



*City of Hawthorne,
California*

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Prepared by the Hawthorne Finance Department

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*City of Hawthorne,
California*

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Prepared by the Hawthorne Finance Department

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City of Hawthorne

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Transmittal Letter

December 20, 2024

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, 2024. 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, 2024.

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, 2024, 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

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/ City 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 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 to 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, ARPA, 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

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, the United States real gross domestic product (GDP) increased at a 2.8% annual rate in the third quarter of 2024. In the second quarter, real GDP increased 3.0 percent. Growth was in large part due to Americans making and spending more. Unemployment is one of the most important measures that economists track to gauge the health of an economy. In October 2024, the Bureau of Labor Statistics reported the national unemployment rate at 4.10%, compared to 3.9% in October 2023. It remained unchanged from the three-month low in the prior month. Americans are still hopeful the Federal Reserve can achieve a so-called soft landing for the U.S. economy in 2024.

In November, the U.S. Bureau of Economic Analysis reported the personal consumption expenditures (PCE) price index, a popular measure of inflation, was up 3.0% from a year ago. The consumer price index (CPI), another closely watched U.S. inflation gauge, was up just 3.1% year-over-year in November. The CPI measures changes in prices paid by urban consumers for a specific basket of goods and services.

On November 7, 2024, the Federal Reserve approved its second consecutive interest rate cut. This is in addition to September's big half percentage point reduction. The Federal Reserve's benchmark borrowing rate was reduced by a quarter percentage point to a target range of 4.50%-4.75%. This rate sets what banks charge each other for overnight lending but often influences consumer debt instruments such as mortgages, credit cards, and auto loans.

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. With the slowing economy, the City of Hawthorne experienced its first decrease in Sales Tax revenue in fiscal year 2023-24, but the total overall Tax revenue category showed an increase over budget of \$8.3 M. The City's top five revenue sources are Sales Tax, Vehicle License Fees, Property Tax, Business License Tax, and Utility Users Tax. The Los Angeles County Economic Development Corporation (LAEDC) produces an annual forecast to assess and predict key national, state, regional, and local economic indicators. According to the February 2024 Economic Forecast prepared by the Los Angeles County Economic Development Corporation, *"While we believe that the nation and the Los Angeles region will avoid a recession during the next two years, higher interest rates will continue to weigh down the economy for some time. That said, the Los Angeles economy is robust and resilient. How we decide to address our challenges and position ourselves to take advantage of emerging opportunities will shape the prosperity and quality of life for our diverse communities for years to come."*

California's unemployment rate increased to 5.4% in October 2024, compared to 4.8% in November 2023 and 4.8% in November 2022. In October 2024, the unemployment rate in California was higher than the US overall. Unemployment is one of the most important measures

that economists track to gauge the health of an economy. In general, low unemployment rates mean an economy is strong because most workers can find jobs. In September, the Federal Open Market Committee projected the U.S. unemployment rate will average 4.4% in 2024 and 2025.

According to the Bureau of Labor Statistics data the average unemployment rate in Los Angeles County, for October 2024, was estimated at 5.40%, compared to October 2023 at 5.30%. The UCLA Anderson Forecast predicts an annual average of 5.6% in 2024, 5.1% in 2025, and 5.7% in 2026.

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 2023-2024 fiscal year decreased 1.69% compared with the prior fiscal year. Revenues totaled \$110.3 million for the year ended June 30, 2024. 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 2023-24 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. In FY 23-24, the city saw its first decrease in Sales Tax revenue due to a drop in in the Auto-Transportation Category and in business and industry. General Retail represents 26%, and New Auto sales represent 14% of Hawthorne's sales tax revenues.

On the expense side, total General Fund expenditures decreased by 12.74% in fiscal year 2023-2024 from the prior fiscal year. Expenses for the City totaled \$85.1 million for the year ended June 30, 2024. 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. The Fiscal Year 23-24 Cash Reserve is \$24,404,050.

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. In 2024, this amount increased to \$15.5 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) of \$2 million are covered by ICRMA up to a maximum of \$35,000,000 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.

Awards and Acknowledgments

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 8th 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.

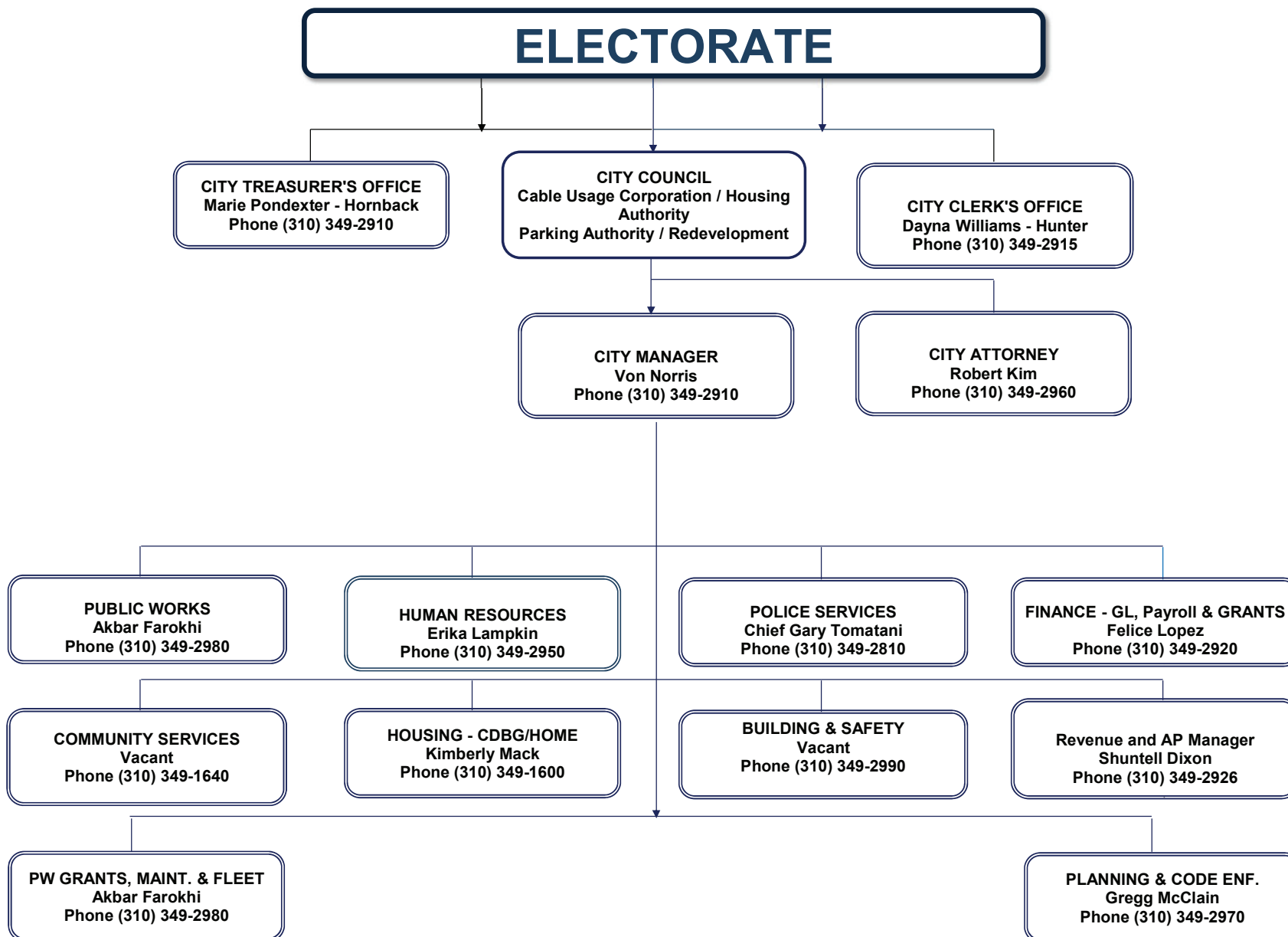
Lastly, a special thank you goes to the Mayor, City Council and City Manager for their support in maintaining the highest standards of professionalism in the management of the City of Hawthorne's finances. Through continued partnership with the community that we serve, the City of Hawthorne will continue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

Respectfully submitted,

A handwritten signature in blue ink, appearing to be 'Felice Lopez', with a long horizontal stroke extending to the right.

Felice Lopez
Director of Finance

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CITY OF HAWTHORNE

MAYOR AND CITY COUNCIL



ALEX VARGAS
MAYOR



KATRINA MANNING
COUNCILMEMBER



ALEX MONTEIRO
COUNCILMEMBER



ANGIE REYES ENGLISH
MAYOR PRO TEM



L. DAVID PATTERSON
COUNCILMEMBER

CITY OFFICIALS

Von Norris
City Manager

Robert Kim
City Attorney

Marie Poindexter - Hornback
City Treasurer

Akbar Farokhi
Public Works/Engineering

Felice Lopez
Finance - GL, Payroll & Grants

Vacant
Community Services Director

Erika Lampkin
Human Resources Director

Akbar Farokhi
PW Grants, Maintenance & Fleet

Gary Tomatani
Chief of Police

Shuntell Dixon
Revenue and A/P Manager

Paul Wu
Building & Safety

Kimberly Mack
Housing Director

Gregg McClain
Planning Director



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, 2023

Christopher P. Morill

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

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Jenny W. Liu, CPA, MST
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Brianna Schultz, CPA, CGMA
Brenda L. Odle, CPA, MST (Partner Emeritus)
Terry P. Shea, CPA (Partner Emeritus)

MANAGERS / STAFF

Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
John Maldonado, CPA, MSA
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Bolim Han, CPA, MAcc
Anny Gonzalez, 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



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

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, 2024, 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 referred to above of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, 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 (*Government Auditing Standards*). 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, 2024, the City adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No.100, *Accounting Changes and Error Corrections*. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 December 20, 2024, 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
December 20, 2024

City of Hawthorne

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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, 2024. 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, 2024, the City's net position (assets plus deferred outflows of resources less liabilities and deferred inflows of resources) was \$74 million. Of this amount, \$(120.5) million is unrestricted.
- The City of Hawthorne total net position increased from the prior fiscal year by \$33,354,329 primarily due to the decrease in public safety expenditures.
- At the close of the current fiscal year, the City of Hawthorne governmental funds reported combined fund balances of \$136,438,547, an increase of \$13,495,175 in comparison with the prior year. Approximately 74% of this amount, \$101,130,549, 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 \$109,366,673 or approximately 128.48% 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, 2024

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, 2024

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, the American Rescue Plan Act Fund and the 2009 Street Improvement 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, 2024**

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 34-95 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 96-108 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 \$74.5 million at June 30, 2024. Approximately \$160 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, 2024

A portion of the City's net position, \$34.2 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, \$(120.5) 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 2024 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 187,145,806	\$ 167,931,412	\$ 23,227,057	\$ 23,324,857	\$ 210,372,863	\$ 191,256,269
Capital assets, net	172,322,763	150,864,840	11,470,932	11,296,460	183,793,695	162,161,300
Total assets	359,468,569	318,796,252	34,697,989	34,621,317	394,166,558	353,417,569
Deferred outflows of resources	57,105,547	82,499,376	737,164	805,410	57,842,711	83,304,786
Non-current liabilities	275,557,393	269,169,316	849,785	580,663	276,407,178	269,749,979
Other liabilities	31,310,303	35,826,288	527,867	439,771	31,838,170	36,266,059
Total Liabilities	306,867,696	304,995,604	1,377,652	1,020,434	308,245,348	306,016,038
Deferred inflows of resources	52,559,626	72,345,383	16,626,747	17,137,715	69,186,373	89,483,098
Net position						
Net investment in capital assets	149,390,159	135,562,068	11,470,932	11,296,460	160,861,091	146,858,528
Restricted	34,192,411	32,823,203	-	-	34,192,411	32,823,203
Unrestricted	(126,435,776)	(144,430,630)	5,959,822	5,972,118	(120,475,954)	(138,458,512)
Total net position	\$ 57,146,794	\$ 23,954,641	\$ 17,430,754	\$ 17,268,578	\$ 74,577,548	\$ 41,223,219

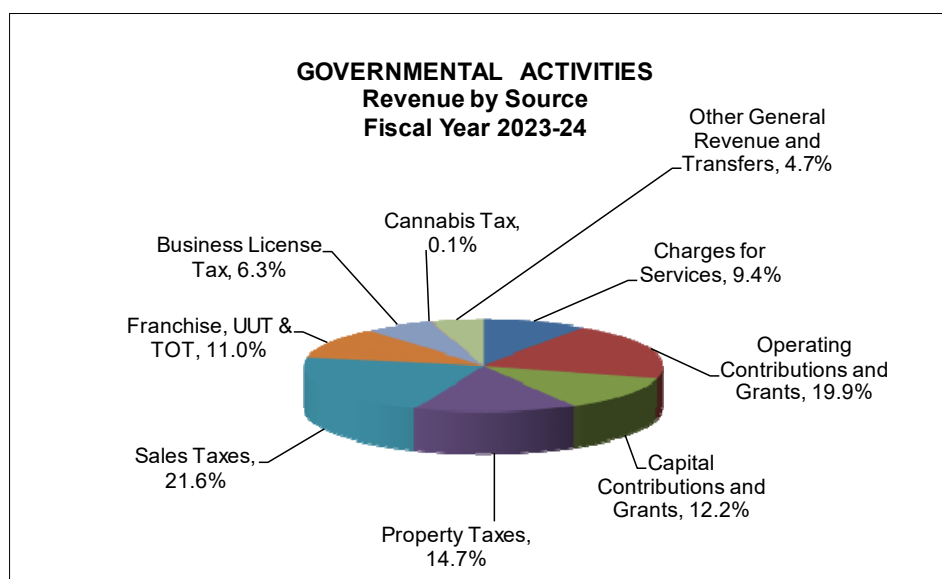
Governmental Activities - The City's net position from governmental activities totaled \$57.14 million. The cost of all governmental activities this year was \$133.6 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$89.7 million because some of the cost was paid by those who directly benefited from the programs (\$15.7 million), or by other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$53.4 million). Overall, the City's governmental program revenues were \$69.1 million. The City paid for the remaining "public benefit" portion of governmental activities with \$22.3 million in taxes (some of which could only be used for certain programs) and with \$7.8 million of other revenues, such as interest earnings and general entitlements.

City of Hawthorne

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

Capital contributions and grants increased by \$6.3 million from the prior fiscal year. This increase is primarily due to \$2.2 million in public works street Improvements, and \$3.2 million in Community Development programs. Operating grants and contributions, the City's second largest revenue source, increased by \$5.5 million from the prior fiscal year. This is primarily the result of \$2.5 million in American Rescue Plan Act programs, and \$2.8 million in Community Development programs. Property tax increased by \$1.5 million or 6.5%. Sales tax, the City's largest revenue source, decreased by \$4.3 million or 12.2% from the prior fiscal year. This decrease was primarily the result of a decrease in the Auto and Transportation and Business and Industry categories, due to higher interest rates. Transient occupancy taxes decreased by \$1 million primarily due a decrease in Hotel stays as a result of inflation and increases in rental rates.

Revenue Source	2024	Percent of Total	Increase (Decrease)	Percent Increase (Decrease)
			From 2023	
Charges for services	\$ 15,701,120	9.4%	\$ (1,045,383)	-6.7%
Operating contributions and grants	33,132,326	19.9%	5,508,158	16.6%
Capital contributions and grants	20,280,336	12.2%	6,328,512	31.2%
Property taxes	24,417,302	14.7%	1,591,621	6.5%
Sales taxes	36,012,398	21.6%	(4,381,397)	-12.2%
Transient occupancy taxes	6,846,103	4.0%	(1,044,906)	-15.3%
Franchise taxes	3,693,594	2.2%	602,666	16.3%
Business License taxes	10,541,480	6.3%	1,089,287	10.3%
Utility Users tax	8,029,444	4.8%	(763,088)	-9.5%
Cannabis tax	189,024	0.1%	(487,586)	-257.9%
Other	7,799,009	4.7%	4,192,496	53.8%
Total revenue	\$ 166,642,136	100%	\$ 11,590,380	7.0%

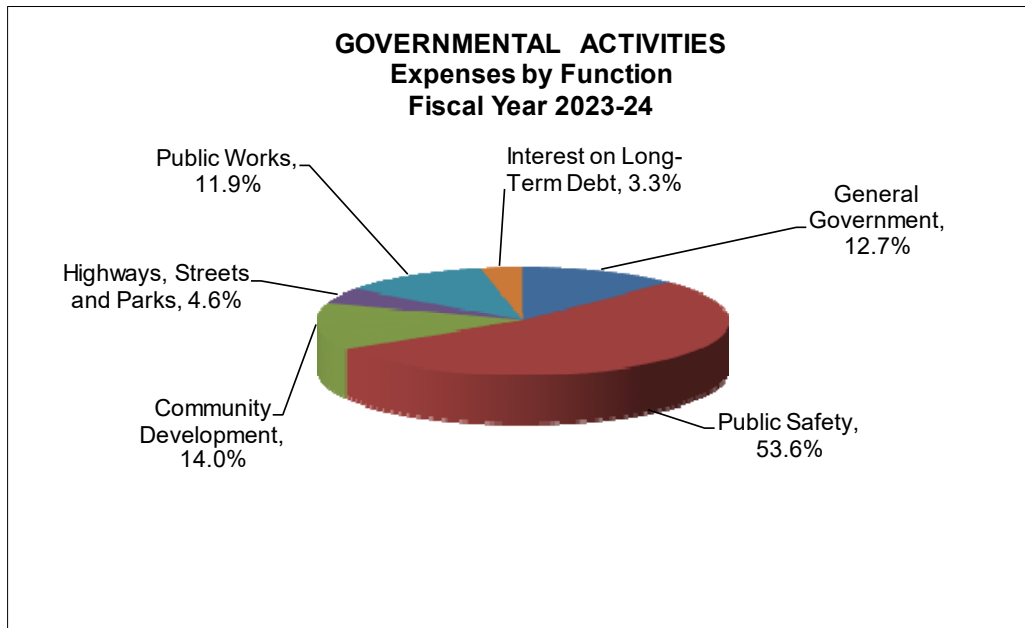


City of Hawthorne

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$71.6 million. The change is mainly due to the unrealized change in the net pension liability.

Function	2024	Percent of Total	Increase (Decrease) From	Percent Increase (Decrease)
			2023	
General government	\$ 16,820,840	12.7%	\$ (1,735,505)	-10.3%
Public safety	71,667,280	53.6%	(28,556,244)	-39.8%
Community development	18,779,695	14.0%	2,759,615	14.7%
Parks and recreation	6,092,428	4.6%	337,294	5.5%
Public works	15,874,801	11.9%	1,569,358	9.9%
Interest on long-term debt	4,439,565	3.3%	(96,295)	-2.2%
Total expenses	\$ 133,674,609	100%	\$ (25,721,777)	-19.2%



**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

Business-type Activities. Revenues of the City's business-type activities were \$2.7 million for the fiscal year ending June 30, 2024. Expenses for the City's business-type activities were \$2.4 million and transfers out of \$0.2 million for the year, resulting in a net increase in net position of \$0.2 million. The net revenues are the result of several factors, including the following:

The City's Airport recorded total revenue of \$1.5 million. Expenses for the City's Airport were \$1.4 million, resulting in a increase in net position before transfers of \$88 thousand. The most significant expenses of the Airport are \$0.8 million for administration and general, \$0.1 million for contractual services and \$0.3 million in depreciation.

The City's Sewer and Storm Drain Maintenance services recorded charges for service of \$1.2 million, while expenses totaled \$0.9 million, resulting in an increase in net position before transfers of \$0.2 million. The most significant expenses of the Sewer Fund are \$0.6 million for administration, \$0.1 million for contractual services, and \$90 thousand for depreciation.

The City's Storm Water services recorded charges for services of \$23 thousand. No expenses were incurred, resulting in an increase in net position of \$23 thousand.

The decrease in change of net position from business-type activities from prior year is primarily due to a decrease in operating contributions and grants received.

City of Hawthorne

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 15,701,120	\$ 16,746,503	\$ 1,908,298	\$ 2,331,517	\$ 17,609,418	\$ 19,078,020
Operating contributions and grants	33,132,326	27,624,168	359,050	305,942	33,491,376	27,930,110
Capital contributions and grants	20,280,336	13,951,824	-	-	20,280,336	13,951,824
General revenues:						
Property taxes	24,417,302	22,825,681	-	-	24,417,302	22,825,681
Sales taxes	36,012,398	40,393,795	-	-	36,012,398	40,393,795
Transient occupancy taxes	6,846,103	7,891,009	-	-	6,846,103	7,891,009
Franchise taxes	3,693,594	3,090,928	-	-	3,693,594	3,090,928
Business License taxes	10,541,480	9,452,193	-	-	10,541,480	9,452,193
Utility Users tax	8,029,444	8,792,532	-	-	8,029,444	8,792,532
Cannabis tax	189,024	676,610	-	-	189,024	676,610
Other	7,799,009	3,606,513	519,780	459,963	8,318,789	4,066,476
Total Revenues	166,642,136	155,051,756	2,787,128	3,097,422	169,429,264	158,149,178
Expenses						
General government	16,820,840	18,556,345	-	-	16,820,840	18,556,345
Public safety	71,667,280	100,223,524	-	-	71,667,280	100,223,524
Community development	18,779,695	16,020,080	-	-	18,779,695	16,020,080
Parks and recreation	6,092,428	5,755,134	-	-	6,092,428	5,755,134
Public works	15,874,801	14,305,443	-	-	15,874,801	14,305,443
Interest on long-term debt	4,439,565	4,535,860	-	-	4,439,565	4,535,860
Airport	-	-	1,466,634	1,209,697	1,466,634	1,209,697
Sewer and storm drain	-	-	933,692	385,151	933,692	385,151
Total Expenses	133,674,609	159,396,386	2,400,326	1,594,848	136,074,935	160,991,234
Increase in Net Position Before Transfers	32,967,527	(4,344,630)	386,802	1,502,574	33,354,329	(2,842,056)
Transfers in/(out)	224,626	195,609	(224,626)	(195,609)	-	-
Change in Net Position	33,192,153	(4,149,021)	162,176	1,306,965	33,354,329	(2,842,056)
Net Position, Beginning	23,954,641	28,103,662	17,268,578	15,961,613	41,223,219	44,065,275
Net Position, Ending	<u>\$ 57,146,794</u>	<u>\$ 23,954,641</u>	<u>\$ 17,430,754</u>	<u>\$ 17,268,578</u>	<u>\$ 74,577,548</u>	<u>\$ 41,223,219</u>

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, 2024

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, 2024, the City of Hawthorne governmental funds reported combined fund balances of \$136.4 million, an increase of \$13.5 million in comparison with the prior year. Approximately 74% of this amount (\$101.1 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 \$109.3 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 128.48% of the total General Fund expenditures, while total fund balance represents approximately 118.81% of that same amount.

The fund balance of the City of Hawthorne General Fund increased by \$15 million during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due primarily to the increase in operating and capital contributions and grants. As discussed above, property tax revenue increased by \$1.5 million, sales tax revenue decreased by \$4.3 million, and other taxes decreased by \$0.1 million from the prior fiscal year. Intergovernmental revenues increased by \$212 thousand due to state mandated and Prop A reimbursements. General Fund expenditures were \$12.4 million less than in the previous fiscal year. This decrease is due a reduction in Capital Outlay.

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 \$432 thousand, a decrease of \$40 thousand from the fiscal year 2023. The decrease was mainly due to the increase in charges for services.

The **American Rescue Plan Act** is used to provide relief to the City for the negative impacts caused from the COVID-19 Pandemic. The fund ended the year with a fund balance of \$833 thousand, an increase of \$428 thousand from fiscal year 2023. The increase was mainly due to the recognition of prior years' unearned revenue.

The **2009 Street Improvements Fund** is used to account for the City's roadway improvement projects. The fund ended the year with a deficit fund balance of \$1.5 million, a decrease of \$2.5 million from fiscal year 2023. The decrease was mainly due to pending reimbursement from current Street Improvement projects.

City of Hawthorne

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024

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 \$9.2 million. The total change in net position for the Airport Fund was negative \$30 thousand. 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 \$7.8 million. The total change in net position for the Sewer and Storm Drain Fund was \$169 thousand. The change was mainly due to the 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 \$311 thousand. The total change in net position for the Storm Water Fund was \$23 thousand. The change was due to the decreased 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 \$7.6 million due to the implementation of continued implementation of American Rescue Plan Act/Covid-19 and community related programs and services, for a total amended expenditure budget of \$97 million for Fiscal Year 2023-2024. 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 \$10.1 million in Fiscal Year 2023-2024. The excess revenue was primarily due to an increase in tax and special assessments revenues and operating transfers in.

The General Fund expenditures were under budgeted expenditures by approximately \$12.6 million. The less expenditures were primarily due a decrease in Capital Outlay.

The overall General Fund Budget for Fiscal Year 2023-2024 was approximately \$22.7 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, 2024

	Estimated Revenues	Actual Revenues	Difference
Taxes	\$ 84,762,000	\$ 93,065,191	\$ 8,303,191
Licenses and permits	1,925,000	1,756,594	(168,406)
Intergovernmental	1,567,250	1,864,291	297,041
Charges for services	4,710,200	4,206,780	(503,420)
Fines and forfeitures	3,200,000	2,707,336	(492,664)
Use of money and property	1,900,000	4,612,450	2,712,450
Contributions	200,000	200,000	-
Miscellaneous	1,901,331	1,887,664	(13,667)
	<u>\$ 100,165,781</u>	<u>\$ 110,300,306</u>	<u>\$ 10,134,525</u>

	Appropriated Expenditures	Actual Expenditures	Difference
General government	\$ 16,364,648	\$ 14,813,594	\$ 1,551,054
Public safety	68,569,664	56,452,918	12,116,746
Community development	4,291,435	3,453,512	837,923
Parks and recreation	5,348,847	4,758,783	590,064
Public works	3,133,067	1,878,545	1,254,522
Capital outlay	25,075	3,763,382	(3,738,307)
	<u>\$ 97,732,736</u>	<u>\$ 85,120,734</u>	<u>\$ 12,612,002</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, 2024, net capital assets totaled \$172.3 million for governmental activities and \$11.4 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, 2024

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 2023-2024 was \$21.6 million compared to prior year.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 25,350,766	\$ 21,599,187	\$ 37,314	\$ 37,314	\$ 25,388,080	\$ 21,636,501
Buildings and Improvements	17,377,563	18,842,287	854,315	905,710	18,231,878	19,747,997
Furniture and Equipment	7,033,348	3,832,920	-	-	7,033,348	3,832,920
Infrastructure	102,980,533	100,954,536	9,897,718	7,389,552	112,878,251	108,344,088
Investment in Joint Venture (RCC)	3,257,498	3,587,673	-	-	3,257,498	3,587,673
Construction in progress	16,311,546	1,815,120	681,585	2,963,884	16,993,131	4,779,004
Right-to-use subscriptions	11,509	233,117	-	-	11,509	233,117
Total	\$ 172,322,763	\$ 150,864,840	\$ 11,470,932	\$ 11,296,460	\$ 183,793,695	\$ 162,161,300

Additional information on the City of Hawthorne's capital assets can be found in Note 4 on pages 53-54 of this report.

