



*City of Hawthorne,  
California*

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

*City of Hawthorne,  
California*

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Prepared by the Hawthorne Finance Department

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# *City of Hawthorne*

## **Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2022**

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# Transmittal Letter

January 26, 2023

Honorable Mayor, City Council and Citizens of the City of Hawthorne:

It is a pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Hawthorne for the fiscal year ended June 30, 2022. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards by an independent auditing firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City of Hawthorne for the fiscal year ended June 30, 2022.

While traditionally addressed to the governing legislative body of the City, this report is also intended to provide relevant financial information to the citizens of the City of Hawthorne, City staff, creditors, investors and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

**Purpose and Management Responsibility** – The report consists of management's representations concerning the finances of the City of Hawthorne. Management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, management of the City of Hawthorne has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Hawthorne's 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 and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Hawthorne.

The City is responsible for the completeness and fairness of the information presented in this report. To provide a basis for making these representations, management of the City has established an internal control system that consist of defined responsibility, authority and procedures.

**Audited Financial Statements** – Rogers, Anderson, Malody & Scott, LLP ("RAMS"), a firm of licensed certified public accountants, has audited the City of Hawthorne's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hawthorne for the fiscal year ended June 30, 2022, are presented fairly in all material respects. After a thorough evaluation of the City's internal controls and all required financial documents, the independent auditors rendered an unmodified ("clean") opinion that the City of Hawthorne's financial statements contained herewith are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

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

### **City of Hawthorne Profile**

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The City of Hawthorne was incorporated in 1922 and encompasses 6 square miles. The City is located in the South Bay region of Los Angeles County. It is 17 miles east of downtown Los Angeles and 5 miles east of Los Angeles International Airport (LAX). Neighboring communities include Gardena, Lawndale, and Redondo Beach.

The City of Hawthorne is a California General Law city that operates under the Council-Manager form of government. The City Council, which consists of five members, is elected at large and each serves a term of four years. The City Council serves as the legislative and policy-making body of the City and as the Successor Agency to the former Hawthorne Redevelopment Agency, enacting all ordinances and operating resolutions, adopting of the annual budget, appointing commissions and committees, and hiring the City Manager. The City Manager serves as chief executive officer and is responsible for implementing the policies, ordinances and directives of the City Council, for overseeing the day-to-day operations of the City, and for appointing, with City Council concurrence, department directors. The City Attorney, Human Resources Director and Chief of Police are also appointed directly by the Council.

In addition, the City Council appoints the members of the following advisory Boards and Commissions:

- |                                   |                              |
|-----------------------------------|------------------------------|
| Public Funds Advisory Committee   | Planning Commission          |
| Recreation & Comm. Svc Commission | Veterans' Affairs Commission |
| Civil Service Commission          | Cannabis Program Committee   |
| Senior Citizens' Commission       | Youth Commission             |

Every two years, two members of the City Council are elected at large by the community to serve four-year terms. Annually the Council meets and elects from its membership, a Mayor Pro Tem to serve a single-year term. The Mayor serves as the presiding officer of the City Council.

**City Services** – The City provides a wide range of services, including police protection, public works, storm drainage, planning and development, park and landscape maintenance, code enforcement, building inspection, and administration. Fire protection and Library services are provided by Los Angeles County. Many recreation programs for all age groups and services for the mature adult population are provided year round. The City provides for trash collection services through a contracted third party.

**Budgetary Policy and Control** – The City operates on an annual budget schedule. The annual budget serves as the foundation for the City of Hawthorne's financial planning and control. The budget development process begins in December. Finance staff updates excel worksheets for each department. Those worksheets are distributed in February. Each department is responsible for developing the operational line items, while Finance staff is responsible for the salary and benefit line items.

The Finance Director, along with the applicable operating departments, provides the City Manager with proposed revenue projections. These revenue estimates are reviewed with the department expenditure budget requests to determine available funding levels for the fiscal year. Supplemental requests, proposing changes to personnel, equipment and services, are subject City Manager review and approval. This process applies to all governmental and enterprise funds.

The City Manager and Finance Director meet with departments to review all operating budgets and supplemental requests. Once this review is completed by City Manager, the proposed budget is presented to the City Council. A public workshop and public hearing are then held by City Council. The City Council adopts a budget recommended by the City Manager prior to June 30.

Any Grants, including but not limited to JAG, OTS, CDBG, HOME, Section 8, Street projects, FAA/Airport Grants, Community Service/Parks/Homeless Grants, etc., that are not completed by the June 30 Fiscal Year End accrual period, require carry over amounts to be posted to the new fiscal year. This carry over amount is processed administratively by the Finance Department after reconciliation of the prior year is completed and reviewed by the department head or designee in charge of the grant administration.

During the fiscal year, the budget can be amended as necessary to meet the City's needs. After adoption, the City Council may modify appropriations at any time with majority approval. Department Heads and their designated representatives may only authorize expenditures based on appropriations approved by City Council action, and only from accounts under their organizational responsibility. Total expenditures within each fund may not exceed the total appropriations by that fund. Interfund transfers require budget amendment by the City Council. Interfund transfers for prior fiscal year closeout are processed administratively by the Finance Department after reconciliation of the prior year is completed.



## Economic Condition and Outlook

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Information presented in the City's financial statements is perhaps best understood when it is considered within the context of our broader economic conditions. Based on the most recent estimates from the Bureau of Economic Analysis, real GDP increased 3.2% at the end of the third quarter of 2022, after showing an decrease of .6% in the second quarter of 2022. Since June 2020, the US Unemployment rates have dropped monthly. In October 2022, the Bureau of Labor Statistics reported the national unemployment rate at 3.70%. It remained the same in November of 2022, compared to 4.2% in November 2021. However, the unemployment rate is still above the pre-pandemic 50-year low of 3.5 percent, in February 2020.

It's easy to forget that the Federal Reserve was holding the federal funds rate at around zero as recently as the first quarter of 2022. With concerns about rising inflation, measured at 7.1% in November 2022, down from 7.7% in October, the Federal Reserve began increasing interest rates in March of 2022. Once the Fed decided it was time to do something about inflation, it moved forcefully and raised the fed funds rate by 3 percentage points in about 6 months. In December, the Federal Reserve increased interest rates for the seventh time in 2022 by a 1/2 point, maintaining its target rates of 4.25% to 4.5%. This is the highest in 15 years, with more increases likely. The Fed indicated that these measures are necessary in order to continue to combat inflation rates reducing the purchasing power of everyday Americans.

### LOCAL ECONOMY

The City of Hawthorne has been fortunate to have a stable and diverse economic base, which has somewhat shielded its economy from downturns in any one specific category. Despite the slowing economy, the City of Hawthorne continued to see an increase in Sales Tax revenue in fiscal year 2021-22. The City's top five revenue sources are Sales Tax, Vehicle License Fees, Property Tax, Business License Tax, and Utility Users Tax. According to the February 2022 Economic Forecast prepared by the Los Angeles County Economic Development Corporation, *"The next two years will likely be characterized by economic recovery, the rate of which remains tied to the pandemic as well as to federal monetary policy decisions. Vaccine and booster efficacy against future potential virus variants will be a principal determinant affecting the impact of the COVID-19 virus on future recovery and therefore on whether the recovery forecasts will materialize. In addition, well thought out and executed monetary policy is essential to avoid negatively affecting the economic recovery process as the Federal Reserve plans to attack inflation in 2022."*

California's unemployment rate decreased to 4.10% in November 2022. This is a decrease of 1.7% from the November 2021 rate of 5.8%. The unemployment rate is expected to be an average of 4.1% - 4.5% over the next 3 years. The Southern California job market hit record employment in October 2022 at 4%. October also marks the first time So. Cal. Jobs exceeded the February 2020 average, the last month before Covid-19.

According to Employment Development Department data the average unemployment rate in Los Angeles County for November 2022, was estimated at 4.6%, a decrease of 1.6% compared to November 2021 of 6.2%.

The City of Hawthorne is comprised of a majority of single-family homes, condominiums and apartments as well as a mixture of retail, office, industrial, and service entities providing a solid tax base for the City. Most businesses are oriented toward serving local residents and visitors. This local business environment and the availability of amenities in the community make Hawthorne a desirable community in which to work and live.

Hawthorne's General Fund revenues for the 2021-2022 fiscal year increased 14.8% compared with the prior fiscal year. Revenues totaled \$98.9 million for the year ended June 30, 2022. The City's major revenue sources are property taxes, sales taxes, and licenses/fees. The City also receives revenue through the State of California, including gasoline taxes, which are apportioned by the State based upon population, and property taxes in-lieu of motor vehicle license fees, which are apportioned similarly to property taxes. Revenue projections for FY 2021-22 were based on conservative estimates to account for modest economic growth.

One of the City's single largest revenues is sales tax. The City has experienced steady growth in sales tax revenues each year since 2012. Despite the economic slowdown, due to the COVID-19 Pandemic, the City continued to see an increase in Sales Tax revenues. General Retail represents 27%, and New Auto sales represent 14% of Hawthorne's sales tax revenues.

On the expense side, total General Fund expenditures increased by 16.2% in fiscal year 2021-2022 from the prior fiscal year. Expenses for the City totaled \$72.4 million for the year ended June 30, 2022. Pressures to the cost of providing these programs and services include, but are not limited to, increased labor costs, inflation, unfunded state and federal mandates (i.e., increasing minimum wages and part time benefits, storm water runoff permit fees etc.) and increasing pension costs.

## **Financial Planning**

Each year the City engages in two comprehensive processes of financial planning and review. The first occurs as part of the City Council/Successor Agency Board's review of the City Manager's proposed budget in June prior to the commencement of the fiscal year beginning July 1. The second is the mid-year review that analyzes the operating results for the first half of the fiscal year. The mid-year review offers analyses of the City's financial position, with particular emphasis on the General Fund. The City has always maintained a fiscally conservative approach and finds itself in a financially stable position. The focal point of both reviews is the City's five-year General Fund revenue and expenditure projection. In this light, financial planning assumes a longer-range perspective.

## **Financial Policies**

On September 10, 2019, City Council approved a minimum Cash Reserve policy to ensure the general fund reserve balance does not fall below three months of average operating expenditures. This amount shall be calculated by dividing the budgeted total operating expenditures for the current fiscal year by 4.

## **Cash Management**

The City manages a pooled investment program for all funds in which temporarily idle cash is invested in a variety of instruments. The investment program is managed in accordance with the Investment Policy approved by the City Council. Safety, liquidity, and yield, in that order, are the objectives of the investment program. Investments are diversified among investment tools that include certificates of deposit, Federal agency securities and the State of California's Local Agency Investment Fund (LAIF).

In 2019, Council approved the addition of a Money Market and Sweep account, both of which are completely liquid and increased investment earning substantially. Also in 2019, Council authorized the investment of \$7 million dollars in General Fund surplus Fund Balance, and in 2020 that amount was increased to \$10 million. Quarterly reports on investment status and activity are presented to the City Council.

## **Risk Management**

In 2006, the City became an originating member of the Independent Cities Risk Management Authority (ICRMA), a joint powers authority of 18 California cities, for the purpose of pooling the City of Hawthorne's risk for general liability and workers' compensation losses with those of other member cities. The City maintains self-insurance programs for worker's compensation and general liability insurance up to a maximum of \$500,000 and \$500,000 per occurrence, respectively. General liability claims that exceed the self-insured retention (SIR) are covered by ICRMA up to a maximum of \$30,000,000 per incident. Worker's compensation claims that exceed the (SIR) are insured by the California Public Entity Insurance Authority up to the California statutory limits for worker's compensation. The City contracts with third party administrators who manages the majority of claims filed against the City.

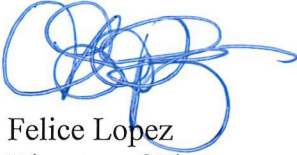
## **Award and Acknowledgments**

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The City's Comprehensive Annual Financial Report was prepared through the combined efforts of City staff. Special recognition is due to the Finance Department, who's continued efforts have met the requirements to be awarded GFOA's Certificate of Achievement for Excellence in Financial Reporting for the 6<sup>th</sup> consecutive year. The department coordinated the closing of the books for the fiscal year, ensuring timely and accurate reporting. We would also like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report.

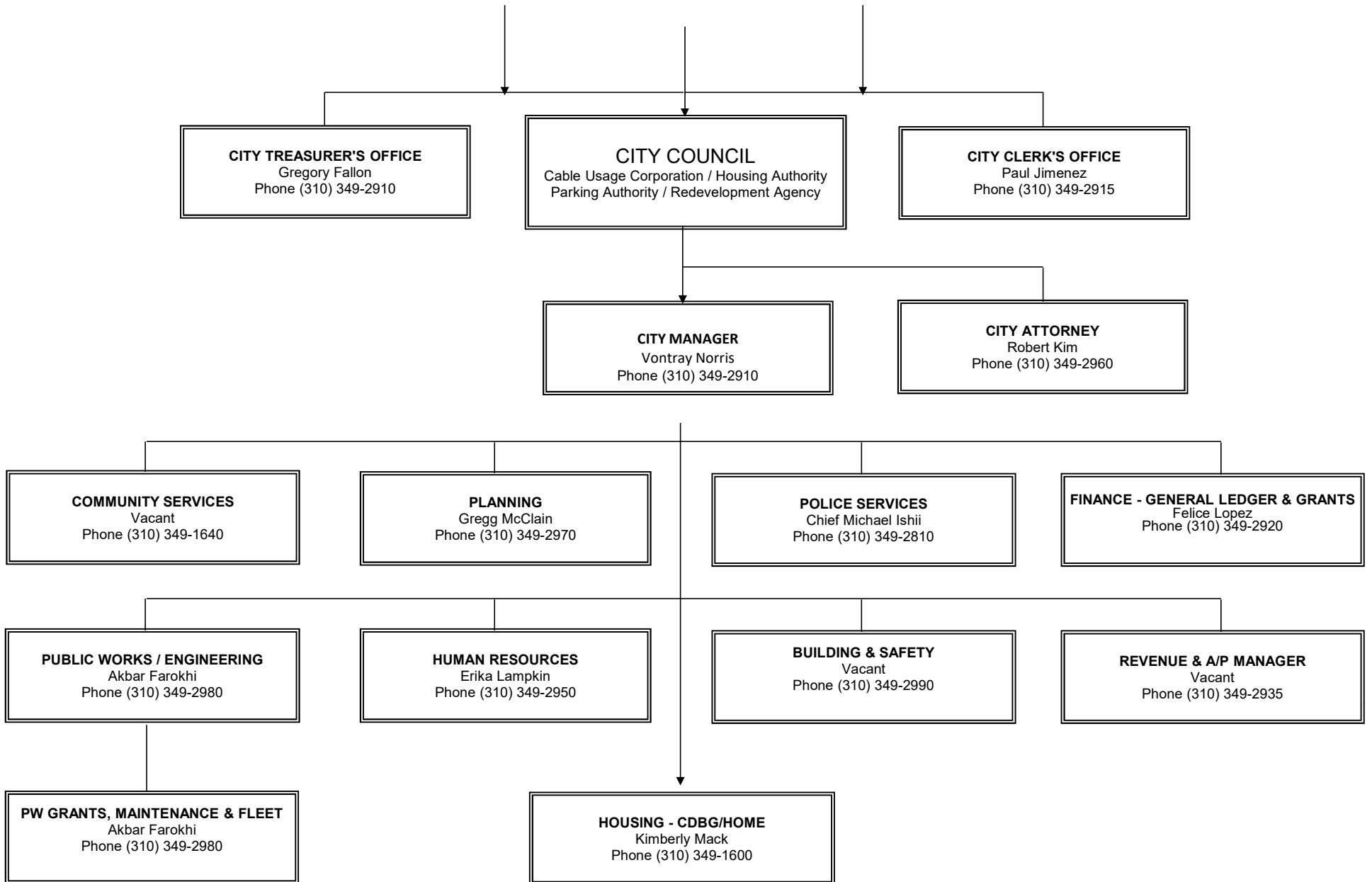
Lastly, a special thank you goes to the Mayor, City Council and City Manager for their support in maintaining the highest standards of professionalism in the management of the City of Hawthorne's finances. Through continued partnership with the community that we serve, the City of Hawthorne will continue to be a leader in effective municipal governance and maintain its high quality of life.

Respectfully submitted,



Felice Lopez  
Director of Finance

# ELECTORATE



**CITY OF HAWTHORNE**  
**LIST OF PRINCIPAL OFFICIALS**  
**(as of June 30, 2022)**

**City Council**

Mayor  
Pro Mayor Tem  
Councilmember  
Councilmember  
Councilmember

Alex Vargas  
Olivia Valentine  
Angie Reyes-English  
Alex Monteiro  
L. David Patterson

**Administration**

City Manager  
City Treasurer  
City Attorney  
City Clerk

Vontray Norris  
Gregory Fallon  
Robert Kim  
Paul Jimenez

**Department Heads**

Chief of Police  
Finance Director  
Revenue & A/P Manager  
Public Works/Engineering Director  
Human Resources Director  
Planning Director  
Building & Safety Director  
Community Services Director  
Housing & CDBG/Home Manager  
Public Works Grants/Maintenance Manager  
Airport Manager

Michael Ishii  
Felice Lopez  
Vacant  
Alan Leung  
Erika Lampkin  
Greg McClain  
Vacant  
Vacant  
Kimberly Mack  
Akbar Farokhi  
Guido Fernandez



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Hawthorne  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO

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ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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## Independent Auditor's report

To the Honorable Mayor and Members of the City Council  
City of Hawthorne, California

### PARTNERS

Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradferd A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST  
Brenda L. Odle, CPA, MST (Partner Emeritus)

### MANAGERS / STAFF

Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
Xinlu Zoe Zhang, CPA, MSA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA

### MEMBERS

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

## Report on the Audit of the Financial Statements

### Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hawthorne (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Responsibilities of Management for the Financial Statements***

The City's 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Other Matters***

As discussed in Note 1 to the financial statements, in the year ended June 30, 2022, the City adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hawthorne’s basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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 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 and the nonmajor fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information Included in the Annual Comprehensive Financial Report***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections of the Annual Comprehensive Financial Report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023 on our consideration of the City of Hawthorne's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hawthorne's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
January 26, 2023

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# *City of Hawthorne*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022**

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As management of the City of Hawthorne, we offer readers of the City of Hawthorne's financial statements this narrative overview and analysis of the financial activities of the City of Hawthorne for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and the accompanying basic financial statements.

### **FINANCIAL HIGHLIGHTS**

- At June 30, 2022, the City's net position (assets plus deferred outflows of resources less liabilities and deferred inflows of resources) was \$44 million. Of this amount, \$(117.6) million is unrestricted.
- The City of Hawthorne total net position increased from the prior fiscal year by \$81,134,797 primarily due to the increase in sales taxes and from the unrealized change in the net pension liability.
- At the close of the current fiscal year, the City of Hawthorne governmental funds reported combined fund balances of \$108,786,289, an increase of \$20,632,171 in comparison with the prior year. Approximately 69% of this amount, \$75,487,939, is unassigned fund balance.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the General Fund was \$78,853,215 or approximately 108.89% of total General Fund expenditures.

### **OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)**

The City is required to present its financial statement in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB) pronouncements. The discussion and analysis provided here is intended to serve as an introduction to the City of Hawthorne basic financial statements. The City of Hawthorne basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

# City of Hawthorne

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

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### **Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Hawthorne finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City of Hawthorne assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 of Hawthorne is improving or declining.

The *statement of activities* presents information showing how the City of Hawthorne net position changed during the most recent 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 related cash flows. Thus, with the use of the accrual basis of accounting, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Hawthorne that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Hawthorne include general government, community development, public safety, highways, streets, and parks, and culture and recreation. The business-type activities of the City of Hawthorne include the City's Airport, Sewer and Storm Drain, and Storm Water.

The basic financial statements include the City (Primary government) and all legally separate entities (component units) for which the government is financially accountable. The City's component units consist of the following: The Housing Authority of the City of Hawthorne, The Parking Authority of the City of Hawthorne, and the Hawthorne Public Financing Authority. These component units have been included in the basic financial statements as an integral part of the primary government using the blended method.

The government-wide financial statements can be found on pages 20-22 of this report.

### **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 Hawthorne, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Hawthorne can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

# City of Hawthorne

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

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**Governmental Funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a governments near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Hawthorne near-term financing decisions. Both the governmental fund Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The major governmental funds include the General Fund, the Hawthorne Housing Authority Fund, and the American Rescue Plan Act Fund, which are reported in detail in the governmental Fund Financial Statements. All other funds are shown in the aggregate as other non-major funds. Individual fund data for other non-major governmental fund is provided in the form of supplementary information elsewhere in the report.

The basic governmental fund financial statements can be found on pages 23-28 of this report.

**Proprietary Funds** - The City of Hawthorne maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for its Airport, Sewer and Storm Drain, and Storm Water operations. Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Risk Management and Vehicles & Equipment Replacement. Because these services benefit both the governmental and the business-type activities, they have been allocated between governmental and business-type activities in the Government-wide Financial Statements.

Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The enterprise funds and internal service funds are each combined into a single aggregated presentation by fund type in the proprietary fund financial statements. Individual fund data for the enterprise funds and internal service funds is provided in the form of supplementary information elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 29-31 of this report.



**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

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**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Trust funds use the flow of economic resources measurement focus and the accrual basis of accounting. The Custodial Fund also uses the accrual basis of accounting and are custodial in nature. The fiduciary funds also include the Successor Agency to the Dissolved Hawthorne Redevelopment Agency in addition to agency funds. The Successor Agency is presented as a Private Purpose Trust Fund in this report.

The fiduciary fund financial statements can be found on pages 32-33 of this report.

**Notes to Basic Financial Statements** - The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 34-99 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary comparison schedules, the City's proportionate share of the net pension liability and the related schedule of contributions, and schedule of changes in the Net OPEB Liability and related ratios.

Required supplementary information can be found on 100-111 of this report.

**GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS**

The government-wide financial statements provide information about the City's overall financial picture from the perspective of all the City's governmental and business-type funds combined together. This form of financial reporting is intended to provide a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities. The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

**Statement of Net Position** – Net position may serve over time as a useful indicator of a government's financial condition. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$54.1 million at June 30, 2022. Approximately \$128.4 million of the City's net position reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# City of Hawthorne

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

A portion of the City's net position, \$33.2 million represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit in *unrestricted net position* of, \$(107.5) million, is for unrestricted uses in accordance with finance-related legal requirements. This deficit reflects liabilities which exceeds assets on hand and is related mainly due to pension and OPEB liabilities, and long-term liabilities for funding the unfunded pension obligation.

At the end of the 2022 fiscal year, the City is able to report positive balances in all categories of net position for the government as a whole except for unrestricted net position.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 200,975,821	\$ 101,756,821	\$ 24,638,850	\$ 5,183,967	\$ 225,614,671	\$ 106,940,788
Capital assets, net	133,965,587	132,946,718	11,008,202	8,638,581	144,973,789	141,585,299
Total assets	334,941,408	234,703,539	35,647,052	13,822,548	370,588,460	248,526,087
Deferred outflows of resources	86,827,037	81,640,808	100,180	153,228	86,927,217	81,794,036
Non-current liabilities	276,481,368	300,457,170	86,182	143,070	276,567,550	300,600,240
Other liabilities	24,113,461	11,094,991	960,367	149,925	25,073,828	11,244,916
Total Liabilities	300,594,829	311,552,161	1,046,549	292,995	301,641,378	311,845,156
Deferred inflows of resources	93,069,954	55,537,247	18,739,070	7,242	111,809,024	55,544,489
Net position						
Net investment in capital assets	117,437,597	115,055,399	11,008,202	8,638,581	128,445,799	123,693,980
Restricted	33,234,687	30,843,595	-	-	33,234,687	30,843,595
Unrestricted	(122,568,622)	(196,644,055)	4,953,411	5,036,958	(117,615,211)	(191,607,097)
Total net position	\$ 28,103,662	\$ (50,745,061)	\$ 15,961,613	\$ 13,675,539	\$ 44,065,275	\$ (37,069,522)

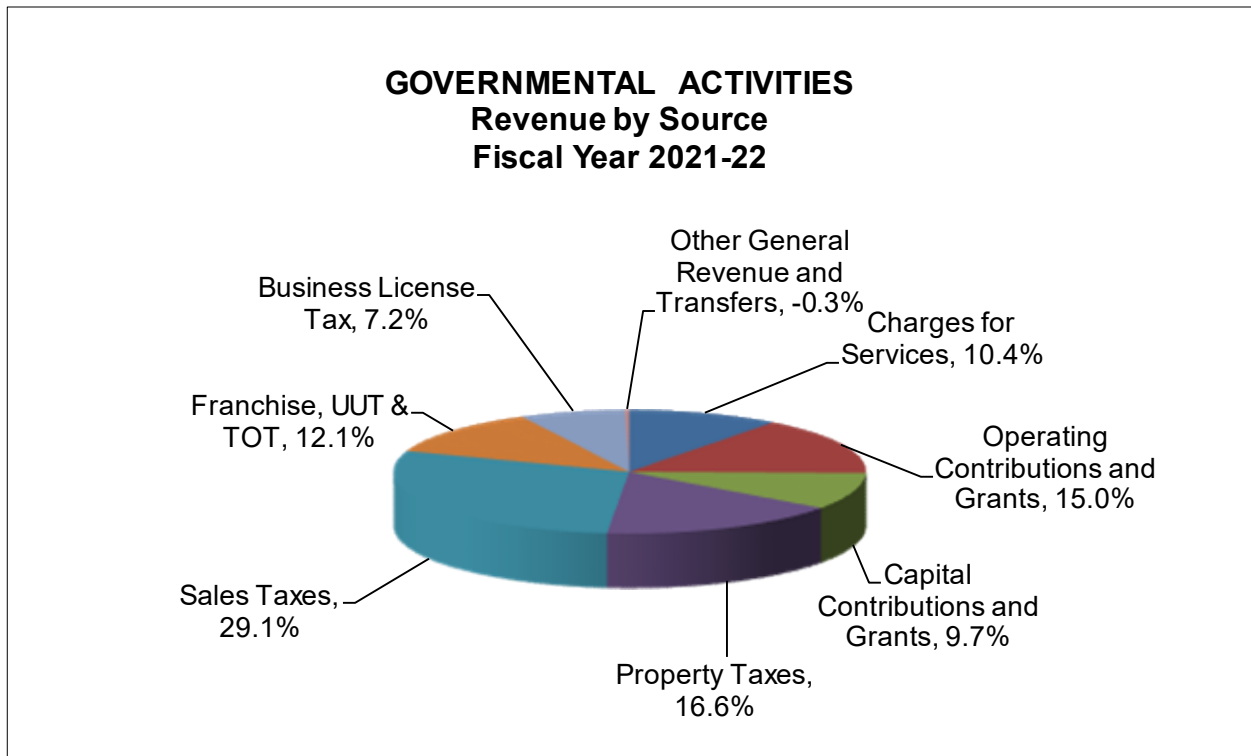
**Governmental Activities.** The City's net position from governmental activities totaled \$28.1 million. The cost of all governmental activities this year was \$52.7 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$68.6 million because some of the cost was paid by those who directly benefited from the programs (\$13.6 million), or by other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$32.5 million). Overall, the City's governmental program revenues were \$46.2 million. The City paid for the remaining "public benefit" portion of governmental activities with \$19.45 million in taxes (some of which could only be used for certain programs) and with \$(0.4) million of other revenues, such as interest earnings and general entitlements.

The most significant governmental expense for the City was in providing for Community development, which incurred expenses of \$14.1 million.

*City of Hawthorne*

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

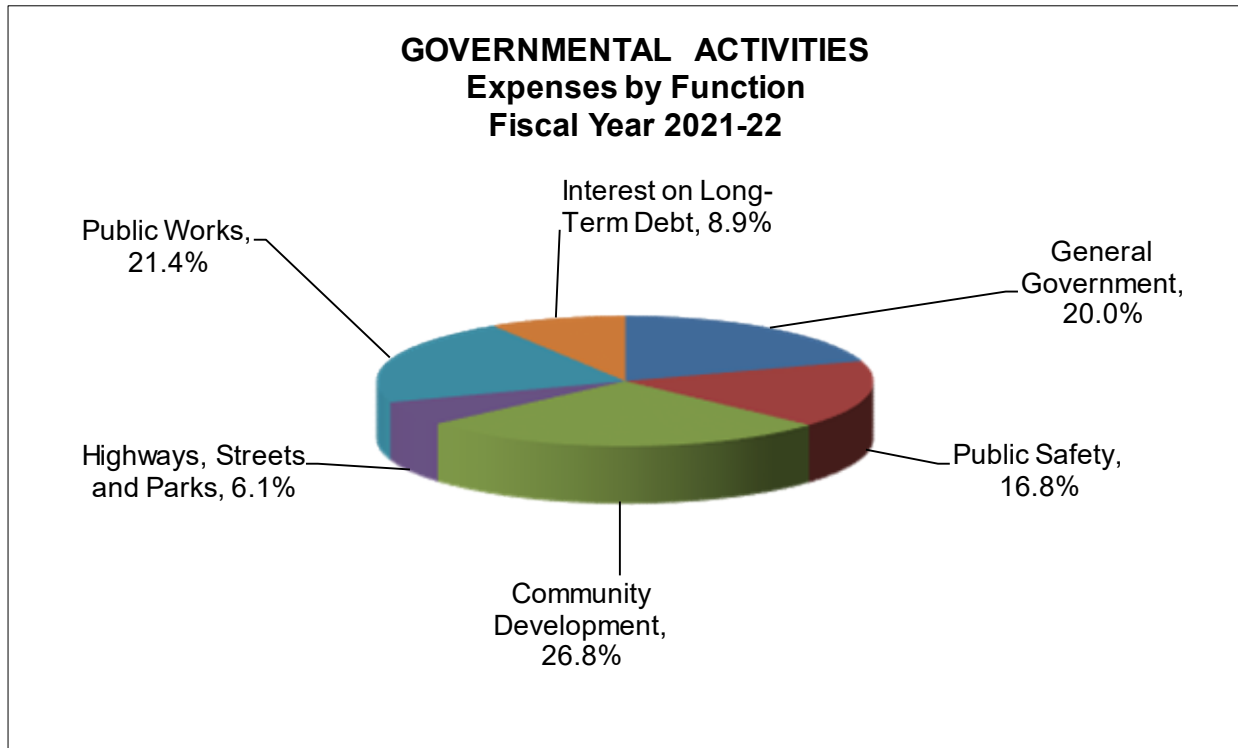
<b>Revenue Source</b>	<b>2022</b>	<b>Percent of Total</b>	<b>Increase (Decrease) From 2021</b>	<b>Percent Increase (Decrease)</b>
Charges for services	\$ 13,669,916	10.4%	\$ 1,992,888	14.6%
Operating contributions and grants	19,767,825	15.0%	1,671,142	8.5%
Capital contributions and grants	12,796,774	9.7%	1,870,257	14.6%
Property taxes	21,799,982	16.6%	1,006,065	4.6%
Sales taxes	38,271,401	29.1%	6,087,304	15.9%
Transient occupancy taxes	6,071,367	4.5%	1,884,935	31.0%
Franchise taxes	2,536,844	1.9%	258,932	10.2%
Business License taxes	9,456,866	7.2%	3,163,299	33.4%
Utility Users tax	7,459,343	5.7%	621,491	8.3%
Other	(417,178)	-0.3%	(1,226,622)	294.0%
<b>Total revenue</b>	<b>\$ 131,413,140</b>	<b>100%</b>	<b>\$ 17,329,691</b>	<b>13.2%</b>



*City of Hawthorne*

**Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

Function	2022	Percent of Total	Increase (Decrease)	Percent Increase (Decrease)
			From 2021	
General government	\$ 10,495,723	20.0%	\$ (2,580,412)	-24.6%
Public safety	8,867,389	16.8%	(55,554,867)	-626.5%
Community development	14,158,033	26.8%	(1,976,200)	-14.0%
Parks and recreation	3,234,730	6.1%	(354,158)	-10.9%
Public works	11,318,323	21.4%	83,590	0.7%
Interest on long-term debt	4,699,446	8.9%	(182,601)	-3.9%
<b>Total expenses</b>	<b>\$ 52,773,644</b>	<b>100%</b>	<b>\$ (60,564,648)</b>	<b>-114.8%</b>



**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

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**Business-type Activities.** Revenues of the City's business-type activities were \$3.9 million for the fiscal year ending June 30, 2022. Expenses for the City's business-type activities were \$1.4 million and transfers out of \$0.2 million for the year, resulting in a net increase in net position of \$2.2 million. The net revenues are the result of several factors, including the following:

The City's Airport recorded total revenue of \$2.4 million. Expenses for the City's Airport were \$0.8 million, resulting in a decrease in net position before transfers of \$1.6 million. The most significant expenses of the Airport are \$0.3 million for administration and general, \$0.1 million for contractual services and \$0.3 million in depreciation.

The City's Sewer Maintenance services recorded charges for service of \$1.4 million, while expenses totaled \$0.6 million, resulting in an increase in net position before transfers of \$0.8 million. The most significant expenses of the Sewer Fund are \$0.3 million for administration.

The City's Storm Water services recorded charges for services of \$37 thousand. No expenses were incurred, resulting in an increase in net position of \$37 thousand.

The increase in net position from business-type activities was primarily due to a decrease in contractual services expense.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

**STATEMENT OF ACTIVITIES**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 13,669,916	\$ 11,677,028	\$ 2,340,274	\$ 2,341,973	\$ 16,010,190	\$ 14,019,001
Operating contributions and grants	19,767,825	18,096,683	1,143,678	81,008	20,911,503	18,177,691
Capital contributions and grants	12,796,774	10,926,517	-	-	12,796,774	10,926,517
General revenues:						
Property taxes	21,799,982	20,793,917	-	-	21,799,982	20,793,917
Sales taxes	38,271,401	32,184,097	-	-	38,271,401	32,184,097
Transient occupancy taxes	6,071,367	4,186,432	-	-	6,071,367	4,186,432
Franchise taxes	2,536,844	2,277,912	-	-	2,536,844	2,277,912
Business License taxes	9,456,866	6,293,567	-	-	9,456,866	6,293,567
Utility Users tax	7,459,343	6,837,852	-	-	7,459,343	6,837,852
Other	(417,178)	809,444	461,994	15,852	44,816	825,296
<b>Total Revenues</b>	<b>131,413,140</b>	<b>114,083,449</b>	<b>3,945,946</b>	<b>2,438,833</b>	<b>135,359,086</b>	<b>116,522,282</b>
<b>Expenses</b>						
General government	10,495,723	13,076,135	-	-	10,495,723	13,076,135
Public safety	8,867,389	64,422,256	-	-	8,867,389	64,422,256
Community development	14,158,033	16,134,233	-	-	14,158,033	16,134,233
Parks and recreation	3,234,730	3,588,888	-	-	3,234,730	3,588,888
Public works	11,318,323	11,234,733	-	-	11,318,323	11,234,733
Interest on long-term debt	4,699,446	4,882,047	-	-	4,699,446	4,882,047
Airport	-	-	808,620	1,155,254	808,620	1,155,254
Sewer and storm drain	-	-	642,025	706,086	642,025	706,086
<b>Total Expenses</b>	<b>52,773,644</b>	<b>113,338,292</b>	<b>1,450,645</b>	<b>1,861,340</b>	<b>54,224,289</b>	<b>115,199,632</b>
Increase in Net Position Before Transfers	78,639,496	745,157	2,495,301	577,493	81,134,797	1,322,650
Transfers in/(out)	209,227	211,167	(209,227)	(211,167)	-	-
Change in Net Position	78,848,723	956,324	2,286,074	366,326	81,134,797	1,322,650
Net Position, Beginning	(50,745,061)	(51,701,385)	13,675,539	13,309,213	(37,069,522)	(38,392,172)
Net Position, Ending	\$ 28,103,662	\$ (50,745,061)	\$ 15,961,613	\$ 13,675,539	\$ 44,065,275	\$ (37,069,522)

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

As noted earlier, the City of Hawthorne uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.**

The focus of the City of Hawthorne's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Hawthorne 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.

