



*City of Hawthorne,  
California*

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Prepared by the Hawthorne Finance Department

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California*

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# Transmittal Letter

January 16, 2026

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, 2025. 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, 2025.

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 affirm that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects, and is presented in a manner designed to fairly represent the financial position and results of operations of the various funds and component units of the City of Hawthorne.

The City is responsible for ensuring the completeness and fairness of the information presented in this report. To provide a basis for making these representations, the City's management has established an internal control system that consists of defined responsibilities, 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 City of Hawthorne's financial statements for the fiscal year ended June 30, 2025, are presented fairly in all material respects. After a thorough evaluation of the City's internal controls and all required financial documents, the independent auditors rendered an unmodified ("clean") opinion that the City of Hawthorne's financial statements contained herewith are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

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

## City of Hawthorne Profile

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

The City of Hawthorne is a California General Law city that operates under the Council/ 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, enacts all ordinances and operating resolutions, adopts the annual budget, appoints commissions and committees, and hires the City Manager. The City Manager serves as the chief executive officer and is responsible for implementing the policies, ordinances, and directives of the City Council, overseeing the day-to-day operations of the City, and appointing department directors with the concurrence of the City Council. The City Attorney and Chief of Police are also appointed directly by the Council.

In addition, the City Council appoints 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 a Mayor Pro Tem from its members to serve a one-year term. The Mayor acts as the presiding officer of the City Council.

**City Services** – The City offers a comprehensive range of services, including police protection, public works, engineering, storm drainage, planning and development, human services, park and landscape maintenance, code enforcement, building inspections, and administrative support. Fire protection and Library services are provided by Los Angeles County. Many recreation programs are available for all age groups, as well as services for the mature adult population, throughout the year. The City provides trash collection services through a contracted third-party provider.

**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 management. 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, in coordination with all applicable operating departments, provides the City Manager with proposed revenue projections. These revenue estimates are reviewed in conjunction with the department's expenditure budget requests to determine available funding levels for the fiscal year. Supplemental requests, proposing changes to personnel, services, or capital/equipment purchases, are subject to City Manager review and approval. This procedure applies to all governmental and enterprise funds.

The City Manager and Finance Director meet with Department Heads to review all operating budgets, supplemental requests, department's goals and programs for the upcoming fiscal year. After the City Manager completes this review, the proposed budget is presented to the City Council. The City Council then holds a public workshop and a public hearing. The City Council adopts a budget recommended by the City Manager before 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 the reconciliation of the prior year is completed and reviewed by the department head or designee in charge of the grant administration.

Throughout the fiscal year, the budget can be amended as necessary to meet the City's requirements. 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 for that fund. Interfund transfers require a budget amendment by the City Council. Interfund transfers for the prior fiscal year closeout are processed administratively by the Finance Department after the reconciliation of the previous year is completed.

## Economic Condition and Outlook

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Information presented in the City's financial statements is perhaps best understood when it is considered within the context of our broader economic conditions. It is essential to consider various shifts in the national economy, including the potential lowering of interest rates and a slowdown in consumer spending. The ongoing government shutdown delayed the release of the Commerce Department's initial estimate of the third-quarter GDP. Based on the most recent estimate from the Bureau of Economic Analysis, the United States' real gross domestic product (GDP) for the third quarter increased at an annual rate of 4.3% as of December 25, 2025. The second quarter increase was 3.8%. In the first quarter, real GDP decreased .6 percent. This growth was driven primarily by increases in private goods-producing industries, such as construction & manufacturing, and private services-producing industries, including utilities, finance, real estate, and healthcare.

Unemployment is one of the most important measures that economists track to gauge the health of an economy. In December 2025, the Bureau of Labor Statistics reported the national unemployment rate for November at 4.6%, the highest in 4 years, compared to 4.1% in October 2024. It has increased steadily since June 2025. The UCLA Anderson Forecast anticipated that the labor market would weaken further through the end of 2025, with the unemployment rate peaking at 4.6% at the beginning of 2026.

In November, the U.S. Bureau of Economic Analysis reported that the personal consumption expenditures (PCE) price index, a widely used measure of inflation, increased by 2.8% from a year ago. The consumer price index (CPI), another closely watched U.S. inflation gauge, was up 2.7% year-over-year in November. Down from 3.0% previously reported for September. The CPI measures changes in prices paid by urban consumers for a specific basket of goods and services.