Long-term liabilities. At the end of the current fiscal year, the City had total bonded debt outstanding of \$128.2 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	
	2024	2023	2024	2023	2024	2023	2024	2023
Long-Term Debt:								
Bond	\$ 128,193,600	\$ 133,563,353	\$ -	\$ -	\$ -	\$ -	\$ 128,193,600	\$ 133,563,353
Lease payable	-	88,856	11,506	22,766	-	-	11,506	111,622
Loan payable	-	1,045,000	-	-	-	-	-	1,045,000
Total	\$ 128,193,600	\$ 134,697,209	\$ 11,506	\$ 22,766	\$ -	\$ -	\$ 128,205,106	\$ 134,719,975
Operational Liabilities:								
Compensated absences	\$ 8,026,448	\$ 7,920,319	\$ 44,769	\$ 93,965	\$ 120,015	\$ 100,881	\$ 8,191,232	\$ 8,115,165
OPEB	100,619,074	100,714,992	-	-	-	-	100,619,074	100,714,992
Net Pension Liability	31,441,816	19,731,209	625,470	411,211	729,770	479,782	32,797,056	20,622,202
Claims and Judgment payable	-	-	6,594,710	5,577,645	-	-	6,594,710	5,577,645
Total	\$ 140,087,338	\$ 128,366,520	\$ 7,264,949	\$ 6,082,821	\$ 849,785	\$ 580,663	\$ 148,202,072	\$ 135,030,004

The City's total long-term liabilities increased by \$13.1 million during the current fiscal year, primarily due to actuarial change in net pension liability.

Additional information on the City of Hawthorne' long-term liabilities can be found in Note 6, 7, 8, 9, 11, and 12 of this report.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Real GDP increased 2.8% at the end of the third quarter of 2024, on top of 3% in the second quarter of 2024. 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 total General Fund revenue decreased for the first time since 2012 by 1.7% (\$1,893,575) in FY 2024 compared to FY 2023.

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. With the slowing economy, the City of Hawthorne experienced its first decrease in Sales Tax revenue in fiscal year 2023-24, but the total overall Tax revenue category showed an increase over budget of \$8.3 M. The City's top five revenue sources are Sales Tax, Vehicle License Fees, Property Tax, Business License Tax, and Utility Users Tax. The Los Angeles County Economic Development Corporation (LAEDC) produces an annual forecast to assess and predict key national, state, regional, and local economic indicators. According to the February 2024 Economic Forecast prepared by the Los Angeles County Economic Development Corporation, "*While we believe that the nation and the Los Angeles region will avoid a recession during the next two years, higher interest rates will continue to weigh down the economy for some time. That said, the Los Angeles economy is robust and resilient. How we decide to address our challenges and position ourselves to take advantage of emerging opportunities will shape the prosperity and quality of life for our diverse communities for years to come.*"

California's unemployment rate increased to 5.4% in October 2024, compared to 4.8% in November 2023 and 4.8% in November 2022. In October 2024, the unemployment rate in California was higher than the US overall. Unemployment is one of the most important measures that economists track to gauge the health of an economy. In general, low unemployment rates mean an economy is strong because most workers can find jobs. In September, the Federal Open Market Committee projected the U.S. unemployment rate will average 4.4% in 2024 and 2025.

According to the Bureau of Labor Statistics data the average unemployment rate in Los Angeles County, for October 2024, was estimated at 5.40%, compared to October 2023 at 5.30%. The UCLA Anderson Forecast predicts an annual average of 5.6% in 2024, 5.1% in 2025, and 5.7% in 2026.

In developing the budget for fiscal year 2024-25, 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 2023-24 budget is balanced and in compliance with the City Council's amended General Fund Reserve Policy and the 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, 2024

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.

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BASIC FINANCIAL STATEMENTS

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City of Hawthorne

Statement of Net Position June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 149,067,831	\$ 5,742,420	\$ 154,810,251
Cash and investments with fiscal agents	10,442,124	-	10,442,124
Receivables:			
Accounts	19,997,449	303,760	20,301,209
Taxes	369,970	-	369,970
Notes and loans	63,529	-	63,529
Interest	820,736	36,888	857,624
Leases	5,860,882	17,143,989	23,004,871
Due from Successor Agency	350,503	-	350,503
Prepaid expenses	88,000	-	88,000
Inventories	84,782	-	84,782
Capital assets, not being depreciated	41,662,312	718,899	42,381,211
Capital assets, net of accumulated depreciation	130,660,451	10,752,033	141,412,484
Total assets	<u>359,468,569</u>	<u>34,697,989</u>	<u>394,166,558</u>
Deferred Outflows of Resources			
Unamortized loss on defeasance of debt	221,379	-	221,379
Pension related	39,084,492	737,164	39,821,656
OPEB related	17,799,676	-	17,799,676
Total deferred outflows of resources	<u>57,105,547</u>	<u>737,164</u>	<u>57,842,711</u>
Liabilities			
Accounts payable	11,176,692	277,935	11,454,627
Accrued liabilities	1,619,063	40,594	1,659,657
Accrued interest	548,361	-	548,361
Unearned revenue	13,929,630	189,074	14,118,704
Deposits payable	4,036,557	20,264	4,056,821
Non-current liabilities:			
Due within one year			
Claims and judgments	1,318,942	-	1,318,942
Compensated absences	1,614,244	24,003	1,638,247
Long-term debt	5,517,809	-	5,517,809
Due in more than one year			
Claims and judgments	5,275,768	-	5,275,768
Compensated absences	6,456,973	96,012	6,552,985
Long-term debt	122,687,297	-	122,687,297
Net pension liability	32,067,286	729,770	32,797,056
OPEB liability	100,619,074	-	100,619,074
Total liabilities	<u>306,867,696</u>	<u>1,377,652</u>	<u>308,245,348</u>
Deferred Inflows of Resources			
Pension related	13,519,819	9,559	13,529,378
OPEB related	33,343,680	-	33,343,680
Lease related	5,696,127	16,617,188	22,313,315
Total deferred inflows of resources	<u>52,559,626</u>	<u>16,626,747</u>	<u>69,186,373</u>
Net Position (deficit)			
Net investment in capital assets	149,390,159	11,470,932	160,861,091
Restricted for:			
Public safety	1,892,112	-	1,892,112
Community development	7,204,311	-	7,204,311
Parks and recreation	451,871	-	451,871
Public works	17,566,534	-	17,566,534
Capital improvements	6,747,980	-	6,747,980
Debt service	329,603	-	329,603
Unrestricted	(126,435,776)	5,959,822	(120,475,954)
Total net position (deficit)	<u>\$ 57,146,794</u>	<u>\$ 17,430,754</u>	<u>\$ 74,577,548</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, 2024**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 16,820,840	\$ 4,316,954	\$ 16,576,826	\$ 75,696
Public safety	71,667,280	5,271,455	1,776,025	-
Community development	18,779,695	2,712,601	10,134,955	14,706,172
Parks and recreation	6,092,428	684,735	-	285,560
Public works	15,874,801	2,715,375	4,644,520	5,212,908
Interest on long-term debt	4,439,565	-	-	-
Total governmental activities	133,674,609	15,701,120	33,132,326	20,280,336
Business-type activities:				
Airport	1,466,634	676,319	359,050	-
Sewer and storm drain	933,692	1,208,511	-	-
Storm water	-	23,468	-	-
Total business-type activities	2,400,326	1,908,298	359,050	-
Total Primary Government	\$ 136,074,935	\$ 17,609,418	\$ 33,491,376	\$ 20,280,336

General revenues:

Taxes:

- Property taxes
- Sales taxes
- Transient occupancy taxes
- Franchise taxes
- Business license taxes
- Utility users tax
- Cannabis 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.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 4,148,636	\$ -	\$ 4,148,636
(64,619,800)	-	(64,619,800)
8,774,033	-	8,774,033
(5,122,133)	-	(5,122,133)
(3,301,998)	-	(3,301,998)
(4,439,565)	-	(4,439,565)
<u>(64,560,827)</u>	<u>-</u>	<u>(64,560,827)</u>
-	(431,265)	(431,265)
-	274,819	274,819
<u>-</u>	<u>23,468</u>	<u>23,468</u>
-	(132,978)	(132,978)
<u>(64,560,827)</u>	<u>(132,978)</u>	<u>(64,693,805)</u>
24,417,302	-	24,417,302
36,012,398	-	36,012,398
6,846,103	-	6,846,103
3,693,594	-	3,693,594
10,541,480	-	10,541,480
8,029,444	-	8,029,444
189,024	-	189,024
1,529,779	519,780	2,049,559
6,269,230	-	6,269,230
224,626	(224,626)	-
<u>97,752,980</u>	<u>295,154</u>	<u>98,048,134</u>
33,192,153	162,176	33,354,329
23,954,641	17,268,578	41,223,219
<u>\$ 57,146,794</u>	<u>\$ 17,430,754</u>	<u>\$ 74,577,548</u>

City of Hawthorne

**Balance Sheet – Governmental Funds
June 30, 2024**

	Special Revenue Funds			
	General	Hawthorne Housing Authority	American Rescue Plan Act	2009 Street Improvement (Formerly Nonmajor)
ASSETS				
Cash and investments	\$ 100,285,574	\$ 1,433,969	\$ -	\$ -
Cash and investments with fiscal agents	-	-	10,442,118	-
Receivables:				
Accounts	9,064,557	198,176	-	3,809,165
Taxes	359,209	-	-	-
Notes and loans	-	-	-	-
Interest	551,433	-	58,350	-
Leases	5,860,882	-	-	-
Due from Successor Agency	-	-	-	-
Due from other funds	6,419,497	-	-	-
Prepaid expenses	-	-	-	-
Inventories	70,471	-	-	-
Total assets	<u>\$ 122,611,623</u>	<u>\$ 1,632,145</u>	<u>\$ 10,500,468</u>	<u>\$ 3,809,165</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,035,924	\$ 102,263	\$ 303,465	\$ 1,400,329
Accrued liabilities	1,439,164	19,112	-	39,137
Unearned revenue	-	796,896	9,363,659	928,898
Deposits payable	3,966,735	-	-	-
Due to other funds	-	124,170	-	483,208
Total liabilities	<u>7,441,823</u>	<u>1,042,441</u>	<u>9,667,124</u>	<u>2,851,572</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	156,776	-	2,547,565
Lease related	5,696,127	-	-	-
Total deferred inflows of resources	<u>5,696,127</u>	<u>156,776</u>	<u>-</u>	<u>2,547,565</u>
Fund Balances (Deficit):				
Nonspendable	70,471	-	-	-
Restricted	36,529	432,928	833,344	-
Unassigned	109,366,673	-	-	(1,589,972)
Total fund balances	<u>109,473,673</u>	<u>432,928</u>	<u>833,344</u>	<u>(1,589,972)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 122,611,623</u>	<u>\$ 1,632,145</u>	<u>\$ 10,500,468</u>	<u>\$ 3,809,165</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 40,087,262	\$ 141,806,805
6	10,442,124
6,900,033	19,971,931
10,761	369,970
63,529	63,529
210,953	820,736
-	5,860,882
350,503	350,503
-	6,419,497
88,000	88,000
-	70,471
<u>\$ 47,711,047</u>	<u>\$ 186,264,448</u>

\$ 6,649,483	\$ 10,491,464
100,285	1,597,698
2,840,177	13,929,630
69,822	4,036,557
5,812,119	6,419,497
<u>15,471,886</u>	<u>36,474,846</u>

4,950,587	7,654,928
-	5,696,127
<u>4,950,587</u>	<u>13,351,055</u>

88,000	158,471
33,846,726	35,149,527
(6,646,152)	101,130,549
<u>27,288,574</u>	<u>136,438,547</u>

<u>\$ 47,711,047</u>	<u>\$ 186,264,448</u>
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City of Hawthorne

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2024

Fund balances of governmental funds		\$ 136,438,547
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation/amortization have not been included as financial resources of the governmental funds. This amount excludes capital assets reported in the internal service funds.		169,919,289
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	\$ 38,452,685	
Pension related deferred inflows of resources	(13,511,626)	
Other post-employment benefits related deferred outflows of resources	17,799,676	
Other post-employment benefits related deferred inflows of resources	<u>(33,343,680)</u>	9,397,055
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Bonds/Lease payable, net	(128,193,600)	
Compensated absences	(8,026,448)	
Net pension liability	(31,441,816)	
Other post-employment benefits obligation	<u>(100,619,074)</u>	(268,280,938)
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		221,379
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		7,654,928
Accrued interest payable for the interest due on long-term debt has not been reported in the governmental funds.		(548,361)
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>2,344,895</u>
Net position of governmental activities		<u>\$ 57,146,794</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, 2024

	Special Revenue Funds			
	General	Hawthorne Housing Authority	American Rescue Plan Act	2009 Street Improvement (Formerly Nonmajor)
Revenues				
Taxes	\$ 93,065,191	\$ -	\$ -	\$ -
Licenses and permits	1,756,594	-	-	-
Intergovernmental	1,864,291	11,194,536	10,938,118	2,310,287
Charges for services	4,206,780	695,688	-	-
Fines and forfeitures	2,707,336	-	-	-
Use of money and property	4,612,450	93	428,240	241
Contributions	200,000	-	-	-
Miscellaneous	1,887,664	15,876	-	-
Total revenues	<u>110,300,306</u>	<u>11,906,193</u>	<u>11,366,358</u>	<u>2,310,528</u>
Expenditures				
Current:				
General government	14,813,594	-	3,574,760	-
Public safety	56,452,918	-	-	-
Community development	3,453,512	11,823,928	-	-
Parks and recreation	4,758,783	2,138	-	-
Public works	1,878,545	-	-	4,859,962
Capital outlay	3,763,382	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>85,120,734</u>	<u>11,826,066</u>	<u>3,574,760</u>	<u>4,859,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,179,572</u>	<u>80,127</u>	<u>7,791,598</u>	<u>(2,549,434)</u>
Other Financing Sources (Uses)				
Transfers in	17,377,354	-	-	-
Transfers out	(27,175,598)	(120,327)	(7,363,358)	-
Total other financing sources (uses)	<u>(9,798,244)</u>	<u>(120,327)</u>	<u>(7,363,358)</u>	<u>-</u>
Net changes in fund balances	15,381,328	(40,200)	428,240	(2,549,434)
Fund Balances (deficit)				
Beginning fund Balance, previously reported	94,092,345	473,128	405,104	-
Adjustment - change from nonmajor to major	-	-	-	959,462
Beginning	<u>94,092,345</u>	<u>473,128</u>	<u>405,104</u>	<u>959,462</u>
Ending	<u>\$ 109,473,673</u>	<u>\$ 432,928</u>	<u>\$ 833,344</u>	<u>\$ (1,589,972)</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 576,722	\$ 93,641,913
278,516	2,035,110
19,694,385	46,001,617
214,639	5,117,107
1,312,982	4,020,318
1,982,024	7,023,048
-	200,000
718,880	2,622,420
<u>24,778,148</u>	<u>160,661,533</u>
944,352	19,332,706
1,609,850	58,062,768
4,256,771	19,534,211
543,119	5,304,040
7,472,261	14,210,768
11,859,664	15,623,046
5,904,300	5,904,300
4,578,803	4,578,803
<u>37,169,120</u>	<u>142,550,642</u>
<u>(12,390,972)</u>	<u>18,110,891</u>
14,518,126	31,895,480
<u>(1,851,913)</u>	<u>(36,511,196)</u>
<u>12,666,213</u>	<u>(4,615,716)</u>
275,241	13,495,175
27,972,795	122,943,372
<u>(959,462)</u>	<u>-</u>
<u>27,013,333</u>	<u>122,943,372</u>
<u>\$ 27,288,574</u>	<u>\$136,438,547</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, 2024

Net changes in fund balances - total governmental funds \$ 13,495,175

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	\$ 26,271,710	
Capital asset disposals, net	(374,789)	
Depreciation/amortization expense	<u>(5,174,013)</u>	20,722,908

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	5,537,123
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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	5,214,300	
Principal payments of capital leases	15,964	
Principal payments of notes payable	690,000	
Loan forgiveness on notes payable	355,000	
Principal payments of subscription liability	<u>72,892</u>	6,348,156

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	(106,129)	
Changes in pension related items	(19,024,645)	
Changes in other post-employment benefits related items	1,647,000	
Change in accrued interest	30,048	
Amortization of bond discount	(8,498)	
Amortization of bond premium	163,951	
Amortization of deferred amount on refunding	<u>(46,263)</u>	(17,344,536)

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.

4,433,327

Changes in net position of governmental activities

\$ 33,192,153

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

City of Hawthorne

Statement of Net Position Proprietary Funds June 30, 2024

	Non-major Funds			Total	Governmental Activities - Internal Service Funds
	Airport	Sewer and Storm Drain	Storm Water		
Assets					
Current assets:					
Cash and investments	\$ 1,255,410	\$ 4,175,426	\$ 311,584	\$ 5,742,420	\$ 7,261,026
Receivables:					
Accounts	140,424	163,336	-	303,760	25,518
Leases	17,143,989	-	-	17,143,989	-
Interest	36,888	-	-	36,888	-
Inventories	-	-	-	-	14,311
Total current assets	<u>18,576,711</u>	<u>4,338,762</u>	<u>311,584</u>	<u>23,227,057</u>	<u>7,300,855</u>
Noncurrent assets:					
Capital assets, not depreciated/amortized	564,491	154,408	-	718,899	-
Capital assets, net of depreciation/amortization	7,100,093	3,651,940	-	10,752,033	2,403,474
Total noncurrent assets	<u>7,664,584</u>	<u>3,806,348</u>	<u>-</u>	<u>11,470,932</u>	<u>2,403,474</u>
Total assets	<u>26,241,295</u>	<u>8,145,110</u>	<u>311,584</u>	<u>34,697,989</u>	<u>9,704,329</u>
Deferred Outflows of Resources					
Pension related	414,577	322,587	-	737,164	631,807
Liabilities					
Current liabilities:					
Accounts payable	46,061	231,874	-	277,935	685,228
Accrued liabilities	20,587	20,007	-	40,594	21,365
Unearned revenue	189,074	-	-	189,074	-
Deposits payable	20,264	-	-	20,264	-
Compensated absences	24,003	-	-	24,003	8,954
Claims and judgements payable	-	-	-	-	1,318,942
SBITA payable	-	-	-	-	11,506
Total current liabilities	<u>299,989</u>	<u>251,881</u>	<u>-</u>	<u>551,870</u>	<u>2,045,995</u>
Noncurrent liabilities:					
Compensated absences	96,012	-	-	96,012	35,815
Claims and judgements	-	-	-	-	5,275,768
Net pension liability	410,419	319,351	-	729,770	625,470
Total noncurrent liabilities	<u>506,431</u>	<u>319,351</u>	<u>-</u>	<u>825,782</u>	<u>5,937,053</u>
Total liabilities	<u>806,420</u>	<u>571,232</u>	<u>-</u>	<u>1,377,652</u>	<u>7,983,048</u>
Deferred Inflows of Resources					
Pension related	5,376	4,183	-	9,559	8,193
Lease related	16,617,188	-	-	16,617,188	-
Total deferred inflows of resources	<u>16,622,564</u>	<u>4,183</u>	<u>-</u>	<u>16,626,747</u>	<u>8,193</u>
Net position (Deficit)					
Net investment in capital assets	7,664,584	3,806,348	-	11,470,932	2,391,968
Unrestricted	1,562,304	4,085,934	311,584	5,959,822	(47,073)
Total net position	<u>\$ 9,226,888</u>	<u>\$ 7,892,282</u>	<u>\$ 311,584</u>	<u>\$ 17,430,754</u>	<u>\$ 2,344,895</u>

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, 2024

	Non-major Funds			Total	Governmental Activities - Internal Service Funds
	Airport	Sewer and Storm Drain	Storm Water		
Operating Revenues					
Sales and service charges	\$ 676,319	\$ 1,208,511	\$ 23,468	\$ 1,908,298	\$ 8,795,555
Intergovernmental	359,050	-	-	359,050	-
Miscellaneous	519,780	-	-	519,780	88,480
Total operating revenues	1,555,149	1,208,511	23,468	2,787,128	8,884,035
Operating Expenses					
Public safety	-	-	-	-	120,593
Administration and general	857,146	630,485	-	1,487,631	1,517,690
Materials and supplies	36,176	12,101	-	48,277	596,187
Contractual services	161,802	113,645	-	275,447	6,731,167
Cost of sales and services	53,244	86,650	-	139,894	-
Depreciation	358,266	90,811	-	449,077	325,413
Total operating expenses	1,466,634	933,692	-	2,400,326	9,291,050
Operating income (loss)	88,515	274,819	23,468	386,802	(407,015)
Change in net position (deficit) before transfers	88,515	274,819	23,468	386,802	(407,015)
Transfers					
Transfers in	-	-	-	-	5,000,000
Transfers out	(119,231)	(105,395)	-	(224,626)	(159,658)
Total transfers	(119,231)	(105,395)	-	(224,626)	4,840,342
Change in net position	(30,716)	169,424	23,468	162,176	4,433,327
Net Position (Deficit)					
Beginning	9,257,604	7,722,858	288,116	17,268,578	(2,088,432)
Ending	\$ 9,226,888	\$ 7,892,282	\$ 311,584	\$ 17,430,754	\$ 2,344,895

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, 2024

	Non-major Funds			Total	Governmental Activities Internal Service Funds
	Airport	Sewer and Storm Drain	Storm Water		
Cash flows from operating activities					
Cash received from customers and users	\$ 1,416,422	\$ 1,099,942	\$ 23,468	\$ 2,539,832	\$ 8,865,111
Cash paid to suppliers for goods and services	(543,140)	(498,508)	-	(1,041,648)	(7,242,078)
Cash paid to employees for services	(360,123)	(226,542)	-	(586,665)	(330,386)
Net cash provided (used) by operating activities	513,159	374,892	23,468	911,519	1,292,647
Cash flows from noncapital financing activities					
Transfer from debt service funds	-	-	-	-	5,000,000
Transfer to debt service funds	(119,231)	(105,395)	-	(224,626)	(159,658)
Net cash used for noncapital financing activities	(119,231)	(105,395)	-	(224,626)	4,840,342
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(449,327)	(174,222)	-	(623,549)	(1,060,427)
Payments on lease	-	-	-	-	(11,260)
Net cash used for capital and related financing activities	(449,327)	(174,222)	-	(623,549)	(1,071,687)
Net increase (decrease) in cash and cash equivalents	(55,399)	95,275	23,468	63,344	5,061,302
Cash and cash equivalents, beginning of year	1,310,809	4,080,151	288,116	5,679,076	2,199,724
Cash and cash equivalents, end of year	\$ 1,255,410	\$ 4,175,426	\$ 311,584	\$ 5,742,420	\$ 7,261,026
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 88,515	\$ 274,819	\$ 23,468	\$ 386,802	\$ (407,015)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation/amortization	358,266	90,811	-	449,077	325,413
(Increase) decrease in assets/deferred outflows:					
Accounts receivable	(47,541)	(108,569)	-	(156,110)	(18,924)
Lease receivable	317,254	-	-	317,254	-
Deferred outflows of resources - pension	38,381	29,865	-	68,246	58,490
Increase (decrease) in liabilities/deferred inflows:					
Accounts payable	16,464	(17,706)	-	(1,242)	175,740
Accrued liabilities	1,287	4,643	-	5,930	-
Due to other governments	-	-	-	-	(6,799)
Claims and judgements payable	-	-	-	-	1,017,065
Unearned revenue	83,408	-	-	83,408	-
Compensated absences	19,134	-	-	19,134	(49,196)
Net pension liability	140,592	109,396	-	249,988	214,259
Deferred inflows of resources - pension	(10,753)	(8,367)	-	(19,120)	(16,386)
Deferred inflows of resources - leases	(491,848)	-	-	(491,848)	-
Total adjustments	424,644	100,073	-	524,717	1,699,662
Net cash provided (used) by operating activities	\$ 513,159	\$ 374,892	\$ 23,468	\$ 911,519	\$ 1,292,647

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

City of Hawthorne

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024**

	Successor Agency to the Dissolved Redevelopment Agency Private Purpose Trust Fund	Community Facilities Districts Custodial Fund
Assets		
Cash and investments	\$ 2,313,333	\$ 1,015,162
Receivables:		
Taxes	-	13,125
Interest	12,062	4,575
Restricted assets:		
Cash and investments with fiscal agents	2,053	4,982,492
Total assets	<u>2,327,448</u>	<u>6,015,354</u>
 Deferred Outflows of Resources		
Deferred amount on refunding	<u>885,265</u>	<u>-</u>
 Liabilities		
Accounts payable	21,216	26,889
Accrued liabilities	4,101	-
Interest payable	290,583	-
Due to City of Hawthorne	350,503	-
Long-term liabilities:		
Due within one year	1,810,000	-
Due in more than one year	51,915,345	-
Total liabilities	<u>54,391,748</u>	<u>26,889</u>
 Fiduciary Net Position (Deficit)		
Restricted for other agencies	-	5,988,465
Unrestricted net position	(51,179,035)	-
Total fiduciary net position	<u>\$ (51,179,035)</u>	<u>\$ 5,988,465</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, 2024**

	Successor Agency to the Dissolved Redevelopment Agency Private-Purpose Trust Fund	Community Facilities Districts Custodial Fund
Additions		
Taxes	\$ 4,492,822	\$ -
Use of money and property	56,495	153,784
Miscellaneous revenue	10,400	-
Tax collection for other agencies	-	2,985,665
Contribution collection for other agencies	2,681,750	2,553,251
Writeoff of debt disallowed by DOF	46,422,894	-
Total additions	53,664,361	5,692,700
Deductions		
Administrative expenses	675,962	81,430
Contractual services	519,650	-
Contribution due to other agencies	2,827,815	-
Debt service:		
Principal payments	-	1,700,000
Interest and fiscal charges	693,178	1,736,222
Payment to refunded bond escrow	-	687,869
Total deductions	4,716,605	4,205,521
Change in fiduciary net position	48,947,756	1,487,179
Net Position (Deficit)		
Beginning	(100,126,791)	4,501,286
Ending	\$ (51,179,035)	\$ 5,988,465

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, 2024**

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's 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, 2024**

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, 2024**

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, 2024

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 *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.

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 by the City to account for resources held and administered under trust or similar arrangement for the benefits of individuals, private organizations, or other governments. 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 a 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, 2024**

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.

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 (GAAP).

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.

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**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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, 2024.

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, 2024.

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, 2024**

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.

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.

Implementation of New Pronouncement

GASB Statement No. 100 – Accounting Changes and Error Corrections: The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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 uncollectible amounts.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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.

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.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

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 16 for the list of deferred inflows and deferred outflows of resources the City has recognized as of June 30, 2024, 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.

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.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

Employee Compensated Absences, (continued)

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.

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.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

GAAP 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, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

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.