# *City of Hawthorne*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022**

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In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Hawthorne itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Hawthorne's Council.

At June 30, 2022, the City of Hawthorne governmental funds reported combined fund balances of \$108.7 million, an increase of \$20.6 million in comparison with the prior year. Approximately 69% of this amount (\$75.4 million) constitutes unassigned fund balance. The remainder of the fund balance is either nonspendable or restricted.

### **Major Funds**

The **General Fund** is the chief operating fund of the City of Hawthorne. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$78.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 122.65% of the total General Fund expenditures, while total fund balance represents approximately 108.89% of that same amount.

The fund balance of the City of Hawthorne General Fund increased by \$19 million during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due primarily to the increase in sales taxes.

The **Hawthorne Housing Authority Special Revenue Fund** is used to account for the housing assistance programs for the qualified low-income residents. This fund ended the year with a fund balance of \$439 thousand, a decrease of \$84 thousand from the fiscal year 2021. The decrease was mainly due to a decrease in the operating grant received from the Section 8 voucher program.

The **American Rescue Plan Act** is used to provide relief to the City for the negative impacts caused from the COVID-19 Pandemic.

# *City of Hawthorne*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022**

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### ***Proprietary Funds***

The City of Hawthorne proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Airport Fund accounts for the operation of the City's airport, which is operated in a manner similar to a private airport. At the end of the year, the net position amounted to \$9.1 million. The total change in net position for the Airport Fund was positive \$1.5 million. The change was mainly due to the unrealized change in the net pension liability.

Sewer and Storm Drain Fund accounts for the operation of the City's sewer services. At the end of the year, the net position amounted to \$6.5 million. The total change in net position for the Sewer and Storm Drain Fund was \$702 thousand. The change was mainly due to the unrealized change in the net pension liability.

Storm Water Fund accounts for the operation of the City's storm water services. At the end of the year, the net position amounted to \$264 thousand. The total change in net position for the Storm Water Fund was \$37 thousand. The change was due to the increased storm water inspection fees.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, the City's adopted General Fund revenue and expenditure budgets were amended. The operating expenditure budget was increased by \$3.7 million due to the implementation of COVID-19 and the Community related programs and services, for a total amended expenditure budget of \$75 million for Fiscal Year 2021-2022. These amendments to original budgeted appropriations were authorized by City Council during the mid-year review. Other minor amendments to reallocate appropriations among departments took place. The movement of the appropriations between departments was not significant and did not increase the overall operating budget.

The General Fund revenues exceeded budgeted revenues by approximately \$7 million in Fiscal Year 2021-2022. The excess revenue was primarily due to an increase in tax and special assessments revenues.

The General Fund expenditures came in slightly lower than the amended budget by approximately \$2.9 million. The lower than anticipated expenditure amounts were in part due to a decrease in expenditures in the Parks and recreation department of \$1.0 million, in the Administrative services department of \$898 thousand, and Public works department of \$699 thousand. The following departments had expenditures over budget: Mayor and City Council - \$490 thousand, Police - \$529 thousand, and Capital outlay - \$332 thousand.

The overall General Fund Budget for Fiscal Year 2021-2022 was approximately \$19.8 million more favorably than projected due to the additional revenues, as noted above.



## City of Hawthorne

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>
Taxes	\$ 70,369,000	\$ 88,866,674	\$ 18,497,674
Licenses and permits	2,508,400	1,553,744	(954,656)
Intergovernmental	1,274,660	1,269,922	(4,738)
Charges for services	2,833,198	3,021,149	187,951
Fines and forfeitures	2,600,000	3,268,876	668,876
Use of money and property	250,000	(1,243,570)	(1,493,570)
Contributions	350,000	350,000	-
Miscellaneous	1,810,000	1,849,783	39,783
	<u>\$ 81,995,258</u>	<u>\$ 98,936,578</u>	<u>\$ 16,941,320</u>

	<u>Appropriated Expenditures</u>	<u>Actual Expenditures</u>	<u>Difference</u>
General government	\$ 12,713,312	\$ 11,453,845	\$ 1,259,467
Public safety	52,720,708	53,249,352	(528,644)
Community development	2,975,993	2,191,278	784,715
Parks and recreation	4,718,709	3,704,975	1,013,734
Public works	2,163,803	1,463,847	699,956
Capital outlay	22,626	354,526	(331,900)
	<u>\$ 75,315,151</u>	<u>\$ 72,417,823</u>	<u>\$ 2,897,328</u>

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** Capital assets including infrastructure of the City are those assets that are used in the performance of the City's functions. At June 30, 2022, net capital assets totaled \$133.9 million for governmental activities and \$11 million for business-type activities, net of accumulated depreciation on capital assets, which is recognized in the Government-wide Financial Statements.

# City of Hawthorne

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

This investment in capital includes land, building, improvements other than buildings, infrastructure (Prairie Ave Project, Holly & Ramona Park Improvement, Street Inlet Improvement, Taxiway Rehab and Sewer Construction etc.) and machinery and equipment (Police vehicle replacement, etc.). The total increase in the City's investment in capital asset for Fiscal Year 2021-2022 was \$3.3 million compared to prior year.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 6,966,028	\$ 6,966,028	\$ 37,314	\$ 37,314	\$ 7,003,342	\$ 7,003,342
Buildings and Improvements	20,307,011	21,781,286	957,105	1,008,500	21,264,116	22,789,786
Furniture and Equipment	3,266,631	3,376,999	-	-	3,266,631	3,376,999
Infrastructure	99,028,117	95,096,812	7,140,419	7,468,007	106,168,536	102,564,819
Investment in Joint Venture (RCC)	3,916,022	4,131,257	-	-	3,916,022	4,131,257
Construction in progress	481,778	1,594,336	2,873,364	124,760	3,355,142	1,719,096
<b>Total</b>	<b>\$ 133,965,587</b>	<b>\$ 132,946,718</b>	<b>\$ 11,008,202</b>	<b>\$ 8,638,581</b>	<b>\$ 144,973,789</b>	<b>\$ 141,585,299</b>

Additional information on the City of Hawthorne's capital assets can be found in Note 4 on pages 54-56 of this report.

**Long-term liabilities.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$140.9 million. The remainder of the City of Hawthorne's long-term obligations comprises lease payable, loan payable, compensated absences, OPEB, pension-related debt, and claims and judgments.

### City of Hawthorne' Outstanding Liabilities

	Governmental Activities		Internal Service Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Long-Term Debt:</b>								
Bond	\$ 139,487,806	\$ 144,926,388	\$ -	\$ -	\$ -	\$ -	\$ 139,487,806	\$ 144,926,388
Lease payable	44,749	109,678	53,091	140,464	-	-	97,840	250,142
Loan payable	1,400,000	1,757,898	-	-	-	-	1,400,000	1,757,898
<b>Total</b>	<b>\$ 140,932,555</b>	<b>\$ 146,793,964</b>	<b>\$ 53,091</b>	<b>\$ 140,464</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 140,985,646</b>	<b>\$ 146,934,428</b>
<b>Operational Liabilities:</b>								
Compensated absences	\$ 7,740,177	\$ 4,892,486	\$ 86,397	\$ 67,596	\$ 86,182	\$ 69,725	\$ 7,912,756	\$ 5,029,807
OPEB	121,828,966	139,733,637	-	-	-	-	121,828,966	139,733,637
Net Pension Liability	-	4,453,777	-	62,862	-	73,345	-	4,589,984
Claims and Judgment payable	-	-	5,840,182	4,312,384	-	-	5,840,182	4,312,384
<b>Total</b>	<b>\$ 129,569,143</b>	<b>\$ 149,079,900</b>	<b>\$ 5,926,579</b>	<b>\$ 4,442,842</b>	<b>\$ 86,182</b>	<b>\$ 143,070</b>	<b>\$ 135,581,904</b>	<b>\$ 153,665,812</b>

The City's total long-term liabilities decreased by \$5.9 million during the current fiscal year, primarily due to the decrease in the OPEB liability in the fiscal year.

Additional information on the City of Hawthorne' long-term liabilities can be found in Note 6, 7, 8, 9, 12, and 13 of this report.

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Real GDP increased 3.2% at the end of the third quarter of 2022, after showing a decrease of .6% in the second quarter of 2022. The City continues to focus on maintaining a conservative outlook, particularly with respect to revenues. In the case of the City of Hawthorne, slow and steady growth is projected at this point. The City's largest General Fund revenue source, Sales Tax, grew by 18.9% (\$6,087,303) in FY 2022 compared to FY 2021.

The City of Hawthorne has been fortunate to have a stable and diverse economic base, which has somewhat shielded its economy from downturns in any one specific category. Despite the slowing economy, the City of Hawthorne continued to see an increase in Sales Tax revenue in fiscal year 2021-22. The City's top five revenue sources are Sales Tax, Vehicle License Fees, Property Tax, Business License Tax, and Utility Users Tax. According to the February 2022 Economic Forecast prepared by the Los Angeles County Economic Development Corporation, "The next two years will likely be characterized by economic recovery, the rate of which remains tied to the pandemic as well as to federal monetary policy decisions. Vaccine and booster efficacy against future potential virus variants will be a principal determinant affecting the impact of the COVID-19 virus on future recovery and therefore on whether the recovery forecasts will materialize. In addition, well thought out and executed monetary policy is essential to avoid negatively affecting the economic recovery process as the Federal Reserve plans to attack inflation in 2022."

California's unemployment rate decreased to 4.10% in November 2022. This is a decrease of 1.7% from the November 2021 rate of 5.8%. The unemployment rate is expected to be an average of 4.1% - 4.5% over the next 3 years. The Southern California job market hit record employment in October 2022 at 4%. October also marks the first time So. Cal. Jobs exceeded the February 2020 average, the last month before Covid-19.

According to Employment Development Department data the average unemployment rate in Los Angeles County for November 2022, was estimated at 4.6%, a decrease of 1.6% compared to November 2021 of 6.2%.

In developing the budget for fiscal year 2021-22, the first priority was to build on City Council's direction to reduce general fund expenditures and seek opportunities for new revenues. In order to continue to retain and attract business, the City must strive to maintain a business friendly approach.

The City of Hawthorne's financial outlook remains positive. The recommended fiscal year 2021-22 budget is balanced and in compliance with the City Council's amended General Fund Reserve Policy and the recently adopted Fiscal Management Policy. The City continues to operate efficiently and effectively, all while continuing to provide outstanding services for the community.

# *City of Hawthorne*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022**

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### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Hawthorne's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 4455 West 126th Street, Hawthorne, California, 90250.

## **BASIC FINANCIAL STATEMENTS**

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# City of Hawthorne

## Statement of Net Position June 30, 2022

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 106,869,368	\$ 4,908,848	\$ 111,778,216
Cash and investments with fiscal agents	14,998,498	-	14,998,498
Receivables:			
Accounts	12,789,723	498,608	13,288,331
Taxes	596,809	-	596,809
Interest	128,999	45,344	174,343
Leases	3,509,956	17,760,027	21,269,983
Due from Successor Agency	328,743	-	328,743
Inventories	83,963	-	83,963
Net pension asset	61,669,762	1,426,023	63,095,785
Capital assets, not being depreciated	7,447,806	2,910,678	10,358,484
Capital assets, net of accumulated depreciation	126,517,781	8,097,524	134,615,305
Total assets	<u>334,941,408</u>	<u>35,647,052</u>	<u>370,588,460</u>
<b>Deferred Outflows of Resources</b>			
Unamortized loss on defeasance of debt	313,905	-	313,905
Pension related	62,826,243	100,180	62,926,423
OPEB related	23,686,889	-	23,686,889
Total deferred outflows of resources	<u>86,827,037</u>	<u>100,180</u>	<u>86,927,217</u>
<b>Liabilities</b>			
Accounts payable	2,206,807	533,978	2,740,785
Accrued liabilities	1,196,980	27,041	1,224,021
Accrued interest	626,851	-	626,851
Unearned revenue	15,007,953	379,084	15,387,037
Deposits payable	5,074,870	20,264	5,095,134
Non-current liabilities:			
Due within one year			
Claims and judgments	1,168,036	-	1,168,036
Compensated absences	1,565,315	17,236	1,582,551
Long-term lease payable	81,876	-	81,876
Long-term debt	6,650,449	-	6,650,449
Due in more than one year			
Claims and judgments	4,672,146	-	4,672,146
Compensated absences	6,261,259	68,946	6,330,205
Long-term lease payable	15,964	-	15,964
Long-term debt	134,237,357	-	134,237,357
Total OPEB liability	121,828,966	-	121,828,966
Total liabilities	<u>300,594,829</u>	<u>1,046,549</u>	<u>301,641,378</u>
<b>Deferred Inflows of Resources</b>			
Pension related	64,759,408	1,138,186	65,897,594
OPEB related	24,783,564	-	24,783,564
Lease related	3,526,982	17,600,884	21,127,866
Total deferred inflows of resources	<u>93,069,954</u>	<u>18,739,070</u>	<u>111,809,024</u>
<b>Net Position (deficit)</b>			
Net investment in capital assets	117,437,597	11,008,202	128,445,799
Restricted for:			
Public safety	1,441,602	-	1,441,602
Community development	7,937,659	-	7,937,659
Parks and recreation	439,384	-	439,384
Public works	16,267,086	-	16,267,086
Capital improvements	4,906,446	-	4,906,446
Debt service	2,242,510	-	2,242,510
Unrestricted	(122,568,622)	4,953,411	(117,615,211)
Total net position (deficit)	<u>\$ 28,103,662</u>	<u>\$ 15,961,613</u>	<u>\$ 44,065,275</u>

The accompanying notes are an integral part of these financial statements.

*City of Hawthorne*

**Statement of Activities  
For the Fiscal Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 10,495,723	\$ 4,405,413	\$ 7,788,457	\$ -
Public safety	8,867,389	5,501,164	1,230,959	-
Community development	14,158,033	1,432,020	6,953,616	9,228,655
Parks and recreation	3,234,730	562,525	-	-
Public works	11,318,323	1,768,794	3,794,793	3,568,119
Interest on long-term debt	4,699,446	-	-	-
<b>Total governmental activities</b>	<b>52,773,644</b>	<b>13,669,916</b>	<b>19,767,825</b>	<b>12,796,774</b>
<b>Business-type activities:</b>				
Airport	808,620	849,531	1,143,678	-
Sewer and storm drain	642,025	1,454,015	-	-
Storm water	-	36,728	-	-
<b>Total business-type activities</b>	<b>1,450,645</b>	<b>2,340,274</b>	<b>1,143,678</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 54,224,289</b>	<b>\$ 16,010,190</b>	<b>\$ 20,911,503</b>	<b>\$ 12,796,774</b>

General revenues:  
 Taxes:  
 Property taxes  
 Sales taxes  
 Transient occupancy taxes  
 Franchise taxes  
 Business license taxes  
 Utility users tax  
 Miscellaneous revenue  
 Use of money and property  
 Transfers in/(out):  
 Total general revenues and transfers  
 Change in Net Position  
 Net Position (Deficit), Beginning  
 Net Position (Deficit), Ending

The accompanying notes are an integral part of these financial statements.



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Net (Expense) Revenue and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
\$ 1,698,147	\$ -	\$ 1,698,147
(2,135,266)	-	(2,135,266)
3,456,258	-	3,456,258
(2,672,205)	-	(2,672,205)
(2,186,617)	-	(2,186,617)
(4,699,446)	-	(4,699,446)
<u>(6,539,129)</u>	<u>-</u>	<u>(6,539,129)</u>
-	1,184,589	1,184,589
-	811,990	811,990
-	36,728	36,728
<u>-</u>	<u>2,033,307</u>	<u>2,033,307</u>
<u>(6,539,129)</u>	<u>2,033,307</u>	<u>(4,505,822)</u>
21,799,982	-	21,799,982
38,271,401	-	38,271,401
6,071,367	-	6,071,367
2,536,844	-	2,536,844
9,456,866	-	9,456,866
7,459,343	-	7,459,343
749,456	461,994	1,211,450
(1,166,634)	-	(1,166,634)
209,227	(209,227)	-
<u>85,387,852</u>	<u>252,767</u>	<u>85,640,619</u>
78,848,723	2,286,074	81,134,797
<u>(50,745,061)</u>	<u>13,675,539</u>	<u>(37,069,522)</u>
<u>\$ 28,103,662</u>	<u>\$ 15,961,613</u>	<u>\$ 44,065,275</u>

*City of Hawthorne*

**Balance Sheet – Governmental Funds  
June 30, 2022**

	General	Special Revenue Funds	
		Hawthorne Housing Authority	American Rescue Plan Act
<b>ASSETS</b>			
Cash and investments	\$ 71,932,991	\$ 1,094,136	\$ -
Cash and investments with fiscal agents	-	-	13,519,555
Receivables:			
Accounts	10,061,744	19,613	-
Taxes	569,946	-	-
Interest	94,082	-	25
Leases	3,509,956	-	-
Due from Successor Agency	-	-	-
Due from other funds	2,822,522	-	-
Inventories	69,652	-	-
Total assets	<u>\$ 89,060,893</u>	<u>\$ 1,113,749</u>	<u>\$ 13,519,580</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 576,325	\$ 19,065	\$ 1,151
Accrued liabilities	1,073,813	22,046	-
Unearned revenue	-	473,672	13,513,519
Deposits payable	5,030,558	-	-
Due to other governments	-	-	-
Due to other funds	-	139,969	-
Total liabilities	<u>6,680,696</u>	<u>654,752</u>	<u>13,514,670</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	-	19,613	-
Lease related	3,526,982	-	-
Total deferred inflows of resources	<u>3,526,982</u>	<u>19,613</u>	<u>-</u>
<b>Fund Balances (Deficit):</b>			
Nonspendable	69,652	-	-
Restricted	36,529	439,384	4,910
Unassigned	78,747,034	-	-
Total fund balances	<u>78,853,215</u>	<u>439,384</u>	<u>4,910</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 89,060,893</u>	<u>\$ 1,113,749</u>	<u>\$ 13,519,580</u>

The accompanying notes are an integral part of these financial statements.

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Nonmajor Governmental Funds	Total Governmental Funds
\$ 32,226,688	\$ 105,253,815
1,478,943	14,998,498
2,683,506	12,764,863
26,863	596,809
34,892	128,999
-	3,509,956
328,743	328,743
-	2,822,522
-	69,652
<u>\$ 36,779,635</u>	<u>\$ 140,473,857</u>

\$ 1,446,201	\$ 2,042,742
77,787	1,173,646
1,020,762	15,007,953
44,312	5,074,870
-	-
2,682,553	2,822,522
<u>5,271,615</u>	<u>26,121,733</u>

2,019,240	2,038,853
-	3,526,982
<u>2,019,240</u>	<u>5,565,835</u>

-	69,652
32,747,875	33,228,698
(3,259,095)	75,487,939
<u>29,488,780</u>	<u>108,786,289</u>

<u>\$ 36,779,635</u>	<u>\$ 140,473,857</u>
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# City of Hawthorne

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2022

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Fund balances of governmental funds		\$ 108,786,289
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources of the governmental funds. This amount excludes capital assets reported in the internal service funds.		132,531,614
Net pension asset is not a current financial resource, therefore is not recorded in the governmental funds.		60,447,550
Deferred outflows and inflows of resources related to pensions have not been reported in the governmental funds. These amounts exclude pension related deferred outflow and inflows reported in the internal service funds.		
Pension related deferred outflows of resources	\$ 62,740,381	
Pension related deferred inflows of resources	(63,783,895)	
Other post-employment benefits related deferred outflows of resources	23,686,889	
Other post-employment benefits related deferred inflows of resources	<u>(24,783,564)</u>	(2,140,189)
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Bonds payable	(139,487,806)	
Compensated absences	(7,740,177)	
Other post-employment benefits obligation	(121,828,966)	
Lease payable	(44,749)	
Section 108 loan payable	<u>(1,400,000)</u>	(270,501,698)
Governmental funds report the effect of gains or losses on debt refundings when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Unamortized loss on defeasance of debt		313,905
Unavailable revenues are not available to pay for current expenditures, therefore, are deferred in the governmental funds but are recognized as revenues in the statement of activities		2,038,853
Accrued interest payable for the interest due on long-term debt has not been reported in the governmental funds.		(626,851)
Internal service funds are used to charge the cost of activities to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		<u>(2,745,811)</u>
Net position (deficit) of governmental activities		<u>\$ 28,103,662</u>

The accompanying notes are an integral part of these financial statements.

*City of Hawthorne*

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
For the Fiscal Year Ended June 30, 2022**

	General	Special Revenue Funds	
		Hawthorne Housing Authority	American Rescue Plan Act
<b>Revenues</b>			
Taxes	\$ 88,866,674	\$ -	\$ -
Licenses and permits	1,553,744	-	-
Intergovernmental	1,269,922	11,111,866	1,747,309
Charges for services	3,021,149	77,810	-
Fines and forfeitures	3,268,876	-	-
Use of money and property	(1,243,570)	95	-
Contributions	350,000	-	-
Miscellaneous	1,849,783	10,947	4,910
Total revenues	<u>98,936,578</u>	<u>11,200,718</u>	<u>1,752,219</u>
<b>Expenditures</b>			
Current:			
General government	11,453,845	-	371,855
Public safety	53,249,352	-	-
Community development	2,191,278	11,092,323	-
Parks and recreation	3,704,975	-	-
Public works	1,463,847	-	-
Capital outlay	354,526	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>72,417,823</u>	<u>11,092,323</u>	<u>371,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,518,755</u>	<u>108,395</u>	<u>1,380,364</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,467,681	-	-
Transfers out	(8,907,765)	(192,578)	(1,375,454)
Total other financing sources (uses)	<u>(7,440,084)</u>	<u>(192,578)</u>	<u>(1,375,454)</u>
Net changes in fund balances	19,078,671	(84,183)	4,910
Fund Balances, Beginning	<u>59,774,544</u>	<u>523,567</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 78,853,215</u>	<u>\$ 439,384</u>	<u>\$ 4,910</u>

The accompanying notes are an integral part of these financial statements.

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Nonmajor Governmental Funds	Total Governmental Funds
\$ 582,580	\$ 89,449,254
434,148	1,987,892
14,281,420	28,410,517
279,754	3,378,713
1,216,538	4,485,414
557,336	(686,139)
1,504,290	1,854,290
28,519	1,894,159
<u>18,884,585</u>	<u>130,774,100</u>
44,920	11,870,620
1,627,059	54,876,411
2,335,881	15,619,482
-	3,704,975
11,259,667	12,723,514
882,798	1,237,324
5,638,129	5,638,129
4,866,191	4,866,191
<u>26,654,645</u>	<u>110,536,646</u>
<u>(7,770,060)</u>	<u>20,237,454</u>
10,907,650	12,375,331
<u>(1,504,817)</u>	<u>(11,980,614)</u>
<u>9,402,833</u>	<u>394,717</u>
1,632,773	20,632,171
<u>27,856,007</u>	<u>88,154,118</u>
<u>\$ 29,488,780</u>	<u>\$ 108,786,289</u>

# City of Hawthorne

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2022

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Net changes in fund balances - total governmental funds \$ 20,632,171

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

Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets and depreciation expense recorded in the current period. This amount excludes capital acquisitions/disposals and depreciation expense reported in the internal service fund.

Capital additions	\$ 5,892,439	
Depreciation expense, net of deletions of capital assets	<u>(4,819,023)</u>	1,073,416

Certain revenues in the governmental funds are deferred inflows of resources because they are measurable but not available under the modified accrual basis of accounting. However, the revenues are included on the accrual basis used in the government-wide statements. This amount represents the change during the year:

Grants and other reimbursement revenue	639,040
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has an effect on net position:

Principal payments on long-term debt	5,283,129	
Principal payments of capital leases	64,929	
Principal payments of notes payable	357,898	
Changes in pension related items	<u>57,046,405</u>	62,752,361

Some 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:

Change in compensated absences	(2,847,691)	
Changes in other post-employment benefits related items	(1,998,867)	
Change in accrued interest	57,555	
Amortization of bond discount	(8,498)	
Amortization of bond premium	163,951	
Amortization of deferred amount on refunding	<u>(46,263)</u>	(4,679,813)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is included in the statement of activities.

(1,568,452)

Changes in net position of governmental activities

\$ 78,848,723

The accompanying notes are an integral part of these financial statements.



# City of Hawthorne

## Statement of Net Position Proprietary Funds June 30, 2022

	Airport	Sewer and Storm Drain	Storm Water	Total	Governmental Activities - Internal Service Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 954,841	\$ 3,689,496	\$ 264,511	\$ 4,908,848	\$ 1,615,553
Receivables:					
Accounts	434,908	63,700	-	498,608	24,860
Leases	17,760,027	-	-	17,760,027	-
Interest	45,344	-	-	45,344	-
Net pension assets	801,988	624,035	-	1,426,023	1,222,212
Inventories	-	-	-	-	14,311
Total current assets	19,997,108	4,377,231	264,511	24,638,850	2,876,936
Noncurrent assets:					
Capital assets, not depreciated	1,621,020	1,289,658	-	2,910,678	-
Capital assets, net of depreciation	6,179,454	1,918,070	-	8,097,524	1,433,973
Total noncurrent assets	7,800,474	3,207,728	-	11,008,202	1,433,973
Total assets	27,797,582	7,584,959	264,511	35,647,052	4,310,909
<b>Deferred Outflows of Resources</b>					
Pension related	56,341	43,839	-	100,180	85,862
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	5,578	528,400	-	533,978	164,065
Accrued liabilities	14,580	12,461	-	27,041	23,334
Unearned revenue	379,084	-	-	379,084	-
Deposits payable	20,264	-	-	20,264	-
Compensated absences	17,236	-	-	17,236	17,279
Claims and judgements payable	-	-	-	-	1,168,036
Lease	-	-	-	-	53,091
Total current liabilities	436,742	540,861	-	977,603	1,425,806
Noncurrent liabilities:					
Compensated absences	68,946	-	-	68,946	69,118
Claims and judgements	-	-	-	-	4,672,146
Total noncurrent liabilities	68,946	-	-	68,946	4,741,263
Total liabilities	505,688	540,861	-	1,046,549	6,167,069
<b>Deferred Inflows of Resources</b>					
Pension related	640,110	498,076	-	1,138,186	975,513
Lease related	17,600,884	-	-	17,600,884	-
Total deferred inflows of resources	18,240,994	498,076	-	18,739,070	975,513
<b>Net position (deficit)</b>					
Net investment in capital assets	7,800,474	3,207,728	-	11,008,202	1,380,882
Unrestricted (deficit)	1,306,767	3,382,133	264,511	4,953,411	(4,126,693)
Total net position	\$ 9,107,241	\$ 6,589,861	\$ 264,511	\$ 15,961,613	\$ (2,745,811)

The accompanying notes are an integral part of these financial statements.

# City of Hawthorne

## Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2022

	Airport	Sewer and Storm Drain	Storm Water	Total	Governmental Activities - Internal Service Funds
<b>Operating Revenues</b>					
Sales and service charges	\$ 849,531	\$ 1,454,015	\$ 36,728	\$ 2,340,274	\$ 8,600,161
Intergovernmental	1,143,678	-	-	1,143,678	-
Miscellaneous	461,994	-	-	461,994	105,988
Total operating revenues	<u>2,455,203</u>	<u>1,454,015</u>	<u>36,728</u>	<u>3,945,946</u>	<u>8,706,149</u>
<b>Operating Expenses</b>					
Administration and general	335,207	364,881	-	700,088	1,955,592
Materials and supplies	30,319	32,044	-	62,363	480,798
Contractual services	89,152	128,038	-	217,190	7,361,321
Cost of sales and services	36,472	55,549	-	92,021	-
Depreciation	317,470	61,513	-	378,983	291,400
Total operating expenses	<u>808,620</u>	<u>642,025</u>	<u>-</u>	<u>1,450,645</u>	<u>10,089,111</u>
Operating income (loss)	<u>1,646,583</u>	<u>811,990</u>	<u>36,728</u>	<u>2,495,301</u>	<u>(1,382,962)</u>
Change in net position (deficit) before transfers	<u>1,646,583</u>	<u>811,990</u>	<u>36,728</u>	<u>2,495,301</u>	<u>(1,382,962)</u>
<b>Transfers</b>					
Transfers in	7,078	1,001	-	8,079	1,610
Transfers out	(106,019)	(111,287)	-	(217,306)	(187,100)
Total transfers	<u>(98,941)</u>	<u>(110,286)</u>	<u>-</u>	<u>(209,227)</u>	<u>(185,490)</u>
Change in net position	1,547,642	701,704	36,728	2,286,074	(1,568,452)
<b>Net Position</b>					
Net Position (Deficit), Beginning	<u>7,559,599</u>	<u>5,888,157</u>	<u>227,783</u>	<u>13,675,539</u>	<u>(1,177,359)</u>
Net Position (Deficit), Ending	<u>\$ 9,107,241</u>	<u>\$ 6,589,861</u>	<u>\$ 264,511</u>	<u>\$ 15,961,613</u>	<u>\$ (2,745,811)</u>

The accompanying notes are an integral part of these financial statements.

# City of Hawthorne

## Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2022

	Airport	Sewer and Storm Drain	Storm Water	Total	Governmental Activities Internal Service Funds
<b>Cash flows from operating activities</b>					
Cash received from customers and users	\$ 2,210,773	\$ 1,515,154	\$ 36,728	\$ 3,762,655	\$ 8,740,292
Cash paid to suppliers for goods and services	(91,899)	331,292	-	239,393	(8,042,789)
Cash paid to employees for services	(587,698)	(536,619)	-	(1,124,317)	(729,793)
Net cash provided (used) by operating activities	1,531,176	1,309,827	36,728	2,877,731	(32,290)
<b>Cash flows from noncapital financing activities</b>					
Cash paid to other funds	(310,000)	-	-	(310,000)	-
Cash received from other funds	-	-	-	-	310,000
Transfer from debt service funds	7,078	1,001	-	8,079	1,610
Transfer to debt service funds	(106,019)	(111,287)	-	(217,306)	(187,100)
Net cash used for noncapital financing activities	(408,941)	(110,286)	-	(519,227)	124,510
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(1,458,946)	(1,289,658)	-	(2,748,604)	(236,853)
Payments on capital lease	-	-	-	-	(87,373)
Net cash used for capital and related financing activities	(1,458,946)	(1,289,658)	-	(2,748,604)	(324,226)
<b>Net increase (decrease) in cash and cash equivalents</b>	(336,711)	(90,117)	36,728	(390,100)	(232,006)
Cash and cash equivalents, beginning of year	1,291,552	3,779,613	227,783	5,298,948	1,847,559
Cash and cash equivalents, end of year	\$ 954,841	\$ 3,689,496	\$ 264,511	\$ 4,908,848	\$ 1,615,553
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 1,646,583	\$ 811,990	\$ 36,728	\$ 2,495,301	\$ (1,382,962)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	317,470	61,513	-	378,983	291,400
(Increase) decrease in assets/deferred outflows:					
Accounts receivable	(364,728)	61,139	-	(303,589)	34,143
Interest receivable	(45,344)	-	-	(45,344)	-
Lease receivable	332,704	-	-	332,704	-
Deferred outflows of resources - pension	29,834	23,214	-	53,048	45,467
Net pension asset	(843,237)	(656,131)	-	(1,499,368)	(1,285,074)
Increase (decrease) in liabilities/deferred inflows:					
Accounts payable	(28,018)	513,455	-	485,437	(253,181)
Accrued liabilities	480	(260)	-	220	-
Due to other governments	-	-	-	-	2,012
Claims and judgements payable	-	-	-	-	1,527,798
Unearned revenue	324,785	-	-	324,785	-
Deposits payable	-	-	-	-	-
Compensated absences	16,457	-	-	16,457	18,801
Net pension liability	-	-	-	-	-
Deferred inflows of resources - pension	636,037	494,907	-	1,130,944	969,306
Deferred inflows of resources - leases	(491,847)	-	-	(491,847)	-
Total adjustments	(115,407)	497,837	-	382,430	1,350,672
<b>Net cash provided (used) by operating activities</b>	\$ 1,531,176	\$ 1,309,827	\$ 36,728	\$ 2,877,731	\$ (32,290)
<b>Schedule of Noncash investing, capital and related financing activities</b>					
Lease of asset	\$ 18,092,731	\$ -	\$ -	\$ 18,092,731	\$ -
Deferred inflows - Leases	\$ (18,092,731)	\$ -	\$ -	\$ (18,092,731)	\$ -

The accompanying notes are an integral part of these financial statements.

*City of Hawthorne*

**Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2022**

	Successor Agency to the Dissolved Redevelopment Agency Private Purpose Trust Fund	Community Facilities Districts Custodial Fund
<b>Assets</b>		
Cash and investments	\$ 1,932,975	\$ 747,747
Receivables:		
Taxes	-	24,159
Interest	2,328	1,101
Restricted assets:		
Cash and investments with fiscal agents	2	3,188,418
Total assets	<u>1,935,305</u>	<u>3,961,425</u>
<b>Deferred Outflows of Resources</b>		
Deferred amount on refunding	<u>1,021,459</u>	<u>-</u>
<b>Liabilities</b>		
Accounts payable	-	2,889
Accrued liabilities	3,449	-
Interest payable	346,750	-
Advances from City of Hawthorne	45,806,286	-
Due to City of Hawthorne	328,743	-
Long-term liabilities:		
Due within one year	1,893,386	-
Due in more than one year	55,501,273	-
Total liabilities	<u>103,879,887</u>	<u>2,889</u>
<b>Fiduciary Net Position (Deficit)</b>		
Restricted for other agencies	-	3,958,536
Unrestricted net position	(100,923,123)	-
Total fiduciary net position	<u>\$ (100,923,123)</u>	<u>\$ 3,958,536</u>

The accompanying notes are an integral part of these financial statements.

*City of Hawthorne*

**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2022**

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	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund	Community Facilities Districts Custodial Fund
<b>Additions</b>		
Taxes	\$ 4,064,521	\$ -
Use of money and property	37,100	2,452
Miscellaneous revenue	13,454	-
Tax collection for other agencies	-	2,450,643
Contribution collection for other agencies	-	2,124,128
Total additions	4,115,075	4,577,223
<b>Deductions</b>		
Administrative expenses	215,076	70,602
Contractual services	1,395,943	-
Debt service:		
Principal payments	-	1,799,400
Interest and fiscal charges	1,885,463	753,899
Payment to refunded bond escrow	-	1,416,233
Total deductions	3,496,482	4,040,134
Change in fiduciary net position	618,593	537,089
Net position (deficit), beginning	(101,541,716)	3,421,447
Net position (deficit), ending	\$ (100,923,123)	\$ 3,958,536

The accompanying notes are an integral part of these financial statements.

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**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of Entity**

The City of Hawthorne was incorporated on July 25, 1922, as a general law city and operates under a Council/City Manager form of government. It is governed by an elected five-member council.

