
	327,481	252,128	1,354,454	841,372	70,033	724,721
	<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>	<u>22,511,085</u>
	5,356,118	4,445,996	5,133,025	5,303,677	5,356,431	5,284,332
	3,569,540	3,331,158	3,439,279	3,772,899	4,130,636	4,416,565
	1,742,331	1,730,904	1,872,922	2,011,794	2,242,723	2,676,143
	1,459,348	1,349,640	1,389,596	1,400,432	1,414,882	1,507,807
	3,186,491	2,933,003	3,033,511	3,122,878	3,339,993	3,717,237
	620,648	317,298	346,794	344,373	339,106	303,617
	1,502,214	1,409,379	1,336,171	1,440,245	1,468,922	3,120,344
	1,364,288	1,321,855	855,426	796,013	1,485,115	5,233,141
	48,519	87,538	79,093	149,341	378,121	26,049
	-	-	-	-	-	-
	<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>	<u>26,285,235</u>
	<u>941,444</u>	<u>2,209,352</u>	<u>4,003,674</u>	<u>2,719,127</u>	<u>1,614,953</u>	<u>(3,774,150)</u>
	1,942,614	620,859	999,404	799,154	1,533,449	4,886,401
	(1,942,614)	(620,859)	(999,404)	(799,154)	(1,533,449)	(4,886,401)
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>941,444</u>	<u>2,209,352</u>	<u>4,003,674</u>	<u>2,719,127</u>	<u>1,614,953</u>	<u>(3,774,150)</u>
	<u>(3,131,038)</u>	<u>(299,376)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ (3,774,150)</u>
	0.29%	0.53%	0.46%	0.82%	1.92%	0.10%



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
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
2018	555,939,386	161,513,468	45,141,740	9,289,729	12,308,819	76,284,147

	Secured Other (Note 2)	Unsecured	SBE Nonunitary	Taxable Assessed Value (Note 1)	Total Direct Rate
2009	3,685,612	22,559,776	30,250	716,623,255	93.020%
2010	3,744,895	22,703,802	30,250	661,793,778	92.373%
2011	3,437,507	23,404,804	30,250	637,326,897	92.038%
2012	3,729,247	21,711,071	30,250	639,480,364	92.074%
2013	3,511,557	20,137,240	30,250	646,896,138	92.612%
2014	3,154,507	20,184,271	30,250	669,049,500	32.190%
2015	3,354,055	21,015,094	30,250	695,571,810	32.199%
2016	4,187,520	19,491,479	30,250	733,331,493	32.202%
2017	4,341,326	20,122,122	30,250	802,987,468	32.195%
2018	4,754,138	25,473,982	30,250	890,735,659	30.120%

Notes:

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

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

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years

	Fiscal Year				
	2008-09	2009-10	2010-11	2011-12	2012-13
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2):					
ABC Unified School District	0.02388	0.02695	0.02920	0.02858	0.02453
Cerritos Community College District	0.00994	0.01854	0.02677	0.01782	0.02594
County Detentions Facility 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Long Beach Community College District	0.02181	0.02392	0.02559	0.02615	0.05095
Long Beach Unified School District	0.03220	0.08663	0.08834	0.09223	0.09394
Metropolitan Water District	0.00430	0.00430	0.00370	0.00370	0.00350
<b>Total Direct &amp; Overlapping Tax Rates</b>	<b>1.09213</b>	<b>1.16034</b>	<b>1.17360</b>	<b>1.16848</b>	<b>1.19886</b>
City's Share of 1% Levy Per Prop 13 (Note 3)	0.05602	0.05602	0.05602	0.05602	0.05602
Redevelopment Rate (Note 4)	1.00430	1.00430	1.00370	1.00370	0.00000
<b>Total Direct Rate (Note 5)</b>	<b>0.93020</b>	<b>0.92373</b>	<b>0.92038</b>	<b>0.92074</b>	<b>0.92612</b>