GAAP 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, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

Upcoming Accounting Pronouncements

GASB Statement No. 101 – Compensated Absences: The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

Statement No. 102, Certain Risk Disclosures: The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, Financial Reporting Model Improvements: The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, Disclosure of Certain Capital Assets: The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

2) CASH AND INVESTMENTS

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

Statement of net position:	
Cash and investments	\$ 154,810,251
Cash and investments with fiscal agents	10,442,124
Statement of fiduciary net position:	
Successor Agency to the Dissolved RDA	
Cash and investments	2,313,333
Cash and investments with fiscal agents	2,053
Community Facilities District	
Cash and investments	1,015,162
Cash and investments with fiscal agents	<u>4,982,492</u>
 Total	 <u>\$ 173,565,415</u>

Cash and investments as of June 30, 2024, consisted of the following:

Cash and cash equivalents:	
Petty cash	\$ 3,489
Demand deposits - City	79,095,506
Demand deposits - Successor Agency	<u>545,426</u>
Total cash and cash equivalents	<u>79,644,421</u>
Investments:	
Local Agency Investment Fund	73,942,294
Negotiable Certificates of Deposit	6,599,361
U.S. Treasury Securities	5,564,805
U.S. Government Bonds	2,364,978
Medium term corporate notes	465,005
Held by Bond Trustee	<u>4,984,551</u>
Total investments	<u>93,920,994</u>
 Total	 <u>\$ 173,565,415</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, 2024

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 Securities	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, 2024**

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, 2024:

Investment Type	Amount	Minimum Legal Rating	Aaa-A	Not Rated
External Investment Pools -				
Local Agency Investment Fund	\$ 73,942,294	N/A	\$ -	\$ 73,942,294
Negotiable Certificates of Deposits	6,599,361	N/A	6,599,361	-
U.S. Treasury Securities	5,564,805			
U.S. Government Bonds	2,364,978	N/A	2,364,978	-
Medium term corporate notes	465,005	N/A	465,005	-
Held by Bond Trustee:				
Money Market Mutual Funds	4,984,551	N/A	-	4,984,551
Total Investments	\$ 93,920,994		\$ 9,429,344	\$ 78,926,845

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, 2024, 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, 2024

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, 2024, 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, 2024, the City had the following investments and original maturities:

<u>Investment Types</u>	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>Total</u>
External Investment Pools -				
Local Agency Investment Fund	\$ 73,942,294	\$ -	\$ -	\$ 73,942,294
Negotiable Certificates of Deposits	1,076,828	5,522,533	-	6,599,361
U.S. Treasury Securities	5,564,805	-	-	5,564,805
U.S. Government Bonds	-	2,364,978	-	2,364,978
Medium term corporate notes	-	465,005	-	465,005
Held by Bond Trustee:				
Money Market Mutual Funds	4,984,551	-	-	4,984,551
Total Investments	\$ 85,568,478	\$ 8,352,516	\$ -	\$ 93,920,994

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City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

2) CASH AND INVESTMENTS, (continued)

Fair Value Measurements

Generally accepted accounting standards establish 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 following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2024:

Investments by Fair Value Level	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Negotiable Certificates of Deposit	\$ 6,599,361	\$ -	\$ 6,599,361	\$ -
U.S. Treasury Securities	5,564,805	-	5,564,805	-
U.S. Government Bonds	2,364,978	-	2,364,978	-
Medium term corporate notes	465,005	-	465,005	-
Total Investments by Fair Value Level	14,994,149	\$ -	\$ 14,994,149	\$ -
Not subject to the Fair Value Hierarchy:				
Local Agency Investment Fund	73,942,294			
Held by Bond Trustee:				
Money Market Mutual Funds	4,984,551			
Total Investments	\$ 93,920,994			

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City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

3) LEASES RECEIVABLE

Government Activities

The City has entered into leases as a Lessor for the use of cell towers, infrastructure and buildings, for a period of 51 to 319 months. The initial lease receivables were recorded in the range between \$71,855 to \$2,598,160. The lessee is required to make monthly fixed payments in the range between \$2,723 to \$110,000. The leases have an interest rate in the range between 0.8930% to 3.6500%. The cell towers, infrastructure and buildings estimated useful life have a range between 51 to 319 months as of the contract commencement. The cell towers, infrastructure and buildings have 2 to 3 extension options each for 60 months.

Total lease receivable, deferred inflow of resources and revenue recognized at June 30, 2024 were \$5,860,882, \$5,696,127 and \$498,245, respectively.

Total principal and interest expected to maturity is as follows:

<u>Fiscal Year</u>	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 427,480	\$ 147,315	\$ 574,795
2026	405,582	137,863	543,445
2027	317,418	128,541	445,959
2028	291,095	121,232	412,327
2029	301,244	113,806	415,050
2030 - 2034	1,288,821	458,961	1,747,782
2035 - 2039	1,114,217	297,547	1,411,764
2040 - 2044	1,028,917	161,979	1,190,896
2045 - 2049	686,108	35,892	722,000
Total Remaining Receivable	\$ 5,860,882	\$ 1,603,136	\$ 7,464,018

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City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

4) LEASES RECEIVABLE, (continued)

Business Activities

The City has entered into leases as a Lessor for the use of a HHO/Tarmac Airport, the Hawthorne Municipal Airport and the Zelman Airport, for a period of 234 to 401 months. The initial lease receivables were recorded in the range between \$384,836 to \$15,910,384. The lessee is required to make monthly fixed payments in the range between \$1,500 to \$52,348. The leases have an interest rate in the range between 2.3780% to 2.5830%. The Hawthorne Municipal Airport and the Zelman Airport have 2 and 3 extension options, respectively, each for 60 months.

Total lease receivable, deferred inflow of resources and revenue recognized at June 30, 2024 were \$17,143,989, \$16,617,188 and \$491,848, respectively.

Total principal and interest expected to maturity is as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 325,386	\$ 435,852	\$ 761,238
2026	333,727	427,512	761,239
2027	342,280	418,957	761,237
2028	351,054	410,184	761,238
2029	360,053	401,185	761,238
2030 - 2034	1,943,541	1,862,648	3,806,189
2035 - 2039	2,205,795	1,600,393	3,806,188
2040 - 2044	2,083,974	1,319,504	3,403,478
2045 - 2049	2,178,235	1,052,652	3,230,887
2050 - 2054	2,478,185	752,703	3,230,888
2055 - 2059	2,730,267	416,621	3,146,888
2060 - 2062	1,811,492	73,041	1,884,533
Total Remaining Receivable	<u>\$ 17,143,989</u>	<u>\$ 9,171,252</u>	<u>\$ 26,315,241</u>

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City of Hawthorne

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2024

4) CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2024:

Governmental activities:	Balance June 30, 2023	Additions	Transfers/ Deletions	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	\$ 21,599,187	\$ 3,751,579	\$ -	\$ 25,350,766
Construction in progress	1,815,120	15,673,163	(1,176,737)	16,311,546
Total capital assets, not being depreciated	23,414,307	19,424,742	(1,176,737)	41,662,312
Capital assets, being depreciated/amortized:				
Structures and improvements	55,113,808	-	-	55,113,808
Machinery and equipment:				
City	10,212,636	2,172,916	(24,541)	12,361,011
Equipment replacement/vehicles	6,534,628	883,708	(98,169)	7,320,167
Parking Authority - structures	16,359,554	1,016,409	(176,720)	17,199,243
Infrastructure	170,761,785	4,831,768	-	175,593,553
Right-to-use leases				
City	669,759	-	(669,759)	-
Equipment replacement/vehicles	333,881	-	(333,881)	-
Right-to-use subscriptions	434,565	-	(400,042)	34,523
Investment in joint venture (RCC)	7,305,275	2,612	(503)	7,307,384
Total capital assets, being depreciated/amortized	267,725,891	8,907,413	(1,703,615)	274,929,689
Less accumulated depreciation/amortization for:				
Structures and improvements	(36,271,521)	(1,464,724)	-	(37,736,245)
Machinery and equipment:				
City	(8,181,181)	(547,578)	24,541	(8,704,218)
Equipment replacement/vehicles	(4,889,183)	(313,906)	274,889	(4,928,200)
Parking Authority - structures	(16,203,534)	(11,121)	-	(16,214,655)
Infrastructure	(69,807,249)	(2,805,771)	-	(72,613,020)
Right-to-use leases				
City	(657,727)	(12,032)	669,759	-
Equipment replacement/vehicles	(333,881)	-	333,881	-
Right-to-use subscriptions	(213,480)	(11,507)	201,973	(23,014)
Investment in joint venture (RCC)	(3,717,602)	(332,787)	503	(4,049,886)
Total accumulated depreciation and amortization	(140,275,358)	(5,499,426)	1,505,546	(144,269,238)
Total capital assets, being depreciated/amortized, net	127,450,533	3,407,987	(198,069)	130,660,451
Total governmental activities	\$ 150,864,840	\$ 22,832,729	\$ (1,374,806)	\$ 172,322,763

City of Hawthorne

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2024

4) CAPITAL ASSETS, (continued)

Business-type activities:	Balance June 30, 2023	Additions	Transfers/ Deletions	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 37,314	\$ -	\$ -	\$ 37,314
Construction in progress	2,963,884	603,735	(2,886,034)	681,585
Total capital assets, not being depreciated	3,001,198	603,735	(2,886,034)	718,899
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	-	1,596,375	12,319,397
Storm and sewer drain	13,607,629	19,814	1,289,659	14,917,102
Total capital assets, being depreciated	27,378,890	19,814	2,886,034	30,284,738
Less accumulated depreciation for:				
Structures and improvements	(2,114,399)	(51,395)	-	(2,165,794)
Machinery and equipment	(28,130)	-	-	(28,130)
Infrastructure:				
Airport	(5,766,748)	(306,871)	-	(6,073,619)
Storm and sewer drain	(11,174,351)	(90,811)	-	(11,265,162)
Total accumulated depreciation	(19,083,628)	(449,077)	-	(19,532,705)
Total capital assets, being depreciated, net	8,295,262	(429,263)	2,886,034	10,752,033
Total business-type activities	\$ 11,296,460	\$ 174,472	\$ -	\$ 11,470,932

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

Governmental Activities:	
General government	\$ 554,063
Public safety	1,658,148
Public works	2,729,141
Community development	84,886
Parks and recreation	147,775
Internal service fund	325,413
Total depreciation/amortization expense – governmental activities	<u>\$ 5,499,426</u>
Business-type Activities:	
Structures and improvements - Airport	\$ 51,395
Infrastructure:	
Airport	306,871
Sewer and storm drain	90,811
Total depreciation expense – business-type activities	<u>\$ 449,077</u>

City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

5) INTERFUND ACTIVITY

The following represents the City’s interfund activity for the fiscal year ended June 30, 2024.

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, 2024:

Interfund Balances

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$6,419,497	Major Funds:	
		Hawthorne Housing Authority	\$ 124,170
		2009 Street Improvements	483,208
		Non-Major Funds:	
		Street Lighting	143,654
		California Office of Traffic Safety	43,323
		Local Law Enforcement Block Grant	213,239
		Home Grant	527,502
		Community Development Block Grant	278,382
		Park Improvements	457,307
		Leap Grant	300,000
		Urban Security Initiative Grant	199,163
		Los Angeles CADA	125,658
		CA Parks & Recreation	
		Community Center	186,760
		Project Revitalization	448,957
		Building Resilient	
		Infrastructure & Communities	331,539
		Recycling Fund	39,525
		2016 Pension Obligation Bond	336,939
		2019 Pension Obligation Bond	2,180,171
Totals	<u>\$6,419,497</u>		<u>\$ 6,419,497</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, 2024**

5) INTERFUND ACTIVITY, (continued)

Interfund Transfers

Interfund Transfers		
<u>Funds</u>	<u>Transfers in</u>	<u>Transfers out</u>
<i>Major Funds:</i>		
General	\$ 17,377,354	\$ 27,175,598
Hawthorne Housing Authority	-	120,327
American Rescue Plan Act	-	7,363,358
<i>Non-Major Funds:</i>		
Street Lighting	-	16,974
Gas Tax	-	1,109,825
Street	900,000	203,571
Proposition A	-	35,415
MTA Measure M	-	34,584
MTA Measure R	-	48,163
Proposition C	-	16,265
Hawthorne Blvd Mobility Improvement	-	232,593
SB2 Planning Grant	-	19,515
Housing Asset	-	33,239
HOME Grant	-	5,977
CDBG	-	38,281
MTA Measure W	-	57,511
Capital Improvement Fund	4,257,593	-
2016 Refunding Bonds	2,533,738	-
2016 Direct Placement Lease Financing	239,080	-
2019 Pension Obligation Bond	6,587,715	-
<i>Internal Service Funds:</i>		
Equipment Replacement	2,000,000	89,664
Hardware Replacement	3,000,000	69,994
<i>Enterprise Funds:</i>		
Airport	-	119,231
Sewer and Storm Drain	-	105,395
Total transfers	<u>\$ 36,895,480</u>	<u>\$ 36,895,480</u>

The transfer to the 2019 Pension Obligation Bond fund was to fund the debt services payments, including \$5,412,257 from the General Fund, \$102,674 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, 2024**

5) INTERFUND ACTIVITY, (continued)

Interfund Transfers, (continued)

The transfer from the General Fund in the amount of \$237,384 consists of debt service payments on the 2007 SBPRCA Series B bonds/2016 Direct Placement Leasing.

The transfer of \$2,533,738 to the 2016 Refunding Bonds fund was for debt service payments, including \$2,074,258 from the General Fund, \$35,384 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, 2024

	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
Governmental Funds:					
2016 Direct Placement Lease Financing	\$ 1,501,150	\$ -	\$ (199,300)	\$ 1,301,850	\$ 205,850
2016 Certificates of Participation	19,525,000	-	(2,150,000)	17,375,000	2,215,000
Plus (less) deferred amounts:					
Issuance premium	1,201,686	-	(163,951)	1,037,735	163,951
Issuance discount	(59,483)	-	8,498	(50,985)	(8,498)
2019 Pension Obligation Bonds - direct placement	111,395,000	-	(2,865,000)	108,530,000	2,930,000
Total Bonds Payable	<u>133,563,353</u>	<u>-</u>	<u>(5,369,753)</u>	<u>128,193,600</u>	<u>5,506,303</u>
Direct Borrowing:					
Governmental Funds:					
Loan payable - Section 108	1,045,000	-	(1,045,000)	-	-
Lease payable - Ricoh Copier Lease	15,964	-	(15,964)	-	-
SBITA payable	72,892	-	(72,892)	-	-
Total Governmental Funds	<u>1,133,856</u>	<u>-</u>	<u>(1,133,856)</u>	<u>-</u>	<u>-</u>
Internal Service Funds:					
SBITA payable	22,766	-	(11,260)	11,506	11,506
Total Internal Service Funds	<u>22,766</u>	<u>-</u>	<u>(11,260)</u>	<u>11,506</u>	<u>11,506</u>
Total Direct Borrowing	<u>1,156,622</u>	<u>-</u>	<u>(1,145,116)</u>	<u>11,506</u>	<u>11,506</u>
Total long-term debt	<u>\$ 134,719,975</u>	<u>\$ -</u>	<u>\$ (6,514,869)</u>	<u>\$ 128,205,106</u>	<u>\$ 5,517,809</u>

The City has a legal debt limit of 15% of gross Assesed valuation, or \$406,583,620 in fiscal year 2023-2024. None of the City's general obligation bonds are applicable to this limit.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

6) LONG-TERM DEBT, (continued)

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, 2024 is \$1,416,202 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.

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, 2024, are as follows:

Year Ending	Principal	Interest	Total
2025	\$ 205,850	\$ 34,499	\$ 240,349
2026	207,100	29,044	236,144
2027	213,150	23,556	236,706
2028	218,600	15,010	233,610
2029	223,700	9,150	232,850
2030	233,450	3,093	236,543
Total	\$ 1,301,850	\$ 114,352	\$ 1,416,202

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

6) LONG-TERM DEBT, (continued)

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, 2024 is \$14,980,500 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.

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, 2024 is \$4,983,856 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.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

6) LONG-TERM DEBT, (continued)

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

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.

The total debt service requirements to maturity as of June 30, 2024, are as follows:

Year Ending June 30,	Series A		Series B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ -	\$ 505,800	\$ 2,215,000	\$ 116,624	\$ 2,215,000	\$ 622,424
2026	-	505,800	2,290,000	81,738	2,290,000	587,538
2027	2,145,000	462,900	225,000	44,525	2,370,000	507,425
2028	2,470,000	370,600	-	7,313	2,470,000	377,913
2029	2,570,000	269,800	-	3,656	2,570,000	273,456
2030-2032	5,460,000	220,600	-	-	5,460,000	220,600
Total	\$12,645,000	\$ 2,335,500	\$ 4,730,000	\$ 253,856	\$17,375,000	\$ 2,589,356

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

6) LONG-TERM DEBT, (continued)

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, 2024 is \$166,830,752.

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.

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.

City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

6) LONG-TERM DEBT, (continued)

2019 Pension Obligation Bonds, (continued)

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.

The total debt service requirements to maturity as of June 30, 2024, are as follows:

Year Ending	Principal	Interest	Total
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	3,155,000	3,518,110	6,673,110
2029	3,240,000	3,432,957	6,672,957
2030-2034	17,680,000	15,681,819	33,361,819
2035-2039	20,800,000	12,561,184	33,361,184
2040-2044	24,810,000	8,560,571	33,370,571
2045-2049	29,840,000	3,531,310	33,371,310
Total	\$ 108,530,000	\$ 58,300,752	\$ 166,830,752

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. The notes were paid/redeemed during the current fiscal year.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

6) LONG-TERM DEBT, (continued)

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 lease was paid in full during the current year and the leased asset has been removed from the City's capital assets.

Subscriptions Payable

Governmental Funds

On July 1, 2022, the City entered into numerous subscriptions for the use of various intangible assets, which have a range between 13 and 36 months. The initial subscription liability was recorded in the range between \$10,375 and \$117,670. As of June 30, 2024, the value of the subscription liability is \$72,892. The City is required to make annual fixed payments in the range between \$9,180 to \$123,157. The subscriptions have an interest rate between 1.7100% and 3.1440%. This have been paid in full and the related right to use asset and accumulated amortization have been removed from the City's capital assets.

Internal Service Funds

In prior years, the City entered into a 36-month subscription for the use of WinCams Maintenance & ISM. An initial subscription liability was recorded in the amount of \$34,523. As of June 30, 2024, the value of the subscription liability is \$22,766. The City is required to make annual fixed payments of \$11,506. The subscription has an interest rate of 2.1840%. The value of the right to use asset as of June 30, 2024 is \$34,523 with accumulated amortization of \$23,014, which is detailed in Note 4.

The following is a schedule by year of future minimum subscription payments under the agreement as of June 30, 2024:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 11,506	\$ 251	\$ 11,757
Total	\$ 11,506	\$ 251	\$ 11,757

City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

7) COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended June 30, 2024:

	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Governmental Funds	\$ 7,920,319	\$ 17,135,228	\$ (17,029,099)	\$ 8,026,448	\$ 1,605,290
Internal Service Funds	93,965	50,813	(100,009)	44,769	8,954
Business-Type Activities	100,881	157,514	(138,380)	120,015	24,003
Total compensated absences	<u>\$ 8,115,165</u>	<u>\$ 17,343,555</u>	<u>\$ (17,267,488)</u>	<u>\$ 8,191,232</u>	<u>\$ 1,638,247</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.

8) CLAIMS AND JUDGMENTS

The following is a summary of changes in claims and judgments for the year ended June 30, 2024:

	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Internal Service Funds:					
Claims and judgements	<u>\$ 5,577,645</u>	<u>\$ 1,017,065</u>	<u>\$ -</u>	<u>\$ 6,594,710</u>	<u>\$ 1,318,942</u>

As of June 30, 2024, 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, 2024, total estimated claims payable were \$6,594,710 See note 13 for more information.

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**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

9) 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, 2024, the bonds outstanding from these Community Facility Districts totaled \$2,350,000.

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, 2024, the bonds outstanding from this Community Facility District totaled \$2,390,000.

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.

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, 2024, the bonds outstanding from this Community Facility District totaled \$7,830,000.

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.

City of Hawthorne

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2024

10) 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 capital assets, net of accumulated depreciation do not include assets with joint ventures. The details of the Net Position as of June 30, 2024 are presented below:

	Governmental Activities	Business-Type Activities	Total
Net Investment in Capital Assets:			
Capital assets, net of accumulated depreciation	\$ 169,065,265	\$ 11,470,932	\$ 180,536,197
Less capital related debt balances:			
2016 Direct Placement Lease Financing	(1,301,850)	-	(1,301,850)
2016 Certificate of Participation - Series A	(17,375,000)	-	(17,375,000)
Plus (less) deferred amounts:			
Issuance premium	(1,037,735)	-	(1,037,735)
Issuance discount	50,985	-	50,985
Subscriptions payable	(11,506)	-	(11,506)
	<u>(19,675,106)</u>	<u>-</u>	<u>(19,675,106)</u>
 Total Net Investment in Capital Assets	 <u>149,390,159</u>	 <u>11,470,932</u>	 <u>160,861,091</u>
 Restricted for:			
Public safety	1,892,112	-	1,892,112
Community development	7,204,311	-	7,204,311
Parks and recreation	451,871	-	451,871
Public works	17,566,534	-	17,566,534
Capital improvements	6,747,980	-	6,747,980
Debt service	329,603	-	329,603
	<u>34,192,411</u>	<u>-</u>	<u>34,192,411</u>
 Total Restricted	 <u>34,192,411</u>	 <u>-</u>	 <u>34,192,411</u>
 Unrestricted	 <u>(126,435,776)</u>	 <u>5,959,822</u>	 <u>(120,475,954)</u>
 Total	 <u>\$ 57,146,794</u>	 <u>\$ 17,430,754</u>	 <u>\$ 74,577,548</u>

11) 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, 2024**

11) 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.

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.

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 5 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.

City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

11) 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 as of June 30, 2024, are summarized as follows:

	<u>Miscellaneous</u>	
	Prior to January 1, 2013	On or after January 1, 2013
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	7.840%	7.500%
Required employer contribution rates	13.47%	13.47%

	<u>Safety</u>	
	Prior to January 1, 2013	On or after January 1, 2013
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%	14.50%
Required employer contribution rates	29.09%	14.50%

Employees Covered

As of June 30, 2022 (valuation date), the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	356	237
Inactive employees entitled to but not yet receiving benefits	281	52
Active employees	177	87
Total	<u>814</u>	<u>376</u>

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

11) RETIREMENT PLANS, (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, 2024, were \$1,970,114.

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, 2024, were \$3,023,248. The actual employer payments of \$3,471,882 made to CalPERS by the City during the measurement period ended June 30, 2023, differed from the City's proportionate share of the employer's contributions of \$10,029,770 by \$6,557,888 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, 2024**

11) RETIREMENT PLANS, (continued)

B) Net Pension Liability

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, 2023, using an annual actuarial valuation as of June 30, 2022. 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, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CALPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30%

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

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**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

11) RETIREMENT PLANS, (continued)

B) Net Pension Liability, (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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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

Asset Class	Assumed Asset Allocation	Real Return^{1,2}
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

11) RETIREMENT PLANS, (continued)

B) Net Pension Liability, (continued)

Change of Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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

There were no subsequent events that would materially affect the results presented in this disclosure.

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. 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, 2024**

11) RETIREMENT PLANS, (continued)

B) Net Pension Liability, (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.

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)
Balance at: 6/30/2022 (VD)	\$ 224,407,986	\$ 214,760,480	\$ 9,647,506
Changes Recognized for the Measurement Period:			
Service Cost	2,664,738	-	2,664,738
Interest on the total pension liability	15,327,104	-	15,327,104
Changes of in benefit terms	226,510	-	226,510
Differences between expected and actual experience	2,653,910	-	2,653,910
Contributions from the employer	-	2,001,272	(2,001,272)
Contributions from employees	-	1,106,404	(1,106,404)
Net investment income	-	12,895,701	(12,895,701)
Benefit payments, including refunds of employee contributions	(12,977,655)	(12,977,655)	-
Administrative expense	-	(157,925)	157,925
Net Changes during 2021-22	7,894,607	2,867,797	5,026,810
Balance at: 6/30/2023 (MD)	\$ 232,302,593	\$ 217,628,277	\$ 14,674,316

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

11) RETIREMENT PLANS, (continued)

C) Proportionate Share of Net Pension Liability, (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: 6/30/2022 (VD)	\$ 251,662,721	\$ 240,688,025	\$ 10,974,696
Balance at: 6/30/2023 (MD)	269,811,532	251,688,792	18,122,740
Net Changes during 2022-23	\$ 18,148,811	\$ 11,000,767	\$ 7,148,044

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

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. City’s proportionate share of the net pension liability for the safety Plan as of the June 30, 2022 and 2023 measurement dates was as follows:

	Safety
Proportionate Share of NPL - June 30, 2022	0.15971%
Proportionate Share of NPL - June 30, 2023	0.24245%
Change - increase	0.08274%

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City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

11) RETIREMENT PLANS, (continued)

C) Proportionate Share of Net Pension Liability, (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 6.90 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 (5.90 percent) or 1 percentage-point higher (6.90 percent) than the current rate:

	<u>Discount Rate - 1%</u> <u>(5.90%)</u>	<u>Current Discount</u> <u>Rate (6.90%)</u>	<u>Discount Rate + 1%</u> <u>(7.90%)</u>
Miscellaneous Plan's Net Pension Liability	\$ 44,134,476	\$ 14,674,316	\$ (9,664,282)
Safety Plan's Net Pension Liability	\$ 55,136,081	\$ 18,122,740	\$ (12,138,300)

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.

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 expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

11) RETIREMENT PLANS, (continued)

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

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, 2023, is 2.3 years, which was obtained by dividing the total service years of 1,927 (the sum of remaining service lifetimes of the active employees) by 824 (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 PERF C for the measurement period ending June 30, 2023 is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. 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.

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

As of the start of the measurement period (July 1, 2022), the City's total net pension liability was \$20,622,202. For the measurement period ending June 30, 2023 (the measurement date), the City incurred a total pension expense of \$24,574,731. A breakdown of the pension expense and deferred outflows and deferred inflows of resources related to each pension plan is presented on the following pages.

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City of Hawthorne

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2024

11) RETIREMENT PLANS, (continued)

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

Miscellaneous – Agent, Multiple-Employer Defined Benefit Pension Plan

As of the start of the measurement period (July 1, 2022), the net pension liability was \$9,647,506. For the measurement period ending June 30, 2023 (the measurement date), the City incurred a pension expense of \$7,986,035 for the miscellaneous plan. A complete breakdown of the pension expense is as follows:

<u>Description</u>	<u>Amount</u>
Service cost	\$ 2,664,738
Interest on the total pension liability	15,327,104
Changes of benefit terms	226,510
Recognized changes of assumptions	2,518,932
Differences between expected and actual experience	860,683
Contributions - employees	(1,106,404)
Projected earnings on pension plan investments	(14,456,047)
Recognized differences between projected and actual earnings on plan investments	1,792,594
Administrative expenses	157,925
Total Pension Expense	\$ 7,986,035

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

As of the start of the measurement period (July 1, 2022), the net pension liability for the safety plan was \$10,974,696. For the measurement period ending June 30, 2023 (the measurement date), the City incurred a pension expense of \$16,588,696 for the safety plan.

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City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

11) RETIREMENT PLANS, (continued)

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

As of June 30, 2024, 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	\$ 1,500,036	\$ 192,224	\$ 1,330,543	\$ 113,909
Changes of Assumptions	1,259,467	-	1,057,667	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	10,093,367	-	2,480,092	-
Change in Employer's Proportion	-	-	17,107,122	-
Difference in Actual vs Projected Contributions	-	-	-	13,223,245
Pension Contributions Subsequent to Measurement Date	1,970,114	-	3,023,248	-
Total	\$ 14,822,984	\$ 192,224	\$ 24,998,672	\$ 13,337,154

These amounts above are net of outflows and inflows recognized in the 2022/23 measurement period expense. The \$1,970,114 and \$3,023,248 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	Deferred Outflows/(Inflows) of Resources, Net	
	Miscellaneous	Safety
June 30, 2025	\$ 3,852,880	\$ 4,538,358
2026	1,315,787	2,907,045
2027	7,179,909	1,123,643
2028	312,070	69,224
2029	-	-
Thereafter	-	-

E) Payable to the Pension Plan

As of June 30, 2024, 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, 2024**

12) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS

Plan Description

The City provides certain postemployment health care benefits under a agent multiple 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, 2024**

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

Employees Covered

As of the June 30, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Category	Count
Active employees	260
Inactive employees or beneficiaries currently receiving benefits	262
Inactive employees entitled to but not yet receiving benefit payments	61
Total	583

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. If liquidation of the policy were to occur, the General Fund would be responsible for funding the outstanding OPEB liability.