As required by generally accepted accounting principles, these financial statements present the financial activities of the City of Hawthorne (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City of Hawthorne elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: 1) the City, 2) organizations for which the City is financially accountable, and 3) organizations for which the nature and significance of their relationship with the City are such that exclusions would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, component units' balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's body is substantially the same as the City's or the component unit provides services almost entirely to the City.

*Housing Authority of the City of Hawthorne (Hawthorne Housing Authority)*

The Housing Authority of the City of Hawthorne is a public agency created by the City in 1984 to administer housing assistance programs for qualified low-income residents. The Housing Authority is governed by the City Council. The Housing Authority's administrative functions are performed by City employees. The financial activity of the Housing Authority is included in the City's financial statements as the Housing Authority Special Revenue Fund. Separate financial statements were not prepared for the Housing Authority of the City of Hawthorne.

*Parking Authority of the City of Hawthorne (Parking Authority)*

The Parking Authority is a public financing agency created by the City to provide parking facilities for the City's Redevelopment Plaza Project. The City Council serves as the Parking Authority's governing board and is, therefore, responsible for the fiscal and administrative activities of this related entity. The financial activity of the Parking Authority is reported in the City's financial statements in the Community Facilities District Fund which is a custodial fund. Separate financial statements were not prepared for the Parking Authority.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
(continued)

**Description of Entity, (continued)**

*Hawthorne Public Financing Authority (Authority)*

The Authority was formed as a result of a joint powers agreement between the City of Hawthorne (the City) and the Community Redevelopment Agency of the City of Hawthorne (the Agency). The purpose of the Authority is to provide financing for the acquisition, construction and improvements of capital assets and infrastructure, working capital requirements, or liability or other insurance programs of any local Agency. The Authority is governed by a Board of Directors, composed of the five members of the City's City Council. The financial activity of the Authority is reported in the City's financial statements as the Hawthorne Public Financing Authority Debt Service Fund. Separate financial statements were not prepared for the Hawthorne Public Financing Authority.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements, however, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources, such as taxes, are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
(continued)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Measurement focus is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. Once it has been determined whether a fund is to measure changes in total economic resources or changes in current financial resources, the next issue to be addressed is the timing of the recognition of transactions and events. The technical term that describes the criteria governing the timing of the recognition of transactions and events is basis of accounting.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Grants, entitlements or shared revenues recorded in governmental funds are recognized as revenue in the accounting period when they become susceptible to accrual, i.e., both measurable and available (modified accrual basis). Grants received before the revenue recognition criteria have been met are reported as unearned revenue, a liability account. Such resources not received are reported as a receivable if the revenue recognition criteria have been met.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation, (continued)

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Hawthorne Housing Authority Special Revenue Fund* is used to account for the housing assistance programs for the qualified low-income residents.
- The *American Rescue Plan Act Fund* is used to provide relief to the City for the negative impacts caused from the COVID-19 Pandemic.

The City's fund structure also includes the following fund types:

*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

*Fiduciary Funds* are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units and/or other funds. These funds report a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has the following Fiduciary Funds:

- *Custodial Fund*- This fund accounts for money and property held by the City as trustee or custodian. This fund reports the assets, liabilities, and activities of the Community Facilities Districts. The Custodial Funds account for assets held for specific uses that are not part of the City's operating activities; specifically, monies held by the City as an agent for property owners with special assessments and monies collected from individuals, private organizations or other governments who have made special deposits with the City for various purposes.
- *Successor Agency Private Purpose Trust Fund* - Private Purpose Trust Fund is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, liabilities, and activities of the Successor Agency to the Dissolved Hawthorne Redevelopment Agency.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
(continued)

**Measurement Focus, Basis of Accounting and Financial Statement Presentation,  
(continued)**

The City reports the following major proprietary funds:

- The *Airport Fund* accounts for the operation of the City's airport, which is operated in a manner similar to a private airport.
- The *Sewer and Storm Drain Fund* accounts for the operation of the City's sewer services.
- The *Storm Water Fund* accounts for the operation of the City's storm water services.

Additionally, the City reports the following fund type:

- *Internal Service Funds* account for financial transactions related to repair, replacement and maintenance of City-owned equipment and the City's self-insurance programs. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City has elected to follow all pronouncements of the GASB.

**Use of Estimates**

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

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
(continued)

**Fund Balance Reporting**

Fund balance classifications are comprised of a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, described as follows:

*Nonspendable fund balance* includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City's nonspendable fund balance represents inventories, prepaid items, and long-term advances, the collectability of which is not assured.

*Restricted fund balance* includes resources that are subject to externally enforceable legal restrictions. It includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. All special revenue funds are classified as restricted.

*Committed fund balance* includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City does not have committed fund balances as of June 30, 2022.

*Assigned fund balance* includes funds that are set aside for specific purposes by the City's highest level of decision making authority or a body or official that has been given the authority to assign funds. The City does not have assigned fund balances as of June 30, 2022.

*Unassigned fund balance* is the residual classification for the City's fund balance and includes all spendable amounts not contained in the other classifications. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken. Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same type of formal action taken to establish the commitment. The City Council considers a resolution to constitute a formal action of the City Council for the purposes of establishing committed fund balance.

The City Council delegates the authority to assign fund balance to the City Manager for purposes of reporting in the annual financial statements.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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- 1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
(continued)

**Fund Balance Reporting, (continued)**

The City considers the restricted fund balances to have been spent when an expenditure is incurred for purposes for which both unrestricted and restricted fund balance is available. The City considers unrestricted fund balances to have been spent when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City to reduce the committed amounts first, followed by assigned amounts, and then unassigned amounts.

**Net Position**

Classifications of Net Position are as follows:

*Net investment in capital assets* - This represents the City's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

*Restricted net position* - Restricted net position include resources in which the City is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the City.

*Unrestricted net position* - Unrestricted net position represents resources available to be used for transactions relating to the general operations of the City, and may be used at the discretion of the governing board, as designated, to meet current expenses or for specific future purposes.

**Flow Assumption for Net Position**

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 and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
(continued)

**Cash and Cash Equivalents**

For purpose of the statement of cash flows, the City considers cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds. Since cash and investments are pooled, the City utilizes the assumption that cash and investments in the Enterprise and Internal Service Funds are cash and cash equivalents.

**Investments**

Investments for the City as well as for its component units are reported at fair value, and all investment income; including changes in the fair value of investments, is recognized as revenue in the operating statements. The City's policy is generally to hold investments until maturity or until fair values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances to Successor Agency, as reported in the fund financial statements, are offset by unavailable revenue account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowance for uncollectibles.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
(continued)

**Inventories**

Inventories of materials and supplies are carried at cost on a first-in, first-out basis. The City uses the consumption method of accounting for inventories. Special reporting treatments are also applied to governmental fund inventories to indicate that they do not represent available spendable resources, even though they are a component of net current assets. Such amounts are generally offset by fund balance nonspendable accounts.

**Prepaid Costs and Land Held for Resale**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements, using the consumption method. Land purchased for resale is capitalized as inventory at acquisition costs or net realizable value if lower. The fund balances in the governmental funds have been classified as nonspendable for amounts equal to prepaid costs and land held for resale in the fund-level statements since these amounts are not available to the City's current operations.

**Capital Assets**

Capital assets, which include property, plant, equipment, intangible assets and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the time of acquisition. The City has reported its general infrastructure assets which include streets, sidewalks, storm drains, curbs and gutters, handicap ramps and trails.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
(continued)

**Capital Assets, (continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects or as constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The provision for depreciation of capital assets of the primary government, as well as its component units, is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Curbs and gutters	40
Parks	50
Sewer	40
Sidewalks	40
Streets	50
Traffic signs and signals	30
Machinery and equipment	5-50
Vehicles	5
Buildings	40

**Deferred Outflows and Inflows of Resources**

A deferred outflow of resources is defined as a consumption of net assets that applies to future periods. A deferred inflow of resources is defined as an acquisition of net assets that applies to future periods Refer to Note 17 for the list of deferred inflows and deferred outflows of resources the City has recognized as of June 30, 2022, excluding pension and OPEB related amounts.

**Claims and Judgments**

The City is partially self-insured for general liability and workers' compensation claims. The City records estimated liabilities for such claims filed or estimated to be filed for incidents which have occurred. The City's claims and judgments payable are recorded in the City's Insurance Reserve Internal Service Fund.



**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
(continued)

**Employee Compensated Absences**

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Employees may accrue a maximum of half their annual accrual rate. Upon termination an employee will be paid for any unused accrued vacation pay. Sick leave is payable when an employee is unable to work because of illness. Upon retirement, employees are entitled to receive the full value of their accumulated sick leave time.

Only the short-term liability for compensated absences (the amount due to employees for future absences, such as vacation and compensatory time, which are attributable to services already rendered) is reported as a current liability in the governmental funds and only if they have matured, for example, as a result of employee resignations and retirements; the long-term liability is reported in the government-wide financial statements. The short-term liability is the amount that will be liquidated with current financial resources and is expected to be paid during the next fiscal year. All of the liability for compensated absences applicable to proprietary funds is reported in those funds.

The long-term portion of compensated absences payable has been accrued for the Governmental Activities on the Government-Wide Financial Statement. Also, compensated absences are generally liquidated by the General Fund. There is no fixed payment schedule to pay these liabilities.

**Property Tax Revenue**

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year and are delinquent, if unpaid, on August 31.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,  
(continued)

**Pensions**

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

GASB 68 requires 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 (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

**Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

GASB 65 requires 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 (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

**New Accounting Pronouncements**

During the fiscal year ended June 30, 2022, the City implemented the following GASB standard:

**GASB Statement No. 87** – The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, Leases. The primary objective of this statement is to improve guidance regarding the identification of lease activities for accounting and financial reporting purposes and how those activities should be reported in the financial statements.

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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2) CASH AND INVESTMENTS, (continued)

Cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 111,778,216
Cash and investments with fiscal agents	14,998,498
Statement of fiduciary net position:	
Successor Agency to the Dissolved RDA	
Cash and investments	1,932,975
Cash and investments with fiscal agents	2
Community Facilities District	
Cash and investments	747,747
Cash and investments with fiscal agents	<u>3,188,418</u>
 Total	 <u>\$ 132,645,856</u>

Cash and investments at June 30, 2022, consisted of the following:

Cash and cash equivalents:	
Petty cash	\$ 3,489
Demand deposits - City	47,214,443
Demand deposits - Successor Agency	<u>211,870</u>
Total cash and cash equivalents	<u>47,429,802</u>
Investments:	
Local Agency Investment Fund	69,366,259
Negotiable Certificates of Deposit	6,235,894
U.S. Government Bonds	2,342,099
Corporate Bonds	441,480
Fidelity Money Market	2,162,958
Held by Bond Trustee	<u>4,667,363</u>
Total investments	<u>85,216,053</u>
 Total	 <u>\$ 132,645,855</u>

The City maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 2) CASH AND INVESTMENTS, (continued)

#### Investments

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

<u>Authorized Investment Type</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligation	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	75%	30%
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Certificate of Deposit	Yes	5 years	None	None
Medium-Term Notes	Yes	5 years	30%	5%
Money Market Mutual Funds	Yes	N/A	20%	None
Local Agency Investment Fund	Yes	N/A	None	\$75 million
Negotiable Certificates of Deposits	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Local Government Investment Pool	Yes	N/A	20%	None
Supranational	Yes	5 years	30%	None
Asset Backed Securites	Yes	N/A	20%	10%

#### Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a 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.

#### 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 Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the portion in the investment pool is the same as the value of the pool shares.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 2) CASH AND INVESTMENTS, (continued)

#### Credit Risk

The City's investment policy limits investments in commercial paper to those rated "A-1" or higher by Standard and Poor's (S&P) or by Moody's. 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 the City's Investment Policy and the actual rating as of June 30, 2022:

Investment Type	Amount	Minimum Legal Rating	AAA	Not Rated
External Investment Pools -				
Local Agency Investment Fund	\$ 69,366,259	N/A	\$ -	\$ 69,366,259
Negotiable Certificates of Deposits	6,235,894	N/A	6,235,894	-
U.S. Government Bonds	2,342,099	N/A	2,342,099	-
Med - Term Notes	441,480	N/A	441,480	-
Fidelity Money Market	2,162,958	N/A	-	2,162,958
Held by Bond Trustee:				
Money Market Mutual Funds	3,940,238	N/A	-	3,940,238
Investment Agreements	<u>727,125</u>	N/A	<u>-</u>	<u>727,125</u>
Total	<u>\$ 85,216,053</u>		<u>\$ 9,019,473</u>	<u>\$ 76,196,580</u>

#### Custodial Credit Risk

The California Government Code requires California financial institutions to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a financial institution with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2022, the City deposits (bank balances) were collateralized under California Law.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 2) CASH AND INVESTMENTS, (continued)

#### Concentration of Credit Risk

The City's investment policy imposes restrictions on the percentage that the City can invest in certain types of investments. As of June 30, 2022, there were no investments in any one issuer that represents 5% or more of the total City's investments. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

#### Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2022, the City had the following investments and original maturities:

Investment Types	Less than 1 year	1 to 3 years	3 to 5 years	Total
External Investment Pools -				
Local Agency Investment Fund	\$ 69,366,259	\$ -	\$ -	\$ 69,366,259
Negotiable Certificates of Deposits	299,355	5,936,539	-	6,235,894
U.S. Government Bonds	-	2,342,099	-	2,342,099
Med - Term Notes	-	441,480	-	441,480
Fidelity Money Market	2,162,958	-	-	2,162,958
Held by Bond Trustee:				
Money Market Mutual Funds	3,940,238	-	-	3,940,238
Investment Agreements	727,125	-	-	727,125
Total Investments	<u>\$ 76,495,935</u>	<u>\$ 8,720,118</u>	<u>\$ -</u>	<u>\$ 85,216,053</u>

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 2) CASH AND INVESTMENTS, (continued)

#### Fair Value Measurements

GASB Statement No. 72, Fair Value Measurements and Application, establishes a fair value hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from the rental properties.

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2022:

Investments by Fair Value Level	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Negotiable Certificates of Deposit	\$ 6,235,894	\$ -	\$6,235,894	\$ -
U.S. Government Bonds	2,342,099	-	2,342,099	-
Med - Term Notes	441,480	-	441,480	-
Investment Agreements	727,125	-	727,125	-
Total Investments by Fair Value Level	9,746,598	\$ -	\$9,746,598	\$ -
Not subject to the Fair Value Hierarchy:				
Local Agency Investment Fund	69,366,259			
Fidelity Money Market	2,162,958			
Held by Bond Trustee:				
Money Market Mutual Funds	3,940,238			
Total	\$ 85,216,053			

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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3) LEASES RECEIVABLE

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On July 1, 2021, City entered into a 253-month lease as Lessor for the use of Verizon Wireless/Jim Thorpe Park. An initial lease receivable was recorded in the amount of \$76,747. As of June 30, 2022, the value of the lease receivable is \$73,469. The lessee is required to make monthly fixed payments of \$3,278. The lease has an interest rate of 2.3980%. The value of the deferred inflow of resources as of June 30, 2022, was \$73,117, and the City recognized lease revenue of \$3,631 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On July 1, 2021, the City entered into a 319-month lease as Lessor for the use of Oceangate Commerce Center. An initial lease receivable was recorded in the amount of \$495,875. As of June 30, 2022, the value of the lease receivable is \$477,831. The lessee is required to make annual fixed payments of \$26,000. The lease has an interest rate of 2.5220%. The value of the deferred inflow of resources as of June 30, 2022, was \$477,259, and the City recognized lease revenue of \$18,617 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On July 1, 2021, the City entered into a 113-month lease as Lessor for the use of Cingular Wireless/Jim Thorpe Park. An initial lease receivable was recorded in the amount of \$436,985. As of June 30, 2022, the value of the lease receivable is \$399,260. The lessee is required to make monthly fixed payments of \$3,578. The lease has an interest rate of 1.5270%. The value of the deferred inflow of resources as of June 30, 2022, was \$390,770, and the City recognized lease revenue of \$46,215 during the fiscal year. The lessee has 1 extension option(s), each for 60 months.

On July 1, 2021, the City entered into a 126-month lease as Lessor for the use of T-Mobile/Eucalyptus Park. An initial lease receivable was recorded in the amount of \$354,056. As of June 30, 2022, the value of the lease receivable is \$326,282. The lessee is required to make monthly fixed payments of \$2,723. The lease has an interest rate of 1.6810%. The value of the deferred inflow of resources as of June 30, 2022, was \$320,407, and the City recognized lease revenue of \$33,648 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.



**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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3) LEASES RECEIVABLE, (continued)

On July 1, 2021, the City entered into a 198-month lease as Lessor for the use of 5100 W Rosecrans Avenue. An initial lease receivable was recorded in the amount of \$851,456. As of June 30, 2022, the value of the lease receivable is \$797,686. The lessee is required to make annual variable principal and interest payments of \$70,000 based on a CPI index of 0.00%. The lease has an interest rate of 3.6500%. The value of the deferred inflow of resources as of June 30, 2022, was \$799,922, and the City recognized lease revenue of \$51,534 during the fiscal year.

On July 1, 2021, City entered into a 53-month lease as Lessor for the use of 13310 Hawthorne Blvd. An initial lease receivable was recorded in the amount of \$138,809. As of June 30, 2022, the value of the lease receivable is \$105,585. The lessee is required to make annual fixed payments of \$33,765. The lease has an interest rate of 0.8930%. The value of the deferred inflow of resources as of June 30, 2022, was \$107,519, and City recognized lease revenue of \$31,291 during the fiscal year.

On July 1, 2021, the City entered into a 68-month lease as Lessor for the use of Crenshaw Blvd. An initial lease receivable was recorded in the amount of \$308,770. As of June 30, 2022, the value of the lease receivable is \$251,175. The lessee is required to make annual fixed payments of \$60,100. The lease has an interest rate of 1.2170%. The value of the deferred inflow of resources as of June 30, 2022, was \$254,281, and the City recognized lease revenue of \$54,489 during the fiscal year.

On July 1, 2021, the City entered into a 317-month lease as Lessor for the use of 14900 Hindry Avenue. An initial lease receivable was recorded in the amount of \$543,579. As of June 30, 2022, the value of the lease receivable is \$492,657. The lessee is required to make annual fixed payments of \$26,000. The lease has an interest rate of 2.5010%. The value of the deferred inflow of resources as of June 30, 2022, was \$523,025, and the City recognized lease revenue of \$20,553 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On July 1, 2021, the City entered into a 241-month lease as Lessor for the use of Cingular Wireless/Eucalyptus Park. An initial lease receivable was recorded in the amount of \$611,075. As of June 30, 2022, the value of the lease receivable is \$586,011. The lessee is required to make monthly variable principal and interest payments of \$3,175 based on a CPI index of 0.00%. The lease has an interest rate of 2.3780%. The value of the deferred inflow of resources as of June 30, 2022, was \$580,682, and the City recognized lease revenue of \$30,393 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

On July 1, 2021, the City entered into a 234-month lease as Lessor for the use of Zelman Airport Lease. An initial lease receivable was recorded in the amount of \$1,797,512. As of June 30, 2022, the value of the lease receivable is \$1,720,763. The lessee is required to make monthly fixed payments of \$9,588. The lease has an interest rate of 2.3780%. The value of the deferred inflow of resources as of June 30, 2022, was \$1,705,332, and the City recognized lease revenue of \$92,180 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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3) LEASES RECEIVABLE, (continued)

On July 1, 2021, the City entered into a 491-month lease as Lessor for the use of Hawthorne Municipal Airport. An initial lease receivable was recorded in the amount of \$15,910,384. As of June 30, 2022, the value of the lease receivable is \$15,655,514. The lessee is required to make monthly variable principal and interest payments of \$52,348 based on a CPI index of 0.00%. The lease has an interest rate of 2.5830%. The value of the deferred inflow of resources as of June 30, 2022, was \$15,522,244, and the City recognized lease revenue of \$388,137 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

On July 1, 2021, the City entered into a 400-month lease as Lessor for the use of HHO/Tarmac Airport Lease. An initial lease receivable was recorded in the amount of \$384,836. As of June 30, 2022, the value of the lease receivable is \$383,750. The lessee is required to make monthly fixed payments of \$1,500. The lease has an interest rate of 2.5830%. The value of the deferred inflow of resources as of June 30, 2022, was \$373,304, and the City recognized lease revenue of \$11,531 during the fiscal year.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

### 4) CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2022:

<b>Governmental activities:</b>	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 6,966,028	\$ -	\$ -	\$ 6,966,028
Construction in progress	1,594,336	5,417,462	(6,530,020)	481,778
<b>Total capital assets, not being depreciated</b>	<b>8,560,364</b>	<b>5,417,462</b>	<b>(6,530,020)</b>	<b>7,447,806</b>
Capital assets, being depreciated:				
Structures and improvements	55,113,808	-	-	55,113,808
Machinery and equipment:				
City	9,686,068	372,254	-	10,058,322
Equipment replacement/vehicles	6,210,758	236,853	(50,068)	6,397,543
Parking Authority - structures	16,359,554	-	-	16,359,554
Infrastructure	159,557,697	6,530,020	-	166,087,717
Investment in joint venture (RCC)	7,335,446	102,723	(92,670)	7,345,499
<b>Total capital assets, being depreciated</b>	<b>254,263,331</b>	<b>7,241,850</b>	<b>(142,738)</b>	<b>261,362,443</b>
Less accumulated depreciation for:				
Structures and improvements	(33,332,522)	(1,474,275)	-	(34,806,797)
Machinery and equipment:				
City	(7,975,851)	(416,954)	-	(8,392,805)
Equipment replacement/vehicles	(4,722,238)	(291,400)	50,068	(4,963,570)
Parking Authority - structures	(16,181,292)	(11,121)	-	(16,192,413)
Infrastructure	(64,460,885)	(2,598,715)	-	(67,059,600)
Investment in joint venture (RCC)	(3,204,189)	(317,958)	92,670	(3,429,477)
<b>Total accumulated depreciation</b>	<b>(129,876,977)</b>	<b>(5,110,423)</b>	<b>142,738</b>	<b>(134,844,662)</b>
<b>Total capital assets, being depreciated, net</b>	<b>124,386,354</b>	<b>2,131,427</b>	<b>-</b>	<b>126,517,781</b>
<b>Total governmental activities</b>	<b>\$ 132,946,718</b>	<b>\$ 7,548,889</b>	<b>\$ (6,530,020)</b>	<b>\$133,965,587</b>

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

4) CAPITAL ASSETS, (continued)

<b>Business-type activities:</b>	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 37,314	\$ -	\$ -	\$ 37,314
Construction in progress	124,760	2,748,604	-	2,873,364
<b>Total capital assets, not being depreciated</b>	<b>162,074</b>	<b>2,748,604</b>	<b>-</b>	<b>2,910,678</b>
Capital assets, being depreciated:				
Structures and improvements	3,020,109	-	-	3,020,109
Machinery and equipment	28,130	-	-	28,130
Infrastructure:				
Airport	10,723,022	-	-	10,723,022
Storm and sewer drain	13,032,235	-	-	13,032,235
<b>Total capital assets, being depreciated</b>	<b>26,803,496</b>	<b>-</b>	<b>-</b>	<b>26,803,496</b>
Less accumulated depreciation for:				
Structures and improvements	(2,011,609)	(51,395)	-	(2,063,004)
Machinery and equipment	(28,130)	-	-	(28,130)
Infrastructure:				
Airport	(5,234,598)	(266,075)	-	(5,500,673)
Storm and sewer drain	(11,052,652)	(61,513)	-	(11,114,165)
<b>Total accumulated depreciation</b>	<b>(18,326,989)</b>	<b>(378,983)</b>	<b>-</b>	<b>(18,705,972)</b>
<b>Total capital assets, being depreciated, net</b>	<b>8,476,507</b>	<b>(378,983)</b>	<b>-</b>	<b>8,097,524</b>
<b>Total business-type activities</b>	<b>\$ 8,638,581</b>	<b>\$ 2,369,621</b>	<b>\$ -</b>	<b>\$ 11,008,202</b>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General government	\$ 610,084
Public safety	1,355,816
Public works	2,621,317
Community development	84,030
Parks and recreation	147,776
Internal service fund-equipment replacement	291,400
<b>Total depreciation expense – governmental activities</b>	<b>\$ 5,110,423</b>
<b>Business-type Activities:</b>	
Structures and improvements - Airport	\$ 51,395
Infrastructure:	
Airport	266,075
Sewer and storm drain	61,513
<b>Total depreciation expense – business-type activities</b>	<b>\$ 378,983</b>

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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4) CAPITAL ASSETS, (continued)

Assets acquired through leases are as follows:

Machinery and equipment	\$ 1,003,640
Less: Accumulated Depreciation	<u>(781,269)</u>
	<u>\$ 222,371</u>

5) INTERFUND ACTIVITY

The following represents the City's interfund activity for the fiscal year ended June 30, 2022.

**Current Interfund Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the year. The following is a summary of current interfund balances as of June 30, 2022:

**Interfund Balances**

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 2,822,522	Major Funds:	
		Hawthorne Housing Authority	\$ 139,969
		Non-Major Funds:	
		Community Development Block Grant	390,758
		California Office of Traffic Safety	97,146
		Leap Grant	130,706
		Permanent Local Housing Allocation	5,047
		Local Law Enforcement Block Grant	253,115
		State Park Improvement Grant	18,865
		SB2 Planning Grant	249,289
		2019 Pension Obligation Bond	<u>1,537,627</u>
Totals	<u>\$ 2,822,522</u>		<u>\$ 2,822,522</u>

The loans from the General Fund to the major and non-major funds were made to eliminate short-term cash deficits.

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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5) INTERFUND ACTIVITY, (continued)

**Advances to Successor Agency**

**Advances to Successor Agency**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Successor Agency	
	Private Purpose Trust Fund	<u>\$ 45,806,286</u>

In prior fiscal years, the City of Hawthorne advanced money to the Former Redevelopment Agency to cover the cost of operations. In June 2011, AB X1 26 dissolved the former Redevelopment Agency, effective (after some litigation on the matter) February 1, 2012. As part of the dissolution process set forth in that bill and a later bill clarifying and modifying the terms of the dissolution (Assembly Bill 1484, adopted in June 2012), the existing loan from the City to the Agency was considered by the Department of Finance to be unenforceable. The successor agency to the former redevelopment agency has sought reconsideration by the Department of Finance as to the enforceability of the loan. Because of the uncertainty of collection by the General Fund, full loan amount of the loan of \$45,806,286 (including \$26,084,619 of accrued interest) has been reserved as potentially uncollectible as of June 30, 2022.

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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5) INTERFUND ACTIVITY, (continued)

**Interfund Transfers**

Funds	Transfers in	Transfers out
Major Funds:		
General	\$ 1,467,681	\$ 8,907,765
Hawthorne Housing Authority	-	192,578
American Rescue Plan Act	-	1,375,454
Non-Major Funds:		
Street Lighting	-	8,608
Gas Tax	-	1,004,777
Street	904,734	192,731
Proposition A	-	23,896
MTA Measure M	-	28,062
MTA Measure R	-	7,135
Proposition C	-	43,408
California Used Oil Recycling	-	2,553
California Beverage Container Recycling	-	2,550
Housing Asset	-	5,362
HOME Grant	-	1,381
CDBG	-	12,143
MTA Measure W	-	65,562
FEMA Grant	-	106,649
Public Financing Authority	725,880	-
2016 Refunding Bonds	2,228,617	-
2016 Direct Placement Lease Financing	245,276	-
2019 Pension Obligation Bond	6,803,143	-
Internal Service Funds:		
Equipment Replacement	1,610	91,651
Insurance Reserve	-	95,449
Enterprise Funds:		
Airport	7,078	106,019
Sewer and Storm Drain	1,001	111,287
	<u>\$ 12,385,020</u>	<u>\$ 12,385,020</u>

The transfer to the 2019 Pension Obligation Bond fund was to fund the debt services payments, including \$5,978,224 from the General Fund, \$145,059 from the Hawthorne Housing Authority Fund, and the non-major funds for the remainder

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

### 5) INTERFUND ACTIVITY, (continued)

#### Interfund Transfers, (continued)

The transfer from the General Fund in the amount of \$971,156 consists of \$725,880 for debt service on the 1997/2011 COP bonds/Public Finance Authority and \$245,276 for debt service on the 2007 SBPRCA Series B bonds/2016 Direct Placement Leasing.

The transfer of \$2,228,617 to the 2016 Refunding Bonds fund was for debt service payments, including \$1,958,385 from the General Fund, \$47,519 from the Hawthorne Housing Authority Fund, and the non-major funds for the remainder.

The transfer from the Gas Tax Fund to the Street Fund in the amount of \$900,000 was to fund eligible projects and programs in the Street Fund.

### 6) LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Governmental Funds:					
Revenue bonds - 2011 Series A - direct placement	\$ 1,354,129	\$ -	\$ (662,629)	\$ 691,500	\$ 691,500
2016 Direct Placement Lease Financing	1,884,150	-	(190,500)	1,693,650	192,500
2016 Certificates of Participation	23,300,000	-	(1,690,000)	21,610,000	2,085,000
Plus (less) deferred amounts:					
Issuance premium	1,529,588	-	(163,951)	1,365,637	162,951
Issuance discount	(76,479)	-	8,498	(67,981)	8,498
2019 Pension Obligation Bonds - direct placement	116,935,000	-	(2,740,000)	114,195,000	2,800,000
Total bonds payable	144,926,388	-	(5,438,582)	139,487,806	5,940,449
Notes Payable:					
Governmental Funds:					
Loan payable - West Basin - direct borrowing	2,898	-	(2,898)	-	-
Section 108 loan payable - direct borrowing	1,755,000	-	(355,000)	1,400,000	710,000
Total notes payable	1,757,898	-	(357,898)	1,400,000	710,000
Total long-term debt	\$ 146,684,286	\$ -	\$ (5,796,480)	\$ 140,887,806	\$ 6,650,449

The City has a legal debt limit of 15% of gross Assesed valuation, or \$352,671,698 in fiscal year 2021-2022. None of the City's general obligation bonds are applicable to this limit.

#### 2011 Series A Revenue Bonds

In March 2011, the Hawthorne Public Financing Authority issued 2011 Series A Revenue Bonds in the amount \$6,227,391 with an interest rate of 4.265% per annum, maturing on July 1, 2022. The proceeds of the bonds were used to refinance the 1997 Capital Improvement Program by acquiring in lieu of redemption outstanding 1997 Certificates of Participation. This transaction defeased the outstanding 1997 Certificates of Participation of \$6,735,000. Total principal and interest remaining on the bonds as of June 30, 2022 is \$706,246 payable through 2023.



**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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6) LONG-TERM DEBT, (continued)

**2011 Series A Revenue Bonds, (continued)**

The indenture establishes a valid first and exclusive lien on and pledge of the City's Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture.

Upon default, the Bonds are subject to mandatory redemption in whole on any date or in part on any Interest Payment Date, from the proceeds of a mandatory redemption of the Certificates under the Trust Agreement from the Net Proceeds of insurance, title insurance, condemnation, or eminent domain award to the extent credited towards the prepayment of the Lease payments by the City pursuant to the Lease Agreement, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date, without premium. The Bonds are not subject to optional redemption prior to maturity.

Following is a summary of the debt service requirements to maturity:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 691,500	\$ 14,746	\$ 706,246
Total	\$ 691,500	\$ 14,746	\$ 706,246

**2016 Direct Placement Lease Financing**

In August 2016, the 2016 Direct Placement Lease Financing was issued in the amount of \$2,730,900 to refund \$2,755,000 in SBRPCA 2007 Series B Bonds. The bonds consisting of serial bonds maturing in annual installments of \$143,350 to \$233,450. The bonds bear interest at 2.650%. Total principal and interest remaining on the bonds as of June 30, 2022 is \$1,901,619 payable through 2030.

The obligation of the City to make Lease Payments pursuant to the Lease Agreement does not constitute a debt of the City or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The City will pay Lease Payments from its general funds. No amounts in the general funds of the City will be segregated, set aside or pledged to the payment of the Lease Payments and no amounts will be reasonably expected to be used directly or indirectly to pay Lease Payments. The 2016 Direct Placement Lease Financing is subject to optional redemption prior to maturity.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 6) LONG-TERM DEBT, (continued)

#### 2016 Direct Placement Lease Financing, (continued)

If the City fails to perform any of its obligations under the Lease Agreement, the Sublessor may take such action as may be necessary to cure such failure, including the advancement of money, and the City shall be obligated to repay all such advances as additional rental as provided for under the terms of the agreement, with interest at the rate set forth in Section 4.3(c) of the agreement.

The total debt service requirements to maturity as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 192,500	\$ 44,882	\$ 237,382
2024	199,300	39,780	239,080
2025	205,850	34,499	240,349
2026	207,100	29,044	236,144
2027	213,150	23,556	236,706
2028-2032	675,750	36,208	711,958
Total	<u>\$ 1,693,650</u>	<u>\$ 207,969</u>	<u>\$ 1,901,619</u>

#### 2016 Certificate of Participation Series A and Series B

##### Series A Certificates

In May 2016, The City issued \$12,645,000 Series A Certificates of Participation to provide funds to (a) refinance the obligations of the City under a lease agreement by and between the California Infrastructure and Economic Development Bank and the City, executed in 2001 to finance the costs of construction of the City of Hawthorne Police Headquarters, (b) pay a portion of the costs of the reserve fund municipal bond insurance policy in lieu of cash funding a reserve fund for the Certificates and (3) pay delivery costs incurred in connection with the execution, delivery, and sale of the Series A Certificates. Total principal and interest remaining on the bonds as of June 30, 2022 is \$15,992,100 payable through 2031.

The Series A Certificates maturing on August 1, 2026, are not subject to optional redemption prior to maturity. The Series A Certificates maturing on and after August 1, 2027, are subject to optional redemption prior to maturity in whole or in part on any date in such order of maturity as shall be designated by the City (or, if the City shall fail to so designate the order of redemption, in pro rata among maturities) and by lot within a maturity, on or after August 1, 2026, at a redemption price equal to the principal amount of the Certificates to be redeemed, together with accrued interest, without premium, to the date fixed for redemption, from the proceeds of the optional prepayment of Series A Lease Payments made by the City pursuant to the Lease Agreement.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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6) LONG-TERM DEBT, (continued)

**2016 Certificate of Participation Series A and Series B, (continued)**

Series B Certificates

In May 2016, the City issued \$17,470,000 Series B Certificates of Participation to provide funds to (a) refinance the obligations with respect to the City of Hawthorne Pension Obligation Bonds, Series 2005, (b) pay a portion of the costs of the Reserve Policy and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Series B Certificates. Total principal and interest remaining on the bonds as of June 30, 2022 is \$9,560,378 payable through 2031.

The Series B Certificates are not subject to optional redemption prior to maturity.

The obligation of the City to make the Lease Payments under the Lease Agreement for the 2016 Certificate of Participation Series A and Series B does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to make Lease Payments does not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Lease Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that, for so long as the Property is available for its use, it will make the necessary annual appropriations within its budget for the Lease Payments. The City is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Lease Payments, or which the City, in its discretion, may determine to pay prior to the Lease Payments.