On December 10, 2025, the Federal Reserve cut rates by 25 basis points, lowering the target range for the federal funds rate to 3.50% – 3.75%, following similar reductions in September and October, and in line with expectations. This brings borrowing costs to their lowest level since 2022. Policymakers aim to maintain economic stability as they head into 2026. This rate determines the interest banks charge each other for overnight lending, but it also often influences consumer loans 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; however, sales tax revenue increased by 1.7% in fiscal year 2024-25. The total overall Tax revenue category showed an increase over budget of \$4 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 2025 Economic Forecast prepared by the Los Angeles County Economic Development Corporation, *"We expect slower growth of 2.0 percent in 2025 and 1.8 percent in 2026, in light of the country's continuing battle against inflation and potentially destabilizing federal economic policies."*

California's unemployment rate increased to 5.6% in September 2025, compared to 5.4% in October 2024 and 4.8% in November 2023. The unemployment rate in California has been higher than the national average in the US. Unemployment is one of the most important measures that economists track to gauge the health of an economy. Generally, low unemployment rates indicate a strong economy, as most workers can find employment. Most economists project the U.S. unemployment rate to hover around 4.5% in 2026.

According to Bureau of Labor Statistics data, the average unemployment rate in Los Angeles County for September 2025 was estimated at 5.70%, compared to 5.80% in September 2024. The unemployment rate is expected to average around 5.4% 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. The local business environment and the availability of amenities in the community make Hawthorne a desirable place to work and live.

Hawthorne's General Fund revenues for the 2024-2025 fiscal year increased 7.38% compared with the prior fiscal year. Revenues totaled \$118.4 million for the year ended June 30, 2025. 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 2024-25 were based on conservative estimates to account for modest economic growth.

One of the City's single largest sources of revenue is sales tax. The City has experienced steady growth in sales tax revenues each year since 2012. Despite the economic slowdown caused by the COVID-19 Pandemic, the City continued to see an increase in Sales Tax revenues. In FY 23-24, the city experienced its first decrease in Sales Tax revenue, primarily due to a decline in the Auto-Transportation Category and in business and industry. As mentioned earlier, the City has been fortunate to have a stable and diverse economic base, and Sales Tax showed an increase of 1.7% in FY 24-25. Two of the City's largest categories are General Retail, which represents 13%, and New Auto sales, which represent 8% of Hawthorne's sales tax revenues. This year, there were decreases in the Auto-Transportation and Fuel Service Station Category, but these were offset by increases in the Business & Industry and Food & Drug categories.

On the expense side, total General Fund expenditures increased by 14.7% in fiscal year 2024-2025 from the prior fiscal year. Expenses for the City totaled \$97.7 million for the year ended June 30, 2025. Pressures on the cost of providing these programs and services include, but are not limited to, increased labor costs, inflation, unfunded state and federal mandates (e.g., rising minimum wages and part-time benefits, stormwater runoff permit fees, etc.), and rising pension costs.

## Tax Abatement Disclosures

GASB Statement 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

For the purposes of this report, Tax Abatements are defined as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

The City entered into two such Tax Abatement agreements as noted below.

<u>Sales Tax</u>			<u>Total</u>
Oceangate Properties, Inc.	07/23/2001	FY 2024-25	\$2,209,420

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 automobiles and light trucks known as "South Bay Ford". Pursuant to the Sixth Implementation Agreement, and in order to induce the Developer 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 City agreed provide to the Developer Sales Tax Incentive Payments. 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.

<u>Transient Occupancy Tax</u>			<u>Total</u>
Mogul Hospitality Partners	08/30/2016	FY 2024-25	\$1,764,033

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.

## Financial Planning

Each year, the City undertakes two comprehensive processes of financial planning and review. The first takes place during 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, which evaluates the operating results for the first half of the fiscal year. This mid-year review provides analyses of the City's financial position, with particular emphasis on the General Fund. The City has consistently adopted a fiscally conservative approach and remains in a financially stable position. The focal point of both reviews is the City's five-year projection of General Fund revenue and expenditures. In this context, financial planning considers a longer-term perspective.

## **Financial Policies**

On September 10, 2019, the 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 is calculated by dividing the budgeted total operating expenditures for the current fiscal year by 4. The Fiscal Year 24-25 Cash Reserve is \$27,487,466.

## **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 various investment tools, including certificates of deposit, Federal agency securities, and the State of California's Local Agency Investment Fund (LAIF).

In 2019, the Council approved the addition of a Money Market and Sweep account, both of which are highly liquid and have significantly increased investment earnings. Also in 2019, the Council authorized the investment of \$7 million in the General Fund surplus Fund Balance, and in 2020, this amount was increased to \$10 million. In 2024, it increased further 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.

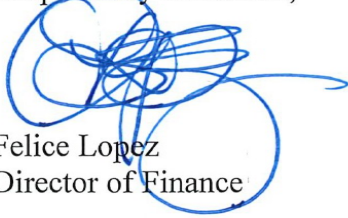
## **Awards and Acknowledgments**

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The City's Comprehensive Annual Financial Report was prepared through the combined efforts of City staff. Special recognition is due to the Finance Department, whose continued efforts have met the requirements to be awarded the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the 8<sup>th</sup> consecutive year. The department coordinated the closing of the books for the fiscal year, ensuring timely and accurate reporting. We would also like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report.