The City pays for postemployment health insurance on a pay-as-you-go basis which has been funded by trust fund account. For fiscal year 2023-24, the City paid \$4,220,745 for other postemployment benefits, of which \$3,231,292 was for health insurance benefits and \$1,000,000 was for Trust contributions.

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2023 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, 2023 that was rolled forward to determine the June 30, 2023 total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2023 Measurement Date (MD)
Actuarial Valuation Date	June 30, 2023
Contribution Policy	Ad-hoc contributions to trust, benefit payments outside of trust
Discount Rate	4.27% at MD June 30, 2023 3.54% at MD June 30, 2022 (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 – 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Non-Kaiser) – 6.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Kaiser) - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076
Healthcare Participation	Actives: 95% Retirees: 100% if covered, 5% re-elect at 65 if waived.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

12) OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS, (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, both short-term and long-term market return expectations are taken into account. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate</u>
Asset class component:		
Global Equity	60%	4.56%
Fixed income	35%	0.78%
Cash	5%	-0.50%
Total	<u>100%</u>	

Discount Rate

A discount rate of 4.27% was used in the valuation for measurement date June 30, 2023.

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**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

Changes in the net OPEB Liability

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

	Increase (decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position {b}	Net OPEB Liability {c} = {a} - {b}
Balance at June 30, 2023 (6/30/2022 measurement date)	\$ 100,714,992	\$ -	\$ 100,714,992
Changes recognized for the measurement period:			
Service cost	3,198,898	-	3,198,898
Interest	3,621,358	-	3,621,358
Actual vs. expected experience	6,671,414	-	6,671,414
Changes of assumptions	(6,663,008)	-	(6,663,008)
Contributions – employer	-	6,740,492	(6,740,492)
Net investment income	-	198,459	(198,459)
Benefit payments	(3,231,292)	(3,231,292)	-
Administrative expense	-	(14,371)	14,371
Net change	<u>3,597,370</u>	<u>3,693,288</u>	<u>(95,918)</u>
Balance at June 30, 2024 (6/30/2023 measurement date)	<u>\$ 104,312,362</u>	<u>\$ 3,693,288</u>	<u>\$ 100,619,074</u>

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

The following presents the net 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, 2023:

	1% Decrease 3.27%	Current Discount Rate 4.27%	1% Increase 5.27%
Total OPEB Liability	\$ 117,448,517	\$ 100,619,074	\$ 87,154,666

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

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

The following presents the net 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, 2023:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 85,953,001	\$ 100,619,074	\$ 119,168,552

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, 2024, the City recognized OPEB expense of \$2,573,745 with details as follows:

<u>Description</u>	<u>Amount</u>
Service Cost	\$ 3,198,898
Interest	3,621,358
Projected Earnings on Investments	(124,626)
Administrative Expenses	14,371
Recognition of deferred outflows/(inflows):	
Plan Experience	(2,959,975)
Assumption Changes	(1,161,514)
Asset returns	(14,767)
Total OPEB Expense (Income)	\$ 2,573,745

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

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

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

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period (5.8 years).

As of fiscal year ended June 30, 2024, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,521,170	\$ 7,243,692
Changes of assumptions	8,057,761	26,040,922
Net difference between projected and actual earnings on OPEB plan investments	-	59,066
Contributions to OPEB plan subsequent to measurement	4,220,745	-
Total	\$ 17,799,676	\$ 33,343,680

The \$4,220,745 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the total OPEB liability in the upcoming years:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ (3,567,902)
2026	(5,921,453)
2027	(6,808,857)
2028	(3,467,693)
2029	1,156
Thereafter:	-

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

Changes In Assumptions

The changes in assumptions as of the measurement date of June 30, 2023, were: The discount rate was updated based on crossover test from 3.54% to 4.27%, and that the medical trend was updated.

13) 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 \$6,594,710 reported in the Insurance Reserve Fund at June 30, 2024, 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 2022, 2023, and 2024, were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balances</u>	<u>Due within One Year</u>
2021-2022	\$ 4,312,384	\$ 1,527,798	\$ -	\$ 5,840,182	\$ 1,168,036
2022-2023	5,840,182	-	(262,537)	5,577,645	1,115,529
2023-2024	5,577,645	1,017,065	-	6,594,710	1,318,942

City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

14) COMMITMENT AND CONTINGENCIES

Construction Commitments

The following material construction commitments existed at June 30, 2024:

<u>Fund</u>	<u>Remaining Commitments as of June 30, 2024</u>
Major Funds:	
ARPA	\$ 459,420
Non-major Funds	511,065
Internal Service Funds	212,606
	<u>\$ 1,183,091</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.

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City of Hawthorne

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2024

15) 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 2023-24, the City was assessed \$3,017,865, 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, 2024, 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, 2024, SBRPCA's preliminary financial information is as follows:

Net Position	
Total assets	\$ 14,297,651
Total deferred outflows of resources	5,674,146
Total liabilities	(12,659,596)
Total deferred inflows of resources	<u>(2,123,049)</u>
Total net position	<u>\$ 5,189,152</u>
Change in Net Position	
Operating revenues	\$ 13,068,123
Operating expenses	<u>(11,930,301)</u>
Operating income	1,137,822
Nonoperating revenues (expenses)	<u>128,654</u>
Change in net position	1,266,476
Beginning net position	<u>3,922,676</u>
Ending net position	<u>\$ 5,189,152</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, 2024**

16) 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.

	Governmental Activities Balance at June 30, 2024
Deferred outflows of resources	
Unamortized loss on defeasance of debt	<u>\$ 221,379</u>
	Governmental Funds at June 30, 2024
Deferred inflows of resources	
Unavailable Revenue - Receivables that were not received within the availability period and were not recognized as revenues	<u>\$ 7,654,928</u>

Refer to Note 11 for deferred outflows and inflows of resources related to pensions and Note 12 for deferred outflows and inflows of resources related to other post-employment benefits.

17) 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 the make a loan to the Agency to be used by the Agency to make certain payments required by the OPA.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

17) TAX ABATEMENTS, (continued)

Oceangate Properties, INC.

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 received 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 terminated 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 terminated on July 1, 2022.

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.

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

17) TAX ABATEMENTS, (continued)

Mogul Hospitality Partners – Hawthorne LLC

The City entered into an agreement Mogul Hospitality Partners on August 30, 2016. The Developer is the owner of certain real property totaling approximately 4,000 square feet and located in the City of Hawthorne on which the Developer operates and maintains hotels known as “Marriott Courtyard” and “TownePlace Suites”. In order to induce the Developer to construct and operate the hotels on the property for the Operating Period, and upon the fulfillment of the City Disbursement Conditions, the City agreed provide to the Developer TOT Incentive Payments upon the terms set and as follows:

The City shall pay TOT Incentive Payments to Developer pursuant to and in accordance with the terms of the Agreement in an amount equal to fifty percent (100%) of the Net Transient Occupancy Tax Revenues collected and remitted to the City from the Hotels during the term of the lease, however, that the aggregate total of TOT Incentive Payments shall not exceed a total amount of Two Million Five Hundred Thousand Dollars (\$2,500,000), subject to the limitations set forth in the definitions of Net Transient Occupancy Tax Collected and TOT Incentive Payments.

Upon commencement of the lease, TOT Incentive Payments shall be made by the City to Developer following the issuance of a certificate of occupancy (including a temporary certificate of occupancy) for the Hotels, which is 45 days after the date Hotel TOT revenues are collected and received by the City, but in any event (i) if the Hotel Transient Occupancy Tax Revenues are collected and received by the City quarterly, the Lease Payment Date shall occur not more than 90 days after the end of each calendar quarter; and (ii) if the Hotel Transient Occupancy Tax Revenues are collected and received by the City monthly, the Lease Payment Date shall occur not more than 90 days after the end of each calendar month.

As of June 30, 2024, the City abated TOT taxes totaling \$1,948,762 under this agreement.

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City of Hawthorne

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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, 2024:

	Balance June 30, 2023	Additions	Deletions	Balance 2024	Due Within One Year
Bonds payable - Direct placement					
Tax allocation bonds	\$ 19,160,000	\$ -	\$ (1,725,000)	\$ 17,435,000	\$ 1,810,000
Plus deferred amounts:					
Issuance premium	3,477,401	-	(248,387)	3,229,014	-
Total bonds payable	<u>22,637,401</u>	<u>-</u>	<u>(1,973,387)</u>	<u>20,664,014</u>	<u>1,810,000</u>
Notes payable - Direct borrowing	33,088,033	1,125,000	(1,151,702)	33,061,331	-
Total	<u>\$ 55,725,434</u>	<u>\$ 1,125,000</u>	<u>\$ (3,125,089)</u>	<u>\$ 53,725,345</u>	<u>\$ 1,810,000</u>

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**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

Disclosure of Successor Agency Debts, (continued)

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%. As of June 30, 2024, total principal and interest outstanding on this 2016 Tax Allocation Bonds is \$25,322,875.

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, 2024:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 1,810,000	\$ 826,500	\$ 2,644,125
2026	980,000	756,750	2,639,875
2027	1,030,000	706,500	2,636,500
2028	1,085,000	653,625	1,738,625
2029	1,135,000	598,125	1,733,125
2030-2034	11,395,000	2,424,625	13,819,625
Total	\$ 17,435,000	\$ 5,966,125	\$ 25,211,875

**Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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, 2024, the outstanding balance on this note totaled \$33,061,331.

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.

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City of Hawthorne

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2024

19) OTHER REQUIRED DISCLOSURES

Deficit in Fund Balance

The following funds have deficits in fund balance or net position at June 30, 2024:

<u>Fund</u>	<u>Amount</u>
Major Governmental Funds:	
<i>Special Revenue Funds:</i>	
2009 Street Improvement	\$ (1,589,972)
Nonmajor Governmental Funds:	
<i>Special Revenue Funds:</i>	
Street Lighting	(214,901)
California Office of Traffic Safety	(7,864)
Local Law Enforcement Block Grant	(213,239)
HOME Grant	(957,115)
Community Development Block Grant	(661,849)
LEAP Grant	(75,291)
CA Parks & Recreation Community Center	(923,820)
HUD Community Development	(450,521)
Building Resilient Infrastructure & Communities	(275,649)
Recycling Fund	(40,537)
<i>Capital Projects Fund:</i>	
Park Improvements	(220,262)
<i>Debt Service Fund:</i>	
2016 Refunding Bonds	(336,938)
2019 Pension Obligation Bond	(2,180,166)
<i>Internal Service Fund:</i>	
Insurance Reserve	(6,615,256)

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

20) SUBSEQUENT EVENT

On September 12, 2024, the City of Hawthorne issued HPFA Lease Revenue Bonds Series 2024 in the amount of \$30,237,328. The 2024 Bonds were placed with U.S. Bank National Association.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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City of Hawthorne

**Required Supplementary Information
General Fund**

Major Governmental Fund

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

Required Supplementary Information Budgetary Comparison Schedule by Department General Fund For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 83,562,000	\$ 84,762,000	\$ 93,065,191	\$ 8,303,191
Licenses and permits	1,716,000	1,925,000	1,756,594	(168,406)
Intergovernmental	1,526,000	1,567,250	1,864,291	297,041
Charges for services	4,010,200	4,710,200	4,206,780	(503,420)
Fines and forfeitures	3,200,000	3,200,000	2,707,336	(492,664)
Use of money and property	500,000	1,900,000	4,612,450	2,712,450
Contributions	200,000	200,000	200,000	-
Miscellaneous	2,902,000	1,901,331	1,887,664	(13,667)
Total revenues	<u>97,616,200</u>	<u>100,165,781</u>	<u>110,300,306</u>	<u>10,134,525</u>
Expenditures				
Current:				
General government:				
Mayor and City Council	7,627,308	6,649,147	6,137,903	511,244
City clerk	196,530	207,832	119,172	88,660
City manager	800,673	880,925	691,374	189,551
City treasurer	40,316	44,236	40,124	4,112
City attorney	1,099,230	977,450	839,280	138,170
Administrative services	7,727,120	7,605,058	6,985,741	619,317
Public safety:				
Police	60,063,791	68,569,664	56,452,918	12,116,746
Community development:				
Planning	2,615,987	2,777,200	2,123,073	654,127
Building and safety	1,320,701	1,514,235	1,330,439	183,796
Parks and recreation	5,414,227	5,348,847	4,758,783	590,064
Public works	3,201,900	3,133,067	1,878,545	1,254,522
Capital outlay	24,720	25,075	3,763,382	(3,738,307)
Total expenditures	<u>90,132,503</u>	<u>97,732,736</u>	<u>85,120,734</u>	<u>12,612,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,483,697</u>	<u>2,433,045</u>	<u>25,179,572</u>	<u>22,746,527</u>
Other Financing Sources (Uses)				
Transfers in	(2,886)	9,994,480	17,377,354	7,382,874
Transfers out	(6,101,505)	(27,690,813)	(27,175,598)	515,215
Total other financing sources (uses)	<u>(6,104,391)</u>	<u>(17,696,333)</u>	<u>(9,798,244)</u>	<u>7,898,089</u>
Net change in fund balance	1,379,306	(15,263,288)	15,381,328	30,644,616
Fund Balance				
Beginning	<u>94,092,345</u>	<u>94,092,345</u>	<u>94,092,345</u>	<u>-</u>
Ending	<u>\$ 95,471,651</u>	<u>\$ 78,829,057</u>	<u>\$ 109,473,673</u>	<u>\$ 30,644,616</u>

Required Supplementary Information
Major Special Revenue Funds

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.

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.

City of Hawthorne

**Required Supplementary Information
Budgetary Comparison Schedule
Hawthorne Housing Authority Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 11,161,941	\$ 11,161,941	\$ 11,194,536	\$ 32,595
Charges for services	1,059,916	1,059,916	695,688	(364,228)
Use of money and property	-	-	93	93
Miscellaneous	13,418	13,418	15,876	2,458
Total revenues	<u>12,235,275</u>	<u>12,235,275</u>	<u>11,906,193</u>	<u>(329,082)</u>
Expenditures				
Current:				
Community development	11,811,971	11,811,971	11,823,928	(11,957)
Community services	3,400	3,400	2,138	1,262
Total expenditures	<u>11,815,371</u>	<u>11,815,371</u>	<u>11,826,066</u>	<u>(10,695)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>419,904</u>	<u>419,904</u>	<u>80,127</u>	<u>(339,777)</u>
Other Financing Uses				
Transfers out	(127,314)	(127,314)	(120,327)	6,987
Total other financing uses	<u>(127,314)</u>	<u>(127,314)</u>	<u>(120,327)</u>	<u>6,987</u>
Net change in fund balance	292,590	292,590	(40,200)	(332,790)
Fund Balance				
Beginning	<u>473,128</u>	<u>473,128</u>	<u>473,128</u>	<u>-</u>
Ending	<u>\$ 765,718</u>	<u>\$ 765,718</u>	<u>\$ 432,928</u>	<u>\$ (332,790)</u>

City of Hawthorne

**Required Supplementary Information
Budgetary Comparison Schedule
American Rescue Plan Act Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 15,260,827	\$ 15,260,827	\$ 10,938,118	\$ (4,322,709)
Use of money and property	-	250,000	428,240	178,240
Total revenues	<u>15,260,827</u>	<u>15,510,827</u>	<u>11,366,358</u>	<u>(4,144,469)</u>
Expenditures				
Current:				
General government:	3,089,851	10,780,630	3,574,760	7,205,870
Public Safety	<u>15,260,827</u>	<u>15,260,827</u>	-	<u>15,260,827</u>
Total expenditures	<u>18,350,678</u>	<u>26,041,457</u>	<u>3,574,760</u>	<u>22,466,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,089,851)</u>	<u>(10,530,630)</u>	<u>7,791,598</u>	<u>18,322,228</u>
Other Financing Sources (Uses)				
Transfers out	-	-	<u>(7,363,358)</u>	<u>(7,363,358)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,363,358)</u>	<u>(7,363,358)</u>
Net change in fund balance	(3,089,851)	(10,530,630)	428,240	10,958,870
Fund Balance				
Beginning	<u>405,104</u>	<u>405,104</u>	<u>405,104</u>	<u>-</u>
Ending	<u>\$ (2,684,747)</u>	<u>\$ (10,125,526)</u>	<u>\$ 833,344</u>	<u>\$ 10,958,870</u>

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City of Hawthorne

**Required Supplementary Information
Budgetary Comparison Schedule
2009 Street Improvements Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 8,444,000	\$ 8,529,000	\$ 2,310,287	\$ (6,218,713)
Use of money and property	2,000	2,000	241	(1,759)
Total revenues	<u>8,446,000</u>	<u>8,531,000</u>	<u>2,310,528</u>	<u>(6,220,472)</u>
Expenditures				
Current:				
Public works	5,779,000	6,575,051	4,859,962	1,715,089
Capital outlay	<u>3,600,000</u>	<u>3,600,000</u>	-	<u>3,600,000</u>
Total expenditures	<u>9,379,000</u>	<u>10,175,051</u>	<u>4,859,962</u>	<u>5,315,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(933,000)</u>	<u>(1,644,051)</u>	<u>(2,549,434)</u>	<u>905,383</u>
Net change in fund balance	(933,000)	(1,644,051)	(2,549,434)	(905,383)
Fund Balance (Deficit)				
Beginning	<u>959,462</u>	<u>959,462</u>	<u>959,462</u>	<u>-</u>
Ending	<u>\$ 26,462</u>	<u>\$ (684,589)</u>	<u>\$ (1,589,972)</u>	<u>\$ (905,383)</u>

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

Measurement Period	2013-14	2014-15	2015-16	2016-17
TOTAL PENSION LIABILITY				
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
Changes of Benefit Terms	-	-	-	-
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	(8,546,377)	(8,707,272)	(9,518,736)	(9,562,803)
Net Change in Total Pension Liability	6,280,477	(422,959)	4,951,005	14,998,897
Total Pension Liability - Beginning	168,926,377	175,206,854	174,783,895	179,734,900
Total Pension Liability - Ending (a)	175,206,854	174,783,895	179,734,900	194,733,797
PLAN FIDUCIARY NET POSITION				
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) ¹	-	-	-	-
Net Change in Fiduciary Net Position	15,730,541	(2,149,483)	(4,870,370)	8,922,820
Plan Fiduciary Net Position - Beginning²	123,176,915	138,907,456	136,757,973	131,887,603
Plan Fiduciary Net Position - Ending (b)	138,907,456	136,757,973	131,887,603	140,810,423
Plan Net Position Liability / (Asset) - Ending (a) - (b)	\$ 36,299,398	\$ 38,025,922	\$ 47,847,297	\$ 53,923,374
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability / (Asset)	82.23%	78.24%	73.38%	72.31%
Covered Payroll³	\$ 13,000,397	\$ 13,145,259	\$ 14,172,919	\$ 12,670,141
Plan Net Pension Liability / (Asset) as a Percentage of Covered Payroll	279.22%	289.27%	337.60%	425.59%

¹ 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).

² Includes any beginning of year adjustment.

³ 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, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial 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>	<u>2021-22</u>	<u>2022-23</u>
\$ 2,499,955	\$ 2,467,368	\$ 2,391,450	\$ 2,478,272	\$ 2,662,009	\$ 2,664,738
13,468,820	13,791,792	14,191,317	14,602,910	14,801,624	15,327,104
-	-	-	-	-	226,510
(1,608,731)	(1,116,355)	154,829	699,629	(961,116)	2,653,910
(888,445)	-	-	-	6,297,331	-
<u>(10,222,978)</u>	<u>(10,415,096)</u>	<u>(11,161,427)</u>	<u>(11,977,102)</u>	<u>(12,481,867)</u>	<u>(12,977,655)</u>
3,248,621	4,727,709	5,576,169	5,803,709	10,317,981	7,894,607
194,733,797	197,982,418	202,710,127	208,286,296	214,090,005	224,407,986
197,982,418	202,710,127	208,286,296	214,090,005	224,407,986	232,302,593
3,987,019	4,555,596	57,022,354	1,612,478	1,599,394	2,001,272
990,915	997,444	1,002,245	1,047,853	984,017	1,106,404
11,595,557	9,470,424	9,133,158	45,476,553	(17,954,498)	12,895,701
(10,222,978)	(10,415,096)	(11,161,427)	(11,977,102)	(12,481,867)	(12,977,655)
(341)	(581)	-	-	-	-
(219,421)	(104,563)	(212,912)	(206,592)	(151,228)	(157,925)
<u>(416,685)</u>	<u>341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5,714,066	4,503,565	55,783,418	35,953,190	(28,004,182)	2,867,797
140,810,423	146,524,489	151,028,054	206,811,472	242,764,662	214,760,480
146,524,489	151,028,054	206,811,472	242,764,662	214,760,480	217,628,277
\$ 51,457,929	\$ 51,682,073	\$ 1,474,824	\$ (28,674,657)	\$ 9,647,506	\$ 14,674,316
74.01%	74.50%	99.29%	113.39%	95.70%	93.68%
\$ 12,808,459	\$ 12,552,747	\$ 12,358,915	\$ 12,768,014	\$ 12,798,121	\$ 12,873,129
401.75%	411.72%	11.93%	-224.58%	75.38%	113.99%

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	(57,022,354)	(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)	-	12,798,121	12.49%
6/30/2023	6/30/2022	2,000,024	(2,000,024)	-	12,873,129	15.54%
6/30/2024	6/30/2023	1,970,114	(1,970,114)	-	12,956,526	15.21%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022-23 were from the June 30, 2021 Funding Valuation Report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method/Period	For details, see June 30, 2021 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% 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) ¹	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%
6/30/2022	0.09501%	10,974,696	9,084,823	120.80%	95.64%
6/30/2023	0.24245%	18,122,740	8,621,419	210.21%	93.28%

¹ 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.

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%
6/30/2023	6/30/2022	3,471,882	(3,471,882)	-	8,621,419	40.27%
6/30/2024	6/30/2023	3,023,248	(3,023,248)	-	8,858,957	34.13%

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, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial 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 Plan Contributions – OPEB Last Ten Years*

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in relation to the ADC	Contribution Deficiency (Excess)	Covered- employee payroll	Contribution as a percentage of covered- employee payroll
2024	\$ 8,347,000	\$ (4,220,745)	\$ 4,126,255	\$ 32,586,616	13%

Notes to schedule:

Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

Changes in assumptions:

Discount rate was updated based on crossover test from 3.54% to 4.27%, and medical trend was updated.

Methods and assumptions used to determine contributions:

Actuarial Cost Method

Entry age normal, level percent of pay.

Amortization Method

Level percent of pay.

Amortization Period

18-year fixed period for 2023-24

Inflation

2.50%

Assumed Payroll Growth

2.75%

Healthcare Cost Trend Rates

Non-Medicare: 7.9% trending down to 3.75%.

Medicare (non-Kaiser): 6.90% trending down to 3.45%.

Medicare (Kaiser): 5.65% trending down to 3.45%.

Discount rate

4.27%

Mortality and Retirement Rates

CalPERS rates

* Historical information is required only for measurement period for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal Year 2023-24 was the first year the City had a trust.

**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	2022-23	2023-24
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total OPEB Liability							
Service cost	\$ 4,251,000	\$ 3,574,000	\$ 3,405,180	\$ 3,555,411	\$ 5,252,506	\$ 4,500,230	\$ 3,198,898
Interest	3,360,000	3,863,000	4,148,492	3,830,827	3,168,811	2,693,466	3,621,358
Differences between expected and actual experience	-	-	(8,450,705)	-	(14,253,534)	-	6,671,414
Changes of assumptions	(14,185,000)	(5,105,000)	5,945,521	27,930,290	(8,870,441)	(25,044,228)	(6,663,008)
Benefit payments	(2,713,000)	(2,806,000)	(2,926,000)	(2,959,379)	(3,202,013)	(3,263,442)	(3,231,292)
Net change in total OPEB liability	(9,287,000)	(474,000)	2,122,488	32,357,149	(17,904,671)	(21,113,974)	3,597,370
Total OPEB liability - beginning	115,015,000	105,728,000	105,254,000	107,376,488	139,733,637	121,828,966	100,714,992
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>	<u>\$ 100,714,992</u>	<u>\$ 104,312,362</u>
Plan Fiduciary Net Position ⁽²⁾							
Contributions – employer	-	-	-	-	-	-	6,740,492
Net investment income	-	-	-	-	-	-	198,459
Benefit payments	-	-	-	-	-	-	(3,231,292)
Administrative expense	-	-	-	-	-	-	(14,371)
Net change in plan fiduciary net position	-	-	-	-	-	-	3,693,288
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,693,288</u>
Net OPEB liability - ending (a) - (b)	<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>	<u>\$ 100,714,992</u>	<u>\$ 100,619,074</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.5%
Covered-employee payroll ⁽¹⁾	\$ 24,186,000	\$ 25,246,508	\$ 25,373,487	\$ 27,111,119	\$ 27,282,854	\$ 31,883,839	\$ 32,583,616
Total OPEB liability as a percentage of covered-employee payroll ⁽¹⁾	437.1%	416.9%	423.2%	515.4%	446.5%	315.9%	320.1%

Notes to schedule:

⁽¹⁾ 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.

⁽²⁾ The City opened a PARS trust in fiscal year ended June 30, 2024, prior to this, the City did not have assets accumulated in a trust that met the criteria of GASB 75 to pay related benefits.

Significant changes in assumptions:

In fiscal year ended June 30, 2024 (Measurement date June 30, 2023), the discount rate was updated to 4.27% from prior years' rate of 2.16%

*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.

**Notes to Required Supplementary Information
June 30, 2024**

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) CARES Act.

Excess of Expenditures over Appropriations

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

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City of Hawthorne

Notes to Required Supplementary Information June 30, 2024

Fund	Appropriations	Expenditures	Excess
Major Governmental Fund			
<i>General Fund:</i>			
Capital outlay	\$ 25,075	\$ 3,763,382	\$ (3,738,307)
<i>Hawthorne Housing Authority:</i>			
Community development	11,811,971	11,823,928	(11,957)
Nonmajor Governmental Funds			
<i>Special Revenue Fund:</i>			
<i>Gas Tax</i>			
Capital outlay	1,400,000	1,524,426	(124,426)
<i>Street</i>			
Capital outlay	1,248,488	1,262,736	(14,248)
<i>Asset Forfeiture</i>			
Capital outlay	100,031	145,533	(45,502)
<i>MTA Measure R</i>			
Capital outlay	1,000,000	1,237,100	(237,100)
<i>MTA Measure M</i>			
Capital outlay	1,101,542	1,214,185	(112,643)
<i>Proposition C</i>			
Capital outlay	1,196,937	1,320,583	(123,646)
<i>Hawthorne Blvd Mobility Improvement Program</i>			
Public works	-	466	(466)
<i>Community Development Block Grant</i>			
Principal retirement	355,000	690,000	(335,000)
Interest and fiscal charges	14,518	19,291	(4,773)
<i>MTA Measure W</i>			
Capital outlay	330,607	500,000	(169,393)
<i>LA Centers for Alcohol and Drug Abuse</i>			
Parks and recreation	253,158	268,728	(15,570)
<i>CA Parks & Recreation Senior Center</i>			
Parks and recreation	67,000	123,970	(56,970)
<i>Building Resilient Infrastructure & Communities</i>			
Public works	400,000	406,116	(6,116)
<i>Debt Service Fund:</i>			
<i>2019 Pension Obligation Bond</i>			
Interest and fiscal charges	3,816,186	3,828,686	(12,500)

Non-Major Governmental Funds

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.

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.

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

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.