Whenever any Event of Default shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; provided, however, that notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant in the Lease Agreement to be kept and performed by the City is expressly made a condition and upon the breach thereof, the Corporation may exercise any and all rights of entry and reentry upon the Property, and also, at its option, with or without such entry, may terminate the Lease Agreement; provided, that no such termination shall be effected either by operation of law or acts of the parties to the Lease Agreement, except only in the manner expressly provided in the Lease Agreement. In the event of such default and notwithstanding any re-entry by the Corporation, the City shall, as expressly provided in the Lease Agreement, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions contained in the Lease Agreement and, in any event such rent and/or damages shall be payable to the Corporation at the time and in the manner as provided on the Lease Agreement.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 6) LONG-TERM DEBT, (continued)

#### 2016 Certificate of Participation Series A and Series B, (continued)

The total debt service requirements to maturity as of June 30, 2022, are as follows:

Year Ending June 30,	Series A		Series B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ -	\$ 505,800	\$ 2,085,000	\$ 246,275	\$ 2,085,000	\$ 752,075
2024	-	505,800	2,150,000	184,298	2,150,000	690,098
2025	-	505,800	2,215,000	116,624	2,215,000	622,424
2026	-	505,800	2,290,000	44,525	2,290,000	550,325
2027	2,145,000	420,000	225,000	3,656	2,370,000	423,656
2028-2032	10,500,000	903,900	-	-	10,500,000	903,900
Total	<u>\$ 12,645,000</u>	<u>\$ 3,347,100</u>	<u>\$ 8,965,000</u>	<u>\$ 595,378</u>	<u>\$ 21,610,000</u>	<u>\$ 3,942,478</u>

#### 2019 Pension Obligation Bonds

On September 24, 2019, the City of Hawthorne issued 2019 Taxable Pension Obligation Bonds, Series 2019 in the amount of \$121,865,000. The 2019 Bonds were placed with U.S. Bank National Association. The bonds were issued to (a) finance a portion of the City's unfunded accrued liability to the California Public Employees' Retirement System (CalPERS) for the benefit of the City's employees and to pay a portion of current normal costs, and (b) pay the costs incurred in connection with the issuance of the bonds. The bonds bear variable interest rates ranging from 2.115% to 3.299% and are payable semiannually on June 1 and December 1 of each year, commencing June 1, 2020 until maturity or earlier redemption. The bonds mature in fiscal year 2049. Total principal and interest remaining on the bonds as of June 30, 2022 is \$180,179,397.

The obligations of the City under the Bonds, including the obligation to make all payments of interest and principal when due, are obligations of the City imposed by law and are absolute and unconditional, without any right of set-off or counterclaim. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation. Neither the Bonds nor the obligations of the City to make payments on the Bonds constitute an indebtedness of the City, the State of California, or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction.

For the purpose of paying the principal of and interest on the Bonds, the City Council has covenanted under the Trust Agreement, to take such actions annually as are necessary or appropriate to cause the debt service on the Bonds due in any fiscal year to be included in the budget for such fiscal year and to make the necessary appropriations therefor from any legally available funds, including the General Fund, to ensure that sufficient sums are available to pay the annual principal of and interest on the Bonds as the same become due.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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6) LONG-TERM DEBT, (continued)

**2019 Pension Obligation Bonds, (continued)**

The Bonds maturing on or before June 1, 2029, are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on and after June 1, 2030, are subject to optional redemption from any source of available funds of the City, prior to their respective maturities, in whole or in part among maturities as specified by the City, and by lot within a maturity, on any date on or after June 1, 2029, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

The Bonds maturing on June 1, 2039 and June 1, 2044, are also subject to mandatory sinking fund redemption on June 1 in the years, and in the amounts, as set forth in the Official Statement at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

The following events constitute Events of Default under the Trust Agreement: (a) if default shall be made in the due and punctual payment of the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise; (b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; (c) if default shall be made by the City in the observance of any of the covenants, agreements or conditions on its part in the Trust Agreement or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof to the City; or (d) if the City shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the City under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the City or of the whole or any substantial part of its property. A Bondholder may exercise any remedies available pursuant to the law or the Trust Agreement if an event of default occurs under the Trust Agreement.

## City of Hawthorne

### Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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#### 6) LONG-TERM DEBT, (continued)

##### 2019 Pension Obligation Bonds, (continued)

The total debt service requirements to maturity as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 2,800,000	\$ 3,872,958	\$ 6,672,958
2024	2,865,000	3,810,686	6,675,686
2025	2,930,000	3,744,103	6,674,103
2026	3,000,000	3,672,670	6,672,670
2027	3,075,000	3,598,030	6,673,030
2028-2032	16,680,000	16,682,086	33,362,086
2033-2037	19,445,000	13,918,814	33,363,814
2038-2042	23,090,000	10,272,971	33,362,971
2043-2047	27,695,000	5,679,421	33,374,421
2048-2049	12,615,000	732,659	13,347,659
Total	<u>\$ 114,195,000</u>	<u>\$ 65,984,397</u>	<u>\$ 180,179,397</u>

##### Loan Payable – West Basin

On November 26, 2008, the City of Hawthorne entered into a loan agreement with West Basin Municipal Water District. The loan is to provide the City assistance for the cost of retrofit improvements for the irrigation system at the Jim Thorpe Park. The loan amount was \$100,000 of which the Metropolitan Water District contributed \$9,500 on behalf of the City. The loan is subject to an interest rate of 5% per annum and is to be repaid within 13 years. Principal payments are due semi-annually on June 1 and December 1. As of June 30, 2022, this loan agreement was paid in full.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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6) LONG-TERM DEBT, (continued)

**Section 108 Loan**

Section 108 Loan of \$7,800,000 was advanced to the City for commercial rehabilitation on CDBG projects. The loan is guaranteed by the Secretary of Housing and Urban Development. Total principal payments of \$355,000 is due semi-annually on February 1 and August 1. The notes mature from 2012 to 2024 and bear varying interest rates. Total principal and interest remaining on the loan as of June 30, 2022 is \$1,475,553.

The City has pledged as security for the repayment of the note, the following: (a) all allocations or grants which have been made or for which the Borrower may become eligible under Section 106 of the Act, as well as any grants which are or may become available to the Borrower pursuant to Section 108(q); (b) Program income, as defined at 24 CFR 570.500(a)(or any successor regulation), directly generated from the use of the Guaranteed Loan Funds; (c) Other security as described in paragraph 15, et seq., or incorporated herein by paragraph C hereof, as applicable; (d) All proceeds (including insurance and condemnation proceeds) from any of the foregoing; and (e) All funds or investments in the accounts established pursuant to paragraphs 1 and 6 of the contract.

A default under this note shall occur upon failure by the borrower to pay principal or interest on this note when due to the Trustee. On any Interest Due Date on or after the first permissible Optional Redemption Date, if either (i) a Borrower defaults on the payment of any interest or principal amount when due or (ii) the Secretary gives notice of a final decision to declare the Borrower in default pursuant to the following paragraph, then the Secretary may, but is not obligated to, make an acceleration payment to the Trustee equal to the unpaid Aggregate Principal Amount of the note, together with accrued and unpaid interest thereon to such Interest Due Date.

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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6) LONG-TERM DEBT, (continued)

**Section 108 Loan, (continued)**

The total debt service requirements to maturity as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 710,000	\$ 34,756	\$ 744,756
2024	355,000	30,730	385,730
2025	335,000	10,067	345,067
Total	<u>\$ 1,400,000</u>	<u>\$ 75,553</u>	<u>\$ 1,475,553</u>

7) LEASES PAYABLE

The following is a summary of changes in leases for governmental activities for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Lease Payable:					
Governmental Funds					
Lease payable - AT&T	\$ 39,880	\$ -	\$ (39,880)	\$ -	\$ -
Lease payable - Ricoh Copier Lease	69,798	-	(25,049)	44,749	28,785
Internal Service Funds					
Lease payable - Radio Lease	140,464	-	(87,373)	53,091	53,091
Total capital leases	<u>\$ 250,142</u>	<u>\$ -</u>	<u>\$ (152,302)</u>	<u>\$ 97,840</u>	<u>\$ 81,876</u>



# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 7) LEASES PAYABLE, (continued)

#### Lease Payable - AT&T

In 2017, the City entered into a lease with AT&T Capital services, Inc. to acquire equipment. These assets have been capitalized with the obligation shown in the statement of net position. As of June 30, 2022, this lease was paid in full.

#### Lease Payable - Radio Lease

In December 2018, the City entered into a lease agreement with Ricoh USA Inc. to acquire copier equipment. These assets have been capitalized with the obligation shown in the statement of net position. The following is a schedule by year of future minimum lease payments under the lease agreement as of June 30, 2022:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$ 53,091</u>	<u>\$ 920</u>	<u>\$ 54,011</u>
Total	<u>\$ 53,091</u>	<u>\$ 920</u>	<u>\$ 54,011</u>

#### Lease Payable - Ricoh Copier Lease

In February 2019, the City entered into a lease with First American Commercial Bancorp, Inc. to acquire equipment. These assets have been capitalized with the obligation shown in the statement of net position. The following is a schedule by year of future minimum lease payments under the lease agreement as of June 30, 2022:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$ 28,785</u>	<u>\$ 4,458</u>	<u>\$ 33,243</u>
2024	<u>15,964</u>	<u>657</u>	<u>16,621</u>
Total	<u>\$ 44,749</u>	<u>\$ 5,115</u>	<u>\$ 49,864</u>

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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8) COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Governmental Funds	\$ 4,892,486	\$ 16,691,460	\$ (13,843,769)	\$ 7,740,177	\$ 1,548,035
Internal Service Funds	67,596	136,635	(117,834)	86,397	17,279
Business-Type Activities	69,725	120,455	(103,998)	86,182	17,236
Total compensated absences	<u>\$ 5,029,807</u>	<u>\$ 16,948,550</u>	<u>\$ (14,065,601)</u>	<u>\$ 7,912,756</u>	<u>\$ 1,582,551</u>

As discussed in Note 1 of the financial statements for governmental fund types, the City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) that exceeds expendable, available financial resources is reported in long-term liabilities. The accrual is calculated in accordance with GASB Code Section C60.109. For governmental activities, the liability will be paid in future years by the General Fund, and for business-type activities, the liability will be paid by the Airport Fund.

9) CLAIMS AND JUDGMENTS

The following is a summary of changes in claims and judgments for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Internal Service Funds:					
Claims and judgements	<u>\$ 4,312,384</u>	<u>\$ 1,527,798</u>	<u>\$ -</u>	<u>\$ 5,840,182</u>	<u>\$ 1,168,036</u>

As of June 30, 2022, the City is party to certain lawsuits. After reviewing these lawsuits with legal counsel, management has estimated the potential claims against the City not covered by insurance resulting from such litigation, and has recorded a liability in the Internal Service Fund. At June 30, 2022, total estimated claims payable were \$5,840,182.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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10) NON-CITY OBLIGATION DEBT - SPECIAL ASSESSMENT BONDS

**Assessment District Bonds**

During the year ended June 30, 1992, two Community Facilities Districts (Districts) were established by the former Community Redevelopment Agency (Agency) of the City of Hawthorne. Bonds have been issued to finance certain capital costs which have a special and direct benefit to the related property owners. Under the terms and conditions of these bonds, the Agency acts as agent for the property owners in collecting the special taxes and forwarding the collections to the bond holders. These bonds have been subsequently refunded by the issuance of 2010 Special Tax Refunding Bonds in the amount of \$13,180,000. As of June 30, 2022, the bonds outstanding from these Community Facility Districts totaled \$5,420,000.

On April 20, 2005, the District issued the 2004-1 (Fusion at South Bay) 2005 Special Tax Bonds totaling \$3,880,000 to acquire an easement and certain public facilities of benefit to the District. As of June 30, 2022, the bonds outstanding from this Community Facility District totaled \$2,785,000.

On November 21, 2006, the City of Hawthorne issued the 2006 Special Tax Bonds totaling \$14,755,000 for its Community Facilities District No. 2006-1 (Three Sixty Degrees @ South Bay) (the "District"), to finance the acquisition of an easement and certain public facilities in the vicinity of the District. The bonds are payable solely from Special Tax Revenues levied upon the District. On January 23, 2020, the City of Hawthorne, for and on behalf the District, issued the 2020 Special Tax Refunding Bonds in the amount of \$9,435,000 to (i) refund the outstanding City of Hawthorne Community Facilities District No. 2006-1 (Three Sixty Degrees @ South Bay) 2006 Special Tax Bonds, (ii) fund a reserve fund for the Bonds, and (iii) pay costs of issuing the Bonds. The Bonds are payable from the proceeds of an annual Special Tax (as defined in the Fiscal Agent Agreement) being levied on certain property located within the District, and from certain funds pledged under the Fiscal Agent Agreement. The Special Tax is being levied according to a rate and method of apportionment of Special Taxes approved in 2006.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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10) NON-CITY OBLIGATION DEBT - SPECIAL ASSESSMENT BONDS, (continued)

Interest on the Bonds is payable on March 1 and September 1 of each year, commencing on September 1, 2020. The Bonds are subject to optional redemption and redemption from Special Tax Prepayments prior to their respective maturities. As of June 30, 2022, the bonds outstanding from this Community Facility District totaled \$9,200,000.

Such bonds do not constitute an indebtedness of either the City or the Agency, and are payable solely from special taxes collected from property owners within the Districts. In the opinion of City and Agency officials, these bonds are not payable from any revenues or assets of the City or Agency and none of the full faith and credit of the City, the Agency, the Districts, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded as long-term debt.

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*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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11) NET POSITION CLASSIFICATIONS

Net position for governmental activities and business-type activities is classified as (1) net investment in capital assets, (2) restricted, (3) unrestricted. The details of the Net Position as of June 30, 2022 are presented below:

	Governmental Activities	Business-Type Activities	Total
Net Investment in Capital Assets:			
Capital assets, net of accumulated depreciation	\$ 133,965,587	\$ 11,008,202	\$ 144,973,789
Less capital related debt balances:			
Revenue bonds - 2011 Series A	(691,500)	-	(691,500)
2016 Direct Placement Lease Financing	(1,693,650)	-	(1,693,650)
2016 Certificate of Participation - Series A	(12,645,000)	-	(12,645,000)
Leases payable	(97,840)	-	(97,840)
Loans payable	(1,400,000)	-	(1,400,000)
	<u>(16,527,990)</u>	<u>-</u>	<u>(16,527,990)</u>
Total Net Investment in Capital Assets	<u>117,437,597</u>	<u>11,008,202</u>	<u>128,445,799</u>
Restricted for:			
Public safety	1,441,602	-	1,441,602
Community development	7,937,659	-	7,937,659
Parks and recreation	439,384	-	439,384
Public works	16,267,086	-	16,267,086
Capital improvements	4,906,446	-	4,906,446
Debt service	2,242,510	-	2,242,510
Total Restricted	<u>33,234,687</u>	<u>-</u>	<u>33,234,687</u>
Unrestricted	<u>(122,568,622)</u>	<u>4,953,411</u>	<u>(117,615,211)</u>
Total	<u>\$ 28,103,662</u>	<u>\$ 15,961,613</u>	<u>\$ 44,065,275</u>

12) RETIREMENT PLANS

A) General Information about the Pension Plans

Plan Descriptions

The Plans consist of an agent multiple-employer defined benefit pension plan and a public agency cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS).

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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12) RETIREMENT PLANS, (continued)

A) General Information about the Pension Plans, (continued)

*Miscellaneous – Agent, Multiple-Employer Defined Benefit Pension Plan*

A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the plan's June 30, 2018 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

*Safety – Cost Sharing, Multiple-Employer Defined Benefit Pension Plan*

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors two safety plans in safety risk pools. Benefit provisions under the Plan are established by State statute and the City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Benefits Provided

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

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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12) RETIREMENT PLANS, (continued)

A) General Information about the Pension Plans, (continued)

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 57
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.71%	6.750%
Required employer contribution rates	12.34%	12.34%

	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	8.99%	13.75%
Required employer contribution rates	25.59%	13.98%

Employees Covered

At June 30, 2020 (valuation date), the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	348	238
Inactive employees entitled to but not yet receiving benefits	278	51
Active employees	174	89
<b>Total</b>	<u>800</u>	<u>378</u>

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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12) RETIREMENT PLAN, (continued)

A) General Information about the Pension Plans, (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process.

*Miscellaneous – Agent, Multiple-Employer Defined Benefit Pension Plan*

The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2022, were \$1,598,786.

*Safety – Cost Sharing, Multiple-Employer Defined Benefit Pension Plan*

For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2022, were \$2,851,665. The actual employer payments of \$2,397,913 made to CalPERS by the City during the measurement period ended June 30, 2021, differed from the City's proportionate share of the employer's contributions of \$14,679,275 by \$12,281,362 which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.



**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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12) RETIREMENT PLAN, (continued)

B) Net Pension Liability / (Asset)

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.500%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>(1)</sup>	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

<sup>(1)</sup> The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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12) RETIREMENT PLAN, (continued)

B) Net Pension Liability / (Asset), (continued)

Long-term Expected Rate of Return

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

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

The expected real rates of return by asset class are as follows:

<u>Asset Class<sup>1</sup></u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10<sup>2</sup></u>	<u>Real Return Year 11+<sup>3</sup></u>
Public equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	<u>100%</u>		

<sup>1</sup> In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation of 2.0% used for this period

<sup>3</sup> An expected inflation of 2.92% used for this period

Change of Assumptions

There were no change of assumptions for measurement date June 30, 2021.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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12) RETIREMENT PLAN, (continued)

B) Net Pension Liability / (Asset), (continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

12) RETIREMENT PLAN, (continued)

B) Net Pension Liability / (Asset), (continued)

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Annual Comprehensive Financial Report closing and final reconciled reserves.

C) Proportionate Share of Net Pension Liability / (Asset)

**Miscellaneous – Agent, Multiple-Employer Defined Benefit Pension Plan**

The following table shows the changes in net pension liability over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (c) = (a) - (b)
<b>Balance at: 6/30/2020 (VD)</b>	<b>\$ 208,286,296</b>	<b>\$ 206,811,472</b>	<b>\$ 1,474,824</b>
<b>Changes Recognized for the Measurement Period:</b>			
• Service Cost	2,478,272	-	2,478,272
• Interest on the Total Pension Liability	14,602,910	-	14,602,910
• Differences between Expected and Actual Experience	699,629	-	699,629
• Contributions from the Employer	-	1,612,478	(1,612,478)
• Contributions from Employees	-	1,047,853	(1,047,853)
• Net Investment Income	-	45,476,553	(45,476,553)
• Benefit Payments, including Refunds of Employee Contributions	(11,977,102)	(11,977,102)	-
• Administrative Expense	-	(206,592)	206,592
• Other Miscellaneous Income/(Expense)	-	-	-
<b>Net Changes during 2020-21</b>	<b>5,803,709</b>	<b>35,953,190</b>	<b>(30,149,481)</b>
<b>Balance at: 6/30/2021 (MD)</b>	<b>\$ 214,090,005</b>	<b>\$ 242,764,662</b>	<b>\$ (28,674,657)</b>

<sup>1</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Valuation Date (VD), Measurement Date (MD).

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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12) RETIREMENT PLANS, (continued)

C) Proportionate Share of Net Pension Liability / (Asset), (continued)

**Safety – Cost Sharing, Multiple-Employer Defined Benefit Pension Plan**

The following table shows the Plan’s proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability / (Asset) (c) = (a) - (b)
Balance at: 6/30/2020 (MD)	\$ 234,415,126	\$ 231,299,965	\$ 3,115,161
Balance at: 6/30/2021 (MD)	240,341,030	274,762,158	(34,421,128)
Net Changes during 2020-21	\$ 5,925,904	\$ 43,462,193	\$ (37,536,289)

Valuation Date (VD), Measurement Date (MD).

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2021, 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, 2020. The City’s proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS’ website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The City’s proportionate share of the net pension liability for the safety Plan as of June 30, 2020 and 2021, measurement date was as follows:

	<u>Safety</u>
Proportionate Share of NPL - June 30, 2020	0.04676%
Proportionate Share of NPA - June 30, 2021	<u>(0.98080%)</u>
Change - Decrease	<u><u>(1.02756%)</u></u>

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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12) RETIREMENT PLANS, (continued)

C) Proportionate Share of Net Pension Liability / (Asset), (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of each Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<b>Discount Rate - 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
Miscellaneous Plan's Net Pension Asset	\$ (1,959,833)	\$ (28,674,657)	\$ (50,789,407)
Safety Plan's Net Pension Asset	\$ (2,069,151)	\$ (34,421,128)	\$ (60,994,281)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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12) RETIREMENT PLANS, (continued)

C) Proportionate Share of Net Pension Liability / (Asset), (continued)

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining services lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

For the agent, multiple employer plan, the expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). For the cost sharing, multiple employer plan, the EARSL is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost Sharing Multiple-Employer Plan (PERF C).

The EARSL for the miscellaneous agent plan for the measurement date ending June 30, 2021, is 2.3 years, which was obtained by dividing the total service years of 1,872 (the sum of remaining service lifetimes of the active employees) by 800 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The EARSL for the PERF C for the measurement period ending June 30, 2021, is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 12) RETIREMENT PLANS, (continued)

#### D) Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2020), the City's total net pension liability was \$4,589,985. For the measurement period ending June 30, 2021 (the measurement date), the City incurred a total pension credit of \$53,179,995. A breakdown of the pension expense and deferred outflows and deferred inflows of resources related to each pension plan is as follows:

#### Miscellaneous – Agent, Multiple-Employer Defined Benefit Pension Plan

As of the start of the measurement period (July 1, 2020), the net pension liability is \$1,474,824. For the measurement period ending June 30, 2021 (the measurement date), the City incurred a pension credit of \$4,741,187 for the miscellaneous plan. A complete breakdown of the pension expense is as follows:

<b>Description</b>	<b>Amount</b>
Service Cost	\$ 2,478,272
Interest on the Total Pension Liability	14,602,910
Differences Between Expected and Actual Experience	225,893
Contributions - Employees	(1,047,853)
Projected Earnings on Pension Plan Investments	(14,425,135)
Recognized Differences Between Projected and Actual Earnings on Plan Investments	(6,781,866)
Administrative Expenses	206,592
<b>Total Pension Expense</b>	<b>\$ (4,741,187)</b>

#### Safety – Cost Sharing, Multiple-Employer Defined Benefit Pension Plan

As of the start of the measurement period (July 1, 2020), the net pension liability for the safety plans is \$3,115,161. For the measurement period ending June 30, 2021 (the measurement date), the City incurred a pension credit of \$48,438,808 for the safety plan.



*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

12) RETIREMENT PLAN, (continued)

D) Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)

As of June 30, 2022, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 415,637	\$ -	\$ -	\$ (5,880,820)
Changes of Assumptions	-	-	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(22,886,770)	20,487,188	-
Change in Employer's Proportion	-	-	8,444,795	(27,869,966)
Difference in Actual vs Projected Contributions Pension Contributions Subsequent to Measurement Date	-	-	29,128,352	(9,260,038)
	<u>1,598,786</u>	<u>-</u>	<u>2,851,665</u>	<u>-</u>
	<u>\$ 2,014,423</u>	<u>\$ (22,886,770)</u>	<u>\$ 60,912,000</u>	<u>\$ (43,010,824)</u>

These amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense. The \$1,598,786 and \$2,851,665 reported as deferred outflows of resources related to the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources, Net	
	Miscellaneous	Safety
2023	\$ (5,416,649)	\$ 2,366,238
2024	(5,296,058)	3,118,291
2025	(5,548,144)	3,927,193
2026	(6,210,282)	5,637,789
2027	-	-
Thereafter	-	-

E) Payable to the Pension Plan

At June 30, 2022, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plans required for the year then ended.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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13) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS

**Plan Description**

The City provides certain postemployment health care benefits under a single employer defined benefit plan, in accordance with the various City Council Resolutions: No. 966, No. 5967, No. 5978, No. 5983, No. 5984, No. 6022 and No. 6046, to the following three employee categories: general, fire and police.

The following is a description of the eligibility requirements, the term of the benefits, and the postemployment health benefits available to eligible employees:

General

All employees who have retired from a classification covered by the memorandum of understanding, are receiving retirement benefits from PERS, and have a minimum of 10 years of full-time employment, shall be entitled to enroll in a PERS health plan. The City agrees to reimburse an amount equal to the coverage for the plan in which the employee is enrolled. This benefit commences upon the employee's retirement date and ceases when the employee becomes ineligible for coverage under the PERS health benefits plan.

Fire

All employees who have retired from a classification covered by the memorandum of understanding, are receiving retirement benefits from PERS and have a minimum of 15 years of full-time employment, shall be entitled to enroll in a PERS health plan. The City agrees to reimburse an amount equal to the cost of the coverage for the plan in which the employee is enrolled. This benefit commences upon the employee's retirement date and ceases when the employee becomes ineligible for coverage under the PERS health benefits plan. The City began contracting with the County of Los Angeles beginning in February 1997. Therefore, this benefit pertained only to those employees retiring before February 1997.

Police

All employees who have retired, have at least 20 years of service in the Hawthorne Police Department, and have reached the age of 50, shall be entitled to enroll in a PERS health plan. The City agrees to pay for health insurance for the retired employee and his or her dependent spouse or family less the retiree contribution of \$14.15 per month for 2-party coverage or \$23.99 per month for family coverage.

A qualified retiree shall be covered by this provision as long as he/she is eligible for PERS health insurance coverage. The dependent spouse of a qualified retiree shall be covered until he/she reaches the age of 65. Any employee who retires with less than the minimum requirements as noted above shall be offered the opportunity to continue their participation in the group health insurance (PERS) in effect at that time. The City does not provide dental, vision, Medicare Part B, or life insurance as part of the plan.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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13) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS, (continued)

**Employees Covered**

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

Active employees	266
Inactive employees or beneficiaries currently receiving benefits	272
Inactive employees entitled to, but not yet receiving benefits	<u>59</u>
Total	<u><u>597</u></u>

**Funding Policy**

The contribution requirements of plan members and the City are established and may be amended by the City, City Council and/or the employee association. Currently, contributions are not required from plan members.

The City pays for postemployment health insurance on a pay-as-you-go basis (no prefunding). For fiscal year 2021-22, the City paid \$3,207,614 for other postemployment benefits.

**Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation using the Alternative Measurement Method dated June 30, 2021 that was rolled forward to determine the June 30, 2021 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2021 Measurement Date (MD)
Actuarial Valuation Date	June 30, 2021
Contribution Policy	No pre-funding
Discount Rate	2.16% at MD June 30, 2021 (Bond Buyer 20-Bond Index) 2.21% at MD June 30, 2020 (Bond Buyer 20-Bond Index)
General Inflation	2.50% annually
Mortality, Retirement, Disability, Termination	Based on CalPERS 2000-2019 Experience Study
Salary increases	Aggregate - 2.75% annually Merit - CalPERS 2000-2019 Experience Study
Medical Trend	Non-Medicare – 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076. Medicare (Non-Kaiser) – 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076. Medicare (Kaiser) - 4.6% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Healthcare Participation	Actives: 95% Retirees: 100% if covered, 5% re-elect at 65 if waived.

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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13) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS, (continued)

**Discount Rate**

A discount rate of 2.16 percent was used in the valuation for measurement date June 30, 2021.

**Changes in the OPEB Liability**

The changes in the total OPEB liability for the Plan are as follows:

	<u>Total OPEB Liability</u>
Balance at June 30, 2021 (6/30/2020 measurement date)	<u>\$ 139,733,637</u>
Changes recognized for the measurement period:	
Service cost	5,252,506
Interest	3,168,811
Actual vs. expected experience	(14,253,534)
Changes of assumptions	(8,870,441)
Benefit payments	(3,202,013)
Net changes	<u>(17,904,671)</u>
Balance at June 30, 2022 (6/30/2021 measurement date)	<u><u>\$ 121,828,966</u></u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	<b>1% Decrease (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total OPEB Liability	\$ 145,774,554	\$ 121,828,966	\$ 103,301,431

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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13) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS, (continued)

**Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates**

The following presents the total OPEB liability of the City 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 measurement period ended June 30, 2021:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 101,712,291	\$ 121,828,966	\$ 148,159,520

**OPEB Plan Fiduciary Net Position**

As the City is not prefunding with an OPEB trust, Plan Fiduciary Net Position was \$0 at the June 30, 2021 measurement date. The City does not have assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

**Recognition of Deferred Outflows and Deferred Inflows of Resources**

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The net difference between projected and actual earnings on OPEB plan investments is amortized using the straight-line method over 5 years, while all other amounts are amortized over the expected average remaining service lifetime (EARSL) of plan participants.

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$5,269,481 with details as follows:

	<u>Total</u>
Service Cost	\$ 5,252,506
Interest	3,168,811
Administrative Expense	7,133
Recognition of deferred outflows/(inflows)	
Experience	(4,110,219)
Assumptions	<u>951,250</u>
OPEB Expense	<u>\$ 5,269,481</u>

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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13) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS, (continued)

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB,  
(continued)**

As of fiscal year ended June 30, 2022, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 15,464,130
Changes of assumptions	20,416,275	9,319,434
Contributions to OPEB plan subsequent to the measurement date	<u>3,270,614</u>	<u>-</u>
Total	<u>\$ 23,686,889</u>	<u>\$ 24,783,564</u>

The \$3,270,614 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the total OPEB liability in the upcoming year. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	\$ (1,257,969)
2024	195,031
2025	763,385
2026	(1,590,166)
2027	(2,477,570)
Thereafter	<u>-</u>
	<u>\$ (4,367,289)</u>

**Changes In Assumptions**

The changes in assumptions as of the measurement date of June 30, 2021, were: The discount rate was updated from 2.21% to 2.16% based on municipal bond rate as of the measurement date. The demographic assumptions were updated to CalPERS 2000-2019 Experience Study. The 25-basis point inflation rate decrease. The participation for dependents and waived retirees were updated. The medical trend rate for Kaiser Senior Advantage decreased. The Medicare Advantage implied subsidy was removed. The mortality improvement scale was updated to Scale MP-2021.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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13) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS, (continued)

**OPEB Related Subsequent Events**

The subsequent events as of the measurement date of June 30, 2021, was: The City set up a PARS balanced strategy trust April 29, 2022 and intended on making a \$3.5 million initial contribution in October.

14) INSURANCE

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City established the Insurance Reserve Fund to account for and finance its uninsured risks of loss and records its risk in long-term debt.

The Insurance Reserve Fund provides coverage for up to a maximum of \$250,000 for each workers' compensation claim and \$250,000 for each general liability claim. The City is a member of the Independent Cities Risk Management Authority (ICRMA) for its excess liability insurance coverage and workers' compensation coverage and purchases commercial insurance for claims in excess of coverage provided by the fund for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City except the fiduciary funds participate in the program and make payments to the fund based on actuarial estimates of the amounts needed to pay prior year and current year claims. The claims liability of \$5,840,182 reported in the Insurance Reserve Fund at June 30, 2022, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Insurance Reserve Fund's claims liability amounts in the fiscal years 2020, 2021, and 2022, were as follows:

Fiscal Year	Beginning Balance	Changes in Estimates	Claims Payments	Ending Balances
2019-2020	\$ 4,037,710	\$ 529,798	\$ (1,594,273)	\$ 2,973,235
2020-2021	2,973,235	2,718,450	(1,379,301)	4,312,384
2021-2022	4,312,384	1,527,798	-	5,840,182

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 15) COMMITMENT AND CONTINGENCIES

#### Construction Commitments

The following material construction commitments existed at June 30, 2022:

<u>Fund</u>	<u>Remaining Commitments as of June 30, 2022</u>
Major Funds:	
General Fund	\$ 638,592
Hawthorne Housing Authority	
Non-major Funds	304,748
Internal Services Funds:	
Equipment Replacement	43,043
Insurance Reserve	40,400
Enterprise Funds:	
Airport	7,923
	<u>\$ 1,034,706</u>

#### Litigation

The City of Hawthorne has been named as a defendant in numerous lawsuits and claims arising in the course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the City, such loss has been accrued in the accompanying combined financial statements.



# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 16) JOINT VENTURES

#### South Bay Regional Public Communications Authority (SBRPCA)

The City is a member of the South Bay Regional Public Communications Authority (SBRPCA), a joint powers authority of the Cities of Hawthorne, Gardena, Manhattan Beach and El Segundo. SBRPCA was formed October 14, 1975, for the purpose of financing a public safety communications system for the member cities. The governing board is composed of the mayor of each member city. During fiscal year 2021-22, the City was assessed \$2,661,063, which was paid to SBRPCA for the operations and maintenance of the consolidated regional public safety services communications system that SBRPCA provides to its member cities.

The City's share of SBRPCA capital assets is recorded as a component of the City's capital assets (see note 4). Ownership percentages are determined by joint agreement. As of June 30, 2022, the following Member Agencies have the following approximate ownership interest:

City of Hawthorne	32.08%
City of Gardena	45.07%
City of Manhattan Beach	22.85%

As of and for the year ended June 30, 2022, SBRPCA's preliminary financial information is as follows:

Net Position	
Total assets	\$ 14,202,918
Total deferred outflows of resources	3,129,376
Total liabilities	(13,305,360)
Total deferred inflows of resources	<u>(984,928)</u>
Total net position	<u>\$ 3,042,006</u>
Change in Net Position	
Operating revenues	\$ 10,731,249
Operating expenses	<u>(12,368,139)</u>
Operating income	(1,636,890)
Nonoperating revenues (expenses)	<u>8,509</u>
Change in net position	(1,628,381)
Beginning net position, as restated	<u>4,670,387</u>
Ending net position	<u>\$ 3,042,006</u>

Complete financial statements for the SBRPCA may be obtained from the City's Finance Department.

Should SBRPCA liquidate, all members would receive their equity in the SBRPCA based upon their cumulative contributions.

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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17) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The City recognizes deferred outflows of resources in the City's financial statements pertaining to the unamortized loss on defeasance of debt and pension contributions made subsequent to the measurement date. The unamortized loss on defeasance of debt is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The deferred inflows of resources pertains to unavailable revenues which represent receivables that were not received within the availability period and the difference between actual and projected income on pension plan investments.

	<u>Governmental Activities Balance at June 30, 2022</u>
Deferred outflows of resources	
Unamortized loss on defeasance of debt	<u>\$        313,905</u>
	<u>Governmental Funds at June 30, 2022</u>
Deferred inflows of resources	
Unavailable Revenue - Receivables that were not received within the availability period and were not recognized as revenues	<u>\$      2,038,853</u>

Refer to Note 12 for deferred outflows and inflows of resources related to pensions and Note 13 for deferred outflows and inflows of resources related to other post-employment benefits.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 18) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

The accompanying financial statements also include the Private-purpose Trust Fund for the Successor Agency to the City's former Redevelopment Agency (Successor Agency). The City, as the Successor Agency, serves in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency's boundaries and as such, are not available for the use of the City.

#### Disclosure of Successor Agency Debts

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Bonds payable - Direct placement					
Tax allocation bonds	\$ 22,365,000	\$ -	\$ (1,560,000)	\$ 20,805,000	\$ 1,645,000
Plus deferred amounts:					
Issuance premium	3,974,173	-	(248,386)	3,725,787	248,386
Total bonds payable	26,339,173	-	(1,808,386)	24,530,787	1,893,386
Notes payable - Direct borrowing	32,032,002	1,125,000	(293,130)	32,863,872	-
	<u>\$ 58,371,175</u>	<u>\$ 1,125,000</u>	<u>\$ (2,101,516)</u>	<u>\$ 57,394,659</u>	<u>\$ 1,893,386</u>

#### Tax Allocation Bonds

##### Redevelopment Project Area 2:

##### 2016 Tax Allocation Bonds

2016 Project Area No. 2 Tax Allocations Bonds, Series 2016 was issued to (a) refund certain outstanding bonds issued by the former Community Redevelopment Agency of the City of Hawthorne (the "Former Agency"), the proceeds of which were used to finance and refinance redevelopment activities of the Former Agency, (b) purchase a municipal bond insurance policy in lieu of funding a debt service reserve fund for the Bonds, and (c) provide for the costs of issuing the Bonds. The Bonds are payable from and secured by a first lien on the Tax Revenues, as defined in the Indenture, and moneys in certain funds and accounts established under the Indenture. The bonds consist of \$29,785,000 serial bonds with an annual maturity dates from September 1, 2016 through September 1, 2036, bearing interest ranging from 2.00% to 5.00%.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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18) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,  
(continued)

**Disclosure of Successor Agency Debts, (continued)**

As of June 30, 2022, total principal and interest outstanding on this 2016 Tax Allocation Bonds is \$28,685,125.