	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	2017-18
Basic Levy (Note 1)	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates (Note 2):					
ABC Unified School District	0.02894	0.02916	0.03243	0.03132	0.03107
Cerritos Community College District	0.02502	0.04809	0.04829	0.04698	0.04370
County Detentions Facility 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Long Beach Community College District	0.02241	0.04595	0.03825	0.06736	0.06760
Long Beach Unified School District	0.07981	0.08764	0.08324	0.08539	0.14732
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
<b>Total Direct &amp; Overlapping Tax Rates</b>	<b>1.15968</b>	<b>1.21434</b>	<b>1.20571</b>	<b>1.23455</b>	<b>1.29319</b>
City's Share of 1% Levy Per Prop 13 (Note 3)	0.05602	0.05602	0.05602	0.05602	0.05602
Redevelopment Rate (Note 4)	0.00000	0.00000	0.00000	0.00000	0.00000
<b>Total Direct Rate (Note 5)</b>	<b>0.32190</b>	<b>0.32199</b>	<b>0.32202</b>	<b>0.32192</b>	<b>0.30120</b>

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.

CITY OF HAWAIIAN GARDENS  
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	Fiscal Year 2017-2018		Fiscal Year 2008-2009	
	Taxable	Percent of	Taxable	Percent of
Cerritos Gardens General Hospital Company	1 \$ 78,284,206	8.79%	\$ 19,638,393	2.74%
Hawaiian Gardens Lakewood Retail	2 34,173,303	3.84%		
Hawaiian Gardens Housing Partners LP	3 24,741,589	2.78%		
Irving I Moskowitz Foundation	4 19,871,679	2.23%	11,446,733	1.60%
Extra Space Properties Ninety Four LP	5 15,403,111	1.73%		
Hawaiian Gardens Card Club	6 11,645,494	1.31%	6,881,973	0.96%
NSA-C Holdings LLC	7 11,277,193	1.27%		
DV Properties	8 11,070,370	1.24%	8,345,477	1.16%
Stanton H. Wong Trust	9 10,834,783	1.22%		
Hawaiian Gardens Square	10 10,624,819	1.18%	9,387,787	1.31%
Whelan Investments Inc.			8,588,412	1.20%
ESS Prisa III Owner LLC			15,291,930	2.13%
Urdang and Cadence Hawaiian Gardens LLC			14,294,467	1.99%
Colton Hawaiian Gardens LLC			12,530,000	1.75%
Park City Main Street Mall LLC			9,573,276	1.34%
	<u>\$ 227,926,547</u>	<u>25.59%</u>	<u>\$ 115,978,448</u>	<u>16.18%</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
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%
2018	136,911	126,549	92.43%

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
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%
2018	13,435,026	12,320,635	91.71%	1,114,389	13,435,024	100.00%

Notes:

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

CITY OF HAWAIIAN GARDENS

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

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities - General Bonded Debt			Percent of Assessed Value (2)	Percent of Personal Income (1)	Debt Per Capita (1)
	Tax Allocation Bonds	Certificates of Participation	Total			
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%	-
2018	(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, 2018

Overlapping Debt (Note 1):	Debt Outstanding	Percent Applicable To City	Estimated City's Share of Overlapping Debt 6/30/2018
Metropolitan Water District	\$ 29,354,442	0.004%	\$ 1,294
Cerritos CCD DS 2004 Serices 2009C	2,560,000	1.967%	50,365
Cerritos CCD DS 2004 Serices 2012D	81,210,988	1.967%	1,597,730
Cerritos CCD DS 2012 Series 2014A	73,900,000	1.967%	1,453,895
Cerritos CCD DS 2014 Refuncing Bonds Series A	77,845,000	1.967%	1,531,508
Cerritos CCD DS 2014 Refuncing Bonds Series B	13,840	1.967%	272,286
Cerritos CCD DS 2012 Series 2018B	75,000,000	1.967%	1,475,536
ABC Unified School District 2003 Refunding Bond Series A	27,916,913	6.006%	1,676,807
ABC Unified School District 2010 Refunding Bonds	7,675,000	6.006%	460,993
Total Overlapping Debt			8,520,414
City of Hawaiian Gardens Direct Debt at 6/30/17	(2)	100.000%	(2)
Total Net Direct and Overlapping Governmental Debt			\$ 8,520,414
2017-2018 Assessed Valuation	\$ 50,518,350		
Ratios to 2016/17 Assessed Valuation:			
Direct Debt		0.0000%	
Overlapping Debt		16.8660%	
Total Debt (Direct & Overlapping)		16.8660%	

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.