Non-Major Governmental Funds, (Continued)

Special Revenue Funds, (continued)

American Down Payment Dream Program 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. The program targets public education and other programs targeting increased bottle recycling.

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

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'.

Non-Major Governmental Funds, (Continued)

Special Revenue Funds, (continued)

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.

SB1383 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 impact by the COVID-19 pandemic. No budget was legally adopted for the fund.

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.

Urban Area Security Initiative Fund is used to account for funding to enhance regional preparedness and capabilities in designated high-threat, high-density areas.

Rain Water Grant Fund is used to account settlement funds to pay for PCB and rain water sampling, and mitigation methods.

LA Centers for Alcohol & Drug Abuse Fund is used to account for grant funding to provide services to those struggling with addiction and behavioral issues.

California Parks & Recreation Community Center Fund is used to account for grant funding to rehabilitate the city's community center.

California Parks & Recreation Senior Center Fund is to used to account for grant funding to rehabilitate the city's senior center.

HUD Community Development Fund is used to account for funds to develop and revitalize viable urban and rural communities through projects initiated and developed at the local level based on local needs, priorities, and benefits.

Non-Major Governmental Funds, (Continued)

Special Revenue Funds, (continued)

Building Resilient Infrastructure & Communities Fund is used to account for federal funds available to states, U.S territories, federally recognized tribal governments, and local communities for hazard mitigation activities.

Cannabis Retail Access Grant Fund is used to account for grant funding that provides local governments with resources to develop and implement cannabis retailer licensing programs.

Recycling Fund is used to account for all the revenues and expenditures associated with grant funds received from the State of California to promote recycling.

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.

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.

Capital Improvements Fund is used to account for current and future city capital improvement projects. Current projects include the City Hall Renovation, Civic Center, new City Yard.

Park Improvements Grants 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.

City of Hawthorne

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024**

	Special Revenue Funds		
	Street Lighting	Gas Tax	Street
ASSETS			
Cash and investments	\$ -	\$ 4,874,815	\$ 967,676
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	601,058	-
Taxes	8,084	-	2,677
Interest	-	24,760	5,338
Notes and loans	-	-	-
Due from Successor Agency	-	-	-
Prepaid expenses	-	-	-
Total assets	<u>\$ 8,084</u>	<u>\$ 5,500,633</u>	<u>\$ 975,691</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 76,740	\$ 1,543,463	\$ 563,522
Accrued liabilities	2,591	19,277	30,415
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	143,654	-	-
Total liabilities	<u>222,985</u>	<u>1,562,740</u>	<u>593,937</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	-
Fund Balances (Deficit):			
Nonspendable	-	-	-
Restricted	-	3,937,893	381,754
Unassigned	(214,901)	-	-
Total fund balances	<u>(214,901)</u>	<u>3,937,893</u>	<u>381,754</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,084</u>	<u>\$ 5,500,633</u>	<u>\$ 975,691</u>

(continued)

Special Revenue Funds				
Asset Forfeiture	COPS	California Office of Traffic Safety	Edward Byrne Memorial Justice Assistance Program	Local Law Enforcement Block Grant
\$ 680,788	\$ 386,577	\$ -	\$ 17	\$ -
-	-	-	-	-
38,328	-	66,551	-	-
-	-	-	-	-
-	2,378	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 719,116</u>	<u>\$ 388,955</u>	<u>\$ 66,551</u>	<u>\$ 17</u>	<u>\$ -</u>
\$ 79,823	\$ -	\$ 11,075	\$ -	\$ -
6,047	-	7,117	17	-
-	-	12,900	-	-
-	-	-	-	-
-	-	43,323	-	213,239
<u>85,870</u>	<u>-</u>	<u>74,415</u>	<u>17</u>	<u>213,239</u>
-	-	-	-	-
-	-	-	-	-
633,246	388,955	-	-	-
-	-	(7,864)	-	(213,239)
<u>633,246</u>	<u>388,955</u>	<u>(7,864)</u>	<u>-</u>	<u>(213,239)</u>
<u>\$ 719,116</u>	<u>\$ 388,955</u>	<u>\$ 66,551</u>	<u>\$ 17</u>	<u>\$ -</u>

City of Hawthorne

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024**

	Special Revenue Funds		
	MTA Measure R	Proposition A	MTA Measure M
ASSETS			
Cash and investments	\$ 2,588,585	\$ 5,088,417	\$ 2,748,572
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	112,852	-	127,945
Taxes	-	-	-
Interest	15,555	28,097	13,859
Notes and loans	-	-	-
Due from Successor Agency	-	-	-
Prepaid expenses	-	-	-
Total assets	<u>\$ 2,716,992</u>	<u>\$ 5,116,514</u>	<u>\$ 2,890,376</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 273,059	\$ 165,107	\$ 890,786
Accrued liabilities	4,627	1,460	2,861
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>277,686</u>	<u>166,567</u>	<u>893,647</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	-
Fund Balances (Deficit):			
Nonspendable	-	-	-
Restricted	2,439,306	4,949,947	1,996,729
Unassigned	-	-	-
Total fund balances	<u>2,439,306</u>	<u>4,949,947</u>	<u>1,996,729</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,716,992</u>	<u>\$ 5,116,514</u>	<u>\$ 2,890,376</u>

(continued)

Special Revenue Funds				
American Down Payment Dream Program	Proposition C	Air Quality	California Used Oil Recycling	
\$ 15,600	\$ 4,162,971	\$ 171,821	\$ 167,875	
-	-	-	-	
-	150,028	28,833	-	
-	-	-	-	
-	23,288	829	896	
-	-	-	-	
-	-	-	-	
-	-	-	-	
<u>\$ 15,600</u>	<u>\$ 4,336,287</u>	<u>\$ 201,483</u>	<u>\$ 168,771</u>	
\$ -	\$ 644,413	\$ 8,230	\$ -	
-	6,473	-	-	
-	-	-	11,641	
-	-	-	-	
-	-	-	-	
<u>-</u>	<u>650,886</u>	<u>8,230</u>	<u>11,641</u>	
-	-	-	-	
-	-	-	-	
15,600	3,685,401	193,253	157,130	
-	-	-	-	
<u>15,600</u>	<u>3,685,401</u>	<u>193,253</u>	<u>157,130</u>	
<u>\$ 15,600</u>	<u>\$ 4,336,287</u>	<u>\$ 201,483</u>	<u>\$ 168,771</u>	

City of Hawthorne

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024**

	Special Revenue Funds		
	California Beverage Container Recycling	Hawthorne Blvd Mobility Improv. Program	CATV Peg
ASSETS			
Cash and investments	\$ 148,030	\$ 644	\$ 717,532
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	-	21,520
Taxes	-	-	-
Interest	735	5	-
Notes and loans	-	-	-
Due from Successor Agency	-	-	-
Prepaid expenses	-	-	-
Total assets	<u>\$ 148,765</u>	<u>\$ 649</u>	<u>\$ 739,052</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	60	-	-
Unearned revenue	180	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>240</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	-
Fund Balances (Deficit):			
Nonspendable	-	-	-
Restricted	148,525	649	739,052
Unassigned	-	-	-
Total fund balances	<u>148,525</u>	<u>649</u>	<u>739,052</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 148,765</u>	<u>\$ 649</u>	<u>\$ 739,052</u>

(continued)

Special Revenue Funds				
Housing Asset	HOME Grant	Community Development Block Grant	HPRP Funds	FEMA Grant
\$ 7,653,196	\$ 60,213	\$ -	\$ 15,153	\$ 2,255
-	-	-	-	-
-	2,103,370	746,793	-	-
-	-	-	-	-
41,653	-	-	-	318
-	63,529	-	-	-
350,503	-	-	-	-
-	-	-	-	-
<u>\$ 8,045,352</u>	<u>\$ 2,227,112</u>	<u>\$ 746,793</u>	<u>\$ 15,153</u>	<u>\$ 2,573</u>
\$ 12,583	\$ 153,918	\$ 490,905	\$ -	\$ -
3,241	793	3,551	-	-
-	872,158	-	-	-
51,925	-	17,897	-	-
-	527,502	278,382	-	-
<u>67,749</u>	<u>1,554,371</u>	<u>790,735</u>	<u>-</u>	<u>-</u>
350,503	1,629,856	617,907	-	-
-	-	-	-	-
7,627,100	-	-	15,153	2,573
-	(957,115)	(661,849)	-	-
<u>7,627,100</u>	<u>(957,115)</u>	<u>(661,849)</u>	<u>15,153</u>	<u>2,573</u>
<u>\$ 8,045,352</u>	<u>\$ 2,227,112</u>	<u>\$ 746,793</u>	<u>\$ 15,153</u>	<u>\$ 2,573</u>

City of Hawthorne

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024**

	Special Revenue Funds		
	SB1383 Local Assistance Grant	Permanent Local Housing Allocation	CARES Act
ASSETS			
Cash and investments	\$ 336,394	\$ 1,095,662	\$ 38
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	-	-
Taxes	-	-	-
Interest	1,000	6,757	-
Notes and loans	-	-	-
Due from Successor Agency	-	-	-
Prepaid expenses	-	-	-
Total assets	<u>\$ 337,394</u>	<u>\$ 1,102,419</u>	<u>\$ 38</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,225	\$ 174,912	\$ -
Accrued liabilities	6,206	-	-
Unearned revenue	323,068	803,453	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>330,499</u>	<u>978,365</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	-
Fund Balances (Deficit):			
Nonspendable	-	-	-
Restricted	6,895	124,054	38
Unassigned	-	-	-
Total fund balances	<u>6,895</u>	<u>124,054</u>	<u>38</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 337,394</u>	<u>\$ 1,102,419</u>	<u>\$ 38</u>

(continued)

Special Revenue Funds				
MTA Measure W	SB2 Planning Grant	LEAP Grant	Urban Security Initiative Grant	Rain Water Grant
\$ 446,398	\$ 42,902	\$ -	\$ -	\$ 453,713
-	-	-	-	-
-	41,196	300,000	199,163	-
-	-	-	-	-
2,850	305	-	-	2,474
-	-	-	-	-
-	-	-	-	-
-	-	-	88,000	-
<u>\$ 449,248</u>	<u>\$ 84,403</u>	<u>\$ 300,000</u>	<u>\$ 287,163</u>	<u>\$ 456,187</u>
\$ 2,356	\$ -	\$ -	\$ -	\$ -
2,188	-	-	-	-
-	-	-	-	438,451
-	-	-	-	-
-	-	300,000	199,163	-
<u>4,544</u>	<u>-</u>	<u>300,000</u>	<u>199,163</u>	<u>438,451</u>
-	41,196	75,291	88,000	-
-	-	-	88,000	-
444,704	43,207	-	-	17,736
-	-	(75,291)	(88,000)	-
<u>444,704</u>	<u>43,207</u>	<u>(75,291)</u>	<u>-</u>	<u>17,736</u>
<u>\$ 449,248</u>	<u>\$ 84,403</u>	<u>\$ 300,000</u>	<u>\$ 287,163</u>	<u>\$ 456,187</u>

City of Hawthorne

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024**

	Special Revenue Funds		
	LA Centers for Alcohol & Drug Abuse	CA Parks & Recreation Community Center	CA Parks & Recreation Senior Center
ASSETS			
Cash and investments	\$ -	\$ -	\$ 317,970
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	214,562	923,820	-
Taxes	-	-	-
Interest	-	-	2,085
Notes and loans	-	-	-
Due from Successor Agency	-	-	-
Prepaid expenses	-	-	-
Total assets	<u>\$ 214,562</u>	<u>\$ 923,820</u>	<u>\$ 320,055</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 85,055	\$ 736,495	\$ 66,736
Accrued liabilities	-	565	-
Unearned revenue	3,849	-	234,377
Deposits payable	-	-	-
Due to other funds	125,658	186,760	-
Total liabilities	<u>214,562</u>	<u>923,820</u>	<u>301,113</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	923,820	-
Fund Balances (Deficit):			
Nonspendable	-	-	-
Restricted	-	-	18,942
Unassigned	-	(923,820)	-
Total fund balances	<u>-</u>	<u>(923,820)</u>	<u>18,942</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 214,562</u>	<u>\$ 923,820</u>	<u>\$ 320,055</u>

(continued)

Special Revenue Funds			
HUD Community Development	Building Resilient Infrastructure & Communities	Cannabis Retail Access Grant	Recycling Fund
\$ -	\$ 56,003	\$ 180,000	\$ -
-	-	-	-
450,521	275,649	-	40,537
-	-	-	-
-	-	655	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 450,521</u>	<u>\$ 331,652</u>	<u>\$ 180,655</u>	<u>\$ 40,537</u>
\$ 1,564	\$ 113	\$ 39,900	\$ -
-	-	-	1,012
-	-	140,100	-
-	-	-	-
448,957	331,539	-	39,525
<u>450,521</u>	<u>331,652</u>	<u>180,000</u>	<u>40,537</u>
<u>450,521</u>	<u>275,649</u>	<u>-</u>	<u>40,537</u>
-	-	-	-
-	-	655	-
(450,521)	(275,649)	-	(40,537)
<u>(450,521)</u>	<u>(275,649)</u>	<u>655</u>	<u>(40,537)</u>
<u>\$ 450,521</u>	<u>\$ 331,652</u>	<u>\$ 180,655</u>	<u>\$ 40,537</u>

City of Hawthorne

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024**

	Capital Projects Fund		
	Development Impact	Capital Improvements	Park Improvements
ASSETS			
Cash and investments	\$ 2,255,418	\$ 3,903,751	\$ 235,759
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	-	457,307
Taxes	-	-	-
Interest	12,277	22,066	1,286
Notes and loans	-	-	-
Due from Successor Agency	-	-	-
Prepaid expenses	-	-	-
Total assets	<u>\$ 2,267,695</u>	<u>\$ 3,925,817</u>	<u>\$ 694,352</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 185,672	\$ 441,831	\$ -
Accrued liabilities	-	1,784	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	457,307
Total liabilities	<u>185,672</u>	<u>443,615</u>	<u>457,307</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	457,307
Fund Balances (Deficit):			
Nonspendable	-	-	-
Restricted	2,082,023	3,482,202	-
Unassigned	-	-	(220,262)
Total fund balances	<u>2,082,023</u>	<u>3,482,202</u>	<u>(220,262)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,267,695</u>	<u>\$ 3,925,817</u>	<u>\$ 694,352</u>

(concluded)

Debt Service Funds				
Public Financing Authority	2016 Refunding Bonds	2016 Direct Placement Lease Financing	2019 Pension Obligation Bond	Total Nonmajor Governmental Funds
\$ 265,363	\$ -	\$ 47,154	\$ -	\$ 40,087,262
-	1	-	5	6
-	-	-	-	6,900,033
-	-	-	-	10,761
1,447	-	40	-	210,953
-	-	-	-	63,529
-	-	-	-	350,503
-	-	-	-	88,000
<u>\$ 266,810</u>	<u>\$ 1</u>	<u>\$ 47,194</u>	<u>\$ 5</u>	<u>\$ 47,711,047</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,649,483
-	-	-	-	100,285
-	-	-	-	2,840,177
-	-	-	-	69,822
-	336,939	-	2,180,171	5,812,119
-	336,939	-	2,180,171	15,471,886
-	-	-	-	4,950,587
-	-	-	-	88,000
266,810	-	47,194	-	33,846,726
-	(336,938)	-	(2,180,166)	(6,646,152)
<u>266,810</u>	<u>(336,938)</u>	<u>47,194</u>	<u>(2,180,166)</u>	<u>27,288,574</u>
<u>\$ 266,810</u>	<u>\$ 1</u>	<u>\$ 47,194</u>	<u>\$ 5</u>	<u>\$ 47,711,047</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, 2024**

	Special Revenue Funds		
	Street Lighting	Gas Tax	Street
Revenues			
Taxes	\$ 576,722	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	177,998	4,644,520	134,257
Charges for services	-	-	195,083
Fines and forfeitures	-	-	-
Use of money and property	-	143,357	32,098
Miscellaneous	-	-	639,744
Total revenues	<u>754,720</u>	<u>4,787,877</u>	<u>1,001,182</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	817,633	1,143,922	1,788,799
Capital outlay	-	1,524,426	1,262,736
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>817,633</u>	<u>2,668,348</u>	<u>3,051,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,913)</u>	<u>2,119,529</u>	<u>(2,050,353)</u>
Other Financing Sources (Uses)			
Transfers in	-	-	900,000
Transfers out	(16,974)	(1,109,825)	(203,571)
Total other financing sources (uses)	<u>(16,974)</u>	<u>(1,109,825)</u>	<u>696,429</u>
Net change in fund balances	(79,887)	1,009,704	(1,353,924)
Fund Balances (Deficit)			
Fund balance, previously reported	(135,014)	2,928,189	1,735,678
Adjustments - Change from nonmajor to major	-	-	-
Beginning	<u>(135,014)</u>	<u>2,928,189</u>	<u>1,735,678</u>
Ending	<u>\$ (214,901)</u>	<u>\$ 3,937,893</u>	<u>\$ 381,754</u>

(continued)

Special Revenue Funds				
Asset Forfeiture	COPS	California Office of Traffic Safety	Edward Byrne Memorial Justice Assistance Program	Local Law Enforcement Block Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	248,811	270,073	-	-
-	-	-	-	-
1,312,982	-	-	-	-
-	15,452	-	-	-
39,236	-	-	-	-
<u>1,352,218</u>	<u>264,263</u>	<u>270,073</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
1,352,971	-	256,879	-	-
-	-	-	-	-
-	-	-	-	-
-	300,000	-	-	-
145,533	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,498,504</u>	<u>300,000</u>	<u>256,879</u>	<u>-</u>	<u>-</u>
<u>(146,286)</u>	<u>(35,737)</u>	<u>13,194</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(146,286)</u>	<u>(35,737)</u>	<u>13,194</u>	<u>-</u>	<u>-</u>
779,532	424,692	(21,058)	-	(213,239)
-	-	-	-	-
<u>779,532</u>	<u>424,692</u>	<u>(21,058)</u>	<u>-</u>	<u>(213,239)</u>
<u>\$ 633,246</u>	<u>\$ 388,955</u>	<u>\$ (7,864)</u>	<u>\$ -</u>	<u>\$ (213,239)</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, 2024**

	Special Revenue Funds		
	2009 Street Improvements	MTA Measure R	Proposition A
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	1,432,085	2,302,709
Charges for services	-	-	3,000
Fines and forfeitures	-	-	-
Use of money and property	-	104,840	164,964
Miscellaneous	-	-	-
Total revenues	-	1,536,925	2,470,673
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	-	330,707	1,415,407
Capital outlay	-	1,237,100	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	1,567,807	1,415,407
Excess (deficiency) of revenues over (under) expenditures	-	(30,882)	1,055,266
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	(48,163)	(35,415)
Total other financing sources (uses)	-	(48,163)	(35,415)
Net change in fund balances	-	(79,045)	1,019,851
Fund Balances (Deficit)			
Fund balance, previously reported	959,462	2,518,351	3,930,096
Adjustments - Change from nonmajor to major	(959,462)	-	-
Beginning	-	2,518,351	3,930,096
Ending	\$ -	\$ 2,439,306	\$ 4,949,947

(continued)

Special Revenue Funds				
MTA Measure M	American Down Payment Dream Program	Proposition C	Air Quality	California Used Oil Recycling
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,617,128	-	1,910,044	115,279	19,176
-	-	-	-	-
-	-	-	-	-
84,436	-	142,150	6,005	5,648
-	-	-	-	-
<u>1,701,564</u>	<u>-</u>	<u>2,052,194</u>	<u>121,284</u>	<u>24,824</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	109,713	-
-	-	-	-	-
196,872	-	539,201	-	19,176
1,214,185	-	1,320,583	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,411,057</u>	<u>-</u>	<u>1,859,784</u>	<u>109,713</u>	<u>19,176</u>
<u>290,507</u>	<u>-</u>	<u>192,410</u>	<u>11,571</u>	<u>5,648</u>
-	-	-	-	-
(34,584)	-	(16,265)	-	-
<u>(34,584)</u>	<u>-</u>	<u>(16,265)</u>	<u>-</u>	<u>-</u>
255,923	-	176,145	11,571	5,648
1,740,806	15,600	3,509,256	181,682	151,482
-	-	-	-	-
<u>1,740,806</u>	<u>15,600</u>	<u>3,509,256</u>	<u>181,682</u>	<u>151,482</u>
<u>\$ 1,996,729</u>	<u>\$ 15,600</u>	<u>\$ 3,685,401</u>	<u>\$ 193,253</u>	<u>\$ 157,130</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, 2024**

	Special Revenue Funds		
	California Beverage Container Recycling	Hawthorne Blvd Mobility Improv. Program	CATV Peg
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	112,928
Intergovernmental	21,619	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	4,681	5,135	-
Miscellaneous	-	-	-
Total revenues	<u>26,300</u>	<u>5,135</u>	<u>112,928</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	21,619	466	-
Capital outlay	-	-	33,467
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>21,619</u>	<u>466</u>	<u>33,467</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,681</u>	<u>4,669</u>	<u>79,461</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	(232,593)	-
Total other financing sources (uses)	<u>-</u>	<u>(232,593)</u>	<u>-</u>
Net change in fund balances	4,681	(227,924)	79,461
Fund Balances (Deficit)			
Fund balance, previously reported	143,844	228,573	659,591
Adjustments - Change from nonmajor to major	<u>-</u>	<u>-</u>	<u>-</u>
Beginning	<u>143,844</u>	<u>228,573</u>	<u>659,591</u>
Ending	<u>\$ 148,525</u>	<u>\$ 649</u>	<u>\$ 739,052</u>

(continued)

Special Revenue Funds				
Housing Asset	HOME Grant	Community Development Block Grant	HPRP Funds	FEMA Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	671,551	1,347,515	-	-
-	-	-	-	-
-	-	-	-	-
594,106	-	45,000	-	763
-	-	-	-	-
<u>594,106</u>	<u>671,551</u>	<u>1,392,515</u>	<u>-</u>	<u>763</u>
40,681	-	-	-	-
-	-	-	-	-
208,141	2,171,872	707,479	-	-
-	-	-	-	-
-	-	-	-	-
-	-	513,871	-	-
-	-	690,000	-	-
-	-	19,291	-	-
<u>248,822</u>	<u>2,171,872</u>	<u>1,930,641</u>	<u>-</u>	<u>-</u>
345,284	(1,500,321)	(538,126)	-	763
-	-	-	-	-
(33,239)	(5,977)	(38,281)	-	-
<u>(33,239)</u>	<u>(5,977)</u>	<u>(38,281)</u>	<u>-</u>	<u>-</u>
312,045	(1,506,298)	(576,407)	-	763
7,315,055	549,183	(85,442)	15,153	1,810
-	-	-	-	-
<u>7,315,055</u>	<u>549,183</u>	<u>(85,442)</u>	<u>15,153</u>	<u>1,810</u>
<u>\$ 7,627,100</u>	<u>\$ (957,115)</u>	<u>\$ (661,849)</u>	<u>\$ 15,153</u>	<u>\$ 2,573</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, 2024**

	Special Revenue Funds		
	SB1383 Local Assistance Grant	Permanent Local Housing Allocation	CARES Act
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	1,735,098	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	22,295	44,315	1
Miscellaneous	-	-	-
Total revenues	<u>22,295</u>	<u>1,779,413</u>	<u>1</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	8,003	707,120	-
Parks and recreation	-	-	-
Public works	9,742	-	-
Capital outlay	-	956,008	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>17,745</u>	<u>1,663,128</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,550</u>	<u>116,285</u>	<u>1</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,550	116,285	1
Fund Balances (Deficit)			
Fund balance, previously reported	2,345	7,769	37
Adjustments - Change from nonmajor to major	<u>-</u>	<u>-</u>	<u>-</u>
Beginning	<u>2,345</u>	<u>7,769</u>	<u>37</u>
Ending	<u>\$ 6,895</u>	<u>\$ 124,054</u>	<u>\$ 38</u>

(continued)

Special Revenue Funds				
MTA Measure W	SB2 Planning Grant	LEAP Grant	Urban Security Initiative Grant	Rain Water Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
804,211	-	224,709	111,163	-
-	-	-	-	-
-	-	-	-	-
19,518	2,011	-	-	15,495
-	-	-	-	-
<u>823,729</u>	<u>2,011</u>	<u>224,709</u>	<u>111,163</u>	<u>15,495</u>
-	-	-	-	-
-	-	-	-	-
-	-	133,880	-	-
-	-	-	-	-
442,064	-	-	-	-
500,000	-	-	34,970	-
-	-	-	-	-
-	-	-	-	-
<u>942,064</u>	<u>-</u>	<u>133,880</u>	<u>34,970</u>	<u>-</u>
(118,335)	2,011	90,829	76,193	15,495
-	-	-	-	-
<u>(57,511)</u>	<u>(19,515)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(57,511)</u>	<u>(19,515)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(175,846)	(17,504)	90,829	76,193	15,495
620,550	60,711	(166,120)	(76,193)	2,241
-	-	-	-	-
<u>620,550</u>	<u>60,711</u>	<u>(166,120)</u>	<u>(76,193)</u>	<u>2,241</u>
<u>\$ 444,704</u>	<u>\$ 43,207</u>	<u>\$ (75,291)</u>	<u>\$ -</u>	<u>\$ 17,736</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, 2024**

	Special Revenue Funds		
	LA Centers for Alcohol & Drug Abuse	CA Parks & Recreation Community Center	CA Parks & Recreation Senior Center
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	268,728	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	-	-	282,508
Miscellaneous	-	-	-
Total revenues	<u>268,728</u>	<u>-</u>	<u>282,508</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	140,202	-
Parks and recreation	268,728	24,762	123,970
Public works	-	-	-
Capital outlay	-	732,520	142,152
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>268,728</u>	<u>897,484</u>	<u>266,122</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(897,484)</u>	<u>16,386</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(897,484)	16,386
Fund Balances (Deficit)			
Fund balance, previously reported	-	(26,336)	2,556
Adjustments - Change from nonmajor to major	-	-	-
Beginning	<u>-</u>	<u>(26,336)</u>	<u>2,556</u>
Ending	<u>\$ -</u>	<u>\$ (923,820)</u>	<u>\$ 18,942</u>

(continued)

Special Revenue Funds			
HUD Community Development	Building Resilient Infrastructure & Communities	Cannabis Retail Access Grant	Recycling Fund
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	165,856	-	-
-	-	-	-
-	-	655	-
-	-	39,900	-
-	165,856	40,555	-
-	-	-	-
-	-	-	-
12,629	5,435	39,900	-
-	-	-	-
-	406,116	-	40,537
434,860	-	-	-
-	-	-	-
-	-	-	-
447,489	411,551	39,900	40,537
(447,489)	(245,695)	655	(40,537)
-	-	-	-
-	-	-	-
-	-	-	-
(447,489)	(245,695)	655	(40,537)
(3,032)	(29,954)	-	-
-	-	-	-
(3,032)	(29,954)	-	-
\$ (450,521)	\$ (275,649)	\$ 655	\$ (40,537)

City of Hawthorne

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2024**

	Capital Projects Funds		
	Development Impact	Capital Improvements	Park Improvements
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	165,588	-	-
Intergovernmental	-	-	1,471,855
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	101,323	128,076	5,289
Miscellaneous	-	-	-
Total revenues	<u>266,911</u>	<u>128,076</u>	<u>1,477,144</u>
Expenditures			
Current:			
General government	-	903,467	-
Public safety	-	-	-
Community development	12,397	-	-
Parks and recreation	-	-	125,659
Public works	-	-	-
Capital outlay	1,807,253	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,819,650</u>	<u>903,467</u>	<u>125,659</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,552,739)</u>	<u>(775,391)</u>	<u>1,351,485</u>
Other Financing Sources (Uses)			
Transfers in	-	4,257,593	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>4,257,593</u>	<u>-</u>
Net change in fund balances	(1,552,739)	3,482,202	1,351,485
Fund Balances (Deficit)			
Fund balance, previously reported	3,634,762	-	(1,571,747)
Adjustments - Change from nonmajor to major	-	-	-
Beginning	<u>3,634,762</u>	<u>-</u>	<u>(1,571,747)</u>
Ending	<u>\$ 2,082,023</u>	<u>\$ 3,482,202</u>	<u>\$ (220,262)</u>