The Successor Agency shall not submit a Last and Final ROPS without the prior written consent of Assured Guaranty Municipal Corp., or any successor thereto.

If an Event of Default has occurred under the Indenture and is continuing, the Trustee may, and, if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in the Indenture or in the Bonds to the contrary notwithstanding, and (b) the Trustee shall, subject to the Indenture, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

The following schedule summarizes the debt service to maturity requirements for bonds outstanding as of June 30, 2022:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,645,000	\$ 999,125	\$ 2,644,125
2024	1,725,000	914,875	2,639,875
2025	1,810,000	826,500	2,636,500
2026	980,000	756,750	1,736,750
2027	5,695,000	2,977,125	8,672,125
2028-2032	7,270,000	1,363,750	8,633,750
2033-2037	1,680,000	42,000	1,722,000
Total	<u>\$ 20,805,000</u>	<u>\$ 7,880,125</u>	<u>\$ 28,685,125</u>

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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18) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,  
(continued)

**Note Payable**

AutoNation/Costco Note – A first implementation agreement to a Disposition and Development Agreement (DDA) was entered with certain developers in August 2000, paying interest at 9.0%. The developers had advanced to the Agency \$5,500,000 and cancelled a note owed by the Agency (the Costco note) for approximately \$7,000,000. In return, the Agency executed a promissory note to the developers for \$12,500,000. Sources for repayment of this note consist of Mello-Roos tax refunds, sales tax and transient occupancy tax refunds to the extent these taxes are generated within the project site. As of June 30, 2022, the outstanding balance on this note totaled \$32,863,872.

The Agency pledged the Tax Increment to payment of the special taxes on the Refunding Bonds and repayment of the Agency Note pursuant to Health and Safety Code Sections 33641 and 33671.5 and other applicable provisions of law. The Tax Increment shall be subordinate to the Agency's obligations to make debt service payments on any Tax Allocation Bonds.

The Agency shall deposit or cause all Tax Increments to be deposited in a special fund administered by a trustee that shall be the fiscal agent for the Refunding Bonds.

**Commitments and Contingencies**

The Successor Agency has assumed a commitment of the former Hawthorne Redevelopment Agency, pertaining to the Oceangate Development.

The Developer is reimbursed 25% of the sales tax generated from parcels two to four and 40% from parcels five and six for 15 years; commencing January 1, 1999. All Mello-Roos taxes received in excess of \$506,800 are refunded to the Developer until the 1998 Special Tax Refunding bonds are fully repaid and all tax increments received, except from parcel one, less the low- and moderate-income housing set-aside amount which is refunded to the Developer for a period of 30 years.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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18) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,  
(continued)

**Tax Abatements**

The Community Redevelopment Agency of the City of Hawthorne (the City) entered into an agreement with Oceangate Properties, Inc. on July 23, 2001. The Developer leases certain real property located at 13900 Hawthorne Boulevard on which the Developer operates a facility for the retail sale of new and used automobile and light trucks known as "South Bay Ford". At the time of the agreement the Developer will be the owner of certain real property ("Parcel 1") located in the City. Parcel 1 and the Hawthorne Boulevard Property were both located within the Hawthorne Redevelopment Project No. 2 in the City and are subject to the provisions of the Redevelopment Plan for the project adopted by the City Council of the City on November 26, 1984, by Ordinance No. 1330, as amended. In connection with the Owner Participation Agreement, as amended by the fifth implementation agreement dated April 12, 1999, hereinafter collectively referred to as the "OPA". In connection with the OPA, the Agency and the City entered into a cooperation and Loan agreement ("Cooperation Agreement"), pursuant to which the City agreed to make a loan to the Agency to be used by the Agency to make certain payments required by the OPA. Pursuant to the OPA, the site was subdivided into eight (8) parcels: Parcels 1, 2, 3, 4A, 4B, 5, 6A, and 6B. The Developer and the Agency have entered into a "Sixth Implementation Agreement" which amends and restates the provisions of the OPA governing the redevelopment of Parcel 1, and the City and the Agency have entered into a Revised Cooperation and Loan Agreement revising the provisions of the Cooperation Agreement with respect to Parcel 1 only. Pursuant to the Sixth Implementation Agreement, the Developer intends to develop a facility for the retail sale and/or leasing of new automobiles and/or light trucks on Parcel 1 and relocate the Developer's new car sales operations to Parcel 1. The Developer further intends to continue to use the Hawthorne Boulevard Property for the sale of used vehicles and for service, parts and warranty purposes.

In connection with the sale of Parcel 1 to the Developer, the Developer's immediate predecessor in interest, Mission-Oceangate, a California general Partnership ("Mission"), has assigned to the Developer its right to receive periodic payments of "Sales Tax Generation" and "Net Tax Increment" from Parcels 2-6 as defined in the revised method of financing to the first implementation. In addition, Mission has assigned to the Developer its right to receive periodic payments of "Mello-Roos Reimbursement" from Parcel 1. The thirty (30) year term for the Agency's payment of Net Tax Increment to the Developer commenced on July 1, 1992 and will terminate on September 30, 2022. The thirty (30) year term for the payment of Sales Tax Generation to the Developer commenced on July 1, 1992 and will terminate on July 1, 2022.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

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18) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,  
(continued)

**Tax Abatements, (continued)**

Payments of Parcel 1 Net Tax Increment Revenue shall be made annually in arrears on or before September 30 of each fiscal year. Payments of Parcel 1 Apportioned Sales Tax Generation shall be made quarterly in arrears, on October 1 (for the first quarter of the calendar year), January 1 (for the second quarter of the preceding calendar year), April 1 (for the third quarter of the preceding year) and July 1 (for the fourth quarter of the preceding calendar year).

Payments of Parcel 1 Apportioned Sales Tax Generation attributable to leasing activity shall be made annually in arrears on July 1 (for the preceding year), provided, however, that if the Developer is able to document to the Agency's satisfaction on a quarterly basis the amount of Parcel 1 Apportioned Sales Tax Generation attributable to leasing activity, then such payments attributable to leasing activity shall be made at the same time (on a quarterly basis) as other payments of Parcel 1 Apportioned Sales Tax Generation.

Parcel 1 Net Tax Increment Revenue shall be paid to the Agency pursuant to California Health and Safety Code Section 33670(b) that is attributable to assessed value of Parcel 1 in excess of \$8,240,000 less any portion of such Parcel 1 Net Tax Increment Revenues required to be deposited in the Agency's Low- and Moderate-Income Housing Fund.

Parcel 1 Apportioned Sales Tax Generation shall be defined as an amount equal to the applicable portion of tax revenues actually received by the City from the application of Bradley-Burns Local Sales and Use Tax Law on the privilege of selling and leasing tangible personal property at retail on transactions occurring on Parcel 1 and cannot exceed the sum of the Parcel 1 Apportioned Sales Tax Generation Annual Cap and carry over payment.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2022

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### 19) OTHER REQUIRED DISCLOSURES

#### Deficit in Fund Balance

The following funds have deficits in fund balance or net position at June 30, 2022:

Fund	Amount
Nonmajor Governmental Funds:	
Special Revenue Funds:	
Street Lighting	\$ (21,572)
California Office of Traffic Safety	(107,357)
Local Law Enforcement Block Grant	(253,115)
Community Development Block Grant	(190,103)
RPSOD Jim Thorpe Holly Glenn	(424,053)
Permanent Local Housing Allocation	(5,516)
SB2 Planning Grant	(249,289)
LEAP Grant	(130,706)
Capital Projects Fund:	
State Park Improvement Grant	(339,762)
Debt Service Fund:	
2019 Pension Obligation Bond	(1,537,622)
Internal Service Fund:	
Insurance Reserve	(5,675,971)

The City intends to fund these deficits with future revenue, transfers and reductions of expenditures/expenses.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**Required Supplementary Information**  
**General Fund**

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**Major Governmental Funds**

**General Fund** is used to account for financial resources traditionally associated with general government operations, which are not required legally or by financial management to be accounted for in another fund.

# City of Hawthorne

## Budgetary Comparison Schedule by Department General Fund For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 68,869,000	\$ 70,369,000	\$ 88,866,674	\$ 18,497,674
Licenses and permits	2,458,400	2,508,400	1,553,744	(954,656)
Intergovernmental	1,274,660	1,274,660	1,269,922	(4,738)
Charges for services	2,209,998	2,833,198	3,021,149	187,951
Fines and forfeitures	2,600,000	2,600,000	3,268,876	668,876
Use of money and property	150,000	250,000	(1,243,570)	(1,493,570)
Contributions	200,000	350,000	350,000	-
Miscellaneous	1,715,000	1,810,000	1,849,783	39,783
Total revenues	<u>79,477,058</u>	<u>81,995,258</u>	<u>98,936,578</u>	<u>16,941,320</u>
<b>Expenditures</b>				
Current:				
General government:				
Mayor and City Council	5,492,614	5,579,741	6,069,954	(490,213)
City clerk	223,746	223,746	144,331	79,415
City manager	469,291	643,108	362,417	280,691
City treasurer	28,781	28,781	27,363	1,418
City attorney	562,962	562,962	73,148	489,814
Administrative services	5,604,939	5,674,974	4,776,632	898,342
Public safety:				
Police	49,411,272	52,720,708	53,249,352	(528,644)
Community development:				
Planning	1,730,475	1,730,475	1,233,577	496,898
Building and safety	1,245,518	1,245,518	957,701	287,817
Parks and recreation	4,648,037	4,718,709	3,704,975	1,013,734
Public works	2,107,803	2,163,803	1,463,847	699,956
Capital outlay	22,626	22,626	354,526	(331,900)
Total expenditures	<u>71,548,064</u>	<u>75,315,151</u>	<u>72,417,823</u>	<u>2,897,328</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,928,994</u>	<u>6,680,107</u>	<u>26,518,755</u>	<u>19,838,648</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	11,445,620	1,467,681	(9,977,939)
Transfers out	<u>(7,754,835)</u>	<u>(7,754,835)</u>	<u>(8,907,765)</u>	<u>(1,152,930)</u>
Total other financing sources (uses)	<u>(7,754,835)</u>	<u>3,690,785</u>	<u>(7,440,084)</u>	<u>(11,130,869)</u>
Net change in fund balance	174,159	10,370,892	19,078,671	8,707,779
Fund Balance, Beginning	<u>59,774,544</u>	<u>59,774,544</u>	<u>59,774,544</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 59,948,703</u>	<u>\$ 70,145,436</u>	<u>\$ 78,853,215</u>	<u>\$ 8,707,779</u>

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*City of Hawthorne*

**Required Supplementary Information  
Major Special Revenue Funds**

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**Major Special Revenue Funds**

**Hawthorne Housing Authority Special Revenue Fund** is used to account for the housing assistance programs for the qualified low-income residents.

**American Rescue Plan Act Fund** is used to provide relief to the City for the negative impacts caused from the COVID-19 Pandemic.

*City of Hawthorne*

**Budgetary Comparison Schedule  
Hawthorne Housing Authority Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 12,515,315	\$ 12,515,315	\$ 11,111,866	\$ (1,403,449)
Use of money and property	-	-	95	95
Charges for services	-	1,292,744	77,810	(1,214,934)
Miscellaneous	2,420	2,420	10,947	8,527
Total revenues	<u>12,517,735</u>	<u>13,810,479</u>	<u>11,200,718</u>	<u>(2,609,761)</u>
<b>Expenditures</b>				
Current:				
Community development	12,351,865	13,644,609	11,092,323	2,552,286
Total expenditures	<u>12,351,865</u>	<u>13,644,609</u>	<u>11,092,323</u>	<u>2,552,286</u>
Excess (deficiency) of revenues over (under) expenditures	<u>165,870</u>	<u>165,870</u>	<u>108,395</u>	<u>(57,475)</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(202,560)</u>	<u>(202,560)</u>	<u>(192,578)</u>	<u>9,982</u>
Total other financing uses	<u>(202,560)</u>	<u>(202,560)</u>	<u>(192,578)</u>	<u>9,982</u>
Net change in fund balance	(36,690)	(36,690)	(84,183)	(47,493)
Fund Balance, Beginning	<u>523,567</u>	<u>523,567</u>	<u>523,567</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 486,877</u>	<u>\$ 486,877</u>	<u>\$ 439,384</u>	<u>\$ (47,493)</u>

*City of Hawthorne*

**Budgetary Comparison Schedule  
American Rescue Plan Act Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ -	\$ 15,260,827	\$ 1,747,309	\$ (13,513,518)
Miscellaneous	-	-	4,910	4,910
Total revenues	-	15,260,827	1,752,219	(13,508,608)
<b>Expenditures</b>				
Current:				
General government:	-	3,815,207	371,855	3,443,352
Total expenditures	-	3,815,207	371,855	3,443,352
Excess (deficiency) of revenues over (under) expenditures	-	11,445,620	1,380,364	(10,065,256)
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(11,445,620)	(1,375,454)	10,070,166
Total other financing sources (uses)	-	(11,445,620)	(1,375,454)	10,070,166
Net change in fund balance	-	-	4,910	4,910
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	\$ -	\$ 4,910	\$ 4,910

**Required Supplementary Information  
Schedule of Changes in Net Pension Liability and Related Ratios  
Last Ten Years\***

**Miscellaneous Plan**

<u>Measurement Period</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 2,388,303	\$ 2,320,007	\$ 2,435,899	\$ 2,423,798
Interest	12,438,551	12,647,730	13,024,281	13,232,559
Difference Between Expected and Actual Experience	-	(3,637,760)	(990,439)	(1,869,811)
Changes of Assumptions	-	(3,045,664)	-	10,775,154
Benefit Payments, Including Refunds of Employee Contributions	<u>(8,546,377)</u>	<u>(8,707,272)</u>	<u>(9,518,736)</u>	<u>(9,562,803)</u>
<b>Net Change in Total Pension Liability</b>	<b>6,280,477</b>	<b>(422,959)</b>	<b>4,951,005</b>	<b>14,998,897</b>
<b>Total Pension Liability - Beginning</b>	<b>168,926,377</b>	<b>175,206,854</b>	<b>174,783,895</b>	<b>179,734,900</b>
<b>Total Pension Liability - Ending (a)</b>	<b>175,206,854</b>	<b>174,783,895</b>	<b>179,734,900</b>	<b>194,733,797</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	2,197,052	2,628,948	2,956,754	3,304,427
Contributions - Employee	-	1,100,494	1,074,004	973,001
Net Investment Income	1,118,891	3,019,296	700,955	14,402,918
Benefit Payments, Including Refunds of Employee Contributions	20,960,975	(8,707,272)	(9,518,736)	(9,562,803)
Net Plan to Plan Resource Movement	(8,546,377)	(36,608)	-	-
Administrative Expenses	-	(154,341)	(83,347)	(194,723)
Other Miscellaneous Income/(Expense) <sup>1</sup>	-	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>15,730,541</b>	<b>(2,149,483)</b>	<b>(4,870,370)</b>	<b>8,922,820</b>
<b>Plan Fiduciary Net Position - Beginning<sup>2</sup></b>	<b>123,176,915</b>	<b>138,907,456</b>	<b>136,757,973</b>	<b>131,887,603</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>138,907,456</b>	<b>136,757,973</b>	<b>131,887,603</b>	<b>140,810,423</b>
<b>Plan Net Position Liability / (Asset) - Ending (a) - (b)</b>	<b>\$ 36,299,398</b>	<b>\$ 38,025,922</b>	<b>\$ 47,847,297</b>	<b>\$ 53,923,374</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability / (Asset)</b>	<b>82.23%</b>	<b>78.24%</b>	<b>73.38%</b>	<b>72.31%</b>
<b>Covered Payroll</b>	<b>\$ 13,000,397</b>	<b>\$ 13,145,259</b>	<b>\$ 14,172,919</b>	<b>\$ 12,670,141</b>
<b>Plan Net Pension Liability / (Asset) as a Percentage of Covered Payroll</b>	<b>279.22%</b>	<b>289.27%</b>	<b>337.60%</b>	<b>425.59%</b>

\*Historical information is required only for measurement periods for which GASB 68 is applicable. Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

<sup>1</sup> During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

<sup>2</sup> Includes any beginning of year adjustment.

<sup>3</sup> Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

**Notes to Schedule:**

**Changes in Benefit Terms:** There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

**Changes in Assumptions:** There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.



<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
\$ 2,499,955	\$ 2,467,368	\$ 2,391,450	\$ 2,478,272
13,468,820	13,791,792	14,191,317	14,602,910
(1,608,731)	(1,116,355)	154,829	699,629
(888,445)	-	-	-
<u>(10,222,978)</u>	<u>(10,415,096)</u>	<u>(11,161,427)</u>	<u>(11,977,102)</u>
<b>3,248,621</b>	<b>4,727,709</b>	<b>5,576,169</b>	<b>5,803,709</b>
<b>194,733,797</b>	<b>197,982,418</b>	<b>202,710,127</b>	<b>208,286,296</b>
<u><b>197,982,418</b></u>	<u><b>202,710,127</b></u>	<u><b>208,286,296</b></u>	<u><b>214,090,005</b></u>
3,987,019	4,555,596	57,022,354	1,612,478
990,915	997,444	1,002,245	1,047,853
11,595,557	9,470,424	9,133,158	45,476,553
(10,222,978)	(10,415,096)	(11,161,427)	(11,977,102)
(341)	(581)	-	-
(219,421)	(104,563)	(212,912)	(206,592)
<u>(416,685)</u>	<u>341</u>	<u>-</u>	<u>-</u>
<b>5,714,066</b>	<b>4,503,565</b>	<b>55,783,418</b>	<b>35,953,190</b>
<u><b>140,810,423</b></u>	<u><b>146,524,489</b></u>	<u><b>151,028,054</b></u>	<u><b>206,811,472</b></u>
<b>146,524,489</b>	<b>151,028,054</b>	<b>206,811,472</b>	<b>242,764,662</b>
<u><b>\$ 51,457,929</b></u>	<u><b>\$ 51,682,073</b></u>	<u><b>\$ 1,474,824</b></u>	<u><b>\$ (28,674,657)</b></u>
74.01%	74.50%	99.29%	113.39%
\$ 12,808,459	\$ 12,552,747	\$ 12,358,915	\$ 12,768,014
401.75%	411.72%	11.93%	-224.58%

# City of Hawthorne

## Required Supplementary Information Schedule of Plan Contributions – Agent Plan Last Ten Years\*

### Miscellaneous Plan

Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	6/30/2014	\$ 2,628,948	\$ (2,628,948)	\$ -	\$ 13,145,259	20.00%
6/30/2016	6/30/2015	2,956,754	(2,956,754)	-	14,172,919	20.86%
6/30/2017	6/30/2016	3,304,427	(3,304,427)	-	12,670,141	26.08%
6/30/2018	6/30/2017	3,987,019	(3,987,019)	-	12,808,459	31.13%
6/30/2019	6/30/2018	4,555,596	(4,555,596)	-	12,552,747	36.29%
6/30/2020	6/30/2019	5,392,780	(5,022,354)	(51,629,574)	12,358,915	43.63%
6/30/2021	6/30/2020	1,612,478	(1,612,478)	-	12,768,014	12.63%
6/30/2022	6/30/2021	1,598,786	(1,598,786)	-	11,191,429	14.29%

\*Historical information is required only for measurement periods for which GASB 68 is applicable. Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

#### Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021-22 were from the June 30, 2020 Funding Valuation Report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2020 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

*City of Hawthorne*

**Required Supplementary Information  
 Schedule of City's Proportionate Share of the Plan's Net Pension Liability  
 and Related Ratios as of the Measurement Date  
 Last Ten Years\***

**Safety Plan**

Measurement Date	Employer's Proportion of the Collective Net Pension Liability / (Asset) <sup>1</sup>	Employer's Proportionate Share of the Collective Net Pension Liability / (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability / (Asset) as a percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability / (Asset)
6/30/2014	0.56329%	\$ 35,050,308	\$ 7,923,329	442.37%	81.42%
6/30/2015	0.60260%	41,362,512	9,859,032	419.54%	78.28%
6/30/2016	0.61630%	53,325,378	9,229,395	577.78%	72.80%
6/30/2017	0.61251%	60,744,172	8,569,976	708.80%	70.97%
6/30/2018	0.63994%	61,666,264	7,590,002	812.47%	71.33%
6/30/2019	0.64788%	66,388,233	10,129,496	655.40%	70.47%
6/30/2020	0.02863%	3,115,161	8,106,797	38.43%	98.67%
6/30/2021	-0.63645%	(34,421,128)	8,335,602	-412.94%	114.32%

<sup>1</sup> Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

\*Historical information is required only for measurement periods for which GASB 68 is applicable. Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

# City of Hawthorne

## Required Supplementary Information Schedule of Plan Contributions – Cost Sharing Plan Last Ten Years\*

### Safety Plan

Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	6/30/2014	\$ 2,714,348	\$ (2,714,348)	\$ -	\$ 9,859,032	27.53%
6/30/2016	6/30/2015	3,638,229	(3,638,229)	-	9,229,395	39.42%
6/30/2017	6/30/2016	4,092,276	(4,092,276)	-	8,569,976	47.75%
6/30/2018	6/30/2017	4,728,485	(4,728,485)	-	7,590,002	62.30%
6/30/2019	6/30/2018	5,532,655	(5,532,655)	-	10,129,496	54.62%
6/30/2020	6/30/2019	6,347,166	(73,465,481)	(67,118,315)	8,106,797	78.29%
6/30/2021	6/30/2020	2,397,913	(2,397,913)	-	8,335,602	28.71%
6/30/2022	6/30/2021	2,851,665	(2,851,665)	-	9,084,823	31.39%

\*Historical information is required only for measurement periods for which GASB 68 is applicable. Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

#### Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2020 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

# City of Hawthorne

## Required Supplementary Information Schedule of Changes in the Net OPEB Liability and Related Ratios Last Ten Years\*

Fiscal Year Measurement Period	2017-18	2018-19	2019-20	2020-21	2021-22
	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total OPEB Liability</b>					
Service cost	\$ 4,251,000	\$ 3,574,000	\$ 3,405,180	\$ 3,555,411	\$ 5,252,506
Interest	3,360,000	3,863,000	4,148,492	3,830,827	3,168,811
Differences between expected and actual experience	-	-	(8,450,705)	-	(14,253,534)
Changes of assumptions	(14,185,000)	(5,105,000)	5,945,521	27,930,290	(8,870,441)
Benefit payments	(2,713,000)	(2,806,000)	(2,926,000)	(2,959,379)	(3,202,013)
Net change in total OPEB liability	(9,287,000)	(474,000)	2,122,488	32,357,149	(17,904,671)
Total OPEB liability - beginning	115,015,000	105,728,000	105,254,000	107,376,488	139,733,637
Total OPEB liability - ending	<u>\$ 105,728,000</u>	<u>\$ 105,254,000</u>	<u>\$ 107,376,488</u>	<u>\$ 139,733,637</u>	<u>\$ 121,828,966</u>
Covered-employee payroll <sup>(1)</sup>	\$ 24,186,000	\$ 25,246,508	\$ 25,373,487	\$ 27,111,119	\$ 27,282,854
Total OPEB liability as a percentage of covered-employee payroll <sup>(1)</sup>	437.1%	416.9%	423.2%	515.4%	446.5%

**Notes to schedule:**

The City does not have assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

<sup>(1)</sup> Covered-employee payroll represented above is based on covered-employee payroll provided by the employer. GASB 75 defines covered-employee payroll as the total payroll of employees that are provided OPEBs through the OPEB plan. Contributions are not based on a measure of pay, therefore, covered-employee payroll is used in this schedule.

**Significant changes in assumptions:**

In fiscal year ended June 30, 2022 (Measurement date June 30, 2021), the discount rate was updated to 2.16% from prior years' rate of 3.50% based on municipal bond rate as of the measurement date.

\*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.

# City of Hawthorne

## Notes to Required Supplementary Information June 30, 2022

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### General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager. Expenditures may not exceed appropriations at the department level, which is the legal level of control. During the year, several supplementary appropriations were necessary. At fiscal year-end, all operating budget appropriations lapse.

Budgets for all governmental type funds are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for the General, Special Revenue, Capital Project and Debt Service Funds, with the exception of the following Special Revenue Funds: 1) Homeless Prevention and Rapid Re-housing Program (HPRP); 2) Edward Byrne Memorial Justice Assistance Program; 3) American Down Payment Dream Program; 4) RPSOD Jim Thorpe Holly Glenn Fund; 5) SB 1383 Local Assistance Grant Fund; 6) Permanent Local Housing Allocation Fund. The only Capital Project fund that did not have an annual adopted budget was the Community Service Center Fund.

### Excess of Expenditures over Appropriations

Excesses of expenditures over appropriations at the department level are as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Major Governmental Fund			
General Fund:			
General government:			
Mayor and City Council	\$ 5,579,741	\$ 6,069,954	\$ (490,213)
Public safety:			
Police	52,720,708	53,249,352	(528,644)
Capital outlay	22,626	354,526	(331,900)
Nonmajor Governmental Funds			
Special Revenue Fund:			
Street Lighting			
Public works	688,791	693,854	(5,063)

**SUPPLEMENTARY INFORMATION**

**Non-Major Governmental Funds**

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**Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Street Lighting Fund** is used to account for the cost of providing lighting and intersection safety lighting on all City streets. The Engineering Division provides engineering and administration for the street lighting assessment district.

**Gas Tax Fund** is used to account for the City's share of revenues derived from the State Highway Users Tax Account Sections 2105, 2106, 2107 and 2107.5. Gasoline taxes must be used for maintenance and improvement of City streets, which serve as State and County thoroughfares.

**Street Fund** is used to account for all related revenues and expenditures, including street repair, reconstruction and maintenance, which are not required to be accounted for in the City's State Gas Tax Fund.

**Asset Forfeiture Fund** is used to account for all revenues and expenditures related to monies and property seized by the Police Department in drug related incidents. These funds may only be expended on activities used to enhance law enforcement activities.

**COPS Fund** is used to account for money appropriated statewide and to be used for the supplemental funding of front line law enforcement. These services include personnel, equipment, and programs that meet front line law enforcement objectives.

**The California Office of Traffic Safety Fund** is used to assist in offsetting the personnel costs for the Sobriety Checkpoint Program and the Seat Belt Compliance Program. No budget was legally adopted for the fund.

**Edward Byrne Memorial Justice Assistance Program Fund** is used to account for financial assistance provided to local law enforcement's agencies to expand efforts in addressing alcohol-related problems. No budget was legally adopted for the fund.

**Local Law Enforcement Block Grant Fund** is used to account for both Federal (90%) and City (10%) funds. This program allows for local law enforcement to provide equipment, technology and other materials directly related to law enforcement functions.

**2009 Street Improvements Fund** is used to account for the City's roadway improvement projects from street and intersection widening to pavement rehabilitations/reconstructions, upgrade or replacement of traffic signals, improvement of street grading and drainage and concrete improvement including ADA accessibility as well as sidewalks and curbs/gutters throughout the City. Funding for such projects are varied and usually received through competitive grants based on availability.

**MTA Measure R Fund** is an ongoing maintenance and Capital Improvement Transportation Fund.



## *City of Hawthorne*

### **Non-Major Governmental Funds, Continued)**

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#### **Special Revenue Funds, (continued)**

**Proposition A Fund** is used to account for revenues received by the State; funneled to the City through the Los Angeles County Metropolitan Transit Authority. The City uses these funds for Dial-A-Ride, Recreational Transit and Bus Stop Maintenance. Excess of these funds are traded with other Los Angeles County municipalities for General Funds.

**MTA Measure M Fund** is used to account for the ongoing maintenance and Capital Improvement Transportation Fund.

**American Down Payment Dream Fund** is used to eliminate the obstacles to lower income families by providing upfront down payment and closing costs assistance. No budget was legally adopted for the fund.

**Proposition C Fund** is used to account for a second half-cent sales tax approved by the voters, the proceeds of which are used to improve transit service and operations, reduce traffic congestion, improve air quality and efficiently operate and improve the condition of streets and highways utilized by public transit.

**Air Quality Fund** is used to support the South Coast Air Quality Management District's (SCAQMD) imposition of an additional vehicle registration fee and to receive fee revenues for implementing programs to reduce air pollution from motor vehicles.

**California Used Oil Recycling Fund** is used to account for all the revenues and expenditures associated with grant funds received from the State Integrated Waste Management Board to promote the recycling of used motor oil.

**California Beverage Container Recycling Fund** is used to account for all the revenues and expenditures associated with grant funds received from the Department of Conservation. Program is funded by (CRV) California Redemption Value Funds.

**Hawthorne Blvd Mobility Improvement Program Fund** is used to account for the project that will improve the storm drain system along Hawthorne Blvd., between El Segundo Blvd. and Rosecrans Ave. to eliminate local flooding and will install large infiltration chambers in three preselected areas under center medians for diverting runoff from Dominguez Channel to underground water supply. All traffic signals will be replaced and upgraded throughout the project limits and a new traffic signal will be constructed at the intersection of Hawthorne Blvd. and 141st Street. All center medians will be completely reconstructed with new designs to accommodate new dedicated left turn pockets and as result, entire landscape areas will be replaced with newly designed landscape and irrigation systems. New trees will be planted. 105,000 square feet of new sidewalks and entire pavement structural system will be replaced throughout the project limits.

**CATV Peg Fund** is used to account for monies received from the City's cable television franchisee.

**Housing Asset Fund** accounts for assets used for low and moderate income housing activities in accordance with the applicable housing-related regulations

**Non-Major Governmental Funds, Continued)**

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**Special Revenue Funds, (continued)**

**HOME Grant Fund** is used to account for HOME Fund grants received from the U.S. Department of Housing & Urban Development. These funds are to be used predominantly to aid low & moderate income residents with their housing needs.

**Community Development Block Grant Fund** is used to account for Federal grants received from the Department of Housing and Urban Development (HUD). Grant activity is administered by the Community Development Department and is predominantly restricted to activities in 'target areas'.

**HPRP Funds** is used to account for transactions related to the Homeless Prevention and Rapid Re-housing Program. The aim of the program is to assist homeless households and those at risk of homelessness. No budget was legally adopted for the fund.

**FEMA Grant Fund** is used to provide the city with assistance for the management, control and reduction of immediate threats to public health and safety.

**RPSOD Jim Thorpe Holly Glenn Fund** is used to rehabilitate and improve the Jim Thorpe Parks. No budget was legally adopted for the fund.

**SB 1383 Local Assistance Grant Fund** is used to aid in implementing CalRecycle regulations associated with capacity planning, collection, edible food recovery, and education & outreach. No budget was legally adopted for the fund.

**Permanent Local Housing Allocation Fund** is used to address local community housing needs. No budget was legally adopted for the fund.

**CARES Act Fund** is used to provide direct economic aid to State and Local governments negatively impacted by the COVID-19 pandemic.

**MTA Measure W Fund** is used to account for the ongoing maintenance and Capital Improvement Transportation Fund.

**SB2 Planning Grant Fund** is used to implement the Safety and Environmental Justice Elements of the Housing Element to advance policies and strategies that address climate resiliency, sustainability, and equity and fair access to housing, job, healthy groceries, and mobility options.

**LEAP Grant Fund** is used to implement a development permit tracking system and complete the 6th cycle Housing Element and RHNA allocation.

**Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Non-Major Governmental Funds, Continued)**

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**Capital Projects Funds, (continued)**

**Development Impact Fund** is used to account for both the collection and expenditures of impact fees imposed on all developments within the City boundaries. These fees are used to defray the costs associated with infrastructure improvements due to new developments.

**Community Services Center Fund** is used to account for cost of upgrading the Community Center, including a new senior center, a multipurpose room and designated bus turnout. The upgrades are to facilitate pedestrian accessibility and to provide local and regional transit services for senior and disabled citizens. No budget was legally adopted for the fund.

**State Park Improvement Grant Fund** is to provide a clean, safe, and accessible environment for the community members. The project scope includes removal of deteriorated play equipment and installation of new equipment, reconfiguration of walking paths and fitness zone to increase accessibility.

**Debt Service Funds**

Debt service funds are used to account for debt service transactions including revenue collection and payments of principal and interest on long-term obligations.

**Public Financing Authority Fund** is used to account for debt issued for the purpose of financing capital improvements throughout the City. In 1992, the Authority issued \$10 million in Certificates of Participation to provide financing for acquisitions, construction, and improvements within the City. In 1997, these certificates were refunded by the 1997 Certificate of Participation. Funds are transferred from the General Fund to make the debt service payments.

**2016 Refunding Bonds** is used to account for the debt service on the 2016 Certificate of Participation Series A and Series B bonds.

**2016 Direct Placement Lease Financing Fund** is used to account for the debt service on the 2016 Direct Placement Lease Financing.

**2019 Pension Obligation Bond Fund** is used to account for the debt service on the 2019 Taxable Pension Obligation Bonds.