CITY OF HAWAIIAN GARDENS

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

Legal Debt Margin Calculation for the Current Year:

Assessed value	\$ 890,735,659
Debt limit (15% of assessed value)	133,610,349
Debt applicable to limit (see Note)	-
Legal debt margin - Current Year	<u>\$ 133,610,349</u>

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Debt as Percentage of Limit
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%
2017-18	133,610,349	-	133,610,349	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>
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%
2017	14,753	195,870	13,276	5.6%

Source: The HdL Companies

CITY OF HAWAIIAN GARDENS

Principal Employers

Current Year and Nine Years Ago

Business Name	2017-18		2008-09
	Number of Employees	Percent of Total Employment (%)	Number of Employees
Hawaiian Gardens Casino	1,910	31.83%	1,000
ABC Unified School District	97	1.62%	40
City of Hawaiian Gardens	84	1.40%	81
Food 4 Less	60	1.00%	
Richmond Plastering Inc.	51	0.85%	50
Mc Donald's	50	0.83%	
Patchman Inc	45	0.75%	45
99 Cents Only Stores	29	0.48%	
Howard Contracting Inc.	20	0.33%	50
Consolidated Color Corp	20	0.33%	
Tri-City Medical Center			350
Total Building Care, Inc.			70
Cypress Gardens Villas			70
Outdoor Living Products, Inc			40
Total Top Employers	2,366	39.43%	1,686
Total City Employment (1)	6,000		

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Source: Avenu Insights & Analytics

2008-09 previously published CAFR.

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

Note: Tri-City Medical Center closed Permanently.

CITY OF HAWAIIAN GARDENS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	16	16	11	11	11	11	12	12	14	14
Public Safety	6	6	7	3	3	3	3	3	7	7
Public Works	8	8	8	8	8	8	8	8	8	8
Culture and Recreation	36	36	40	42	42	42	32	31	36	36
Highways and Streets	6	6	6	6	6	6	6	6	5	6
Urban Development	9	9	8	8	8	8	9	9	9	13
	<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>	<u>84</u>

Note 1: Based upon the number of full-time equivalent (FTE) positions and includes 6 FTE contracted positions in Urban Development.

CITY OF HAWAIIAN GARDENS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
<b>Police:</b>					
Physical arrests	584	706	542	596	491
Parking violations	2,647	1,918	1,783	2,151	1,820
Traffic violations	1,791	2,304	1,824	1,672	1,195
<b>Highways and Streets:</b>					
Street resurfacing (miles)	1	1	-	1.00	1.00
Potholes repaired	86	72	62	2	-
<b>Human Services:</b>					
<b>Senior Center Programs:</b>					
Classes and activities	193	190	200	132	144
Number of Participants	38,107	36,000	36,500	53,640	53,984
Excursions	34	38	30	24	32
Number of Participants	1,375	1,500	1,000	960	1,270
Special events	20	19	19	19	22
Number of Participants	3,022	3,200	4,000	12,757	2,707
<b>Transportation:</b>					
Number of passengers	31,004	16,390	20,000	21,886	21,886
Mileage	76,289	63,320	68,000	62,504	62,504
<b>Recreation:</b>					
Classes and activities	186	201	211	263	279
Number of participants	80,434	85,000	87,000	180,539	198,330
Special events	22	24	28	26	28
Number of participants	14,699	27,000	29,000	19,870	20,280
Number of facility rentals	21	19	22	20	21

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

Source: City of Hawaiian Gardens - Various Departments

CITY OF HAWAIIAN GARDENS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Vehicles	3	3	3	3	3	4	4	5	5	6
Public Safety:										
Vehicles	3	3	3	1	1	1	1	1	1	3
Public Works:										
Vehicles	23	23	23	20	20	20	20	13	13	10
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	7	7	6	7	7	7	7	8

Source: City of Hawaiian Gardens - Various Departments