(concluded)

Public Financing Authority	Debt Service Funds			Total Non-major Governmental Funds
	2016 Refunding Bonds	2016 Direct Placement Lease Financing	2019 Pension Obligation Bond	
\$ -	\$ -	\$ -	\$ -	\$ 576,722
-	-	-	-	278,516
-	-	-	-	19,694,385
-	4,599	-	11,957	214,639
-	-	-	-	1,312,982
9,066	7	1,490	1,340	1,982,024
-	-	-	-	718,880
<u>9,066</u>	<u>4,606</u>	<u>1,490</u>	<u>13,297</u>	<u>24,778,148</u>
-	-	204	-	944,352
-	-	-	-	1,609,850
-	-	-	-	4,256,771
-	-	-	-	543,119
-	-	-	-	7,472,261
-	-	-	-	11,859,664
-	2,150,000	199,300	2,865,000	5,904,300
-	691,046	39,780	3,828,686	4,578,803
-	<u>2,841,046</u>	<u>239,284</u>	<u>6,693,686</u>	<u>37,169,120</u>
<u>9,066</u>	<u>(2,836,440)</u>	<u>(237,794)</u>	<u>(6,680,389)</u>	<u>(12,390,972)</u>
-	2,533,738	239,080	6,587,715	14,518,126
-	-	-	-	(1,851,913)
-	<u>2,533,738</u>	<u>239,080</u>	<u>6,587,715</u>	<u>12,666,213</u>
9,066	(302,702)	1,286	(92,674)	275,241
257,744	(34,236)	45,908	(2,087,492)	27,972,795
-	-	-	-	(959,462)
<u>257,744</u>	<u>(34,236)</u>	<u>45,908</u>	<u>(2,087,492)</u>	<u>27,013,333</u>
<u>\$ 266,810</u>	<u>\$ (336,938)</u>	<u>\$ 47,194</u>	<u>\$ (2,180,166)</u>	<u>\$ 27,288,574</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 578,000	\$ 578,000	\$ 576,722	\$ (1,278)
Intergovernmental	178,000	178,000	177,998	(2)
Use of money and property	100	100	-	(100)
Total revenues	<u>756,100</u>	<u>756,100</u>	<u>754,720</u>	<u>(1,380)</u>
Expenditures				
Current:				
Public works	<u>873,459</u>	<u>873,459</u>	<u>817,633</u>	<u>55,826</u>
Total expenditures	<u>873,459</u>	<u>873,459</u>	<u>817,633</u>	<u>55,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(117,359)</u>	<u>(117,359)</u>	<u>(62,913)</u>	<u>54,446</u>
Other Financing Uses				
Transfers out	<u>(31,979)</u>	<u>(31,979)</u>	<u>(16,974)</u>	<u>15,005</u>
Total other financing uses	<u>(31,979)</u>	<u>(31,979)</u>	<u>(16,974)</u>	<u>15,005</u>
Net change in fund balance	(149,338)	(149,338)	(79,887)	69,451
Fund Balance (Deficit)				
Beginning	<u>(135,014)</u>	<u>(135,014)</u>	<u>(135,014)</u>	<u>-</u>
Ending	<u>\$ (284,352)</u>	<u>\$ (284,352)</u>	<u>\$ (214,901)</u>	<u>\$ 69,451</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 4,659,087	\$ 4,659,087	\$ 4,644,520	\$ (14,567)
Use of money and property	100	80,100	143,357	63,257
Total revenues	<u>4,659,187</u>	<u>4,739,187</u>	<u>4,787,877</u>	<u>48,690</u>
Expenditures				
Current:				
Public works	1,636,135	1,832,221	1,143,922	688,299
Capital Outlay	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,524,426</u>	<u>(124,426)</u>
Total expenditures	<u>3,036,135</u>	<u>3,232,221</u>	<u>2,668,348</u>	<u>563,873</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,623,052</u>	<u>1,506,966</u>	<u>2,119,529</u>	<u>612,563</u>
Other Financing Uses				
Transfers out	<u>(1,040,594)</u>	<u>(1,040,594)</u>	<u>(1,109,825)</u>	<u>(69,231)</u>
Total other financing uses	<u>(1,040,594)</u>	<u>(1,040,594)</u>	<u>(1,109,825)</u>	<u>(69,231)</u>
Net change in fund balance	582,458	466,372	1,009,704	543,332
Fund Balance				
Beginning	<u>2,928,189</u>	<u>2,928,189</u>	<u>2,928,189</u>	-
Ending	<u>\$ 3,510,647</u>	<u>\$ 3,394,561</u>	<u>\$ 3,937,893</u>	<u>\$ 543,332</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, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 131,603	\$ 131,603	\$ 134,257	\$ 2,654
Charges for services	194,000	194,000	195,083	1,083
Use of money and property	5,000	30,000	32,098	2,098
Miscellaneous	300,000	300,000	639,744	339,744
Total revenues	<u>630,603</u>	<u>655,603</u>	<u>1,001,182</u>	<u>345,579</u>
Expenditures				
Current:				
Public works	1,999,993	2,175,212	1,788,799	386,413
Capital outlay	500,000	1,248,488	1,262,736	(14,248)
Total expenditures	<u>2,499,993</u>	<u>3,423,700</u>	<u>3,051,535</u>	<u>372,165</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,869,390)</u>	<u>(2,768,097)</u>	<u>(2,050,353)</u>	<u>717,744</u>
Other Financing Sources (Uses)				
Transfers in	900,000	900,000	900,000	-
Transfers out	(128,926)	(128,926)	(203,571)	(74,645)
Total other financing sources (uses)	<u>771,074</u>	<u>771,074</u>	<u>696,429</u>	<u>(74,645)</u>
Net change in fund balance	(1,098,316)	(1,997,023)	(1,353,924)	643,099
Fund Balance				
Beginning	<u>1,735,678</u>	<u>1,735,678</u>	<u>1,735,678</u>	<u>-</u>
Ending	<u>\$ 637,362</u>	<u>\$ (261,345)</u>	<u>\$ 381,754</u>	<u>\$ 643,099</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, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 1,040,000	\$ 1,042,000	\$ 1,312,982	\$ 270,982
Miscellaneous	-	50,000	39,236	(10,764)
Total revenues	<u>1,040,000</u>	<u>1,092,000</u>	<u>1,352,218</u>	<u>260,218</u>
Expenditures				
Current:				
Public safety	2,931,657	3,441,534	1,352,971	2,088,563
Capital outlay	100,000	100,031	145,533	(45,502)
Total expenditures	<u>3,031,657</u>	<u>3,541,565</u>	<u>1,498,504</u>	<u>2,043,061</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,991,657)</u>	<u>(2,449,565)</u>	<u>(146,286)</u>	<u>2,303,279</u>
Net change in fund balance	(1,991,657)	(2,449,565)	(146,286)	2,303,279
Fund Balance				
Beginning	<u>779,532</u>	<u>779,532</u>	<u>779,532</u>	<u>-</u>
Ending	<u>\$ (1,212,125)</u>	<u>\$ (1,670,033)</u>	<u>\$ 633,246</u>	<u>\$ 2,303,279</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, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 230,000	\$ 230,000	\$ 248,811	\$ 18,811
Use of money and property	2,000	12,000	15,452	3,452
Total revenues	<u>232,000</u>	<u>242,000</u>	<u>264,263</u>	<u>22,263</u>
Expenditures				
Current:				
Public works	300,000	300,000	300,000	-
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	(68,000)	(58,000)	(35,737)	22,263
Fund Balance				
Beginning	<u>424,692</u>	<u>424,692</u>	<u>424,692</u>	<u>-</u>
Ending	<u>\$ 356,692</u>	<u>\$ 366,692</u>	<u>\$ 388,955</u>	<u>\$ 22,263</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, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 388,674	\$ 388,674	\$ 270,073	\$ (118,601)
Total revenues	<u>388,674</u>	<u>388,674</u>	<u>270,073</u>	<u>(118,601)</u>
Expenditures				
Current:				
Public safety	388,674	388,674	256,879	131,795
Total expenditures	<u>388,674</u>	<u>388,674</u>	<u>256,879</u>	<u>131,795</u>
Net change in fund balance	-	-	13,194	13,194
Fund Balance (Deficit)				
Beginning	<u>(21,058)</u>	<u>(21,058)</u>	<u>(21,058)</u>	<u>-</u>
Ending	<u>\$ (21,058)</u>	<u>\$ (21,058)</u>	<u>\$ (7,864)</u>	<u>\$ 13,194</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, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 180,930	\$ 180,930	\$ -	\$ (180,930)
Total revenues	<u>180,930</u>	<u>180,930</u>	<u>-</u>	<u>(180,930)</u>
Expenditures				
Current:				
Public safety	39,876	39,876	-	39,876
Total expenditures	<u>39,876</u>	<u>39,876</u>	<u>-</u>	<u>39,876</u>
Net change in fund balance	141,054	141,054	-	(141,054)
Fund Balance (Deficit)				
Beginning	<u>(213,239)</u>	<u>(213,239)</u>	<u>(213,239)</u>	<u>-</u>
Ending	<u>\$ (72,185)</u>	<u>\$ (72,185)</u>	<u>\$ (213,239)</u>	<u>\$ (141,054)</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, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,561,359	\$ 1,561,359	\$ 1,432,085	\$ (129,274)
Use of money and property	2,000	72,000	104,840	32,840
Total revenues	<u>1,563,359</u>	<u>1,633,359</u>	<u>1,536,925</u>	<u>(96,434)</u>
Expenditures				
Current:				
Public works	553,083	676,413	330,707	345,706
Capital outlay	1,000,000	1,000,000	1,237,100	(237,100)
Total expenditures	<u>1,553,083</u>	<u>1,676,413</u>	<u>1,567,807</u>	<u>108,606</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,276</u>	<u>(43,054)</u>	<u>(30,882)</u>	<u>12,172</u>
Other Financing Uses				
Transfers out	<u>(43,455)</u>	<u>(43,455)</u>	<u>(48,163)</u>	<u>(4,708)</u>
Total other financing uses	<u>(43,455)</u>	<u>(43,455)</u>	<u>(48,163)</u>	<u>(4,708)</u>
Net change in fund balance	(33,179)	(86,509)	(79,045)	7,464
Fund Balance				
Beginning	<u>2,518,351</u>	<u>2,518,351</u>	<u>2,518,351</u>	<u>-</u>
Ending	<u>\$ 2,485,172</u>	<u>\$ 2,431,842</u>	<u>\$ 2,439,306</u>	<u>\$ 7,464</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, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,509,798	\$ 2,509,798	\$ 2,302,709	\$ (207,089)
Charges for services	800	2,100	3,000	900
Use of money and property	2,000	102,000	164,964	62,964
Total revenues	<u>2,512,598</u>	<u>2,613,898</u>	<u>2,470,673</u>	<u>(143,225)</u>
Expenditures				
Current:				
Public works	4,753,875	4,890,769	1,415,407	3,475,362
Total expenditures	<u>4,753,875</u>	<u>4,890,769</u>	<u>1,415,407</u>	<u>3,475,362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,241,277)</u>	<u>(2,276,871)</u>	<u>1,055,266</u>	<u>3,332,137</u>
Other Financing Uses				
Transfers out	(12,631)	(12,631)	(35,415)	(22,784)
Total other financing uses	<u>(12,631)</u>	<u>(12,631)</u>	<u>(35,415)</u>	<u>(22,784)</u>
Net change in fund balance	(2,253,908)	(2,289,502)	1,019,851	3,309,353
Fund Balance				
Beginning	<u>3,930,096</u>	<u>3,930,096</u>	<u>3,930,096</u>	<u>-</u>
Ending	<u>\$ 1,676,188</u>	<u>\$ 1,640,594</u>	<u>\$ 4,949,947</u>	<u>\$ 3,309,353</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,769,540	\$ 1,769,540	\$ 1,617,128	\$ (152,412)
Use of money and property	2,000	52,000	84,436	32,436
Total revenues	<u>1,771,540</u>	<u>1,821,540</u>	<u>1,701,564</u>	<u>(119,976)</u>
Expenditures				
Current:				
Public works	488,855	488,855	196,872	291,983
Capital outlay	1,100,000	1,101,542	1,214,185	(112,643)
Total expenditures	<u>1,588,855</u>	<u>1,590,397</u>	<u>1,411,057</u>	<u>179,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>182,685</u>	<u>231,143</u>	<u>290,507</u>	<u>59,364</u>
Other Financing Uses				
Transfers out	<u>(37,792)</u>	<u>(37,792)</u>	<u>(34,584)</u>	<u>3,208</u>
Total other financing uses	<u>(37,792)</u>	<u>(37,792)</u>	<u>(34,584)</u>	<u>3,208</u>
Net change in fund balance	144,893	193,351	255,923	62,572
Fund Balance				
Beginning	<u>1,740,806</u>	<u>1,740,806</u>	<u>1,740,806</u>	<u>-</u>
Ending	<u>\$ 1,885,699</u>	<u>\$ 1,934,157</u>	<u>\$ 1,996,729</u>	<u>\$ 62,572</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, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,081,812	\$ 2,081,812	\$ 1,910,044	\$ (171,768)
Use of money and property	2,000	92,000	142,150	50,150
Total revenues	<u>2,083,812</u>	<u>2,173,812</u>	<u>2,052,194</u>	<u>(121,618)</u>
Expenditures				
Current:				
Public works	562,942	713,876	539,201	174,675
Capital outlay	1,020,000	1,196,937	1,320,583	(123,646)
Total expenditures	<u>1,582,942</u>	<u>1,910,813</u>	<u>1,859,784</u>	<u>51,029</u>
Excess (deficiency) of revenues over (under) expenditures	<u>500,870</u>	<u>262,999</u>	<u>192,410</u>	<u>(70,589)</u>
Other Financing Uses				
Transfers out	<u>(5,270)</u>	<u>(5,270)</u>	<u>(16,265)</u>	<u>(10,995)</u>
Total other financing uses	<u>(5,270)</u>	<u>(5,270)</u>	<u>(16,265)</u>	<u>(10,995)</u>
Net change in fund balance	495,600	257,729	176,145	(81,584)
Fund Balance				
Beginning	<u>3,509,256</u>	<u>3,509,256</u>	<u>3,509,256</u>	<u>-</u>
Ending	<u>\$ 4,004,856</u>	<u>\$ 3,766,985</u>	<u>\$ 3,685,401</u>	<u>\$ (81,584)</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, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 115,279	\$ 15,279
Use of money and property	500	3,700	6,005	2,305
Total revenues	<u>100,500</u>	<u>103,700</u>	<u>121,284</u>	<u>17,584</u>
Expenditures				
Current:				
Community development	113,840	213,840	109,713	104,127
Total expenditures	<u>113,840</u>	<u>213,840</u>	<u>109,713</u>	<u>104,127</u>
Net change in fund balance	(13,340)	(110,140)	11,571	121,711
Fund Balance				
Beginning	<u>181,682</u>	<u>181,682</u>	<u>181,682</u>	<u>-</u>
Ending	<u>\$ 168,342</u>	<u>\$ 71,542</u>	<u>\$ 193,253</u>	<u>\$ 121,711</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 19,176	\$ (824)
Use of money and property	100	4,100	5,648	1,548
Total revenues	<u>20,100</u>	<u>24,100</u>	<u>24,824</u>	<u>724</u>
Expenditures				
Current:				
Public works	24,199	24,199	19,176	5,023
Total expenditures	<u>24,199</u>	<u>24,199</u>	<u>19,176</u>	<u>5,023</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,099)</u>	<u>(99)</u>	<u>5,648</u>	<u>5,747</u>
Other Financing Uses				
Transfers out	(264)	(264)	-	264
Total other financing uses	<u>(264)</u>	<u>(264)</u>	<u>-</u>	<u>264</u>
Net change in fund balance	(4,363)	(363)	5,648	6,011
Fund Balance				
Beginning	<u>151,482</u>	<u>151,482</u>	<u>151,482</u>	<u>-</u>
Ending	<u>\$ 147,119</u>	<u>\$ 151,119</u>	<u>\$ 157,130</u>	<u>\$ 6,011</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 21,619	\$ (38,381)
Use of money and property	100	4,100	4,681	581
Total revenues	<u>60,100</u>	<u>64,100</u>	<u>26,300</u>	<u>(37,800)</u>
Expenditures				
Current:				
Public works	29,223	29,223	21,619	7,604
Total expenditures	<u>29,223</u>	<u>29,223</u>	<u>21,619</u>	<u>7,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,877</u>	<u>34,877</u>	<u>4,681</u>	<u>(30,196)</u>
Other Financing Uses				
Transfers out	(1,076)	(1,076)	-	1,076
Total other financing uses	<u>(1,076)</u>	<u>(1,076)</u>	<u>-</u>	<u>1,076</u>
Net change in fund balance	29,801	33,801	4,681	(29,120)
Fund Balance				
Beginning	<u>143,844</u>	<u>143,844</u>	<u>143,844</u>	<u>-</u>
Ending	<u>\$ 173,645</u>	<u>\$ 177,645</u>	<u>\$ 148,525</u>	<u>\$ (29,120)</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ 5,000	\$ 5,135	\$ 135
Total revenues	-	5,000	5,135	135
Expenditures				
Current:				
Public works	-	-	466	(466)
Total expenditures	-	-	466	(466)
Excess (deficiency) of revenues over (under) expenditures	-	5,000	4,669	(331)
Other Financing Sources (Uses)				
Transfers out	-	(232,593)	(232,593)	-
Total other financing sources (uses)	-	(232,593)	(232,593)	-
Net change in fund balance	-	(227,593)	(227,924)	(331)
Fund Balance				
Beginning	228,573	228,573	228,573	-
Ending	\$ 228,573	\$ 980	\$ 649	\$ (331)

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
CATV Peg Special Revenue Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 112,928	\$ 12,928
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>112,928</u>	<u>12,928</u>
Expenditures				
Capital outlay	<u>200,000</u>	<u>290,000</u>	<u>33,467</u>	<u>256,533</u>
Total expenditures	<u>200,000</u>	<u>290,000</u>	<u>33,467</u>	<u>256,533</u>
Net change in fund balance	(100,000)	(190,000)	79,461	269,461
Fund Balance				
Beginning	<u>659,591</u>	<u>659,591</u>	<u>659,591</u>	<u>-</u>
Ending	<u>\$ 559,591</u>	<u>\$ 469,591</u>	<u>\$ 739,052</u>	<u>\$ 269,461</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 420,332	\$ 535,332	\$ 594,106	\$ 58,774
Total revenues	<u>420,332</u>	<u>535,332</u>	<u>594,106</u>	<u>58,774</u>
Expenditures				
Current:				
General government	900,000	1,335,644	40,681	1,294,963
Community development	241,679	241,679	208,141	33,538
Total expenditures	<u>1,141,679</u>	<u>1,577,323</u>	<u>248,822</u>	<u>1,328,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(721,347)</u>	<u>(1,041,991)</u>	<u>345,284</u>	<u>1,387,275</u>
Other Financing Uses				
Transfers out	<u>(8,321)</u>	<u>(8,321)</u>	<u>(33,239)</u>	<u>(24,918)</u>
Total other financing uses	<u>(8,321)</u>	<u>(8,321)</u>	<u>(33,239)</u>	<u>(24,918)</u>
Net change in fund balance	(729,668)	(1,050,312)	312,045	1,362,357
Fund Balance				
Beginning	<u>7,315,055</u>	<u>7,315,055</u>	<u>7,315,055</u>	<u>-</u>
Ending	<u>\$ 6,585,387</u>	<u>\$ 6,264,743</u>	<u>\$ 7,627,100</u>	<u>\$ 1,362,357</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 7,408,516	\$ 6,823,565	\$ 671,551	\$ (6,152,014)
Use of money and property	45,000	45,000	-	(45,000)
Total revenues	<u>7,453,516</u>	<u>6,868,565</u>	<u>671,551</u>	<u>(6,197,014)</u>
Expenditures				
Current:				
Community development	7,394,730	6,934,461	2,171,872	4,762,589
Total expenditures	<u>7,394,730</u>	<u>6,934,461</u>	<u>2,171,872</u>	<u>4,762,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>58,786</u>	<u>(65,896)</u>	<u>(1,500,321)</u>	<u>(1,434,425)</u>
Other Financing Uses				
Transfers out	(5,307)	(5,908)	(5,977)	(69)
Total other financing uses	<u>(5,307)</u>	<u>(5,908)</u>	<u>(5,977)</u>	<u>(69)</u>
Net change in fund balance	53,479	(71,804)	(1,506,298)	(1,434,494)
Fund Balance (Deficit)				
Beginning	<u>549,183</u>	<u>549,183</u>	<u>549,183</u>	<u>-</u>
Ending	<u>\$ 602,662</u>	<u>\$ 477,379</u>	<u>\$ (957,115)</u>	<u>\$ (1,434,494)</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 3,659,382	\$ 3,010,163	\$ 1,347,515	\$ (1,662,648)
Use of money and property	-	45,000	45,000	-
Total revenues	<u>3,659,382</u>	<u>3,055,163</u>	<u>1,392,515</u>	<u>(1,662,648)</u>
Expenditures				
Current:				
Community development	1,711,027	1,096,997	707,479	389,518
Capital outlay	1,540,542	1,677,112	513,871	1,163,241
Debt service:				
Principal retirement	355,000	355,000	690,000	(335,000)
Interest and fiscal charges	14,518	14,518	19,291	(4,773)
Total expenditures	<u>3,621,087</u>	<u>3,143,627</u>	<u>1,930,641</u>	<u>1,212,986</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,295</u>	<u>(88,464)</u>	<u>(538,126)</u>	<u>(449,662)</u>
Other Financing Uses				
Transfers out	<u>(15,287)</u>	<u>(4,167)</u>	<u>(38,281)</u>	<u>(34,114)</u>
Total other financing uses	<u>(15,287)</u>	<u>(4,167)</u>	<u>(38,281)</u>	<u>(34,114)</u>
Net change in fund balance	23,008	(92,631)	(576,407)	(483,776)
Fund Balance (Deficit)				
Beginning	<u>(85,442)</u>	<u>(85,442)</u>	<u>(85,442)</u>	<u>-</u>
Ending	<u>\$ (62,434)</u>	<u>\$ (178,073)</u>	<u>\$ (661,849)</u>	<u>\$ (483,776)</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 214,471	\$ 214,471	\$ -	\$ (214,471)
Use of money and property	-	-	763	763
Total revenues	<u>214,471</u>	<u>214,471</u>	<u>763</u>	<u>(213,708)</u>
Expenditures				
Current:				
Public safety	107,263	112,263	-	112,263
Total expenditures	<u>107,263</u>	<u>112,263</u>	<u>-</u>	<u>112,263</u>
Net change in fund balance	107,208	102,208	763	(101,445)
Fund Balance				
Beginning	<u>1,810</u>	<u>1,810</u>	<u>1,810</u>	<u>-</u>
Ending	<u>\$ 109,018</u>	<u>\$ 104,018</u>	<u>\$ 2,573</u>	<u>\$ (101,445)</u>

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
SB1383 Local Assistance Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 115,127	\$ 119,127	\$ 22,295	\$ (96,832)
Total revenues	<u>115,127</u>	<u>119,127</u>	<u>22,295</u>	<u>(96,832)</u>
Expenditures				
Current:				
Community Development	50,000	50,000	8,003	41,997
Public Works	64,000	64,000	9,742	54,258
Total expenditures	<u>114,000</u>	<u>114,000</u>	<u>17,745</u>	<u>96,255</u>
Net change in fund balance	1,127	5,127	4,550	(577)
Fund Balance				
Beginning	<u>2,345</u>	<u>2,345</u>	<u>2,345</u>	<u>-</u>
Ending	<u>\$ 3,472</u>	<u>\$ 7,472</u>	<u>\$ 6,895</u>	<u>\$ (577)</u>

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Permanent Local Housing Allocation Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,048,208	\$ 1,491,208	\$ 1,735,098	\$ 243,890
Use of money and property	-	25,000	44,315	19,315
Total revenues	<u>1,048,208</u>	<u>1,516,208</u>	<u>1,779,413</u>	<u>263,205</u>
Expenditures				
Current:				
Community development	136,220	965,717	707,120	258,597
Capital outlay	<u>3,522,906</u>	<u>3,522,906</u>	<u>956,008</u>	<u>2,566,898</u>
Total expenditures	<u>3,659,126</u>	<u>4,488,623</u>	<u>1,663,128</u>	<u>2,825,495</u>
Net change in fund balance	(2,610,918)	(2,972,415)	116,285	3,088,700
Fund Balance				
Beginning	<u>7,769</u>	<u>7,769</u>	<u>7,769</u>	<u>-</u>
Ending	<u>\$ (2,603,149)</u>	<u>\$ (2,964,646)</u>	<u>\$ 124,054</u>	<u>\$ 3,088,700</u>

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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 747,000	\$ 747,000	\$ 804,211	\$ 57,211
Use of money and property	300	1,800	19,518	17,718
Total revenues	<u>747,300</u>	<u>748,800</u>	<u>823,729</u>	<u>74,929</u>
Expenditures				
Current:				
Public Works	742,580	1,630,207	442,064	1,188,143
Capital outlay	300,000	330,607	500,000	(169,393)
Total expenditures	<u>1,042,580</u>	<u>1,960,814</u>	<u>942,064</u>	<u>1,018,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(295,280)</u>	<u>(1,212,014)</u>	<u>(118,335)</u>	<u>1,093,679</u>
Other Financing Uses				
Transfers out	(82,375)	(82,375)	(57,511)	24,864
Total other financing uses	<u>(82,375)</u>	<u>(82,375)</u>	<u>(57,511)</u>	<u>24,864</u>
Net change in fund balance	(377,655)	(1,294,389)	(175,846)	1,118,543
Fund Balance				
Beginning	<u>620,550</u>	<u>620,550</u>	<u>620,550</u>	<u>-</u>
Ending	<u>\$ 242,895</u>	<u>\$ (673,839)</u>	<u>\$ 444,704</u>	<u>\$ 1,118,543</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 249,289	\$ 249,289	\$ -	\$ (249,289)
Use of money and property	-	1,200	2,011	811
Total revenues	<u>249,289</u>	<u>250,489</u>	<u>2,011</u>	<u>(248,478)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>249,289</u>	<u>250,489</u>	<u>2,011</u>	<u>(248,478)</u>
Other Financing Uses				
Transfers out	-	-	(19,515)	(19,515)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(19,515)</u>	<u>(19,515)</u>
Net change in fund balance	249,289	250,489	(17,504)	(267,993)
Fund Balance				
Beginning	-	60,711	60,711	-
Ending	<u>\$ 249,289</u>	<u>\$ 311,200</u>	<u>\$ 43,207</u>	<u>\$ (267,993)</u>

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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 224,709	\$ (75,291)
Total revenues	300,000	300,000	224,709	(75,291)
Expenditures				
Current:				
Community development	233,536	246,161	133,880	112,281
Total expenditures	233,536	246,161	133,880	112,281
Net change in fund balance	66,464	53,839	90,829	36,990
Fund Balance (Deficit)				
Beginning	(166,120)	(166,120)	(166,120)	-
Ending	\$ (99,656)	\$ (112,281)	\$ (75,291)	\$ 36,990