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*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022**

	Special Revenue Funds		
	Street Lighting	Gas Tax	Street
<b>ASSETS</b>			
Cash and investments	\$ 16,673	\$ 1,107,328	\$ 2,334,346
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	469,240	4,750
Taxes	19,738	-	7,125
Interest	56	1,263	2,737
Due from Successor Agency	-	-	-
Total assets	<u>\$ 36,467</u>	<u>\$ 1,577,831</u>	<u>\$ 2,348,958</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 56,446	\$ 327,799	\$ 74,060
Accrued liabilities	1,593	12,903	24,538
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>58,039</u>	<u>340,702</u>	<u>98,598</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	-	-	-
<b>Fund Balances (Deficit):</b>			
Restricted	-	1,237,129	2,250,360
Unassigned	(21,572)	-	-
Total fund balances	<u>(21,572)</u>	<u>1,237,129</u>	<u>2,250,360</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,467</u>	<u>\$ 1,577,831</u>	<u>\$ 2,348,958</u>

(continued)

Special Revenue Funds				
Asset Forfeiture	COPS	California Office of Traffic Safety	Edward Byrne Memorial Justice Assistance Program	Local Law Enforcement Block Grant
\$ 908,055	\$ 492,878	\$ -	\$ 17	\$ -
-	-	-	-	-
16,494	-	2,993	-	110,404
-	-	-	-	-
-	617	-	-	-
-	-	-	-	-
<u>\$ 924,549</u>	<u>\$ 493,495</u>	<u>\$ 2,993</u>	<u>\$ 17</u>	<u>\$ 110,404</u>
\$ 13,008	\$ -	\$ 7,007	\$ -	\$ -
-	-	673	17	-
-	-	2,531	-	-
-	-	-	-	-
-	-	-	-	-
-	-	97,146	-	253,115
<u>13,008</u>	<u>-</u>	<u>107,357</u>	<u>17</u>	<u>253,115</u>
-	-	2,993	-	110,404
911,541	493,495	-	-	-
-	-	(107,357)	-	(253,115)
<u>911,541</u>	<u>493,495</u>	<u>(107,357)</u>	<u>-</u>	<u>(253,115)</u>
<u>\$ 924,549</u>	<u>\$ 493,495</u>	<u>\$ 2,993</u>	<u>\$ 17</u>	<u>\$ 110,404</u>

*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022**

	Special Revenue Funds		
	2009 Street Improvements	MTA Measure R	Proposition A
<b>ASSETS</b>			
Cash and investments	\$ 3,197,284	\$ 2,103,432	\$ 3,058,421
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	1,056,852	-	-
Taxes	-	-	-
Interest	3,829	2,931	3,609
Due from Successor Agency	-	-	-
Total assets	<u>\$ 4,257,965</u>	<u>\$ 2,106,363</u>	<u>\$ 3,062,030</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 18,300	\$ -	\$ 62,779
Accrued liabilities	15,966	511	3,686
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>34,266</u>	<u>511</u>	<u>66,465</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	952,150	-	-
<b>Fund Balances (Deficit):</b>			
Restricted	3,271,549	2,105,852	2,995,565
Unassigned	-	-	-
Total fund balances	<u>3,271,549</u>	<u>2,105,852</u>	<u>2,995,565</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,257,965</u>	<u>\$ 2,106,363</u>	<u>\$ 3,062,030</u>

(continued)

Special Revenue Funds				
MTA Measure M	American Down Payment Dream Program	Proposition C	Air Quality	California Used Oil Recycling
\$ 1,270,606	\$ 15,600	\$ 2,753,003	\$ 152,294	\$ 170,340
-	-	-	-	-
-	-	-	28,614	-
-	-	-	-	-
1,511	-	3,189	159	202
-	-	-	-	-
<u>\$ 1,272,117</u>	<u>\$ 15,600</u>	<u>\$ 2,756,192</u>	<u>\$ 181,067</u>	<u>\$ 170,542</u>
\$ 2,446	\$ -	\$ 11,868	\$ 140	\$ -
2,392	-	4,419	-	-
-	-	-	-	22,436
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,838</u>	<u>-</u>	<u>16,287</u>	<u>140</u>	<u>22,436</u>
-	-	-	-	-
1,267,279	15,600	2,739,905	180,927	148,106
-	-	-	-	-
<u>1,267,279</u>	<u>15,600</u>	<u>2,739,905</u>	<u>180,927</u>	<u>148,106</u>
<u>\$ 1,272,117</u>	<u>\$ 15,600</u>	<u>\$ 2,756,192</u>	<u>\$ 181,067</u>	<u>\$ 170,542</u>



*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022**

	Special Revenue Funds		
	California Beverage Container Recycling	Hawthorne Blvd Mobility Improv. Program	CATV Peg
<b>ASSETS</b>			
Cash and investments	\$ 141,127	\$ 223,721	\$ 487,131
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	17,498	-	29,589
Taxes	-	-	-
Interest	168	264	-
Due from Successor Agency	-	-	-
Total assets	<u>\$ 158,793</u>	<u>\$ 223,985</u>	<u>\$ 516,720</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 200	\$ -	\$ -
Accrued liabilities	-	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>200</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	<u>17,498</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Deficit):</b>			
Restricted	141,095	223,985	516,720
Unassigned	-	-	-
Total fund balances	<u>141,095</u>	<u>223,985</u>	<u>516,720</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 158,793</u>	<u>\$ 223,985</u>	<u>\$ 516,720</u>

(continued)

Special Revenue Funds				
Housing Asset	HOME Grant	Community Development Block Grant	HPRP Funds	FEMA Grant
\$ 7,156,923	\$ 1,356,634	\$ -	\$ 15,153	\$ 1,304
-	-	-	-	-
-	12,124	481,259	-	-
-	-	-	-	-
8,446	-	-	-	-
328,743	-	-	-	-
<u>\$ 7,494,112</u>	<u>\$ 1,368,758</u>	<u>\$ 481,259</u>	<u>\$ 15,153</u>	<u>\$ 1,304</u>
\$ 12,460	\$ 7,339	\$ 103,352	\$ -	\$ -
40	78	5,592	-	-
-	872,158	-	-	-
26,415	-	17,897	-	-
-	-	-	-	-
-	-	390,758	-	-
<u>38,915</u>	<u>879,575</u>	<u>517,599</u>	<u>-</u>	<u>-</u>
<u>328,743</u>	<u>-</u>	<u>153,763</u>	<u>-</u>	<u>-</u>
7,126,454	489,183	-	15,153	1,304
-	-	(190,103)	-	-
<u>7,126,454</u>	<u>489,183</u>	<u>(190,103)</u>	<u>15,153</u>	<u>1,304</u>
<u>\$ 7,494,112</u>	<u>\$ 1,368,758</u>	<u>\$ 481,259</u>	<u>\$ 15,153</u>	<u>\$ 1,304</u>

*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022**

	Special Revenue Funds		
	RPSOD Jim Thorpe Holly Glenn	SB1383 Local Assistance Grant	Permanent Local Housing Allocation
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 123,637	\$ -
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	-	5,516
Taxes	-	-	-
Interest	-	-	-
Due from Successor Agency	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 123,637</u>	<u>\$ 5,516</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 424,053	\$ -	\$ 469
Accrued liabilities	-	-	-
Unearned revenue	-	123,637	-
Deposits payable	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	5,047
Total liabilities	<u>424,053</u>	<u>123,637</u>	<u>5,516</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	-	-	5,516
<b>Fund Balances (Deficit):</b>			
Restricted	-	-	-
Unassigned	(424,053)	-	(5,516)
Total fund balances	<u>(424,053)</u>	<u>-</u>	<u>(5,516)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 123,637</u>	<u>\$ 5,516</u>

(continued)

Special Revenue Funds					Capital Projects Funds
CARES Act	MTA Measure W	SB2 Planning Grant	LEAP Grant	Development Impact	
\$ 37	\$ 541,342	\$ -	\$ -	\$ 3,851,994	
-	-	-	-	-	
-	-	-	110,176	-	
-	-	-	-	-	
-	769	-	-	4,578	
-	-	-	-	-	
<u>\$ 37</u>	<u>\$ 542,111</u>	<u>\$ -</u>	<u>\$ 110,176</u>	<u>\$ 3,856,572</u>	
\$ -	\$ 3,578	\$ -	\$ -	\$ -	
-	5,379	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	249,289	130,706	-	
-	8,957	249,289	130,706	-	
-	-	-	110,176	-	
37	533,154	-	-	3,856,572	
-	-	(249,289)	(130,706)	-	
<u>37</u>	<u>533,154</u>	<u>(249,289)</u>	<u>(130,706)</u>	<u>3,856,572</u>	
<u>\$ 37</u>	<u>\$ 542,111</u>	<u>\$ -</u>	<u>\$ 110,176</u>	<u>\$ 3,856,572</u>	

*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022**

	Capital Projects Fund		Debt Service Funds
	Community Services Center	State Park Improvement Grant	Public Financing Authority
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ 252,475
Cash and investments with fiscal agents	-	-	1,478,937
Receivables:			
Accounts	-	337,997	-
Taxes	-	-	-
Interest	-	-	298
Due from Successor Agency	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 337,997</u>	<u>\$ 1,731,710</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 320,897	\$ -
Accrued liabilities	-	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	-
Due to other funds	-	18,865	-
Total liabilities	<u>-</u>	<u>339,762</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	<u>-</u>	<u>337,997</u>	<u>-</u>
<b>Fund Balances (Deficit):</b>			
Restricted	-	-	1,731,710
Unassigned	-	(339,762)	-
Total fund balances	<u>-</u>	<u>(339,762)</u>	<u>1,731,710</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 337,997</u>	<u>\$ 1,731,710</u>

(concluded)

Debt Service Funds				Total Nonmajor Governmental Funds
2016 Refunding Bonds	2016 Direct Placement Lease Financing	2019 Pension Obligation Bond		
\$ 449,508	\$ 45,425	\$ -	\$ 32,226,688	
1	-	5	1,478,943	
-	-	-	2,683,506	
-	-	-	26,863	
261	5	-	34,892	
-	-	-	328,743	
<u>\$ 449,770</u>	<u>\$ 45,430</u>	<u>\$ 5</u>	<u>\$ 36,779,635</u>	
\$ -	\$ -	\$ -	\$ 1,446,201	
-	-	-	77,787	
-	-	-	1,020,762	
-	-	-	44,312	
-	-	-	-	
-	-	1,537,627	2,682,553	
-	-	1,537,627	5,271,615	
-	-	-	2,019,240	
449,770	45,430	-	32,747,875	
-	-	(1,537,622)	(3,259,095)	
<u>449,770</u>	<u>45,430</u>	<u>(1,537,622)</u>	<u>29,488,780</u>	
<u>\$ 449,770</u>	<u>\$ 45,430</u>	<u>\$ 5</u>	<u>\$ 36,779,635</u>	

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*City of Hawthorne*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2022**

	Special Revenue Funds		
	Street Lighting	Gas Tax	Street
<b>Revenues</b>			
Taxes	\$ 582,580	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	132,000	3,794,793	97,812
Charges for services	-	-	196,465
Fines and forfeitures	-	-	-
Use of money and property	84	1,939	5,782
Contributions	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>714,664</u>	<u>3,796,732</u>	<u>300,059</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	693,854	1,650,079	1,450,184
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>693,854</u>	<u>1,650,079</u>	<u>1,450,184</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,810</u>	<u>2,146,653</u>	<u>(1,150,125)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	904,734
Transfers out	(8,608)	(1,004,777)	(192,731)
Total other financing sources (uses)	<u>(8,608)</u>	<u>(1,004,777)</u>	<u>712,003</u>
Net change in fund balances	12,202	1,141,876	(438,122)
Fund Balances (Deficit), Beginning	<u>(33,774)</u>	<u>95,253</u>	<u>2,688,482</u>
Fund Balances (Deficit), Ending	<u>\$ (21,572)</u>	<u>\$ 1,237,129</u>	<u>\$ 2,250,360</u>



(continued)

Special Revenue Funds				
Asset Forfeiture	COPS	California Office of Traffic Safety	Edward Byrne Memorial Justice Assistance Program	Local Law Enforcement Block Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	214,183	273,915	-	-
-	-	-	-	-
1,216,538	-	-	-	-
-	1,278	-	-	-
-	-	-	-	-
28,484	-	-	-	-
<u>1,245,022</u>	<u>215,461</u>	<u>273,915</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
1,039,746	200,000	276,909	-	110,404
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,039,746</u>	<u>200,000</u>	<u>276,909</u>	<u>-</u>	<u>110,404</u>
<u>205,276</u>	<u>15,461</u>	<u>(2,994)</u>	<u>-</u>	<u>(110,404)</u>
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
205,276	15,461	(2,994)	-	(110,404)
<u>706,265</u>	<u>478,034</u>	<u>(104,363)</u>	<u>-</u>	<u>(142,711)</u>
<u>\$ 911,541</u>	<u>\$ 493,495</u>	<u>\$ (107,357)</u>	<u>\$ -</u>	<u>\$ (253,115)</u>

*City of Hawthorne*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2022**

	Special Revenue Funds		
	2009 Street Improvements	MTA Measure R	Proposition A
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	270,762	1,365,038	2,194,563
Charges for services	-	-	1,096
Fines and forfeitures	-	-	-
Use of money and property	9,119	-	7,041
Contributions	1,498,470	5,820	-
Miscellaneous	-	-	-
Total revenues	<u>1,778,351</u>	<u>1,370,858</u>	<u>2,202,700</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	3,032,830	165,593	1,222,472
Capital outlay	-	813,173	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>3,032,830</u>	<u>978,766</u>	<u>1,222,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,254,479)</u>	<u>392,092</u>	<u>980,228</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	(7,135)	(23,896)
Total other financing sources (uses)	<u>-</u>	<u>(7,135)</u>	<u>(23,896)</u>
Net change in fund balances	(1,254,479)	384,957	956,332
Fund Balances (Deficit), Beginning	<u>4,526,028</u>	<u>1,720,895</u>	<u>2,039,233</u>
Fund Balances (Deficit), Ending	<u>\$ 3,271,549</u>	<u>\$ 2,105,852</u>	<u>\$ 2,995,565</u>

(continued)

Special Revenue Funds				
MTA Measure M	American Down Payment Dream Program	Proposition C	Air Quality	California Used Oil Recycling
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,544,698	-	1,820,345	110,833	13,199
-	-	-	-	-
2,870	-	6,225	382	400
-	-	-	-	-
-	-	-	-	-
<u>1,547,568</u>	<u>-</u>	<u>1,826,570</u>	<u>111,215</u>	<u>13,599</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	100,840	-
1,081,847	-	1,277,431	-	10,646
-	-	-	-	-
-	-	-	-	-
<u>1,081,847</u>	<u>-</u>	<u>1,277,431</u>	<u>100,840</u>	<u>10,646</u>
465,721	-	549,139	10,375	2,953
-	-	-	-	-
(28,062)	-	(43,408)	-	(2,553)
<u>(28,062)</u>	<u>-</u>	<u>(43,408)</u>	<u>-</u>	<u>(2,553)</u>
437,659	-	505,731	10,375	400
829,620	15,600	2,234,174	170,552	147,706
<u>\$ 1,267,279</u>	<u>\$ 15,600</u>	<u>\$ 2,739,905</u>	<u>\$ 180,927</u>	<u>\$ 148,106</u>

*City of Hawthorne*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2022**

	Special Revenue Funds		
	California Beverage Container Recycling	Hawthorne Blvd Mobility Improv. Program	CATV Peg
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	87,479
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	355	548	-
Contributions	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>355</u>	<u>548</u>	<u>87,479</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Public works	14,949	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>14,949</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,594)</u>	<u>548</u>	<u>87,479</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	(2,550)	-	-
Total other financing sources (uses)	<u>(2,550)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(17,144)	548	87,479
Fund Balances (Deficit), Beginning	<u>158,239</u>	<u>223,437</u>	<u>429,241</u>
Fund Balances (Deficit), Ending	<u>\$ 141,095</u>	<u>\$ 223,985</u>	<u>\$ 516,720</u>

(continued)

Special Revenue Funds				
Housing Asset	HOME Grant	Community Development Block Grant	HPRP Funds	FEMA Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	28,494	1,035,269	-	188,345
51,849	-	-	-	-
-	-	-	-	-
357,202	80,921	70,545	-	47
-	-	-	-	-
-	-	-	-	-
<u>409,051</u>	<u>109,415</u>	<u>1,105,814</u>	<u>-</u>	<u>188,392</u>
39,430	-	-	-	-
-	-	-	-	-
129,514	27,171	789,534	-	-
-	-	-	-	-
-	-	-	-	-
-	-	355,000	-	-
-	-	32,356	-	-
<u>168,944</u>	<u>27,171</u>	<u>1,176,890</u>	<u>-</u>	<u>-</u>
240,107	82,244	(71,076)	-	188,392
-	-	-	-	-
(5,362)	(1,381)	(12,143)	-	(106,649)
<u>(5,362)</u>	<u>(1,381)</u>	<u>(12,143)</u>	<u>-</u>	<u>(106,649)</u>
234,745	80,863	(83,219)	-	81,743
6,891,709	408,320	(106,884)	15,153	(80,439)
<u>\$ 7,126,454</u>	<u>\$ 489,183</u>	<u>\$ (190,103)</u>	<u>\$ 15,153</u>	<u>\$ 1,304</u>

*City of Hawthorne*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2022**

	Special Revenue Funds		
	RPSOD Jim Thorpe Holly Glenn	SB1383 Local Assistance Grant	Permanent Local Housing Allocation
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	-	-	-
Contributions	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	424,053	-	5,516
Public works	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>424,053</u>	<u>-</u>	<u>5,516</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(424,053)</u>	<u>-</u>	<u>(5,516)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(424,053)	-	(5,516)
Fund Balances (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit), Ending	<u>\$ (424,053)</u>	<u>\$ -</u>	<u>\$ (5,516)</u>

(continued)

Special Revenue Funds				Capital Projects Fund
CARES Act	MTA Measure W	SB2 Planning Grant	LEAP Grant	Development Impact
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	346,669
-	786,894	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,532	-	-	9,492
-	-	-	-	-
-	-	-	-	-
-	788,426	-	-	356,161
-	-	-	-	-
-	-	-	-	-
-	-	-	110,176	803
-	656,126	-	-	-
-	-	-	-	69,625
-	-	-	-	-
-	-	-	-	-
-	656,126	-	110,176	70,428
-	132,300	-	(110,176)	285,733
-	-	-	-	-
-	(65,562)	-	-	-
-	(65,562)	-	-	-
-	66,738	-	(110,176)	285,733
37	466,416	(249,289)	(20,530)	3,570,839
\$ 37	\$ 533,154	\$ (249,289)	\$ (130,706)	\$ 3,856,572

*City of Hawthorne*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2022**

	Capital Projects Fund		Debt Service Funds
	Community Services Center	State Park Improvement	Public Financing Authority
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	410,277	-
Charges for services	3,656	-	-
Fines and forfeitures	-	-	-
Use of money and property	-	-	666
Contributions	-	-	-
Miscellaneous	-	35	-
Total revenues	<u>3,656</u>	<u>410,312</u>	<u>666</u>
<b>Expenditures</b>			
Current:			
General government	-	-	5,286
Public safety	-	-	-
Community development	-	748,274	-
Public works	3,656	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	662,629
Interest and fiscal charges	-	-	43,623
Total expenditures	<u>3,656</u>	<u>748,274</u>	<u>711,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(337,962)</u>	<u>(710,872)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	-	725,880
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>725,880</u>
Net change in fund balances	-	(337,962)	15,008
Fund Balances (Deficit), Beginning	<u>-</u>	<u>(1,800)</u>	<u>1,716,702</u>
Fund Balances (Deficit), Ending	<u>\$ -</u>	<u>\$ (339,762)</u>	<u>\$ 1,731,710</u>



(concluded)

Debt Service Funds			Total
2016 Refunding Bonds	2016 Direct Placement Lease Financing	2019 Pension Obligation Bond	Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ 582,580
-	-	-	434,148
-	-	-	14,281,420
6,585	-	20,103	279,754
-	-	-	1,216,538
387	48	473	557,336
-	-	-	1,504,290
-	-	-	28,519
<u>6,972</u>	<u>48</u>	<u>20,576</u>	<u>18,884,585</u>
-	204	-	44,920
-	-	-	1,627,059
-	-	-	2,335,881
-	-	-	11,259,667
-	-	-	882,798
1,690,000	190,500	2,740,000	5,638,129
806,643	49,930	3,933,639	4,866,191
<u>2,496,643</u>	<u>240,634</u>	<u>6,673,639</u>	<u>26,654,645</u>
<u>(2,489,671)</u>	<u>(240,586)</u>	<u>(6,653,063)</u>	<u>(7,770,060)</u>
2,228,617	245,276	6,803,143	10,907,650
-	-	-	(1,504,817)
<u>2,228,617</u>	<u>245,276</u>	<u>6,803,143</u>	<u>9,402,833</u>
(261,054)	4,690	150,080	1,632,773
<u>710,824</u>	<u>40,740</u>	<u>(1,687,702)</u>	<u>27,856,007</u>
<u>\$ 449,770</u>	<u>\$ 45,430</u>	<u>\$ (1,537,622)</u>	<u>\$ 29,488,780</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Street Lighting Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 515,700	\$ 515,700	\$ 582,580	\$ 66,880
Intergovernmental	130,000	130,000	132,000	2,000
Use of money and property	300	300	84	(216)
Total revenues	<u>646,000</u>	<u>646,000</u>	<u>714,664</u>	<u>68,664</u>
<b>Expenditures</b>				
Current:				
Public works	<u>688,791</u>	<u>688,791</u>	<u>693,854</u>	<u>(5,063)</u>
Total expenditures	<u>688,791</u>	<u>688,791</u>	<u>693,854</u>	<u>(5,063)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,791)</u>	<u>(42,791)</u>	<u>20,810</u>	<u>63,601</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(14,465)</u>	<u>(14,465)</u>	<u>(8,608)</u>	<u>5,857</u>
Total other financing uses	<u>(14,465)</u>	<u>(14,465)</u>	<u>(8,608)</u>	<u>5,857</u>
Net change in fund balance	(57,256)	(57,256)	12,202	69,458
Fund Balance (Deficit), Beginning	<u>(33,774)</u>	<u>(33,774)</u>	<u>(33,774)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (91,030)</u>	<u>\$ (91,030)</u>	<u>\$ (21,572)</u>	<u>\$ 69,458</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Gas Tax Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 3,887,057	\$ 3,887,057	\$ 3,794,793	\$ (92,264)
Use of money and property	100	100	1,939	1,839
Total revenues	<u>3,887,157</u>	<u>3,887,157</u>	<u>3,796,732</u>	<u>(90,425)</u>
<b>Expenditures</b>				
Current:				
Public works	1,927,658	1,927,658	1,650,079	277,579
Total expenditures	<u>1,927,658</u>	<u>1,927,658</u>	<u>1,650,079</u>	<u>277,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,959,499</u>	<u>1,959,499</u>	<u>2,146,653</u>	<u>187,154</u>
<b>Other Financing Uses</b>				
Transfers out	(1,043,359)	(1,043,359)	(1,004,777)	38,582
Total other financing uses	<u>(1,043,359)</u>	<u>(1,043,359)</u>	<u>(1,004,777)</u>	<u>38,582</u>
Net change in fund balance	916,140	916,140	1,141,876	225,736
Fund Balance Beginning	<u>95,253</u>	<u>95,253</u>	<u>95,253</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,011,393</u>	<u>\$ 1,011,393</u>	<u>\$ 1,237,129</u>	<u>\$ 225,736</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Street Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 80,100	\$ 80,100	\$ 97,812	\$ 17,712
Charges for services	194,000	194,000	196,465	2,465
Use of money and property	13,000	13,000	5,782	(7,218)
Miscellaneous	180,000	180,000	-	(180,000)
Total revenues	<u>467,100</u>	<u>467,100</u>	<u>300,059</u>	<u>(167,041)</u>
<b>Expenditures</b>				
Current:				
Public works	1,919,406	1,919,406	1,450,184	469,222
Total expenditures	<u>1,919,406</u>	<u>1,919,406</u>	<u>1,450,184</u>	<u>469,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,452,306)</u>	<u>(1,452,306)</u>	<u>(1,150,125)</u>	<u>302,181</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	900,000	900,000	904,734	4,734
Transfers out	<u>(250,246)</u>	<u>(250,246)</u>	<u>(192,731)</u>	<u>57,515</u>
Total other financing sources (uses)	<u>649,754</u>	<u>649,754</u>	<u>712,003</u>	<u>62,249</u>
Net change in fund balance	(802,552)	(802,552)	(438,122)	364,430
Fund Balance, Beginning	<u>2,688,482</u>	<u>2,688,482</u>	<u>2,688,482</u>	-
Fund Balance, Ending	<u>\$ 1,885,930</u>	<u>\$ 1,885,930</u>	<u>\$ 2,250,360</u>	<u>\$ 364,430</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Asset Forfeiture Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 1,040,000	\$ 1,040,000	\$ 1,216,538	\$ 176,538
Miscellaneous	-	-	28,484	28,484
Total revenues	<u>1,040,000</u>	<u>1,040,000</u>	<u>1,245,022</u>	<u>205,022</u>
<b>Expenditures</b>				
Current:				
Public safety	931,030	982,417	1,039,746	(57,329)
Capital outlay	100,000	100,000	-	100,000
Total expenditures	<u>1,031,030</u>	<u>1,082,417</u>	<u>1,039,746</u>	<u>42,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,970</u>	<u>(42,417)</u>	<u>205,276</u>	<u>247,693</u>
Net change in fund balance	8,970	(42,417)	205,276	247,693
Fund Balance, Beginning	<u>706,265</u>	<u>706,265</u>	<u>706,265</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 715,235</u>	<u>\$ 663,848</u>	<u>\$ 911,541</u>	<u>\$ 247,693</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
COPS Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 230,000	\$ 230,000	\$ 214,183	\$ (15,817)
Use of money and property	4,000	4,000	1,278	(2,722)
Total revenues	<u>234,000</u>	<u>234,000</u>	<u>215,461</u>	<u>(18,539)</u>
<b>Expenditures</b>				
Current:				
Public safety	200,000	200,000	200,000	-
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,000</u>	<u>34,000</u>	<u>15,461</u>	<u>(18,539)</u>
Net change in fund balance	34,000	34,000	15,461	(18,539)
Fund Balance, Beginning	<u>478,034</u>	<u>478,034</u>	<u>478,034</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 512,034</u>	<u>\$ 512,034</u>	<u>\$ 493,495</u>	<u>\$ (18,539)</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
California Office of Traffic Safety Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 418,203	\$ 336,050	\$ 273,915	\$ (62,135)
Total revenues	<u>418,203</u>	<u>336,050</u>	<u>273,915</u>	<u>(62,135)</u>
<b>Expenditures</b>				
Current:				
Public safety	418,153	340,320	276,909	63,411
Total expenditures	<u>418,153</u>	<u>340,320</u>	<u>276,909</u>	<u>63,411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>50</u>	<u>(4,270)</u>	<u>(2,994)</u>	<u>1,276</u>
Net change in fund balance	50	(4,270)	(2,994)	1,276
Fund Balance (Deficit), Beginning	<u>(104,363)</u>	<u>(104,363)</u>	<u>(104,363)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (104,313)</u>	<u>\$ (108,633)</u>	<u>\$ (107,357)</u>	<u>\$ 1,276</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Local Law Enforcement Block Grant Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 118,872	\$ 229,276	\$ -	\$ (229,276)
Total revenues	<u>118,872</u>	<u>229,276</u>	<u>-</u>	<u>(229,276)</u>
<b>Expenditures</b>				
Current:				
Public safety	-	110,404	110,404	-
Capital outlay	48,346	48,346	-	48,346
Total expenditures	<u>48,346</u>	<u>158,750</u>	<u>110,404</u>	<u>48,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,526</u>	<u>70,526</u>	<u>(110,404)</u>	<u>(180,930)</u>
Net change in fund balance	70,526	70,526	(110,404)	(180,930)
Fund Balance (Deficit), Beginning	<u>(142,711)</u>	<u>(142,711)</u>	<u>(142,711)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (72,185)</u>	<u>\$ (72,185)</u>	<u>\$ (253,115)</u>	<u>\$ (180,930)</u>



*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
2009 Street Improvements Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 8,880,000	\$ 8,880,000	\$ 270,762	\$ (8,609,238)
Use of money and property	13,000	13,000	9,119	(3,881)
Contributions	-	-	1,498,470	1,498,470
Total revenues	<u>8,893,000</u>	<u>8,893,000</u>	<u>1,778,351</u>	<u>(7,114,649)</u>
<b>Expenditures</b>				
Current:				
Public works	3,703,000	3,703,000	3,032,830	670,170
Total expenditures	<u>3,703,000</u>	<u>3,703,000</u>	<u>3,032,830</u>	<u>670,170</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,190,000</u>	<u>5,190,000</u>	<u>(1,254,479)</u>	<u>6,444,479</u>
Net change in fund balance	5,190,000	5,190,000	(1,254,479)	(6,444,479)
Fund Balance, Beginning	<u>4,526,028</u>	<u>4,526,028</u>	<u>4,526,028</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 9,716,028</u>	<u>\$ 9,716,028</u>	<u>\$ 3,271,549</u>	<u>\$ (6,444,479)</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
MTA Measure R Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,044,000	\$ 1,044,000	\$ 1,365,038	\$ 321,038
Contributions	13,000	13,000	5,820	(7,180)
Total revenues	<u>1,057,000</u>	<u>1,057,000</u>	<u>1,370,858</u>	<u>313,858</u>
<b>Expenditures</b>				
Current:				
Public works	380,023	380,023	165,593	214,430
Capital outlay	700,000	700,000	813,173	(113,173)
Total expenditures	<u>1,080,023</u>	<u>1,080,023</u>	<u>978,766</u>	<u>101,257</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,023)</u>	<u>(23,023)</u>	<u>392,092</u>	<u>415,115</u>
<b>Other Financing Uses</b>				
Transfers out	(43,014)	(43,014)	(7,135)	35,879
Total other financing uses	<u>(43,014)</u>	<u>(43,014)</u>	<u>(7,135)</u>	<u>35,879</u>
Net change in fund balance	(66,037)	(66,037)	384,957	450,994
Fund Balance, Beginning	<u>1,720,895</u>	<u>1,720,895</u>	<u>1,720,895</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,654,858</u>	<u>\$ 1,654,858</u>	<u>\$ 2,105,852</u>	<u>\$ 450,994</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Proposition A Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,674,000	\$ 1,674,000	\$ 2,194,563	\$ 520,563
Charges for services	6,300	6,300	1,096	(5,204)
Use of money and property	13,000	13,000	7,041	(5,959)
Total revenues	<u>1,693,300</u>	<u>1,693,300</u>	<u>2,202,700</u>	<u>509,400</u>
<b>Expenditures</b>				
Current:				
Public works	1,461,214	1,461,214	1,222,472	238,742
Total expenditures	<u>1,461,214</u>	<u>1,461,214</u>	<u>1,222,472</u>	<u>238,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>232,086</u>	<u>232,086</u>	<u>980,228</u>	<u>748,142</u>
<b>Other Financing Uses</b>				
Transfers out	(43,636)	(43,636)	(23,896)	19,740
Total other financing uses	<u>(43,636)</u>	<u>(43,636)</u>	<u>(23,896)</u>	<u>19,740</u>
Net change in fund balance	188,450	188,450	956,332	767,882
Fund Balance, Beginning	<u>2,039,233</u>	<u>2,039,233</u>	<u>2,039,233</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 2,227,683</u>	<u>\$ 2,227,683</u>	<u>\$ 2,995,565</u>	<u>\$ 767,882</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
MTA Measure M Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,170,000	\$ 1,170,000	\$ 1,544,698	\$ 374,698
Use of money and property	2,000	2,000	2,870	870
Total revenues	<u>1,172,000</u>	<u>1,172,000</u>	<u>1,547,568</u>	<u>375,568</u>
<b>Expenditures</b>				
Current:				
Public works	1,179,464	1,179,464	1,081,847	97,617
Total expenditures	<u>1,179,464</u>	<u>1,179,464</u>	<u>1,081,847</u>	<u>97,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,464)</u>	<u>(7,464)</u>	<u>465,721</u>	<u>473,185</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(53,071)</u>	<u>(53,071)</u>	<u>(28,062)</u>	<u>25,009</u>
Total other financing uses	<u>(53,071)</u>	<u>(53,071)</u>	<u>(28,062)</u>	<u>25,009</u>
Net change in fund balance	(60,535)	(60,535)	437,659	498,194
Fund Balance, Beginning	<u>829,620</u>	<u>829,620</u>	<u>829,620</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 769,085</u>	<u>\$ 769,085</u>	<u>\$ 1,267,279</u>	<u>\$ 498,194</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Proposition C Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,377,000	\$ 1,377,000	\$ 1,820,345	\$ 443,345
Use of money and property	14,000	14,000	6,225	(7,775)
Total revenues	<u>1,391,000</u>	<u>1,391,000</u>	<u>1,826,570</u>	<u>435,570</u>
<b>Expenditures</b>				
Current:				
Public works	1,428,048	1,428,048	1,277,431	150,617
Total expenditures	<u>1,428,048</u>	<u>1,428,048</u>	<u>1,277,431</u>	<u>150,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(37,048)</u>	<u>(37,048)</u>	<u>549,139</u>	<u>586,187</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(22,286)</u>	<u>(22,286)</u>	<u>(43,408)</u>	<u>(21,122)</u>
Total other financing uses	<u>(22,286)</u>	<u>(22,286)</u>	<u>(43,408)</u>	<u>(21,122)</u>
Net change in fund balance	(59,334)	(59,334)	505,731	565,065
Fund Balance, Beginning	<u>2,234,174</u>	<u>2,234,174</u>	<u>2,234,174</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 2,174,840</u>	<u>\$ 2,174,840</u>	<u>\$ 2,739,905</u>	<u>\$ 565,065</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Air Quality Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 110,833	\$ 10,833
Use of money and property	1,000	1,000	382	(618)
Total revenues	<u>101,000</u>	<u>101,000</u>	<u>111,215</u>	<u>10,215</u>
<b>Expenditures</b>				
Current:				
Community development	106,840	106,840	100,840	6,000
Total expenditures	<u>106,840</u>	<u>106,840</u>	<u>100,840</u>	<u>6,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,840)</u>	<u>(5,840)</u>	<u>10,375</u>	<u>16,215</u>
Net change in fund balance	(5,840)	(5,840)	10,375	16,215
Fund Balance, Beginning	<u>170,552</u>	<u>170,552</u>	<u>170,552</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 164,712</u>	<u>\$ 164,712</u>	<u>\$ 180,927</u>	<u>\$ 16,215</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
California Used Oil Recycling Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 19,800	\$ 19,800	\$ 13,199	\$ (6,601)
Use of money and property	-	-	400	400
Total revenues	<u>19,800</u>	<u>19,800</u>	<u>13,599</u>	<u>(6,201)</u>
<b>Expenditures</b>				
Current:				
Public works	22,709	22,709	10,646	12,063
Total expenditures	<u>22,709</u>	<u>22,709</u>	<u>10,646</u>	<u>12,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,909)</u>	<u>(2,909)</u>	<u>2,953</u>	<u>5,862</u>
<b>Other Financing Uses</b>				
Transfers out	(4,274)	(4,274)	(2,553)	1,721
Total other financing uses	<u>(4,274)</u>	<u>(4,274)</u>	<u>(2,553)</u>	<u>1,721</u>
Net change in fund balance	(7,183)	(7,183)	400	7,583
Fund Balance, Beginning	<u>147,706</u>	<u>147,706</u>	<u>147,706</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 140,523</u>	<u>\$ 140,523</u>	<u>\$ 148,106</u>	<u>\$ 7,583</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
California Beverage Container Recycling Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 19,800	\$ 19,800	\$ -	\$ (19,800)
Use of money and property	-	-	355	355
Total revenues	<u>19,800</u>	<u>19,800</u>	<u>355</u>	<u>(19,445)</u>
<b>Expenditures</b>				
Current:				
Public works	<u>34,713</u>	<u>34,713</u>	<u>14,949</u>	<u>19,764</u>
Total expenditures	<u>34,713</u>	<u>34,713</u>	<u>14,949</u>	<u>19,764</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,913)</u>	<u>(14,913)</u>	<u>(14,594)</u>	<u>319</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(8,705)</u>	<u>(8,705)</u>	<u>(2,550)</u>	<u>6,155</u>
Total other financing uses	<u>(8,705)</u>	<u>(8,705)</u>	<u>(2,550)</u>	<u>6,155</u>
Net change in fund balance	(23,618)	(23,618)	(17,144)	6,474
Fund Balance, Beginning	<u>158,239</u>	<u>158,239</u>	<u>158,239</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 134,621</u>	<u>\$ 134,621</u>	<u>\$ 141,095</u>	<u>\$ 6,474</u>



*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Hawthorne Boulevard Mobility Improvement Program Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ -	\$ 548	\$ 548
Total revenues	-	-	548	548
<b>Expenditures</b>				
Current:				
Public works	42,000	42,000	-	42,000
Total expenditures	42,000	42,000	-	42,000
Excess (deficiency) of revenues over (under) expenditures	(42,000)	(42,000)	548	42,548
Net change in fund balance	(42,000)	(42,000)	548	42,548
Fund Balance, Beginning	223,437	223,437	223,437	-
Fund Balance, Ending	\$ 181,437	\$ 181,437	\$ 223,985	\$ 42,548

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
CATV Peg Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 120,000	\$ 120,000	\$ 87,479	\$ (32,521)
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>87,479</u>	<u>(32,521)</u>
<b>Expenditures</b>				
Capital outlay	30,000	30,000	-	30,000
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,000</u>	<u>90,000</u>	<u>87,479</u>	<u>(2,521)</u>
Net change in fund balance	90,000	90,000	87,479	(2,521)
Fund Balance, Beginning	<u>429,241</u>	<u>429,241</u>	<u>429,241</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 519,241</u>	<u>\$ 519,241</u>	<u>\$ 516,720</u>	<u>\$ (2,521)</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Housing Asset Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 51,849	\$ 51,849
Use of money and property	457,569	457,569	357,202	(100,367)
Total revenues	<u>457,569</u>	<u>457,569</u>	<u>409,051</u>	<u>(48,518)</u>
<b>Expenditures</b>				
Current:				
General government	200,000	226,940	39,430	187,510
Community development	197,140	197,140	129,514	67,626
Total expenditures	<u>397,140</u>	<u>424,080</u>	<u>168,944</u>	<u>255,136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,429</u>	<u>33,489</u>	<u>240,107</u>	<u>206,618</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(19,784)</u>	<u>(19,784)</u>	<u>(5,362)</u>	<u>14,422</u>
Total other financing uses	<u>(19,784)</u>	<u>(19,784)</u>	<u>(5,362)</u>	<u>14,422</u>
Net change in fund balance	40,645	13,705	234,745	221,040
Fund Balance, Beginning	<u>6,891,709</u>	<u>6,891,709</u>	<u>6,891,709</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 6,932,354</u>	<u>\$ 6,905,414</u>	<u>\$ 7,126,454</u>	<u>\$ 221,040</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
HOME Grant Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 4,223,452	\$ 6,390,150	\$ 28,494	\$ (6,361,656)
Use of money and property	45,000	45,000	80,921	35,921
Total revenues	<u>4,268,452</u>	<u>6,435,150</u>	<u>109,415</u>	<u>(6,325,735)</u>
<b>Expenditures</b>				
Current:				
Community development	4,263,360	6,430,058	27,171	6,402,887
Total expenditures	<u>4,263,360</u>	<u>6,430,058</u>	<u>27,171</u>	<u>6,402,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,092</u>	<u>5,092</u>	<u>82,244</u>	<u>77,152</u>
<b>Other Financing Uses</b>				
Transfers out	(5,092)	(5,092)	(1,381)	3,711
Total other financing uses	<u>(5,092)</u>	<u>(5,092)</u>	<u>(1,381)</u>	<u>3,711</u>
Net change in fund balance	-	-	80,863	80,863
Fund Balance, Beginning	<u>408,320</u>	<u>408,320</u>	<u>408,320</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 408,320</u>	<u>\$ 408,320</u>	<u>\$ 489,183</u>	<u>\$ 80,863</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Community Development Block Grant Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 3,923,110	\$ 3,923,110	\$ 1,035,269	\$ (2,887,841)
Use of money and property	-	-	70,545	70,545
Total revenues	<u>3,923,110</u>	<u>3,923,110</u>	<u>1,105,814</u>	<u>(2,817,296)</u>
<b>Expenditures</b>				
Current:				
Community development	3,530,662	3,577,136	789,534	2,787,602
Debt service:				
Principal retirement	355,000	355,000	355,000	-
Interest and fiscal charges	<u>32,356</u>	<u>32,356</u>	<u>32,356</u>	<u>-</u>
Total expenditures	<u>3,918,018</u>	<u>3,964,492</u>	<u>1,176,890</u>	<u>2,787,602</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,092</u>	<u>(41,382)</u>	<u>(71,076)</u>	<u>(29,694)</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(5,092)</u>	<u>(5,092)</u>	<u>(12,143)</u>	<u>(7,051)</u>
Total other financing uses	<u>(5,092)</u>	<u>(5,092)</u>	<u>(12,143)</u>	<u>(7,051)</u>
Net change in fund balance	-	(46,474)	(83,219)	(36,745)
Fund Balance (Deficit), Beginning	<u>(106,884)</u>	<u>(106,884)</u>	<u>(106,884)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (106,884)</u>	<u>\$ (153,358)</u>	<u>\$ (190,103)</u>	<u>\$ (36,745)</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
FEMA Grant Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 214,471	\$ 188,345	\$ (26,126)
Use of money and property	-	-	47	47
Total revenues	-	214,471	188,392	(26,079)
<b>Expenditures</b>				
Current:				
Public safety	-	214,471	-	214,471
Total expenditures	-	214,471	-	214,471
Excess (deficiency) of revenues over (under) expenditures	-	-	188,392	188,392
<b>Other Financing Uses</b>				
Transfers out	-	-	(106,649)	(106,649)
Total other financing uses	-	-	(106,649)	(106,649)
Net change in fund balance	-	-	81,743	81,743
Fund Balance (Deficit), Beginning	(80,439)	(80,439)	(80,439)	-
Fund Balance, Ending	\$ (80,439)	\$ (80,439)	\$ 1,304	\$ 81,743

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
MTA Measure W Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 747,000	\$ 747,000	\$ 786,894	\$ 39,894
Use of money and property	-	-	1,532	1,532
Total revenues	<u>747,000</u>	<u>747,000</u>	<u>788,426</u>	<u>41,426</u>
<b>Expenditures</b>				
Current:				
Public Works	951,648	951,648	656,126	295,522
Total expenditures	<u>951,648</u>	<u>951,648</u>	<u>656,126</u>	<u>295,522</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(204,648)</u>	<u>(204,648)</u>	<u>132,300</u>	<u>336,948</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(140,154)</u>	<u>(140,154)</u>	<u>(65,562)</u>	<u>74,592</u>
Total other financing uses	<u>(140,154)</u>	<u>(140,154)</u>	<u>(65,562)</u>	<u>74,592</u>
Net change in fund balance	(344,802)	(344,802)	66,738	411,540
Fund Balance, Beginning	<u>466,416</u>	<u>466,416</u>	<u>466,416</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 121,614</u>	<u>\$ 121,614</u>	<u>\$ 533,154</u>	<u>\$ 411,540</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
SB2 Planning Grant Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 86,763	\$ -	\$ (86,763)
Total revenues	-	86,763	-	(86,763)
<b>Expenditures</b>				
Current:				
Community development	-	118,785	-	118,785
Total expenditures	-	118,785	-	118,785
Excess (deficiency) of revenues over (under) expenditures	-	(32,022)	-	32,022
Net change in fund balance	-	(32,022)	-	32,022
Fund Balances (Deficit), Beginning		(249,289)	(249,289)	-
Fund Balance (Deficit), Ending	\$ -	\$ (281,311)	\$ (249,289)	\$ 32,022



*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
LEAP Grant Special Revenue Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 279,470	\$ -	\$ (279,470)
Total revenues	-	279,470	-	(279,470)
<b>Expenditures</b>				
Current:				
Community development	-	380,335	110,176	270,159
Total expenditures	-	380,335	110,176	270,159
Excess (deficiency) of revenues over (under) expenditures	-	(100,865)	(110,176)	(9,311)
Net change in fund balance	-	(100,865)	(110,176)	(9,311)
Fund Balances (Deficit), Beginning		(20,530)	(20,530)	-
Fund Balance (Deficit), Ending	\$ -	\$ (121,395)	\$ (130,706)	\$ (9,311)

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Development Impact Capital Projects Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 700,000	\$ 700,000	\$ 346,669	\$ (353,331)
Use of money and property	32,000	32,000	9,492	(22,508)
Total revenues	<u>732,000</u>	<u>732,000</u>	<u>356,161</u>	<u>(375,839)</u>
<b>Expenditures</b>				
Current:				
Community development	50,804	50,804	803	50,001
Capital outlay	600,000	600,000	69,625	530,375
Total expenditures	<u>650,804</u>	<u>650,804</u>	<u>70,428</u>	<u>580,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>81,196</u>	<u>81,196</u>	<u>285,733</u>	<u>204,537</u>
Net change in fund balance	81,196	81,196	285,733	204,537
Fund Balance, Beginning	<u>3,570,839</u>	<u>3,570,839</u>	<u>3,570,839</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 3,652,035</u>	<u>\$ 3,652,035</u>	<u>\$ 3,856,572</u>	<u>\$ 204,537</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
State Park Improvement Capital Projects Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 748,000	\$ 748,000	\$ 410,277	\$ (337,723)
Miscellaneous	-	-	35	35
Total revenues	<u>748,000</u>	<u>748,000</u>	<u>410,312</u>	<u>(337,688)</u>
<b>Expenditures</b>				
Current:				
Community development	748,000	748,000	748,274	(274)
Total expenditures	<u>748,000</u>	<u>748,000</u>	<u>748,274</u>	<u>(274)</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(337,962)	(337,962)
Net change in fund balance	-	-	(337,962)	(337,962)
Fund Balances (Deficit), Beginning	(1,800)	(1,800)	(1,800)	-
Fund Balance (Deficit), Ending	<u>\$ (1,800)</u>	<u>\$ (1,800)</u>	<u>\$ (339,762)</u>	<u>\$ (337,962)</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Public Financing Authority Debt Service Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 4,000	\$ 4,000	\$ 666	\$ (3,334)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>666</u>	<u>(3,334)</u>
<b>Expenditures</b>				
Current:				
General government	9,404	9,404	5,286	4,118
Debt service:				
Principal retirement	662,628	662,628	662,629	(1)
Interest and fiscal charges	71,257	71,257	43,623	27,634
Total expenditures	<u>743,289</u>	<u>743,289</u>	<u>711,538</u>	<u>31,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(739,289)</u>	<u>(739,289)</u>	<u>(710,872)</u>	<u>28,417</u>
<b>Other Financing Sources</b>				
Transfers in	<u>717,930</u>	<u>717,930</u>	<u>725,880</u>	<u>7,950</u>
Total other financing sources	<u>717,930</u>	<u>717,930</u>	<u>725,880</u>	<u>7,950</u>
Net change in fund balance	(21,359)	(21,359)	15,008	36,367
Fund Balance, Beginning	<u>1,716,702</u>	<u>1,716,702</u>	<u>1,716,702</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,695,343</u>	<u>\$ 1,695,343</u>	<u>\$ 1,731,710</u>	<u>\$ 36,367</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
2016 Refunding Bonds Debt Service Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 6,585	\$ 6,585
Use of money and property	300	300	387	87
Total revenues	<u>300</u>	<u>300</u>	<u>6,972</u>	<u>6,672</u>
<b>Expenditures</b>				
Debt service:				
Principal retirement	2,102,814	2,102,814	1,690,000	412,814
Interest and fiscal charges	441,581	441,581	806,643	(365,062)
Total expenditures	<u>2,544,395</u>	<u>2,544,395</u>	<u>2,496,643</u>	<u>47,752</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,544,095)</u>	<u>(2,544,095)</u>	<u>(2,489,671)</u>	<u>54,424</u>
<b>Other Financing Sources</b>				
Transfers in	2,544,395	2,544,395	2,228,617	(315,778)
Total other financing sources	<u>2,544,395</u>	<u>2,544,395</u>	<u>2,228,617</u>	<u>(315,778)</u>
Net change in fund balance	300	300	(261,054)	(261,354)
Fund Balance, Beginning	<u>710,824</u>	<u>710,824</u>	<u>710,824</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 711,124</u>	<u>\$ 711,124</u>	<u>\$ 449,770</u>	<u>\$ (261,354)</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
2016 Direct Placement Lease Financing Debt Service Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 400	\$ 400	\$ 48	\$ (352)
Total revenues	400	400	48	(352)
<b>Expenditures</b>				
Current:				
General government	5,704	5,704	204	5,500
Debt service:				
Principal retirement	190,500	190,500	190,500	-
Interest and fiscal charges	49,930	49,930	49,930	-
Total expenditures	246,134	246,134	240,634	5,500
Excess (deficiency) of revenues over (under) expenditures	(245,734)	(245,734)	(240,586)	5,148
<b>Other Financing Sources</b>				
Transfers in	242,398	242,398	245,276	2,878
Total other financing sources	242,398	242,398	245,276	2,878
Net change in fund balance	(3,336)	(3,336)	4,690	8,026
Fund Balance, Beginning	40,740	40,740	40,740	-
Fund Balance, Ending	\$ 37,404	\$ 37,404	\$ 45,430	\$ 8,026

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
2019 Pension Obligation Bond Debt Service Fund  
For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 20,103	\$ 20,103	\$ 20,103	\$ -
Use of money and property	-	-	473	473
Total revenues	<u>20,103</u>	<u>20,103</u>	<u>20,576</u>	<u>473</u>
<b>Expenditures</b>				
Debt service:				
Principal retirement	2,740,000	2,740,000	2,740,000	-
Interest and fiscal charges	3,937,030	3,937,030	3,933,639	3,391
Total expenditures	<u>6,677,030</u>	<u>6,677,030</u>	<u>6,673,639</u>	<u>3,391</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,656,927)</u>	<u>(6,656,927)</u>	<u>(6,653,063)</u>	<u>3,864</u>
<b>Other Financing Sources</b>				
Transfers in	7,441,853	7,441,853	6,803,143	(638,710)
Total other financing sources	<u>7,441,853</u>	<u>7,441,853</u>	<u>6,803,143</u>	<u>(638,710)</u>
Net change in fund balance	784,926	784,926	150,080	(634,846)
Fund Balances (Deficit), Beginning	<u>(1,687,702)</u>	<u>(1,687,702)</u>	<u>(1,687,702)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (902,776)</u>	<u>\$ (902,776)</u>	<u>\$ (1,537,622)</u>	<u>\$ (634,846)</u>

*City of Hawthorne*

**Combining Statement of Net Position  
Internal Service Funds  
June 30, 2022**

<b>Assets</b>	Equipment Replacement	Insurance Reserve	Total
<b>Current Assets:</b>			
Cash and investments	\$ 1,615,553	\$ -	\$ 1,615,553
Receivables:			
Accounts	247	24,613	24,860
Inventories	14,311	-	14,311
Net pension asset	552,875	669,337	1,222,212
Total current assets	<u>2,182,986</u>	<u>693,950</u>	<u>2,876,936</u>
<b>Noncurrent assets:</b>			
Capital assets, net of accumulated depreciation	1,433,973	-	1,433,973
Total noncurrent assets	<u>1,433,973</u>	<u>-</u>	<u>1,433,973</u>
Total assets	<u>3,616,959</u>	<u>693,950</u>	<u>4,310,909</u>
<b>Deferred Outflows of Resources</b>			
Pension related	<u>38,840</u>	<u>47,022</u>	<u>85,862</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	133,339	30,726	164,065
Accrued liabilities	11,533	11,801	23,334
Compensated absences	17,279	-	17,279
Claims and judgements	-	1,168,036	1,168,036
Capital lease	53,091	-	53,091
Total current liabilities	<u>215,242</u>	<u>1,210,563</u>	<u>1,425,806</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	69,118	-	69,118
Claims and judgements	-	4,672,146	4,672,146
Total noncurrent liabilities	<u>69,118</u>	<u>4,672,146</u>	<u>4,741,263</u>
Total liabilities	<u>284,360</u>	<u>5,882,709</u>	<u>6,167,069</u>
<b>Deferred Inflows of Resources</b>			
Pension related	<u>441,279</u>	<u>534,234</u>	<u>975,513</u>
<b>Net Position</b>			
Net investment in capital assets	1,380,882	-	1,380,882
Unrestricted	<u>1,549,278</u>	<u>(5,675,971)</u>	<u>(4,126,693)</u>
Total net position (deficit)	<u>\$ 2,930,160</u>	<u>\$ (5,675,971)</u>	<u>\$ (2,745,811)</u>



*City of Hawthorne*

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2022**

	Equipment Replacement	Insurance Reserve	Total
<b>Operating Revenues</b>			
Sales and service charges	\$ 2,098,716	\$ 6,501,445	\$ 8,600,161
Miscellaneous	30,988	75,000	105,988
Total operating revenues	<u>2,129,704</u>	<u>6,576,445</u>	<u>8,706,149</u>
<b>Operating Expenses</b>			
Administration and general	1,546,824	408,768	1,955,592
Materials and supplies	479,285	1,513	480,798
Contractual services	61,536	7,299,785	7,361,321
Depreciation	291,400	-	291,400
Total operating expenses	<u>2,379,045</u>	<u>7,710,066</u>	<u>10,089,111</u>
Operating income (loss)	<u>(249,341)</u>	<u>(1,133,621)</u>	<u>(1,382,962)</u>
Change in net position before transfers	<u>(249,341)</u>	<u>(1,133,621)</u>	<u>(1,382,962)</u>
<b>Transfers</b>			
Transfers in	1,610	-	1,610
Transfers out	(91,651)	(95,449)	(187,100)
Total transfers	<u>(90,041)</u>	<u>(95,449)</u>	<u>(185,490)</u>
Change in net position	(339,382)	(1,229,070)	(1,568,452)
<b>Net Position</b>			
Net position (deficit), beginning	<u>3,269,542</u>	<u>(4,446,901)</u>	<u>(1,177,359)</u>
Net position (deficit), ending	<u>\$ 2,930,160</u>	<u>\$ (5,675,971)</u>	<u>\$ (2,745,811)</u>

# City of Hawthorne

## Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2022

	Equipment Replacement	Insurance Reserve	Total
<b>Cash flows from operating activities</b>			
Cash received from customers and users	\$ 2,141,394	\$ 6,598,898	\$ 8,740,292
Cash paid to suppliers for goods and services	(1,796,755)	(6,246,034)	(8,042,789)
Cash paid to employees for services	(467,058)	(262,735)	(729,793)
Net cash provided (used) by operating activities	<u>(122,419)</u>	<u>90,129</u>	<u>(32,290)</u>
<b>Cash flows from noncapital financing activities</b>			
Cash received from other funds	310,000	-	310,000
Transfer from debt service funds	1,610	-	1,610
Transfer to debt service funds	(91,651)	(95,449)	(187,100)
Net cash (used) provided by noncapital financing activities	<u>219,959</u>	<u>(95,449)</u>	<u>124,510</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(236,853)	-	(236,853)
Payments on capital lease	(87,373)	-	(87,373)
Net cash used for capital and related financing activities	<u>(324,226)</u>	<u>-</u>	<u>(324,226)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(226,686)	(5,320)	(232,006)
Cash and cash equivalents, beginning of year	<u>1,842,239</u>	<u>5,320</u>	<u>1,847,559</u>
Cash and cash equivalents, end of year	<u>\$ 1,615,553</u>	<u>\$ -</u>	<u>\$ 1,615,553</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (249,341)	\$ (1,133,621)	\$ (1,382,962)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	291,400	-	291,400
(Increase) decrease in operating assets:			
Accounts receivable	11,690	22,453	34,143
Deferred outflows of resources	20,567	24,900	45,467
Net pension asset	(581,311)	(703,763)	(1,285,074)
Increase (decrease) in operating liabilities:			
Accounts payable	(74,353)	(178,828)	(253,181)
Accrued liabilities	1,657	355	2,012
Claims and judgements payable	-	1,527,798	1,527,798
Compensated absences	18,801	-	18,801
Deferred inflows of resources	438,471	530,835	969,306
Total adjustments	<u>126,922</u>	<u>1,223,750</u>	<u>1,350,672</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (122,419)</u>	<u>\$ 90,129</u>	<u>\$ (32,290)</u>

## **STATISTICAL SECTION**

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**Statistical Section**

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

<b>CONTENTS</b>	<b>Page</b>
<b>Financial Trends</b>	170
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	
<b>Revenue Capacity</b>	180
These schedules contain information to help the reader assess one of the City's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	185
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	192
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	195
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	

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

# City of Hawthorne

## Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
<b>Governmental Activities:</b>				
Net investment in capital assets	\$ 47,629,536	\$ 88,248,555	\$ 98,764,480	\$ 98,816,219
Restricted for:				
Public safety	238,528	154,050	205,942	293,845
Community development	23,633,197	24,107,637	6,983,229	3,211,422
Parks and recreation	-	-	-	-
Public works	-	-	-	5,821,832
Capital improvements	2,633,641	3,459,998	4,028,388	4,428,834
Debt service	1,765,455	1,746,659	1,751,788	1,989,372
Unrestricted	37,773,141	2,718,192	(100,463,431)	(104,694,912)
Total governmental activities net position	<u>\$ 113,673,498</u>	<u>\$ 120,435,091</u>	<u>\$ 11,270,396</u>	<u>\$ 9,866,612</u>
<b>Business-type activities:</b>				
Net investment in capital assets	\$ 10,495,271	\$ 10,883,092	\$ 10,761,597	\$ 10,443,914
Unrestricted	334,901	1,060,109	(446,027)	770,871
Total business-type activities net position	<u>\$ 10,830,172</u>	<u>\$ 11,943,201</u>	<u>\$ 10,315,570</u>	<u>\$ 11,214,785</u>
<b>Primary Government:</b>				
Net investment in capital assets	\$ 58,124,807	\$ 99,131,647	\$ 109,526,077	\$ 109,260,133
Restricted for:				
Public safety	238,528	154,050	205,942	293,845
Community development	23,633,197	24,107,637	6,983,229	3,211,422
Parks and recreation	-	-	-	-
Public works	-	-	-	5,821,832
Capital improvements	2,633,641	3,459,998	4,028,388	4,428,834
Debt service	1,765,455	1,746,659	1,751,788	1,989,372
Unrestricted	38,108,042	3,778,301	(100,909,458)	(103,924,041)
Total primary government net position	<u>\$ 124,503,670</u>	<u>\$ 132,378,292</u>	<u>\$ 21,585,966</u>	<u>\$ 21,081,397</u>

Source: City of Hawthorne, Finance Department

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 104,229,572	\$ 105,088,517	\$ 113,929,703	\$ 115,535,476	\$ 115,055,399	\$ 117,437,597	
1,400,432	539,905	908,793	2,132,992	1,220,865	1,441,602	
4,086,416	6,417,462	7,686,125	7,489,182	7,628,820	7,937,659	
-	-	-	221,702	523,567	439,384	
6,174,648	6,772,717	7,328,057	12,391,232	14,519,981	16,267,086	
4,243,801	4,974,337	3,787,315	4,273,286	4,466,496	4,906,446	
1,776,572	1,785,449	2,287,599	2,443,670	2,483,866	2,242,510	
(114,897,815)	(199,077,160)	(195,983,739)	(196,188,925)	(196,644,055)	(122,568,622)	
<u>\$ 7,013,626</u>	<u>\$ (73,498,773)</u>	<u>\$ (60,056,147)</u>	<u>\$ (51,701,385)</u>	<u>\$ (50,745,061)</u>	<u>\$ 28,103,662</u>	
\$ 10,034,549	\$ 9,657,296	\$ 9,269,159	\$ 8,894,639	\$ 8,638,581	\$ 11,008,202	
1,479,009	863,905	994,105	4,414,574	5,036,958	4,953,411	
<u>\$ 11,513,558</u>	<u>\$ 10,521,201</u>	<u>\$ 10,263,264</u>	<u>\$ 13,309,213</u>	<u>\$ 13,675,539</u>	<u>\$ 15,961,613</u>	
\$ 114,264,121	\$ 114,745,813	\$ 123,198,862	\$ 124,430,115	\$ 123,693,980	\$ 128,445,799	
1,400,432	539,905	908,793	2,132,992	1,220,865	1,441,602	
4,086,416	6,417,462	7,686,125	7,489,182	7,628,820	7,937,659	
-	-	-	221,702	523,567	439,384	
6,174,648	6,772,717	7,328,057	12,391,232	14,519,981	16,267,086	
4,243,801	4,974,337	3,787,315	4,273,286	4,466,496	4,906,446	
1,776,572	1,785,449	2,287,599	2,443,670	2,483,866	2,242,510	
(113,418,806)	(198,213,255)	(194,989,634)	(191,774,351)	(191,607,097)	(117,615,211)	
<u>\$ 18,527,184</u>	<u>\$ (62,977,572)</u>	<u>\$ (49,792,883)</u>	<u>\$ (38,392,172)</u>	<u>\$ (37,069,522)</u>	<u>\$ 44,065,275</u>	

# City of Hawthorne

## Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses:				
Governmental Activities:				
General government	\$ 7,750,941	\$ 7,768,606	\$ 9,677,945	\$ 9,959,013
Public safety	41,129,544	43,840,245	48,115,574	47,961,278
Community development	20,364,753	14,003,502	15,380,435	11,948,791
Parks and recreation	1,687,789	2,019,805	2,097,720	3,539,851
Public works	13,134,894	14,077,746	14,921,503	10,020,953
Interest on long-term debt	2,297,756	2,189,013	2,084,801	2,862,959
Total governmental activities expenses	<u>86,365,677</u>	<u>83,898,917</u>	<u>92,277,978</u>	<u>86,292,845</u>
Business-type activities:				
Airport	981,673	901,405	949,809	931,989
Sewer and storm drain	881,843	1,126,983	1,581,953	838,433
Total business-type activities expenses	<u>1,863,516</u>	<u>2,028,388</u>	<u>2,531,762</u>	<u>1,770,422</u>
Total primary government expenses	<u>88,229,193</u>	<u>85,927,305</u>	<u>94,809,740</u>	<u>88,063,267</u>
Program Revenues:				
Governmental Activities:				
General government (1)	7,388,347	10,358,083	9,966,590	11,770,484
Public safety	5,273,480	6,310,867	5,595,120	9,250,179
Community development (1)	17,592,931	19,140,595	21,395,006	7,923,370
Parks and recreation	787,003	801,753	785,977	663,082
Public works	8,115,365	6,982,951	7,104,305	4,682,406
Total governmental activities program revenues	<u>39,157,126</u>	<u>43,594,249</u>	<u>44,846,998</u>	<u>34,289,521</u>
Business-type activities:				
Airport	977,941	1,456,803	919,129	860,162
Sewer and storm drain	1,634,149	1,684,614	1,648,704	1,459,572
Total business-type activities program revenues	<u>2,612,090</u>	<u>3,141,417</u>	<u>2,567,833</u>	<u>2,319,734</u>
Total primary government program revenues	<u>41,769,216</u>	<u>46,735,666</u>	<u>47,414,831</u>	<u>36,609,255</u>
Net (expenses) revenues:				
Governmental activities	(47,208,551)	(40,304,668)	(47,430,980)	(52,003,324)
Business-type activities	748,574	1,113,029	36,071	549,312
Total primary government net (expenses)/revenues	<u>(46,459,977)</u>	<u>(39,191,639)</u>	<u>(47,394,909)</u>	<u>(51,454,012)</u>

### Notes:

(1) Beginning in fiscal year 2009-2010, all costs relating to the construction inspection function are reported under community development instead of highways, streets, and parks. Also, the storm water management function is under general government instead of highways, streets, and parks.

Source: City of Hawthorne, Finance Department



Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 11,094,220	\$ 14,701,855	\$ 14,732,354	\$ 11,217,900	\$ 13,076,135	\$ 10,495,723
54,633,003	54,381,340	54,981,502	59,715,116	64,422,256	8,867,389
12,849,025	15,498,320	14,471,029	15,845,559	16,134,233	14,158,033
3,827,432	4,521,785	4,365,183	3,832,039	3,588,888	3,234,730
12,051,189	10,335,197	13,563,064	10,587,442	11,234,733	11,318,323
918,037	1,348,742	1,003,660	4,903,784	4,882,047	4,699,446
<u>95,372,906</u>	<u>100,787,239</u>	<u>103,116,792</u>	<u>106,101,840</u>	<u>113,338,292</u>	<u>52,773,644</u>
1,131,440	1,230,891	1,745,924	1,603,543	1,155,254	808,620
933,015	2,342,547	884,469	709,837	706,086	642,025
<u>2,064,455</u>	<u>3,573,438</u>	<u>2,630,393</u>	<u>2,313,380</u>	<u>1,861,340</u>	<u>1,450,645</u>
<u>97,437,361</u>	<u>104,360,677</u>	<u>105,747,185</u>	<u>108,415,220</u>	<u>115,199,632</u>	<u>54,224,289</u>
11,224,984	11,003,976	11,202,311	10,219,365	10,261,589	12,193,870
5,460,890	5,673,185	6,089,974	5,006,103	5,999,374	6,732,123
12,460,275	13,194,352	14,155,829	16,745,927	17,223,580	17,614,291
642,713	709,246	637,610	445,260	307,385	562,525
9,318,132	6,181,485	13,830,239	12,524,253	6,908,300	9,131,706
<u>39,106,994</u>	<u>36,762,244</u>	<u>45,915,963</u>	<u>44,940,908</u>	<u>40,700,228</u>	<u>46,234,515</u>
908,988	1,009,726	882,878	1,497,105	1,023,571	1,993,209
1,448,366	1,559,160	1,482,507	1,335,231	1,399,410	1,490,743
<u>2,357,354</u>	<u>2,568,886</u>	<u>2,365,385</u>	<u>2,832,336</u>	<u>2,422,981</u>	<u>3,483,952</u>
<u>41,464,348</u>	<u>39,331,130</u>	<u>48,281,348</u>	<u>47,773,244</u>	<u>43,123,209</u>	<u>49,718,467</u>
(56,265,912)	(64,024,995)	(57,200,829)	(61,160,932)	(72,638,064)	(6,539,129)
292,899	(1,004,552)	(265,008)	518,956	561,641	2,033,307
<u>(55,973,013)</u>	<u>(65,029,547)</u>	<u>(57,465,837)</u>	<u>(60,641,976)</u>	<u>(72,076,423)</u>	<u>(4,505,822)</u>

*City of Hawthorne*

**Changes in Net Position, (continued)  
Last Ten Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Positions:				
Governmental activities:				
Taxes:				
Property taxes	\$ 15,011,710	\$ 13,767,847	\$ 15,582,864	\$ 14,693,230
Sales taxes	12,928,878	13,103,430	14,521,823	14,721,975
Transient occupancy taxes	2,680,392	2,765,262	3,357,279	4,806,401
Franchise taxes	1,767,044	1,801,311	1,833,145	1,809,159
Business license taxes	4,901,207	4,962,181	4,947,687	6,419,659
Utility users tax	6,737,474	6,954,818	6,842,540	6,667,384
Other taxes	249,778	21,086	115,589	-
Miscellaneous revenue	38,244	176,333	159,031	1,060,219
Gain on sale of assets	-	-	-	-
Use of money and proprety	25,340	13,993	9,017	69,833
Transfers in/(out)	-	-	-	-
Total governmental activities	<u>44,340,067</u>	<u>43,566,261</u>	<u>47,368,975</u>	<u>50,247,860</u>
Business-type activities:				
Miscellaneous	-	-	-	23,963
Use of money and property	-	-	-	-
Transfers in/(out)	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,963</u>
Total primary government	<u>44,340,067</u>	<u>43,566,261</u>	<u>47,368,975</u>	<u>50,271,823</u>
Change in Net Position:				
Governmental activities	(2,868,484)	3,261,593	(62,005)	(1,755,464)
Business-type activities	748,574	1,113,029	36,071	573,275
Total primary government	<u>\$ (2,119,910)</u>	<u>\$ 4,374,622</u>	<u>\$ (25,934)</u>	<u>\$ (1,182,189)</u>

Source: City of Hawthorne, Finance Department

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 17,000,228	\$ 17,212,040	\$ 18,297,687	\$ 19,494,231	\$ 20,793,917	\$ 21,799,982
16,856,609	18,498,130	28,408,757	28,627,941	32,184,097	38,271,401
5,200,111	5,412,476	5,970,823	5,548,885	4,186,432	6,071,367
1,724,565	1,765,717	2,171,334	1,980,644	2,277,912	2,536,844
5,615,982	6,314,957	6,921,485	7,851,079	6,293,567	9,456,866
6,613,873	6,726,815	6,358,691	6,476,401	6,837,852	7,459,343
-	-	-	-	-	-
1,649,614	11,507,607	2,104,588	850,007	620,764	749,456
-	-	-	177,628	-	-
40,189	100,699	410,090	999,325	188,680	(1,166,634)
-	-	-	(2,490,447)	211,167	209,227
<u>54,701,171</u>	<u>67,538,441</u>	<u>70,643,455</u>	<u>69,515,694</u>	<u>73,594,388</u>	<u>85,387,852</u>
5,874	12,195	7,071	36,546	15,852	461,994
-	-	-	-	-	-
-	-	-	2,490,447	(211,167)	(209,227)
<u>5,874</u>	<u>12,195</u>	<u>7,071</u>	<u>2,526,993</u>	<u>(195,315)</u>	<u>252,767</u>
<u>54,707,045</u>	<u>67,550,636</u>	<u>70,650,526</u>	<u>72,042,687</u>	<u>73,399,073</u>	<u>85,640,619</u>
(1,564,741)	3,513,446	13,442,626	8,354,762	956,324	78,848,723
298,773	(992,357)	(257,937)	3,045,949	366,326	2,286,074
<u>\$ (1,265,968)</u>	<u>\$ 2,521,089</u>	<u>\$ 13,184,689</u>	<u>\$ 11,400,711</u>	<u>\$ 1,322,650</u>	<u>\$ 81,134,797</u>

*City of Hawthorne*

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)**

	Fiscal Year			
	2013	2014	2015	2016
General Fund:				
GASB 54:				
Nonspendable	\$ 72,607	\$ 21,186	\$ 4,223,582	\$ 3,217,524
Restricted	-	-	-	-
Unassigned	17,081,233	17,825,388	11,846,918	10,763,286
Total General Fund	<u>17,153,840</u>	<u>17,846,574</u>	<u>16,070,500</u>	<u>13,980,810</u>
All Other Governmental Funds:				
GASB 54:				
Nonspendable				335,181
Restricted	12,414,769	13,462,455	15,071,577	15,412,581
Unassigned	(1,463,709.00)	(1,973,549)	(3,391,518)	(1,874,224)
Total all other governmental funds	<u>10,951,060</u>	<u>11,488,906</u>	<u>11,680,059</u>	<u>13,873,538</u>
Total governmental funds	<u>\$ 28,104,900</u>	<u>\$ 29,335,480</u>	<u>\$ 27,750,559</u>	<u>\$ 27,854,348</u>

Source: City of Hawthorne, Finance Department

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 53,986	\$ 49,432	\$ 52,198	\$ 80,632	\$ 1,900,896	\$ 69,652
-	-	-	-	36,529	36,529
16,615,228	26,066,029	37,202,338	44,563,186	57,837,119	78,747,034
<u>16,669,214</u>	<u>26,115,461</u>	<u>37,254,536</u>	<u>44,643,818</u>	<u>59,774,544</u>	<u>78,853,215</u>
-	-	-	20,318	-	-
17,790,488	21,191,173	21,997,889	28,952,064	30,807,066	33,192,169
(625,215)	(911,566)	(760,486)	(2,123,366)	(2,427,492)	(3,259,095)
<u>17,165,273</u>	<u>20,279,607</u>	<u>21,237,403</u>	<u>26,849,016</u>	<u>28,379,574</u>	<u>29,933,074</u>
<u>\$ 33,834,487</u>	<u>\$ 46,395,068</u>	<u>\$ 58,491,939</u>	<u>\$ 71,492,834</u>	<u>\$ 88,154,118</u>	<u>\$ 108,786,289</u>

# City of Hawthorne

## Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
<b>Revenues:</b>				
Taxes	\$ 49,001,010	\$ 48,842,096	\$ 52,613,639	\$ 54,107,964
Licenses and permits	2,696,368	2,988,845	3,890,427	2,291,930
Intergovernmental	23,735,974	18,331,224	26,682,989	16,469,698
Charges for services	1,981,251	2,241,294	2,170,626	2,500,544
Fines and forfeitures	2,978,968	3,424,944	3,527,228	3,934,011
Use of money and property	447,973	373,828	446,438	471,056
Contributions	1,810,060	301,155	365,361	188,206
Miscellaneous	3,777,822	6,605,953	6,793,843	5,279,485
<b>Total Revenues</b>	<b>86,429,426</b>	<b>83,109,339</b>	<b>96,490,551</b>	<b>85,242,894</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government (1)	5,780,090	6,187,963	7,299,439	9,517,701
Public safety	39,296,404	41,134,364	42,841,325	43,038,523
Community development (1)	19,665,363	13,209,207	14,241,571	12,590,103
Parks and recreation	1,506,952	1,801,650	1,703,966	3,467,866
Public works	10,275,219	11,336,465	11,755,008	8,202,451
Capital outlay	924,301	2,418,275	13,571,753	2,438,251
<b>Debt service:</b>				
Principal retirement	3,372,594	3,501,557	3,741,924	4,010,186
Interest and fiscal charges	2,454,056	2,289,278	2,224,946	2,658,786
Bond issuance costs	-	-	-	941,625
<b>Total expenditures</b>	<b>83,274,979</b>	<b>81,878,759</b>	<b>97,379,932</b>	<b>86,865,492</b>
<b>Excess/(deficiency) of Revenues Over Expenditures</b>	<b>3,154,447</b>	<b>1,230,580</b>	<b>(889,381)</b>	<b>(1,622,598)</b>
<b>Other financing sources (uses):</b>				
Issuance of debt	-	-	-	31,803,741
Payment to bond escrow agent	-	-	-	(29,910,984)
Proceeds from disposal of assets	-	-	-	-
Capital Lease proceeds	-	-	-	-
Transfers in	3,927,563	3,995,825	4,034,710	5,894,967
Transfers out	(3,927,563)	(3,995,825)	(4,730,250)	(5,894,967)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(695,540)</b>	<b>1,892,757</b>
<b>Net Change in Fund Balances</b>	<b>\$ 3,154,447</b>	<b>\$ 1,230,580</b>	<b>\$ (1,584,921)</b>	<b>\$ 270,159</b>
Debt service as a percentage of noncapital expenditures	7.97%	7.97%	6.25%	7.89%

### Notes:

- (1) Beginning in fiscal year 2009-2010, all costs relating to the construction inspection function are reported under community development instead of highways, streets, and parks. Also, the storm water management function is under general government instead of highways, streets, and parks.