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Urban Security Initiative Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 123,372	\$ 123,372	\$ 111,163	\$ (12,209)
Total revenues	<u>123,372</u>	<u>123,372</u>	<u>111,163</u>	<u>(12,209)</u>
Expenditures				
Capital outlay	123,372	123,372	34,970	88,402
Total expenditures	<u>123,372</u>	<u>123,372</u>	<u>34,970</u>	<u>88,402</u>
Net change in fund balance	-	-	76,193	76,193
Fund Balance (Deficit)				
Beginning	<u>(76,193)</u>	<u>(76,193)</u>	<u>(76,193)</u>	<u>-</u>
Ending	<u>\$ (76,193)</u>	<u>\$ (76,193)</u>	<u>\$ -</u>	<u>\$ 76,193</u>

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Rain Water Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ 450,000	\$ 15,495	\$ (434,505)
Total revenues	-	450,000	15,495	(434,505)
Net change in fund balance	-	450,000	15,495	(434,505)
Fund Balance				
Beginning		2,241	2,241	-
Ending	\$ -	\$ 452,241	\$ 17,736	\$ (434,505)

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Los Angeles Centers for Alcohol and Drug Abuse Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 289,985	\$ 289,985	\$ 268,728	\$ (21,257)
Total revenues	<u>289,985</u>	<u>289,985</u>	<u>268,728</u>	<u>(21,257)</u>
Expenditures				
Current:				
Parks and recreation	154,615	253,158	268,728	(15,570)
Total expenditures	<u>154,615</u>	<u>253,158</u>	<u>268,728</u>	<u>(15,570)</u>
Net change in fund balance	135,370	36,827	-	(36,827)
Fund Balance				
Beginning	-	-	-	-
Ending	<u>\$ 135,370</u>	<u>\$ 36,827</u>	<u>\$ -</u>	<u>\$ (36,827)</u>

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
California Parks & Recreation Community Center Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 5,000,000	\$ 5,000,000	\$ -	\$ (5,000,000)
Total revenues	5,000,000	5,000,000	-	(5,000,000)
Expenditures				
Current:				
Community development	-	553,000	140,202	412,798
Parks and recreation	4,974,651	231,651	24,762	206,889
Capital outlay	-	4,190,000	732,520	3,457,480
Total expenditures	4,974,651	4,974,651	897,484	4,077,167
Net change in fund balance	25,349	25,349	(897,484)	(922,833)
Fund Balance (Deficit)				
Beginning	(26,336)	(26,336)	(26,336)	-
Ending	\$ (987)	\$ (987)	\$ (923,820)	\$ (922,833)

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
California Parks & Recreation Senior Center Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 500,000	\$ 510,000	\$ 282,508	\$ (227,492)
Total revenues	500,000	510,000	282,508	(227,492)
Expenditures				
Current:				
Community development	-	33,000	-	33,000
Parks and recreation	500,000	67,000	123,970	(56,970)
Capital outlay	-	400,000	142,152	257,848
Total expenditures	500,000	500,000	266,122	233,878
Net change in fund balance	-	10,000	16,386	6,386
Fund Balance				
Beginning	2,556	2,556	2,556	-
Ending	\$ 2,556	\$ 12,556	\$ 18,942	\$ 6,386

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
HUD Community Development Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>(500,000)</u>
Expenditures				
Current:				
Community development	100,000	111,600	12,629	98,971
Capital outlay	399,491	434,860	434,860	-
Total expenditures	<u>499,491</u>	<u>546,460</u>	<u>447,489</u>	<u>98,971</u>
Net change in fund balance	509	(46,460)	(447,489)	(401,029)
Fund Balance (Deficit)				
Beginning	<u>(3,032)</u>	<u>(3,032)</u>	<u>(3,032)</u>	<u>-</u>
Ending	<u>\$ (2,523)</u>	<u>\$ (49,492)</u>	<u>\$ (450,521)</u>	<u>\$ (401,029)</u>

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Building Resilient Infrastructure & Communities Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 430,000	\$ 430,000	\$ 165,856	\$ (264,144)
Total revenues	<u>430,000</u>	<u>430,000</u>	<u>165,856</u>	<u>(264,144)</u>
Expenditures				
Current:				
Community development	130,000	22,000	5,435	16,565
Public works	300,000	400,000	406,116	(6,116)
Total expenditures	<u>430,000</u>	<u>422,000</u>	<u>411,551</u>	<u>10,449</u>
Net change in fund balance	-	8,000	(245,695)	(253,695)
Fund Balance (Deficit)				
Beginning	<u>(29,954)</u>	<u>(29,954)</u>	<u>(29,954)</u>	<u>-</u>
Ending	<u>\$ (29,954)</u>	<u>\$ (21,954)</u>	<u>\$ (275,649)</u>	<u>\$ (253,695)</u>

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Cannabis Retail Access Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 655	\$ 655
Miscellaneous	-	315,000	39,900	(275,100)
Total revenues	-	315,000	40,555	(274,445)
Expenditures				
Current:				
Community development	-	315,000	39,900	275,100
Total expenditures	-	315,000	39,900	275,100
Net change in fund balance	-	-	655	655
Fund Balance				
Beginning	-	-	-	-
Ending	\$ -	\$ -	\$ 655	\$ 655

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Recycling Fund Special Revenue Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
Expenditures				
Current:				
Public works	5,000	45,000	40,537	4,463
Total expenditures	<u>5,000</u>	<u>45,000</u>	<u>40,537</u>	<u>4,463</u>
Net change in fund balance	35,000	(5,000)	(40,537)	(35,537)
Fund Balance (Deficit)				
Beginning	-	-	-	-
Ending	<u>\$ 35,000</u>	<u>\$ (5,000)</u>	<u>\$ (40,537)</u>	<u>\$ (35,537)</u>

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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Licenses and permits	\$ 500,000	\$ 500,000	\$ 165,588	\$ (334,412)
Use of money and property	5,000	75,000	101,323	26,323
Total revenues	<u>505,000</u>	<u>575,000</u>	<u>266,911</u>	<u>(308,089)</u>
Expenditures				
Current:				
Community development	70,804	70,804	12,397	58,407
Public works	2,500,000	2,521,823	1,807,253	714,570
Total expenditures	<u>2,570,804</u>	<u>2,592,627</u>	<u>1,819,650</u>	<u>772,977</u>
Net change in fund balance	(2,065,804)	(2,017,627)	(1,552,739)	464,888
Fund Balance				
Beginning	3,634,762	3,634,762	3,634,762	-
Ending	<u>\$ 1,568,958</u>	<u>\$ 1,617,135</u>	<u>\$ 2,082,023</u>	<u>\$ 464,888</u>

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Capital Improvements Capital Projects Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 128,076	\$ 128,076
Total revenues	-	-	128,076	128,076
Expenditures				
Current:				
General government	-	3,025,000	903,467	2,121,533
Total expenditures	-	3,025,000	903,467	2,121,533
Excess (deficiency) of revenues over (under) expenditures	-	(3,025,000)	(775,391)	2,249,609
Other Financing Sources				
Transfers in	-	4,257,593	4,257,593	-
Total other financing sources	-	4,257,593	4,257,593	-
Net change in fund balance	-	1,232,593	3,482,202	2,249,609
Fund Balance				
Beginning	-	-	-	-
Ending	\$ -	\$ 1,232,593	\$ 3,482,202	\$ 2,249,609

City of Hawthorne

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Parks Improvements Capital Projects Fund
For the Fiscal Year Ended June 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 5,574,990	\$ 5,574,990	\$ 1,471,855	\$ (4,103,135)
Use of money and property	-	3,000	5,289	2,289
Total revenues	<u>5,574,990</u>	<u>5,577,990</u>	<u>1,477,144</u>	<u>(4,100,846)</u>
Expenditures				
Current:				
Community development	231,756	231,756	-	231,756
Parks and recreation	4,257,835	4,257,835	125,659	4,132,176
Total expenditures	<u>4,489,591</u>	<u>4,489,591</u>	<u>125,659</u>	<u>4,363,932</u>
Net change in fund balance	1,085,399	1,088,399	1,351,485	263,086
Fund Balance (Deficit)				
Beginning	<u>(1,571,747)</u>	<u>(1,571,747)</u>	<u>(1,571,747)</u>	<u>-</u>
Ending	<u>\$ (486,348)</u>	<u>\$ (483,348)</u>	<u>\$ (220,262)</u>	<u>\$ 263,086</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ 7,000	\$ 9,066	\$ 2,066
Total revenues	<u>-</u>	<u>7,000</u>	<u>9,066</u>	<u>2,066</u>
Net change in fund balance	-	7,000	9,066	2,066
Fund Balance				
Beginning	<u>257,744</u>	<u>257,744</u>	<u>257,744</u>	<u>-</u>
Ending	<u>\$ 257,744</u>	<u>\$ 264,744</u>	<u>\$ 266,810</u>	<u>\$ 2,066</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ -	\$ -	\$ 4,599	\$ 4,599
Use of money and property	300	300	7	(293)
Total revenues	<u>300</u>	<u>300</u>	<u>4,606</u>	<u>4,306</u>
Expenditures				
Debt service:				
Principal retirement	2,150,000	2,150,000	2,150,000	-
Interest and fiscal charges	741,046	741,046	691,046	50,000
Total expenditures	<u>2,891,046</u>	<u>2,891,046</u>	<u>2,841,046</u>	<u>50,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,890,746)</u>	<u>(2,890,746)</u>	<u>(2,836,440)</u>	<u>54,306</u>
Other Financing Sources				
Transfers in	2,510,166	2,510,166	2,533,738	23,572
Total other financing sources	<u>2,510,166</u>	<u>2,510,166</u>	<u>2,533,738</u>	<u>23,572</u>
Net change in fund balance	(380,580)	(380,580)	(302,702)	77,878
Fund Balance (Deficit)				
Beginning	<u>(34,236)</u>	<u>(34,236)</u>	<u>(34,236)</u>	<u>-</u>
Ending	<u>\$ (414,816)</u>	<u>\$ (414,816)</u>	<u>\$ (336,938)</u>	<u>\$ 77,878</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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 400	\$ 1,900	\$ 1,490	\$ (410)
Total revenues	400	1,900	1,490	(410)
Expenditures				
Current:				
General government	5,704	5,704	204	5,500
Debt service:				
Principal retirement	199,300	199,300	199,300	-
Interest and fiscal charges	39,781	39,781	39,780	1
Total expenditures	244,785	244,785	239,284	5,501
Excess (deficiency) of revenues over (under) expenditures	(244,385)	(242,885)	(237,794)	5,091
Other Financing Sources				
Transfers in	239,081	239,081	239,080	(1)
Total other financing sources	239,081	239,081	239,080	(1)
Net change in fund balance	(5,304)	(3,804)	1,286	5,090
Fund Balance				
Beginning	45,908	45,908	45,908	-
Ending	\$ 40,604	\$ 42,104	\$ 47,194	\$ 5,090

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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ -	\$ -	\$ 11,957	\$ 11,957
Use of money and property	-	-	1,340	1,340
Total revenues	-	-	13,297	13,297
Expenditures				
Debt service:				
Principal retirement	2,865,000	2,865,000	2,865,000	-
Interest and fiscal charges	3,816,186	3,816,186	3,828,686	(12,500)
Total expenditures	6,681,186	6,681,186	6,693,686	(12,500)
Excess (deficiency) of revenues over (under) expenditures	(6,681,186)	(6,681,186)	(6,680,389)	797
Other Financing Sources				
Transfers in	6,526,432	6,526,432	6,587,715	61,283
Total other financing sources	6,526,432	6,526,432	6,587,715	61,283
Net change in fund balance	(154,754)	(154,754)	(92,674)	62,080
Fund Balance (Deficit)				
Beginning	(2,087,492)	(2,087,492)	(2,087,492)	-
Ending	\$ (2,242,246)	\$ (2,242,246)	\$ (2,180,166)	\$ 62,080

City of Hawthorne

Combining Statement of Net Position Internal Service Funds June 30, 2024

	Equipment Replacement	Hardware Replacement	Insurance Reserve	Total
Assets				
Current Assets:				
Cash and investments	\$ 4,261,026	\$ 3,000,000	\$ -	\$ 7,261,026
Receivables:				
Accounts	5,756	-	19,762	25,518
Inventories	14,311	-	-	14,311
Total current assets	<u>4,281,093</u>	<u>3,000,000</u>	<u>19,762</u>	<u>7,300,855</u>
Noncurrent assets:				
Capital assets, net of depreciation/amortization	2,403,474	-	-	2,403,474
Total noncurrent assets	<u>2,403,474</u>	<u>-</u>	<u>-</u>	<u>2,403,474</u>
Total assets	<u>6,684,567</u>	<u>3,000,000</u>	<u>19,762</u>	<u>9,704,329</u>
Deferred Outflows of Resources				
Pension related	<u>285,802</u>	<u>-</u>	<u>346,005</u>	<u>631,807</u>
Liabilities				
Current liabilities:				
Accounts payable	653,193	-	32,035	685,228
Accrued liabilities	14,109	-	7,256	21,365
Compensated absences	8,954	-	-	8,954
Claims and judgements	-	-	1,318,942	1,318,942
Subscription liability	11,506	-	-	11,506
Total current liabilities	<u>687,762</u>	<u>-</u>	<u>1,358,233</u>	<u>2,045,995</u>
Noncurrent liabilities:				
Compensated absences	35,815	-	-	35,815
Claims and judgements	-	-	5,275,768	5,275,768
Net pension liability	282,935	-	342,535	625,470
Total noncurrent liabilities	<u>318,750</u>	<u>-</u>	<u>5,618,303</u>	<u>5,937,053</u>
Total liabilities	<u>1,006,512</u>	<u>-</u>	<u>6,976,536</u>	<u>7,983,048</u>
Deferred Inflows of Resources				
Pension related	<u>3,706</u>	<u>-</u>	<u>4,487</u>	<u>8,193</u>
Net Position (deficit)				
Net investment in capital assets	2,391,968	-	-	2,391,968
Unrestricted	3,568,183	3,000,000	(6,615,256)	(47,073)
Total net position	<u>\$ 5,960,151</u>	<u>\$ 3,000,000</u>	<u>\$ (6,615,256)</u>	<u>\$ 2,344,895</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, 2024**

	Equipment Replacement	Hardware Replacement	Insurance Reserve	Total
Operating Revenues				
Sales and service charges	\$ 3,053,226	\$ -	\$ 5,742,329	\$ 8,795,555
Miscellaneous	88,480	-	-	88,480
Total operating revenues	3,141,706	-	5,742,329	8,884,035
Operating Expenses				
Public Safety	120,593	-	-	120,593
Administration and general	1,099,053	-	418,637	1,517,690
Materials and supplies	595,382	-	805	596,187
Contractual services	341,293	-	6,389,874	6,731,167
Depreciation	325,413	-	-	325,413
Total operating expenses	2,481,734	-	6,809,316	9,291,050
Operating income (loss)	659,972	-	(1,066,987)	(407,015)
Change in net position before transfers	659,972	-	(1,066,987)	(407,015)
Transfers				
Transfers in	2,000,000	3,000,000	-	5,000,000
Transfers out	(89,664)	-	(69,994)	(159,658)
Total transfers	1,910,336	3,000,000	(69,994)	4,840,342
Change in net position	2,570,308	3,000,000	(1,136,981)	4,433,327
Net Position (Deficit)				
Beginning	3,389,843	-	(5,478,275)	(2,088,432)
Ending	\$ 5,960,151	\$ 3,000,000	\$ (6,615,256)	\$ 2,344,895

City of Hawthorne

Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2024

	Equipment Replacement	Hardware Replacement	Insurance Reserve	Total
Cash flows from operating activities				
Cash received from customers and users	\$ 3,142,544	\$ -	\$ 5,722,567	\$ 8,865,111
Cash paid to suppliers for goods and services	(1,595,216)	-	(5,646,862)	(7,242,078)
Cash paid to employees for services	(324,675)	-	(5,711)	(330,386)
Net cash provided (used) by operating activities	<u>1,222,653</u>	<u>-</u>	<u>69,994</u>	<u>1,292,647</u>
Cash flows from noncapital financing activities				
Transfer from other service funds	2,000,000	3,000,000	-	5,000,000
Transfer to debt service funds	(89,664)	-	(69,994)	(159,658)
Net cash provided (used) by noncapital financing activities	<u>1,910,336</u>	<u>3,000,000</u>	<u>(69,994)</u>	<u>4,840,342</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(1,060,427)	-	-	(1,060,427)
Payments on SBITA/lease	(11,260)	-	-	(11,260)
Net cash used for capital and related financing activities	<u>(1,071,687)</u>	<u>-</u>	<u>-</u>	<u>(1,071,687)</u>
Net increase in cash and cash equivalents	<u>2,061,302</u>	<u>3,000,000</u>	<u>-</u>	<u>5,061,302</u>
Cash and cash equivalents, beginning of year	<u>2,199,724</u>	<u>-</u>	<u>-</u>	<u>2,199,724</u>
Cash and cash equivalents, end of year	<u>\$ 4,261,026</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 7,261,026</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	<u>\$ 659,972</u>	<u>\$ -</u>	<u>\$ (1,066,987)</u>	<u>\$ (407,015)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation/amortization	325,413	-	-	325,413
(Increase) decrease in operating assets:				
Accounts receivable	838	-	(19,762)	(18,924)
Deferred outflows of resources	26,458	-	32,032	58,490
Increase (decrease) in operating liabilities:				
Accounts payable	168,684	-	7,056	175,740
Accrued liabilities	976	-	(7,775)	(6,799)
Claims and judgements payable	-	-	1,017,065	1,017,065
Compensated absences	(49,196)	-	-	(49,196)
Net pension liability	96,921	-	117,338	214,259
Deferred inflows of resources	(7,413)	-	(8,973)	(16,386)
Total adjustments	<u>562,681</u>	<u>-</u>	<u>1,136,981</u>	<u>1,699,662</u>
Net cash provided by operating activities	<u>\$ 1,222,653</u>	<u>\$ -</u>	<u>\$ 69,994</u>	<u>\$ 1,292,647</u>

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STATISTICAL SECTION

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Statistical Section

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.

CONTENTS	Page
Financial Trends	183
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	
Revenue Capacity	193
These schedules contain information to help the reader assess one of the City's most significant local revenue source, the property tax.	
Debt Capacity	198
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.	
Demographic and Economic Information	204
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	207
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				
	2015	2016	2017	2018	2019
Governmental Activities:					
Net investment in capital assets	\$ 98,764,480	\$ 98,816,219	\$ 104,229,572	\$ 105,088,517	\$ 113,929,703
Restricted for:					
Public safety	205,942	293,845	1,400,432	539,905	908,793
Community development	6,983,229	3,211,422	4,086,416	6,417,462	7,686,125
Parks and recreation	-	-	-	-	-
Public works	-	5,821,832	6,174,648	6,772,717	7,328,057
Capital improvements	4,028,388	4,428,834	4,243,801	4,974,337	3,787,315
Debt service	1,751,788	1,989,372	1,776,572	1,785,449	2,287,599
Unrestricted	(100,463,431)	(104,694,912)	(114,897,815)	(199,077,160)	(195,983,739)
Total governmental activities net position	<u>\$ 11,270,396</u>	<u>\$ 9,866,612</u>	<u>\$ 7,013,626</u>	<u>\$ (73,498,773)</u>	<u>\$ (60,056,147)</u>
Business-type activities:					
Net investment in capital assets	\$ 10,761,597	\$ 10,443,914	\$ 10,034,549	\$ 9,657,296	\$ 9,269,159
Unrestricted	(446,027)	770,871	1,479,009	863,905	994,105
Total business-type activities net position	<u>\$ 10,315,570</u>	<u>\$ 11,214,785</u>	<u>\$ 11,513,558</u>	<u>\$ 10,521,201</u>	<u>\$ 10,263,264</u>
Primary Government:					
Net investment in capital assets	\$ 109,526,077	\$ 109,260,133	\$ 114,264,121	\$ 114,745,813	\$ 123,198,862
Restricted for:					
Public safety	205,942	293,845	1,400,432	539,905	908,793
Community development	6,983,229	3,211,422	4,086,416	6,417,462	7,686,125
Parks and recreation	-	-	-	-	-
Public works	-	5,821,832	6,174,648	6,772,717	7,328,057
Capital improvements	4,028,388	4,428,834	4,243,801	4,974,337	3,787,315
Debt service	1,751,788	1,989,372	1,776,572	1,785,449	2,287,599
Unrestricted	(100,909,458)	(103,924,041)	(113,418,806)	(198,213,255)	(194,989,634)
Total primary government net position	<u>\$ 21,585,966</u>	<u>\$ 21,081,397</u>	<u>\$ 18,527,184</u>	<u>\$ (62,977,572)</u>	<u>\$ (49,792,883)</u>

Source: City of Hawthorne, Finance Department

		Fiscal Year				
2020	2021	2022	2023	2024		
\$ 115,535,476	\$ 115,055,399	\$ 117,437,597	\$ 135,562,068	\$ 149,390,159		
2,132,992	1,220,865	1,441,602	1,240,790	1,892,112		
7,489,182	7,628,820	7,937,659	8,189,764	7,204,311		
221,702	523,567	439,384	475,684	451,871		
12,391,232	14,519,981	16,267,086	17,717,046	17,566,534		
4,273,286	4,466,496	4,906,446	4,914,903	6,747,980		
2,443,670	2,483,866	2,242,510	285,016	329,603		
(196,188,925)	(196,644,055)	(122,568,622)	(144,430,630)	(126,435,776)		
<u>\$ (51,701,385)</u>	<u>\$ (50,745,061)</u>	<u>\$ 28,103,662</u>	<u>\$ 23,954,641</u>	<u>\$ 57,146,794</u>		
\$ 8,894,639	\$ 8,638,581	\$ 11,008,202	\$ 11,296,460	\$ 11,470,932		
4,414,574	5,036,958	4,953,411	5,972,118	5,959,822		
<u>\$ 13,309,213</u>	<u>\$ 13,675,539</u>	<u>\$ 15,961,613</u>	<u>\$ 17,268,578</u>	<u>\$ 17,430,754</u>		
\$ 124,430,115	\$ 123,693,980	\$ 128,445,799	\$ 146,858,528	\$ 160,861,091		
2,132,992	1,220,865	1,441,602	1,240,790	1,892,112		
7,489,182	7,628,820	7,937,659	8,189,764	7,204,311		
221,702	523,567	439,384	475,684	451,871		
12,391,232	14,519,981	16,267,086	17,717,046	17,566,534		
4,273,286	4,466,496	4,906,446	4,914,903	6,747,980		
2,443,670	2,483,866	2,242,510	285,016	329,603		
(191,774,351)	(191,607,097)	(117,615,211)	(138,458,512)	(120,475,954)		
<u>\$ (38,392,172)</u>	<u>\$ (37,069,522)</u>	<u>\$ 44,065,275</u>	<u>\$ 41,223,219</u>	<u>\$ 74,577,548</u>		

City of Hawthorne

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
Expenses:					
Governmental Activities:					
General government	\$ 9,677,945	\$ 9,959,013	\$ 11,094,220	\$ 14,701,855	\$ 14,732,354
Public safety	48,115,574	47,961,278	54,633,003	54,381,340	54,981,502
Community development	15,380,435	11,948,791	12,849,025	15,498,320	14,471,029
Parks and recreation	2,097,720	3,539,851	3,827,432	4,521,785	4,365,183
Public works	14,921,503	10,020,953	12,051,189	10,335,197	13,563,064
Interest on long-term debt	2,084,801	2,862,959	918,037	1,348,742	1,003,660
Total governmental activities expenses	<u>92,277,978</u>	<u>86,292,845</u>	<u>95,372,906</u>	<u>100,787,239</u>	<u>103,116,792</u>
Business-type activities:					
Airport	949,809	931,989	1,131,440	1,230,891	1,745,924
Sewer and storm drain	1,581,953	838,433	933,015	2,342,547	884,469
Total business-type activities expenses	<u>2,531,762</u>	<u>1,770,422</u>	<u>2,064,455</u>	<u>3,573,438</u>	<u>2,630,393</u>
Total primary government expenses	<u>94,809,740</u>	<u>88,063,267</u>	<u>97,437,361</u>	<u>104,360,677</u>	<u>105,747,185</u>
Program Revenues:					
Governmental Activities:					
General government (1)	9,966,590	11,770,484	11,224,984	11,003,976	11,202,311
Public safety	5,595,120	9,250,179	5,460,890	5,673,185	6,089,974
Community development (1)	21,395,006	7,923,370	12,460,275	13,194,352	14,155,829
Parks and recreation	785,977	663,082	642,713	709,246	637,610
Public works	7,104,305	4,682,406	9,318,132	6,181,485	13,830,239
Total governmental activities program revenues	<u>44,846,998</u>	<u>34,289,521</u>	<u>39,106,994</u>	<u>36,762,244</u>	<u>45,915,963</u>
Business-type activities:					
Airport	919,129	860,162	908,988	1,009,726	882,878
Sewer and storm drain	1,648,704	1,459,572	1,448,366	1,559,160	1,482,507
Total business-type activities program revenues	<u>2,567,833</u>	<u>2,319,734</u>	<u>2,357,354</u>	<u>2,568,886</u>	<u>2,365,385</u>
Total primary government program revenues	<u>47,414,831</u>	<u>36,609,255</u>	<u>41,464,348</u>	<u>39,331,130</u>	<u>48,281,348</u>
Net (expenses) revenues:					
Governmental activities	(47,430,980)	(52,003,324)	(56,265,912)	(64,024,995)	(57,200,829)
Business-type activities	36,071	549,312	292,899	(1,004,552)	(265,008)
Total primary government net (expenses)/revenues	<u>(47,394,909)</u>	<u>(51,454,012)</u>	<u>(55,973,013)</u>	<u>(65,029,547)</u>	<u>(57,465,837)</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				
	2020	2021	2022	2023	2024
\$	11,217,900	\$ 13,076,135	\$ 10,495,723	\$ 18,556,345	\$ 16,820,840
	59,715,116	64,422,256	8,867,389	100,223,524	71,667,280
	15,845,559	16,134,233	14,158,033	16,020,080	18,779,695
	3,832,039	3,588,888	3,234,730	5,755,134	6,092,428
	10,587,442	11,234,733	11,318,323	14,305,443	15,874,801
	4,903,784	4,882,047	4,699,446	4,535,860	4,439,565
	<u>106,101,840</u>	<u>113,338,292</u>	<u>52,773,644</u>	<u>159,396,386</u>	<u>133,674,609</u>
	1,603,543	1,155,254	808,620	1,209,697	1,466,634
	709,837	706,086	642,025	385,151	933,692
	<u>2,313,380</u>	<u>1,861,340</u>	<u>1,450,645</u>	<u>1,594,848</u>	<u>2,400,326</u>
	108,415,220	115,199,632	54,224,289	160,991,234	136,074,935
	10,219,365	10,261,589	12,193,870	20,180,711	20,969,476
	5,006,103	5,999,374	6,732,123	8,085,082	7,047,480
	16,745,927	17,223,580	17,614,291	20,152,742	27,553,728
	445,260	307,385	562,525	568,916	970,295
	12,524,253	6,908,300	9,131,706	9,335,044	12,572,803
	<u>44,940,908</u>	<u>40,700,228</u>	<u>46,234,515</u>	<u>58,322,495</u>	<u>69,113,782</u>
	1,497,105	1,023,571	1,993,209	1,000,940	1,035,369
	1,335,231	1,399,410	1,490,743	1,636,519	1,231,979
	<u>2,832,336</u>	<u>2,422,981</u>	<u>3,483,952</u>	<u>2,637,459</u>	<u>2,267,348</u>
	47,773,244	43,123,209	49,718,467	60,959,954	71,381,130
	(61,160,932)	(72,638,064)	(6,539,129)	(101,073,891)	(64,560,827)
	518,956	561,641	2,033,307	1,042,611	(132,978)
	<u>(60,641,976)</u>	<u>(72,076,423)</u>	<u>(4,505,822)</u>	<u>(100,031,280)</u>	<u>(64,693,805)</u>