Source: City of Hawthorne, Finance Department

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 58,115,240	\$ 63,954,559	\$ 75,799,317	\$ 73,088,871	\$ 76,549,888	\$ 89,449,254
2,535,471	3,384,070	4,121,946	3,861,839	2,268,593	1,987,892
22,245,586	21,283,289	22,515,800	24,208,218	25,920,897	28,410,517
2,412,936	2,325,798	2,631,104	2,605,973	2,465,164	3,378,713
5,850,331	3,101,340	4,241,409	4,621,263	2,996,112	4,485,414
530,465	580,685	937,192	1,420,058	782,986	(686,139)
873,620	888,145	3,670,175	4,640,773	492,799	1,854,290
5,392,496	12,435,535	4,093,289	2,025,498	1,782,379	1,894,159
<u>97,956,145</u>	<u>107,953,421</u>	<u>118,010,232</u>	<u>116,472,493</u>	<u>113,258,818</u>	<u>130,774,100</u>
9,388,771	10,130,387	12,073,085	32,079,731	10,589,644	11,870,620
46,173,983	49,374,104	50,438,881	120,366,980	47,760,972	54,876,411
12,747,063	14,603,141	13,807,096	24,445,268	15,033,877	15,619,482
3,654,856	3,743,089	3,767,113	10,795,897	2,901,385	3,704,975
13,565,765	11,786,057	18,750,519	21,327,728	9,776,751	12,723,514
3,164,810	2,183,616	3,360,606	2,408,275	1,070,437	1,237,324
5,473,428	2,365,154	2,414,644	4,718,303	4,861,023	5,638,129
980,189	1,207,292	1,142,617	3,694,549	4,995,712	4,866,191
108,692	-	-	1,112,189	-	-
<u>95,257,557</u>	<u>95,392,840</u>	<u>105,754,561</u>	<u>220,948,920</u>	<u>96,989,801</u>	<u>110,536,646</u>
<u>2,698,588</u>	<u>12,560,581</u>	<u>12,255,671</u>	<u>(104,476,427)</u>	<u>16,269,017</u>	<u>20,237,454</u>
2,730,900	-	-	121,865,000	-	-
-	-	-	-	-	-
-	-	-	8,602	-	-
550,651	-	-	-	-	-
2,759,313	2,804,428	2,950,318	8,423,404	11,510,975	12,375,331
(2,759,313)	(2,804,428)	(3,109,118)	(12,819,684)	(11,118,708)	(11,980,614)
<u>3,281,551</u>	<u>-</u>	<u>(158,800)</u>	<u>117,477,322</u>	<u>392,267</u>	<u>394,717</u>
<u>\$ 5,980,139</u>	<u>\$ 12,560,581</u>	<u>\$ 12,096,871</u>	<u>\$ 13,000,895</u>	<u>\$ 16,661,284</u>	<u>\$ 20,632,171</u>
7.34%	4.05%	4.40%	3.89%	10.53%	10.04%

# City of Hawthorne

## Assessed Value and Estimated Actual Value of Taxable Property (1) Last Ten Fiscal Years

Fiscal Year Ended June 30,	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate (2)
2013	\$ 5,576,281,164	\$ 293,802,204	\$ (39,085,229)	\$ 5,830,998,139	0.24470
2014	5,778,996,631	262,583,724	(40,374,408)	6,001,205,947	0.09106
2015	5,975,266,047	271,246,528	(38,278,306)	6,208,234,269	0.09115
2016	6,360,930,083	261,718,287	(38,794,555)	6,583,853,815	0.09137
2017	6,761,280,688	586,347,166	(70,829,245)	7,276,798,609	0.09174
2018	7,149,882,995	639,095,098	(62,805,701)	7,726,172,392	0.09127
2019	7,532,179,160	732,745,553	(75,014,723)	8,189,909,990	0.09104
2020	7,971,171,054	728,823,022	(69,188,809)	8,630,805,267	0.08950
2021	8,394,513,934	871,235,153	(89,168,195)	9,176,580,892	0.08648
2022	8,771,167,546	740,382,503	(106,971,423)	9,404,578,626	0.08939

Notes:

- (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 increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is re-assessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual fair value of taxable property and is subject to the limitations described above.
- (2) Tax Rate Area 13-115.

Source: Los Angeles County Assessor 2020/21 Combined Tax Rolls



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## City of Hawthorne

### Direct and Overlapping Property Tax Rates (1) Last Ten Fiscal Years (rate per \$100 of assessed value)

	Fiscal Year			
	2013	2014	2015	2016
City basic rate	0.09484	0.09484	0.09484	0.09484
Redevelopment agency				
Overlapping Rates				
El Camino Community College	0.01849	0.01750	0.01742	0.01745
Hawthorne School District	0.11286	0.10797	0.10620	0.10176
Inglewood Unified School District	0.12139	0.15614	0.14992	0.12761
La Community College District	0.04875	0.04454	0.04017	0.03575
Lawndale Elementary School District	0.04919	0.04651	0.04334	0.04207
Lennox School District	0.08064	0.08118	0.08464	0.08456
Los Angeles Unified School District	0.17561	0.14644	0.14688	0.12971
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350
Wiseburn School District	0.09129	0.11672	0.13062	0.13341
Wiseburn-Centinel Unified	0.05906	0.04369	0.16730	0.14481
Total Direct Rate	0.24470	0.09106	0.09115	0.09137

Notes:

- (1) Tax rates are for Tax Rate Area 13-115.
- (2) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies in which the subject property resides. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various voter-approved bonds.

Source: HdL Coren & Cone, Los Angeles County Assessor 2011/12-2021/22 Tax Rate Table

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Fiscal Year					
2017	2018	2019	2020	2021	2022
0.09484	0.09484	0.00000	0.09484	0.09484	0.09484
0.02294	0.02120	0.02223	0.02155	0.02362	0.02264
0.09553	0.08818	0.08395	0.11025	0.10069	0.09933
0.11351	0.11675	0.13079	0.09832	0.09294	0.14381
0.03596	0.04599	0.04621	0.02717	0.04016	0.04376
0.04064	0.06143	0.06385	0.06343	0.06246	0.05494
0.09078	0.16337	0.16522	0.17202	0.17062	0.16888
0.13110	0.12219	0.12323	0.12552	0.13993	0.11323
0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
0.10166	0.11222	0.10532	0.11111	0.08507	0.08631
0.16592	0.13062	0.17572	0.15734	0.18371	0.17242
0.09174	0.09127	0.09104	0.08950	0.08648	0.08939

# City of Hawthorne

## Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2021/2022			2012/2013		
	Taxable Assessed Value (1)	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value (1)	Rank	Percentage of Total City Taxable Assessed Value
SPACE EXPLORATION TECHNOLOGIES CORP	\$ 444,469,347	1	4.73 %			
DCT CARGO LLC	87,649,735	2	0.93	\$ 42,648,741	6	0.73
HOLSTRON DC ASSETS	85,240,067	3	0.91			
MOGUL HOSPITALITY PARTNERS HAWTHORNE LLC	72,265,597	4	0.77			
BSP ZELMAN HAWTHORNE LLC	63,840,925	5	0.68	41,107,223	7	0.70
COSTCO WHOLESALE CORPORATION	62,163,388	6	0.66	54,747,088	1	0.94
EQUITY HOLDINGS LLC	58,098,154	7	0.62			
15000 AVIATION VENTURES LLC	55,569,800	8	0.59			
RT ROCKET ROAD LLC	53,074,210	9	0.56			
FALCON LANDING	47,057,888	10	0.50			
RS HAWTHORNE LLC				49,809,886	2	0.85
HEARTHSTONE MULTI ASSET ENTITY				46,864,783	3	0.80
M & A GABAE				44,025,843	4	0.76
WILLIAM LYON HOMES				42,777,897	5	0.73
TRIUMPH AEROSTRUCTURES VOUGHT AIRCRAFT				40,469,631	8	0.69
OCEANGATE PROPERTY LLC				38,508,073	9	0.66
EDWARD AND MARILYN JENKINS TRUST				32,519,987	10	0.56
Total	<u>\$ 1,029,429,111</u>		<u>10.95 %</u>	<u>\$ 433,479,152</u>		<u>7.42 %</u>

Note:

The amounts shown above include assessed value date for both the City and the Successor Agency (former Redevelopment Agency).

Source: GdL Coren & Core, Los Angeles County Assessor 2020/2021 Combined Tax Rolls

*City of Hawthorne*

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage
2013	\$ 5,683,467	\$ 6,633,338	116.71	\$ 1,395	\$ 6,634,733	116.74
2014	5,860,446	5,115,351	87.29	14,415	5,129,766	87.53
2015	6,088,145	5,513,166	90.56	-	5,513,166	90.56
2016	6,479,711	5,109,479	78.85	-	5,109,479	78.85
2017	7,170,731	6,339,236	88.40	-	6,339,236	88.40
2018	7,600,938	6,731,784	88.57	350,002	7,081,786	93.17
2019	8,045,958	7,121,892	88.52	132,075	7,253,967	90.16
2020	8,468,355	8,048,688	95.04	216,167	8,264,855	97.60
2021	8,979,687	8,658,320	96.42	230,657	8,888,976	98.99
2022	9,198,418	9,083,898	98.76	620,967	9,704,865	105.51

Source: Los Angeles County Auditor and Controller Office.

# City of Hawthorne

## Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities (1)					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Notes Payable	Leases	Loans Payable			
2013	\$ -	\$ 9,057,452	\$ -	\$ 52,460	\$ 4,303,708	\$ 13,413,620	0.008	155
2014	-	8,454,052	-	37,647	3,942,366	12,434,065	0.007	143
2015	-	7,828,114	-	22,219	3,580,698	11,431,031	0.007	130
2016	31,684,772	7,174,930	-	6,778	3,218,691	42,085,171	0.023	480
2017	30,032,646	4,353,127	2,587,550	482,893	2,856,328	40,312,544	0.022	454
2018	29,211,468	3,178,249	2,419,000	378,119	2,493,585	37,680,421	0.019	429
2019	27,752,015	2,595,505	2,247,100	682,255	2,130,448	35,407,323	0.017	407
2020	145,887,562	1,987,302	2,067,000	471,793	1,766,893	152,180,550	0.068	1,749
2021	141,688,109	1,354,129	1,884,150	250,142	1,757,898	146,934,428	N/A	N/A
2022	137,102,656	691,500	1,693,650	97,840	1,400,000	140,985,646	0.064	1,624

Note:

(1) General bonded debt is debt payable with governmental fund resources. Details regarding the City's outstanding debt can be found in the notes to basic financial statements.

Source: City of Hawthorne, Finance Department

# City of Hawthorne

## Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	Total Gross General Obligation Bonds	Amounts Restricted for Principal Repayments	Total Net General Obligation Bonds	Revenue Bonds (1)	Total	Percent of Assessed Value (2)	Per Capita
2013	\$ -	\$ -	\$ -	\$ 9,057,452	\$ 9,057,452	0.16%	\$ 106
2014	-	-	-	8,454,052	8,454,052	0.14	98
2015	-	-	-	7,828,114	7,828,114	0.13	90
2016	31,684,772	1,989,372	29,695,400	7,174,930	36,870,330	0.59	419
2017	30,032,646	1,776,572	28,256,074	4,353,127	32,609,201	0.47	372
2018	29,211,468	1,785,449	27,426,019	3,178,249	30,604,268	0.42	345
2019	27,752,014	2,287,599	25,464,415	2,618,249	28,082,664	0.37	345
2020	26,352,538	2,443,570	23,908,968	1,987,303	25,896,271	1.71	1,702
2021	141,688,109	2,483,866	139,204,243	1,354,129	140,558,372	1.56	1,616
2022	137,102,656	2,242,510	134,860,146	691,500	135,551,646	1.47	1,588

Notes:

- (1) The revenue bonds are secured by lease payments to be made by the City
- (2) Assessed value has been used because actual value of taxable property is not readily available in the State of California.

Source: City of Hawthorne, Finance Department

# City of Hawthorne

## Legal Debt Margin Information Last Ten Fiscal Years

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	Fiscal Year			
	2013	2014	2015	2016
Total assessed valuation	\$ 5,830,998,139	\$ 6,001,205,947	\$ 6,208,234,269	\$ 6,583,853,815
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,457,749,535	1,500,301,487	1,552,058,567	1,645,963,454
Debt limit percentage	15%	15%	15%	15%
Debt limit	218,662,430	225,045,223	232,808,785	246,894,518
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 218,662,430</u>	<u>\$ 225,045,223</u>	<u>\$ 232,808,785</u>	<u>\$ 246,894,518</u>
Total debt applicable to the limit as a percentage of debt limit	0.000%	0.000%	0.000%	0.000%

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of fair value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of fair value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

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



Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 7,276,798,609	\$ 7,726,172,392	\$ 8,189,909,990	\$ 8,630,805,267	\$ 9,176,580,892	\$ 9,404,578,626
25%	25%	25%	25%	25%	25%
1,819,199,652	1,931,543,098	2,047,477,498	2,157,701,317	2,294,145,223	2,351,144,657
15%	15%	15%	15%	15%	15%
272,879,948	289,731,465	307,121,625	323,655,198	344,121,783	352,671,698
-	-	-	-	-	-
<u>\$ 272,879,948</u>	<u>\$ 289,731,465</u>	<u>\$ 307,121,625</u>	<u>\$ 323,655,198</u>	<u>\$ 344,121,783</u>	<u>\$ 352,671,698</u>
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

# City of Hawthorne

## Pledged-Revenue Coverage Last Ten Fiscal Years

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Fiscal Year	Revenue Bonds (1)				
	Revenue	Debt Service (2)			Coverage
		Principal	Interest		
2013	\$ 1,000,848	\$ 574,939	\$ 417,157	1.01	
2014	998,192	603,400	403,110	0.99	
2015	999,499	625,939	387,708	0.99	
2016	1,249,488	653,184	370,536	1.22	
2017	3,744,990	823,428	409,710	3.04	
2018	976,241	730,152	187,849	1.06	
2019	897,558	754,644	199,655	0.94	
2020	973,932	608,203	110,698	1.35	
2021	1,003,000	633,172	84,758	1.40	
2022	19,698	662,628	57,754	0.03	

Notes:

(1) Revenue bonds are secured by lease payments to be made by the City

(2) Debt service shown is annual debt service.

Source: City of Hawthorne, Finance Department

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# City of Hawthorne

## Direct and Overlapping Debt As of June 30, 2022

	Percentage Applicable	Gross Bonded Debt Balance	Estimated Share of Overlapping
<b>Direct Debt</b>			
HAWTHORNE RICOH COPIER	100.000%	\$ 44,748	\$ 44,748
HAWTHORNE 2016 COP	100.000%	22,907,656	22,907,656
HAWTHORNE 2016 DIRECT PLACEMENT LEASE FINANCING	100.000%	1,693,650	1,693,650
HAWTHORNE 2019 PENSION OBLIGATION BONDS	100.000%	114,195,000	114,195,000
HAWTHORNE RADIO LEASE	100.000%	53,092	53,092
HAWTHORNE REVENUE BONDS 2011 SERIES A	100.000%	691,500	691,500
HAWTHORNE SECTION 108 LOAN PAYABLE	100.000%	1,400,000	1,400,000
<b>Total Direct Debt</b>			<b>140,985,646</b>
<b>Overlapping Debt</b>			
METROPOLITAN WATER DISTRICT	56.900%	9,835,780	55,971
HAWTHORNE SD DS 1997 SERIES B	96.993%	171,329	166,178
HAWTHORNE SD DS 1997 SERIES C	96.993%	1,907,421	1,850,074
HAWTHORNE SD DS 2004 2005 SERIES A	96.993%	204,276	198,134
HAWTHORNE SD DS 2004 SERIES 2005B	96.993%	1,727,427	1,675,491
HAWTHORNE SD DS 2008,2009 SERIES A	96.993%	7,218,706	7,001,673
HAWTHORNE SD DS 2008 2012 SERIES B	96.993%	9,701,770	9,410,083
HAWTHORNE SD DS REF BONDS 2004 2015 SERIES A	96.993%	5,320,000	5,160,052
HAWTHORNE SD DS 2018 SERIES A	96.993%	34,140,000	33,113,569
HAWTHORNE SD DS 2018 SERIES B	96.993%	2,810,000	2,725,516
HAWTHORNE SD DS REF BONDS 2019	96.993%	4,885,000	4,738,131
LAWNDALE ELEMENTARY SD DS 2016 SERIES A 2017	19.973%	8,855,000	1,768,586
LAWNDALE ELEMENTARY SD DS 2017 REF BOND	19.973%	5,020,000	1,002,632
LAWNDALE ELEMENTARY SD DS 2016 SERIES B 2018	19.973%	9,205,000	1,838,491
LAWNDALE ELEMENTARY SD DS 2020 REF BOND	19.973%	7,140,000	1,426,054
LAWNDALE ELEMENTARY SD DS 2016 SERIES C 2020	19.973%	5,870,000	1,172,400
LENNOX SD DS 1998 SERIES A	7.755%	447,784	34,726
LENNOX SD DS 1998 SERIES 2002B	7.755%	925,536	71,777
LENNOX SD DS 1998 SERIES 2012A QSCB	7.755%	2,695,000	209,001
LENNOX SD DS 2007 SERIES 2016	7.755%	381,056	29,551
LENNOX SD DS 2016 REF BONDS	7.755%	1,388,746	107,699
LENNOX SD DS 2016 SERIES 2017	7.755%	1,360,000	105,470
LENNOX SD DS 2007 SERIES 2020	7.755%	29,671,628	2,301,079
CENTINELA-WISEBURN UNION HSD 2002 REF BOND A	57.255%	8,825,000	5,052,790
CENTINELA-WISEBURN UNION HSD 2004 REF BOND A	57.255%	20,700,000	11,851,870
CENTINELA-WISEBURN UNION HSD 2008 SERIES A	57.255%	15,724,364	9,003,049
CENTINELA-WISEBURN UNION HSD 2010, 12 SERIES B	57.255%	461,455	264,208
CENTINELA-WISEBURN UNION HSD 2008 2013 SERIES B	57.255%	2,600,000	1,488,641
CENTINELA-WISEBURN UNION HSD DS 2008 2014 SERIES C	57.255%	2,715,000	1,554,484
CENTINELA-WISEBURN UNION HSD 2008, 2014 SERIES D	57.255%	1,500,000	858,831
CENTINELA-WISEBURN UNION HSD 2016 REF BOND	57.255%	26,790,000	15,338,724
CENTINELA-WISEBURN UNION HSD 2016 REF BOND C	57.255%	136,890,000	78,376,930
CENTINELA-WISEBURN SFID DS 2016 2017A	35.058%	52,565,000	18,428,495
CENTINELA-WISEBURN SFID DS 2016 2018B	35.058%	55,000,000	19,282,169
CENTINELA-WISEBURN SFID DS 2020A	35.058%	119,840,000	42,014,093
CENTINELA-WISEBURN UNION USD 2020 REF BOND	57.255%	26,845,000	15,370,215
EL CAMINO CCD DS 2002 SERIES 2012C	65.430%	138,337,927	9,051,947
EL CAMINO CCD DS 2012 REF BONDS	65.430%	6,480,000	424,010
EL CAMINO CCD DS 2012 SERIES 2016 A	65.430%	88,395,000	5,784,002
EL CAMINO CCD DS 2016 REF BONDS	65.430%	58,925,000	3,855,674
EL CAMINO CCD DS 2012 SERIES 2018B	65.430%	44,410,000	2,905,906
EL CAMINO CCD DS 2012 SERIES 2020C	65.430%	46,250,000	3,026,304
EL CAMINO CCD DS 2020 REF BONDS	65.430%	39,755,000	2,601,312
EL CAMINO CCD DS 2012 SERIES 2021D	65.430%	60,000,000	3,926,016
LA CCD DS 2003 TAXABLE SERIES 2004B	0.082%	2,115,000	1,742

**Notes:**

[1] This fund is a portion of a larger agency and is responsible for debt in areas outside the city  
Source: HdL Coren & Core, Los Angeles County Assessor 2020/2021 Combined Tax Rolls

# City of Hawthorne

## Direct and Overlapping Debt, (continued) As of June 30, 2022

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Percentage Applicable	Gross Bonded Debt Balance	Estimated Share of Overlapping
Overlapping Debt (Continued)			
LA CCD DS 2001 TAXABLE SERIES 2004A	0.082%	31,555,000	25,995
LA CCD DS 2008, 2009 TAXABLE SER B	0.082%	75,000,000	61,784
LA CCD DS 2008, 2010 TAX SERIES D	0.082%	125,000,000	102,973
LA CCD DS 2008, 2010 TAX SER E (BABS)	0.082%	900,000,000	741,409
LA CCD DS 2013	0.082%	13,000,000	10,709
LA CCD DS 2013 REF BONDS	0.082%	8,380,000	6,903
LA CCD DS 2008 SERIES G	0.082%	30,765,000	25,344
LA CCD DS 2015 REF SERIES A	0.082%	144,260,000	118,840
LA CCD DS 2015 REF SERIES B	0.082%	14,965,000	12,328
LA CCD DS 2015 REF SERIES C	0.082%	178,565,000	147,100
LA CCD DS 2008 SERIES I	0.082%	184,220,000	151,758
LA CCD DS 2008 SERIES J	0.082%	173,020,000	142,532
LA CCD DS 2016 REF BONDS	0.082%	239,880,000	197,610
LA CCD DS 2020 REF BONDS	0.082%	1,750,350,000	1,441,917
LA CCD DS 2016 SERIES C	0.082%	275,440,000	226,904
INGLEWOOD USD DS 2007 REF BONDS	0.038%	18,720,000	7,140
INGLEWOOD USD DS 2012 SERIES A	0.038%	1,200,000	458
INGLEWOOD USD DS 2016 REF BONDS	0.038%	29,000,000	11,061
INGLEWOOD USD DS 2012 SERIES B	0.038%	22,970,000	8,761
INGLEWOOD USD DS 2012 SERIES C	0.038%	30,000,000	11,442
INGLEWOOD USD DS 2021 REF BONDS	0.038%	26,545,000	10,124
INGLEWOOD USD DS 2020 SERIES A	0.038%	75,000,000	28,605
LOS ANGELES UNIF DS 2002 SERIES E (BABS)	0.101%	200,000,000	201,394
LOS ANGELES UNIF DS 2005 SERIES H	0.101%	207,560,000	209,006
LOS ANGELES UNIF MEASURE R SERIES KRY BABS	0.101%	363,005,000	365,535
LOS ANGELES UNIF MEASURE Y 2009 SERIES KRY BABS	0.101%	806,795,000	812,417
LOS ANGELES UNIF MEASURE R 2010 SERIES RY BABS	0.101%	477,630,000	480,959
LOS ANGELES UNIF MEASURE Y 2010 SERIES RY BABS	0.101%	772,955,000	778,342
LOS ANGELES UNIF DS 2005 2010 SERIES J-1 QSCBS	0.101%	115,480,000	116,285
LOS ANGELES UNIF DS 2005 2010 SERIES J-2 QSCBS	0.101%	60,710,000	61,133
LOS ANGELES UNIF DS 2012 REFUNDING BOND SERIES A	0.101%	27,435,000	27,626
LOS ANGELES UNIF DS 2014 REF BOND SERIES A	0.101%	17,090,000	17,209
LOS ANGELES UNIF DS 2014 REF BOND SERIES B	0.101%	20,480,000	20,623
LOS ANGELES UNIF DS 2014 REF BOND SERIES C	0.101%	100,155,000	100,853
LOS ANGELES UNIF DS 2014 REF BOND SERIES D	0.101%	713,850,000	718,825
LOS ANGELES UNIF DS 2015 REF BONDS SERIES A	0.101%	95,430,000	96,095
LOS ANGELES UNIF DS 2008 SERIES A 2016	0.101%	164,550,000	165,697
LOS ANGELES UNIF DS 2016 REF BONDS SERIES A	0.101%	359,570,000	362,076
LOS ANGELES UNIF DS 2016 REF BONDS SERIES B	0.101%	238,230,000	239,890
LOS ANGELES UNIF DS 2017 REF BONDS SER A PROP BB	0.101%	498,240,000	501,712
LOS ANGELES UNIF DS 2017 REF BONDS SER A MEAS K	0.101%	109,935,000	110,701
LOS ANGELES UNIF DS 2005 SERIES M 1 2018	0.101%	921,240,000	927,660
LOS ANGELES UNIF DS 2008 SERIES B 1 2018	0.101%	108,220,000	108,974
LOS ANGELES UNIF DS 2019 REF 2002 SER D MEAS K	0.101%	1,007,820,000	1,014,843
LOS ANGELES UNIF DS 2019 REF 2004 SER I MEAS R	0.101%	135,105,000	136,047
LOS ANGELES UNIF DS 2019 REF 2005 SER F MEAS Y	0.101%	299,825,000	301,914
LOS ANGELES UNIF MEASURE R 2020 SERIES RYQ	0.101%	81,115,000	81,680
LOS ANGELES UNIF MEASURE Y 2020 SERIES RYQ	0.101%	29,955,000	30,164
LOS ANGELES UNIF MEASURE Q 2020 SERIES RYQ	0.101%	151,450,000	152,505
LOS ANGELES UNIF DS MEASURE Q SER C 2020	0.101%	603,245,000	607,449
LOS ANGELES UNIF 2020 REF A MEAS K	0.101%	108,865,000	109,624
LOS ANGELES UNIF 2020 REF A MEAS R	0.101%	108,375,000	109,130
LOS ANGELES UNIF 2020 REF A MEAS Y	0.101%	74,215,000	74,732
LOS ANGELES UNIF 2021 REF A PROP BB	0.101%	893,005,000	899,228
LOS ANGELES UNIF 2021 REF A MEAS Q	0.101%	673,280,000	677,972
WISEBURN USD DS 1997 SERIES A	15.128%	254,209	38,456
WISEBURN USD DS 1997 SERIES 1999A	15.128%	735,280	111,231
WISEBURN USD DS 2000 SERIES 2001	15.128%	24,485,351	3,704,066
WISEBURN USD DS 2010 2010 SERIES A	15.128%	329,452	49,838
WISEBURN USD DS 2010 2012 SERIES C	15.128%	28,960,135	4,380,998
WISEBURN USD DS 2010 2011 SERIES B	15.128%	12,672,394	1,917,040
WISEBURN USD DS 2010 2013 SERIES D	15.128%	4,340,000	656,541
WISEBURN USD DS REF BONDS 2015 SERIES A	15.128%	4,700,000	711,001
WISEBURN USD DS REF BONDS 2016 SERIES A	15.13%	33,710,000	5,099,542
<b>Total overlapping debt</b>		<b>\$ 16,108,842,026</b>	<b>357,402,460</b>

Total Direct and Overlapping Debt

2021/22 Assessed Valuation: \$7,106,565,152 After Deducting \$2,201,414,509 Incremental Value.  
Debt To Assessed Valuation Ratios:

Direct Debt	2.04%
Overlapping Debt	5.18%
Total Debt	7.22%

Notes:

[1] This fund is a portion of a larger agency and is responsible for debt in areas outside the city  
Source: HDL Coren & Core, Los Angeles County Assessor 2020/2021 Combined Tax Rolls

[2] Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city.  
The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

## *City of Hawthorne*

### **Demographic and Economic Statistics Last Ten Calendar Years**

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<u>Fiscal Year</u>	<u>Square Miles</u>	<u>Population</u>	<u>Population Percentage Change</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2012	6.08	85,474	0.50%	\$ 1,674,179	\$ 19,587	12.1%
2013	6.08	86,644	1.37%	1,710,093	19,737	10.0%
2014	6.08	86,685	0.05%	1,715,583	19,791	7.4%
2015	6.08	88,003	1.52%	1,755,987	19,954	6.0%
2016	6.08	87,662	-0.39%	1,801,255	20,548	4.7%
2017	6.08	88,772	1.27%	1,841,485	20,744	5.2%
2018	6.08	87,854	-1.03%	1,958,750	22,296	4.8%
2019	6.08	86,903	-1.08%	2,078,695	23,920	4.4%
2020	6.08	86,999	0.11%	2,233,826	25,676	15.1%
2021	6.08	86,841	-0.18%	2,219,718	25,561	10.4%

Sources:

HdL Coren & Cone

# City of Hawthorne

## Principal Employers Current Year and Nine Years Ago

Employer	2022			2013		
	Number of Employees	Rank	Percent of Total Employment (1)	Number of Employees	Rank	Percent of Total Employment (1)
Space Exploration Technologies (1)	6,277	1	14.56%			0.00%
Amazon Fulfillment Center	825	2	1.91%			
Hawthorne School District	1,000	3	2.32%			0.00%
Wiseburn Unified School District (2)	455	4	1.06%			0.00%
City of Hawthorne	230	5	0.53%			0.00%
Home Depot	253	6	0.59%			0.00%
OSI Systems Inc	277	7	0.64%			0.00%
Expeditors	257	8	0.60%			0.00%
Teledyne Relays	248	9	0.58%			0.00%
Ring Headquarters	250	10	0.58%			0.00%
<b>Total</b>	<b>10,072</b>		<b>23.37%</b>	<b>-</b>		<b>0.00%</b>
<b>Total City Employment (3)</b>	<b>43,100</b>					

Source: MuniServices, LLC / Avenu Insights & Analytics

Source: 2017, previously published ACFR, historical data is unavailable.

\*Includes FT, and PT Employment

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

# City of Hawthorne

## Full-time and Part-time Employees by Function Last Ten Fiscal Years

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Function/Program:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General government	132	139	132	120	130	129	141	123	131	133
Public safety	106	109	108	112	100	99	97	98	94	97
Public works, streets maint	42	43	46	47	48	45	45	43	40	43
Comm dev-planning, building, housing	27	34	32	28	26	27	30	27	29	31
Recreation & Comm-serv, parks	<u>127</u>	<u>103</u>	<u>94</u>	<u>84</u>	<u>99</u>	<u>92</u>	<u>100</u>	<u>90</u>	<u>89</u>	<u>71</u>
Total	<u>434</u>	<u>428</u>	<u>412</u>	<u>391</u>	<u>403</u>	<u>392</u>	<u>413</u>	<u>381</u>	<u>383</u>	<u>375</u>

Source: City of Hawthorne, Finance Department



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# City of Hawthorne

## Operating Indicators by Function Last Ten Years

<u>Function/Program</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
General Government:			
Number of business licenses issued	5,662	5,473	5,021
Number of requests for public information	62	56	158
Number of new hires including part-time	45	62	57
Number of invoices processed	10,863	11,000	10,007
Public Safety:			
Police:			
Number of emergency calls	56,130	60,115	57,348
Fire:			
Contracts with the Los Angeles	N/A	N/A	N/A
Highways and Streets:			
Number of street lights added in current year	-	1	-
Number of traffic signals added in current year	-	-	1
Miles of streets swept	15,184	15,184	15,184
Miles of centerline streets added	-	-	-
Storm drain structures cleaned and repaired	993	993	993
Culture and Recreation:			
Number of facility rentals		811	783
Number of swim program participants		24,123	23,987
Number of adult sports participants		80	100
Number of youth sports participants		565	563
Number of senior nutrition program meals served		18,750	18,750
Community Development:			
Number of building permits issued	681	673	716
Approximate number of building inspections conducted	10,143	9,893	8,845
Number of new business licenses issued	702	611	719

Source: Various City Departments.

<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
6,221	5,992	5,752	6,588	6,001	6,016	5,351
152	223	201	179	188	276	233
97	95	84	96	39	80	62
9,478	21,887	20,958	19,501	19,486	18,842	19,218
51,402	40,002	39,703	40,658	42,221	42,395	41,298
N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	1	2	-	3	1	-
-	1	-	2	-	-	-
15,184	15,184	15,184	15,184	15,184	15,184	15,184
-	-	-	-	-	-	-
993	993	993	997	997	997	997
867	889	847	1,044	300	95	1,350
24,280	25,494	30,625	30,520	11,757	21,352	18,043
80	80	30	2,458	1,708	200	2,972
577	605	701	3,490	2,442	200	4,268
18,750	18,750	16,841	17,290	13,125	34,272	29,120
712	594	775	695	644	802	629
7,020	4,000	6,200	6,475	4,000	3,323	4,180
839	764	669	930	686	531	479

## *City of Hawthorne*

### **Capital Asset Statistics by Function/Program Last Ten Fiscal Years**

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<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety:			
Police (1)			
Number of police stations	1	1	1
Number of emergency vehicles	80	79	76
Fire			
Number of fire stations (1)	N/A	N/A	N/A
Number of emergency vehicles	N/A	N/A	N/A
Highways and Streets:			
Miles of streets (2)	91	91	91
Number of street lights	3,639	3,639	3,639
Culture and Recreation:			
Parks	10	10	10
Acres of park land	50.38	50.38	50.38
Pools	1	1	1

Notes:

(1) The Fire station is owned by LA County. We contract the fire service

(2) The number includes both California Edison Owned street lights  
and street light owned by City of Hawthorne

Sources: Various City departments.

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<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
1 99	1 96	1 96	1 101	1 113	1 105	1 105
N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A	N/A N/A
91 3,639	91 3,639	91 3,639	91 3,639	91 3,639	91 3,645	91 3,645
10 50.38 1	10 50.38 1	10 50.38 1	10 47.14 2	10 47.14 2	10 57.06 2	10 57.06 2

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