City of Hawthorne

Changes in Net Position, (continued) Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Positions:					
Governmental activities:					
Taxes:					
Property taxes	\$ 15,582,864	\$ 14,693,230	\$ 17,000,228	\$ 17,212,040	\$ 18,297,687
Sales taxes	14,521,823	14,721,975	16,856,609	18,498,130	28,408,757
Transient occupancy taxes	3,357,279	4,806,401	5,200,111	5,412,476	5,970,823
Franchise taxes	1,833,145	1,809,159	1,724,565	1,765,717	2,171,334
Business license taxes	4,947,687	6,419,659	5,615,982	6,314,957	6,921,485
Utility users tax	6,842,540	6,667,384	6,613,873	6,726,815	6,358,691
Other taxes	115,589	-	-	-	-
Miscellaneous revenue	159,031	1,060,219	1,649,614	11,507,607	2,104,588
Gain on sale of assets	-	-	-	-	-
Use of money and property	9,017	69,833	40,189	100,699	410,090
Transfers in/(out)	-	-	-	-	-
Total governmental activities	<u>47,368,975</u>	<u>50,247,860</u>	<u>54,701,171</u>	<u>67,538,441</u>	<u>70,643,455</u>
Business-type activities:					
Miscellaneous	-	23,963	5,874	12,195	7,071
Transfers in/(out)	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>23,963</u>	<u>5,874</u>	<u>12,195</u>	<u>7,071</u>
Total primary government	<u>47,368,975</u>	<u>50,271,823</u>	<u>54,707,045</u>	<u>67,550,636</u>	<u>70,650,526</u>
Change in Net Position:					
Governmental activities	(62,005)	(1,755,464)	(1,564,741)	3,513,446	13,442,626
Business-type activities	36,071	573,275	298,773	(992,357)	(257,937)
Total primary government	<u>\$ (25,934)</u>	<u>\$ (1,182,189)</u>	<u>\$ (1,265,968)</u>	<u>\$ 2,521,089</u>	<u>\$ 13,184,689</u>

Source: City of Hawthorne, Finance Department

Source: City of Hawthorne, Finance Department

		Fiscal Year							
		2020	2021	2022	2023	2024			
\$	19,494,231	\$	20,793,917	\$	21,799,982	\$	22,825,681	\$	24,417,302
	28,627,941		32,184,097		38,271,401		40,393,795		36,012,398
	5,548,885		4,186,432		6,071,367		7,891,009		6,846,103
	1,980,644		2,277,912		2,536,844		3,090,928		3,693,594
	7,851,079		6,293,567		9,456,866		9,452,193		10,541,480
	6,476,401		6,837,852		7,459,343		8,792,532		8,029,444
	-		-		-		676,610		189,024
	850,007		620,764		749,456		1,185,504		1,529,779
	177,628		-		-		-		-
	999,325		188,680		(1,166,634)		2,421,009		6,269,230
	(2,490,447)		211,167		209,227		195,609		224,626
	<u>69,515,694</u>		<u>73,594,388</u>		<u>85,387,852</u>		<u>96,924,870</u>		<u>97,752,980</u>
	36,546		15,852		461,994		459,963		519,780
	<u>2,490,447</u>		<u>(211,167)</u>		<u>(209,227)</u>		<u>(195,609)</u>		<u>(224,626)</u>
	<u>2,526,993</u>		<u>(195,315)</u>		<u>252,767</u>		<u>264,354</u>		<u>295,154</u>
	<u>72,042,687</u>		<u>73,399,073</u>		<u>85,640,619</u>		<u>97,189,224</u>		<u>98,048,134</u>
	8,354,762		956,324		78,848,723		(4,149,021)		33,192,153
	<u>3,045,949</u>		<u>366,326</u>		<u>2,286,074</u>		<u>1,306,965</u>		<u>162,176</u>
\$	<u>11,400,711</u>	\$	<u>1,322,650</u>	\$	<u>81,134,797</u>	\$	<u>(2,842,056)</u>	\$	<u>33,354,329</u>

City of Hawthorne

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year				
	2015	2016	2017	2018	2019
General Fund:					
GASB 54:					
Nonspendable	\$ 4,223,582	\$ 3,217,524	\$ 53,986	\$ 49,432	\$ 52,198
Restricted	-	-	-	-	-
Unassigned	11,846,918	10,763,286	16,615,228	26,066,029	37,202,338
Total General Fund	<u>16,070,500</u>	<u>13,980,810</u>	<u>16,669,214</u>	<u>26,115,461</u>	<u>37,254,536</u>
All Other Governmental Funds:					
GASB 54:					
Nonspendable		335,181	-	-	-
Restricted	15,071,577	15,412,581	17,790,488	21,191,173	21,997,889
Unassigned	(3,391,518)	(1,874,224)	(625,215)	(911,566)	(760,486)
Total all other governmental funds	<u>11,680,059</u>	<u>13,873,538</u>	<u>17,165,273</u>	<u>20,279,607</u>	<u>21,237,403</u>
Total governmental funds	<u>\$ 27,750,559</u>	<u>\$ 27,854,348</u>	<u>\$ 33,834,487</u>	<u>\$ 46,395,068</u>	<u>\$ 58,491,939</u>

Source: City of Hawthorne, Finance Department

Fiscal Year				
2020	2021	2022	2023	2024
\$ 80,632	\$ 1,900,896	\$ 69,652	\$ 67,458	\$ 70,471
-	36,529	36,529	36,529	36,529
<u>44,563,186</u>	<u>57,837,119</u>	<u>78,747,034</u>	<u>93,988,358</u>	<u>109,366,673</u>
<u>44,643,818</u>	<u>59,774,544</u>	<u>78,853,215</u>	<u>94,092,345</u>	<u>109,473,673</u>
20,318	-	-	-	88,000
28,952,064	30,807,066	33,192,169	33,300,890	35,112,998
<u>(2,123,366)</u>	<u>(2,427,492)</u>	<u>(3,259,095)</u>	<u>(4,449,863)</u>	<u>(8,236,124)</u>
<u>26,849,016</u>	<u>28,379,574</u>	<u>29,933,074</u>	<u>28,851,027</u>	<u>26,964,874</u>
<u>\$ 71,492,834</u>	<u>\$ 88,154,118</u>	<u>\$ 108,786,289</u>	<u>\$ 122,943,372</u>	<u>\$ 136,438,547</u>

City of Hawthorne

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year				
	2015	2016	2017	2018	2019
Revenues:					
Taxes	\$ 52,613,639	\$ 54,107,964	\$ 58,115,240	\$ 63,954,559	\$ 75,799,317
Licenses and permits	3,890,427	2,291,930	2,535,471	3,384,070	4,121,946
Intergovernmental	26,682,989	16,469,698	22,245,586	21,283,289	22,515,800
Charges for services	2,170,626	2,500,544	2,412,936	2,325,798	2,631,104
Fines and forfeitures	3,527,228	3,934,011	5,850,331	3,101,340	4,241,409
Use of money and property	446,438	471,056	530,465	580,685	937,192
Contributions	365,361	188,206	873,620	888,145	3,670,175
Miscellaneous	6,793,843	5,279,485	5,392,496	12,435,535	4,093,289
Total Revenues	96,490,551	85,242,894	97,956,145	107,953,421	118,010,232
Expenditures:					
Current:					
General government (1)	7,299,439	9,517,701	9,388,771	10,130,387	12,073,085
Public safety	42,841,325	43,038,523	46,173,983	49,374,104	50,438,881
Community development (1)	14,241,571	12,590,103	12,747,063	14,603,141	13,807,096
Parks and recreation	1,703,966	3,467,866	3,654,856	3,743,089	3,767,113
Public works	11,755,008	8,202,451	13,565,765	11,786,057	18,750,519
Capital outlay	13,571,753	2,438,251	3,164,810	2,183,616	3,360,606
Debt service:					
Principal retirement	3,741,924	4,010,186	5,473,428	2,365,154	2,414,644
Interest and fiscal charges	2,224,946	2,658,786	980,189	1,207,292	1,142,617
Bond issuance costs	-	941,625	108,692	-	-
Total expenditures	97,379,932	86,865,492	95,257,557	95,392,840	105,754,561
Excess/(deficiency) of Revenues Over Expen	(889,381)	(1,622,598)	2,698,588	12,560,581	12,255,671
Other financing sources (uses):					
Issuance of debt	-	31,803,741	2,730,900	-	-
Gain on sale of land held for resale	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-
Payment to bond escrow agent	-	(29,910,984)	-	-	-
Proceeds from disposal of assets	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Capital Lease proceeds	-	-	550,651	-	-
Subscription acquisition	-	-	-	-	-
Transfers in	4,034,710	5,894,967	2,759,313	2,804,428	2,950,318
Transfers out	(4,730,250)	(5,894,967)	(2,759,313)	(2,804,428)	(3,109,118)
Total other financing sources (uses)	(695,540)	1,892,757	3,281,551	-	(158,800)
Net Change in Fund Balances	\$ (1,584,921)	\$ 270,159	\$ 5,980,139	\$ 12,560,581	\$ 12,096,871
Debt service as a percentage of noncapital exp	6.25%	7.89%	7.34%	4.05%	4.40%

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				
2020	2021	2022	2023	2024
\$ 73,088,871	\$ 76,549,888	\$ 89,449,254	\$ 97,282,234	\$ 93,641,913
3,861,839	2,268,593	1,987,892	1,746,860	2,035,110
24,208,218	25,920,897	28,410,517	38,969,342	46,001,617
2,605,973	2,465,164	3,378,713	5,236,034	5,117,107
4,621,263	2,996,112	4,485,414	5,405,531	4,020,318
1,420,058	782,986	(686,139)	2,924,818	7,023,048
4,640,773	492,799	1,854,290	200,000	200,000
2,025,498	1,782,379	1,894,159	3,207,985	2,622,420
<u>116,472,493</u>	<u>113,258,818</u>	<u>130,774,100</u>	<u>154,972,804</u>	<u>160,661,533</u>
32,079,731	10,589,644	11,870,620	20,484,434	19,332,706
120,366,980	47,760,972	54,876,411	56,901,806	58,062,768
24,445,268	15,033,877	15,619,482	15,765,070	19,534,211
10,795,897	2,901,385	3,704,975	5,584,740	5,304,040
21,327,728	9,776,751	12,723,514	12,635,793	14,210,768
2,408,275	1,070,437	1,237,324	19,338,781	15,623,046
4,718,303	4,861,023	5,638,129	6,124,000	5,904,300
3,694,549	4,995,712	4,866,191	4,693,492	4,578,803
1,112,189	-	-	-	-
<u>220,948,920</u>	<u>96,989,801</u>	<u>110,536,646</u>	<u>141,528,116</u>	<u>142,550,642</u>
<u>(104,476,427)</u>	<u>16,269,017</u>	<u>20,237,454</u>	<u>13,444,688</u>	<u>18,110,891</u>
121,865,000	-	-	-	-
-	-	-	-	-
8,602	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	400,042	-
8,423,404	11,510,975	12,375,331	17,532,349	31,895,480
<u>(12,819,684)</u>	<u>(11,118,708)</u>	<u>(11,980,614)</u>	<u>(17,219,996)</u>	<u>(36,511,196)</u>
<u>117,477,322</u>	<u>392,267</u>	<u>394,717</u>	<u>712,395</u>	<u>(4,615,716)</u>
<u>\$ 13,000,895</u>	<u>\$ 16,661,284</u>	<u>\$ 20,632,171</u>	<u>\$ 14,157,083</u>	<u>\$ 13,495,175</u>
3.89%	10.53%	10.04%	9.04%	9.02%

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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)
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
2023	9,143,741,870	997,321,789	(67,095,584)	10,073,968,075	0.08939
2024	9,650,550,517	1,189,309,755	(98,589,184)	10,842,229,863	0.08517

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 market value of taxable property and is subject to the limitations described above.
- (2) Tax Rate Area 13-115.

Source: Los Angeles County Assessor 2023/24 Combined Tax Rolls

City of Hawthorne

Direct and Overlapping Property Tax Rates (1) Last Ten Fiscal Years (rate per \$100 of assessed value)

	Fiscal Year				
	2015	2016	2017	2018	2019
City basic rate	0.09484	0.09484	0.09484	0.09484	0.09484
Redevelopment agency					
Overlapping Rates					
El Camino Community College	0.01742	0.01745	0.02294	0.02120	0.02223
Hawthorne School District	0.10620	0.10176	0.09553	0.08818	0.08395
Inglewood Unified School Dist	0.14992	0.12761	0.11351	0.11675	0.13079
LA Community College District	0.04017	0.03575	0.03596	0.04599	0.04621
Lawndale Elementary School Dist	0.04334	0.04207	0.04064	0.06143	0.06385
Lennox School District	0.08464	0.08456	0.09078	0.16337	0.16522
Los Angeles Unified School District	0.14688	0.12971	0.13110	0.12219	0.12323
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Wiseburn School District	0.13062	0.13341	0.10166	0.11222	0.10532
Wiseburn-Centinel Unified	0.16730	0.14481	0.16592	0.13062	0.17572
Total Direct Rate	0.09115	0.09137	0.09174	0.09127	0.08993

Notes:

- (1) 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.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.
- (3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.
- (4) Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.
- (5) Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

Fiscal Year				
2020	2021	2022	2023	2024
0.09484	0.09484	0.09484	0.09484	0.09484
0.02155	0.02362	0.02264	0.02299	0.02116
0.11025	0.10069	0.09933	0.08637	0.06723
0.09832	0.09294	0.14381	0.12904	0.07881
0.02717	0.04016	0.04376	0.02488	0.06023
0.06343	0.06246	0.05494	0.05821	0.05750
0.17202	0.17062	0.16888	0.16320	0.16423
0.12552	0.13993	0.11323	0.12107	0.12422
0.00350	0.00350	0.00350	0.00350	0.00350
0.11111	0.08507	0.08631	0.09948	0.10150
0.15734	0.18371	0.17242	0.18567	0.14387
0.08950	0.08648	0.08939	0.08625	1.82225

City of Hawthorne

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2023/2024			2014/2015		
	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	\$ 713,339,704	1	6.58 %			
HOLSTON DC ASSETS LLC	112,608,000	2	1.04			
DCT CARGO LLC	91,513,963	3	0.84	\$ 67,063,089	1	1.08 %
FALCON LANDING LLC (Pending Appeals On Parcels)	91,190,775	4	0.84			
BSP ZELMAN HAWTHORNE LLC	88,599,590	5	0.82	42,119,724	5	0.68
COSTCO WHOLESALE CORPORATION	66,786,978	6	0.62	55,289,688	2	0.89
HAWTHORNE CREATIVE LLC	66,677,419	7	0.61			
EQUITY HOLDINGS LLC	61,997,640	8	0.57			
15000 AVIATION VENTURES LLC	60,439,650	9	0.56			
RT ROCKET ROAD LLC	57,814,819	10	0.53			
RS HAWTHORNE LLC				51,069,140	3	0.82
MAND A GABAEI						
OCEANGATE PROPERTY LLC				45,110,198	4	0.73
CCF PCG HAWTHORNE LLC				39,456,545	6	0.64
TRIUMPH AEROSTRUCTURES VOUGHT AIRCRAF				34,179,688	7	0.55
HAWTHORNE GATEWAY LP				34,056,697	8	0.55
TARGET CORP				31,900,137	9	0.51
				30,986,694	10	0.50
Total	<u>\$ 1,410,968,538</u>		<u>13.01 %</u>	<u>\$ 431,231,600</u>		<u>6.95 %</u>

Note:

The amounts shown above include assessed value date for both the City and the Successor Agency (former Redevelopment Agency).

Source: HDL Coren & Core, Los Angeles County Assessor 2023/2024 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
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
2023	9,760,440	9,548,020	97.82	532,296	10,080,316	103.28
2024	10,453,491	10,166,094	97.25	383,094	10,549,189	100.92

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
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Subscription Payable	Loans Payable		
2015	\$ -	\$ 7,828,114	\$ -	\$ 22,219	\$ -	\$ 3,580,698	\$ 11,431,031	0.007
2016	31,684,772	7,174,930	-	6,778	-	3,218,691	42,085,171	0.023
2017	30,032,646	4,353,127	2,587,550	482,893	-	2,856,328	40,312,544	0.022
2018	29,211,468	3,178,249	2,419,000	378,119	-	2,493,585	37,680,421	0.020
2019	27,752,014	2,618,249	2,247,100	269,455	-	2,130,448	35,017,266	0.018
2020	26,352,538	1,987,303	2,067,000	156,759	-	1,766,893	32,330,492	0.016
2021	141,764,586	1,354,131	1,884,150	39,880	-	1,757,899	146,800,646	0.066
2022	137,170,635	691,503	1,693,650	44,749	-	1,400,000	141,000,536	0.064
2023	132,121,683	-	1,501,150	15,964	72,892	1,045,000	134,756,689	0.053
2024	126,891,750	-	1,301,850	-	11,506	-	128,205,106	0.045

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 Finance Department.

City of Hawthorne

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds (1)</u>	<u>Total</u>	<u>Percent of Assessed Value (2)</u>	<u>Per Capita</u>
2015	\$ -	\$ 7,828,114	\$ 7,828,114	0.126	90
2016	31,684,772	7,174,930	38,859,702	0.590	442
2017	30,032,646	4,353,127	34,385,773	0.473	392
2018	29,211,468	3,178,249	32,389,717	0.419	365
2019	27,752,014	2,618,249	30,370,263	0.371	346
2020	26,352,538	1,987,303	28,339,841	0.328	326
2021	141,764,586	1,354,131	143,118,717	1.560	1,645
2022	137,170,635	691,503	137,862,138	1.466	1,588
2023	132,121,683	-	132,121,683	1.312	1,542
2024	126,891,750	-	126,891,750	1.170	1,483

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 Finance Department.

City of Hawthorne

Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year				
	2015	2016	2017	2018	2019
Total assessed valuation	\$ 6,208,234,269	\$ 6,583,853,815	\$ 7,276,798,609	\$ 7,726,172,392	\$ 8,189,909,990
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,552,058,567	1,645,963,454	1,819,199,652	1,931,543,098	2,047,477,498
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	232,808,785	246,894,518	272,879,948	289,731,465	307,121,625
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 232,808,785</u>	<u>\$ 246,894,518</u>	<u>\$ 272,879,948</u>	<u>\$ 289,731,465</u>	<u>\$ 307,121,625</u>
Total debt applicable to the limit as a percentage of debt limit	0.000%	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 market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). 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				
2020	2021	2022	2023	2024
\$ 8,630,805,267	\$ 9,176,580,892	\$ 9,404,578,626	\$ 10,073,968,075	\$ 10,842,229,863
25%	25%	25%	25%	25%
2,157,701,317	2,294,145,223	2,351,144,657	2,518,492,019	2,710,557,466
15%	15%	15%	15%	15%
323,655,198	344,121,783	352,671,698	377,773,803	406,583,620
-	-	-	-	-
<u>\$ 323,655,198</u>	<u>\$ 344,121,783</u>	<u>\$ 352,671,698</u>	<u>\$ 377,773,803</u>	<u>\$ 406,583,620</u>
0.000%	0.000%	0.000%	0.000%	0.000%

City of Hawthorne

Pledged-Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Revenue Bonds (1)				
	Revenue	Debt Service (2)			Coverage
		Principal	Interest		
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
2023	243,684	691,503	-		0.35
2024	249,634	-	-		0

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 Finance Department.

City of Hawthorne

Direct and Overlapping Debt As of June 30, 2024

2023-24 Assessed Valuation: \$10,842,229,863

	Total Debt		City's Share of Debt
	06/30/24	% Applicable (1)	06/30/24
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 18,210,000	0.280%	50,988
El Camino Community College District	447,104,356	6.720%	30,045,413
Los Angeles Community College District	5,155,845,000	0.079%	4,073,118
Los Angeles Unified School District	10,723,385,000	0.097%	10,401,683
Centinela Valley Union High School District	230,179,380	37.703%	86,784,532
Centinela Valley Union High School District SFID No. 2016-1	216,840,000	36.210%	78,517,764
Inglewood Unified School District	166,325,000	0.038%	63,204
Wiseburn Unified School District	123,686,771	14.795%	18,299,458
Hawthorne School District	64,771,520	97.236%	62,981,235
Lawndale School District	50,650,000	19.401%	9,826,607
Lennox School District	35,166,818	7.799%	2,742,660
City of Hawthorne Community Facilities District No. 1999-1	2,350,000	100%	2,350,000
City of Hawthorne Community Facilities District No. 2004-1	2,390,000	100%	2,390,000
City of Hawthorne Community Facilities District No. 2006-1	7,830,000	100%	7,830,000
	TOTAL GROSS OVERLAPPING TAX & ASSESSMENT DEBT		\$ 316,356,662
	Less: Los Angeles Unified School District supported general obligation bonds		\$ 290,492
			TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT \$ 316,066,170
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$ 2,479,229,730	0.541%	\$ 13,412,633
Los Angeles County Superintendent of Schools Certificates of Participation	2,857,300	0.541%	15,458
Los Angeles Unified School District Certificates of Participation	471,590,000	0.097%	457,442
Centinela Valley Union High School District Certificates of Participation	5,665,000	58.958%	3,339,971
Inglewood Unified School District Certificates of Participation	1,050,000	0.038%	399
Hawthorne School District Certificates of Participation	9,980,000	97.236%	9,704,153
Lennox School District Certificates of Participation	3,340,000	7.799%	260,487
City of Hawthorne Subscription Payable	11,506	100%	11,506
City of Hawthorne General Fund Obligations	19,663,600	100%	19,663,600
City of Hawthorne Pension Obligation Bonds	108,530,000	100%	108,530,000
	TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 155,395,648
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$ 17,435,000.00	100%	\$ 17,435,000
TOTAL DIRECT DEBT			\$ 128,205,106
TOTAL GROSS OVERLAPPING DEBT			\$ 360,982,204
TOTAL NET OVERLAPPING DEBT			\$ 360,691,712
		(2)	\$ 489,187,310
			\$ 488,896,818

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2023-24 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt.....	2.92%
Total Net Overlapping Tax and Assessment Debt.....	2.92%
Total Direct Debt (\$127,218,356).....	1.17%
Gross Combined Total Debt.....	4.50%
Net Combined Total debt.....	4.50%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$2,782,924,355):

Total Overlapping Tax and Assessment Debt.....	0.63%
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City of Hawthorne

Demographic and Economic Statistics Last Ten Calendar Years

<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 (1)</u>	<u>Unemployment Rate (2)</u>
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%
2022	6.08	85,702	-1.31%	2,530,079	29,522	5.0%
2023	6.08	85,566	-0.16%	2,821,044	32,969	4.8%

Sources:
HdL Coren & Cone

City of Hawthorne

Principal Employers Current Year and Nine Years Ago

Employer	2024		2015	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
SpaceX - Space Exploration Technologies	7,428	17.27%	4,781	10.77%
Hawthorne School District	1,025	2.38%	801	1.80%
Wiseburn Unified School District	492	1.14%	357	0.80%
Amazon Fulfillment Center (includes Ring HQ)	471	1.10%		
OSI Systems Inc	266	0.62%	350	0.79%
Teledyne Relays	245	0.57%	309	0.70%
City of Hawthorne	244	0.57%	328	0.74%
Home Depot*	220	0.51%		
South Bay Ford	205	0.48%	225	0.51%
Hawthorne Healthcare and Wellness Center	152	0.35%		
Lithographix Inc			242	0.55%
Costco Wholesale			166	0.37%
Target			150	0.34%
Total	10,748	25.00%	7,709	17.36%
Total City Employment (1)	43,000		44,400	

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.

Note: 7/17/2024 Per Orange County Register News: Elon Musk announces, SpaceX to move from Hawthorne to Texas.

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City of Hawthorne

Full-time and Part-time Employees by Function Last Ten Fiscal Years

Function/Program:	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	132	120	130	129	141	123	131	133	130	131
Public safety	108	112	100	99	97	98	94	97	88	90
Public works, streets maint	46	47	48	45	45	43	40	43	32	34
Comm dev-planning, building, housing	32	28	26	27	30	27	29	31	28	25
Recreation & Comm-serv, parks	94	84	99	92	100	90	89	71	88	85
Total	<u>412</u>	<u>391</u>	<u>403</u>	<u>392</u>	<u>413</u>	<u>381</u>	<u>383</u>	<u>375</u>	<u>366</u>	<u>365</u>

Source: City Finance Department.

City of Hawthorne

Operating Indicators by Function Last Ten Years

Function/Program	2014-15	2015-16	2016-17	2017-18
Number of new hires including part-time	57	97	95	84
Number of invoices processed	10,007	9,478	21,887	20,958
Public Safety:				
Police:				
Number of emergency calls	57,348	51,402	40,002	39,703
Fire:				
Contracts with the Los Angeles	N/A	N/A	N/A	N/A
Highways and Streets:				
Number of street lights added in current year	-	-	1	2
Number of traffic signals added in current year	1	-	1	-
Miles of streets swept	15,184	15,184	15,184	15,184
Storm drain structures cleaned and repaired	993	993	993	993
Culture and Recreation:				
Number of facility rentals	783	867	889	847
Number of swim program participants	23,987	24,280	25,494	30,625
Number of adult sports participants	100	80	80	30
Number of youth sports participants	563	577	605	701
Number of senior nutrition program meals served	18,750	18,750	18,750	16,841
Community Development:				
Number of building permits issued	716	712	594	775
Approximate number of building inspections conducted	8,845	7,020	4,000	6,200
Number of new business licenses issued	719	839	764	669

Source: Various City Departments.

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
96	39	80	62	62	86
19,501	19,486	18,842	19,218	19,533	19,638
40,658	42,221	42,395	41,298	40,508	40,655
N/A	N/A	N/A	N/A	N/A	N/A
-	3	1	-	1	-
2	-	-	-	1	1
15,184	15,184	15,184	15,184	15,184	15,184
997	997	997	997	997	997
1,044	300	95	1,350	1,325	1,295
30,520	11,757	21,352	18,043	19,056	19,990
2,458	1,708	200	2,972	3,052	2,056
3,490	2,442	200	4,268	4,986	5,830
17,290	13,125	34,272	29,120	29,120	28,564
695	644	802	629	359	130
6,475	4,000	3,323	4,180	3,399	5,967
930	686	531	479	150	468

City of Hawthorne

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

<u>Function/Program</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Public Safety:				
Police (1)				
Number of police stations	1	1	1	1
Number of emergency vehicles	76	99	96	96
Fire				
Number of fire stations (1)	N/A	N/A	N/A	N/A
Number of emergency vehicles	N/A	N/A	N/A	N/A
Highways and Streets:				
Miles of streets (2)	91	91	91	91
Number of street lights	3,639	3,639	3,639	3,639
Culture and Recreation:				
Parks	10	10	10	10
Acres of park land	50.38	50.38	50.38	50.38
Pools	1	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.

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
1 101	1 113	1 105	1 105	1 113	1 118
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 3,645	91 3,645	91 3,645	91 3,645
10 47.14 2	10 47.14 2	10 57.06 2	10 57.06 2	10 57.06 2	10 57.06 2

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