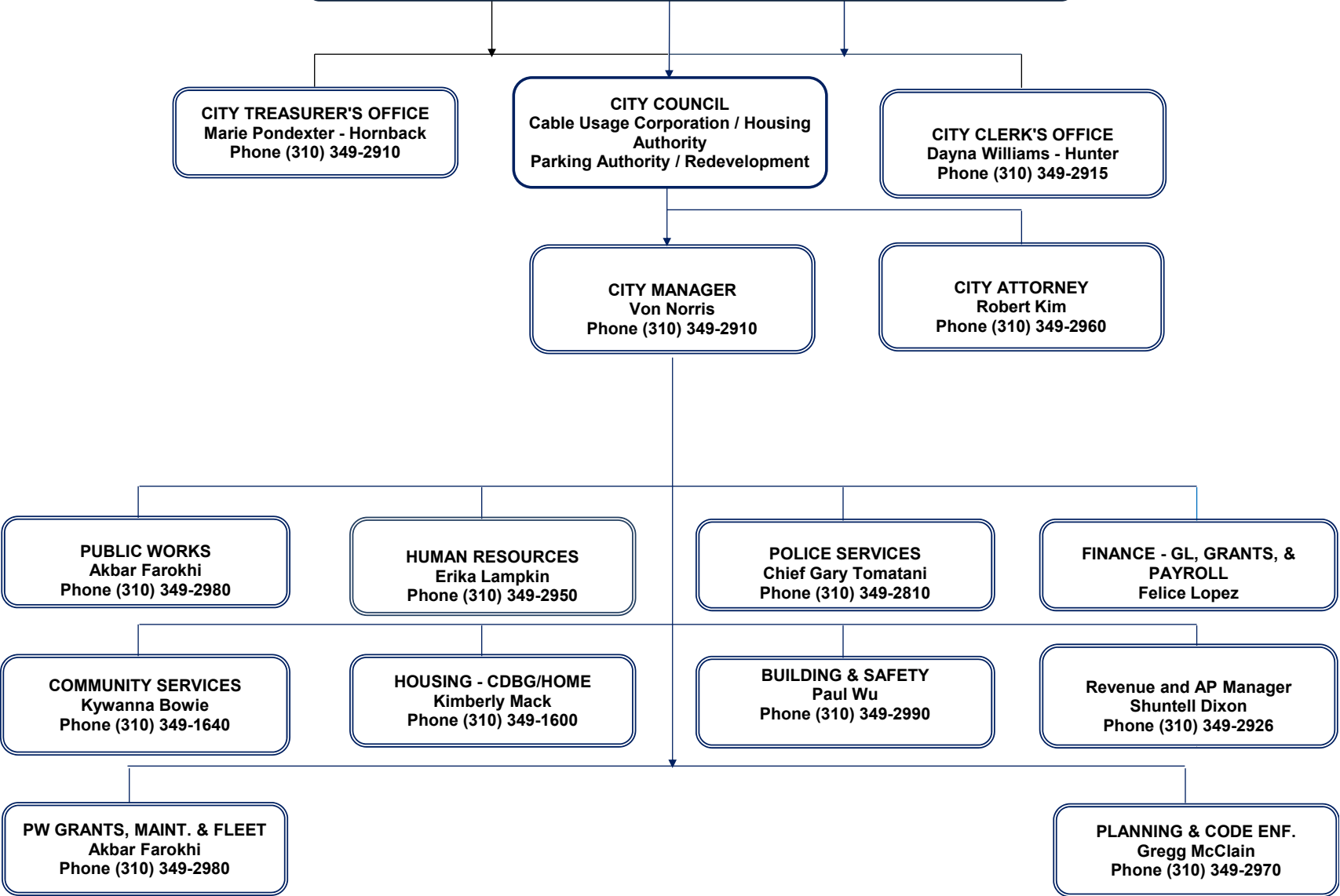
Finally, a special thank you goes to the Mayor, City Council, and City Manager for their support in upholding the highest standards of professionalism in managing the City of Hawthorne's finances. Through ongoing partnership with the community we serve, the City of Hawthorne will continue to be a leader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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Felice Lopez', with a large, circular flourish at the end.

Felice Lopez  
Director of Finance

# ELECTORATE



## CITY LEADERSHIP

### MAYOR AND CITY COUNCIL



**ALEX VARGAS**  
MAYOR



**ALEX MONTEIRO**  
MAYOR PRO TEM



**KATRINA MANNING**  
COUNCILMEMBER



**ANGIE REYES ENGLISH**  
COUNCILMEMBER



**FAYE JOHNSON**  
COUNCILMEMBER



**MARIE POINDEXTER-HORNBACK**  
CITY TREASURER



**DAYNA WILLIAMS-HUNTER**  
CITY CLERK

### CITY OFFICIALS

**VONTRAY NORRIS**  
CITY MANAGER

**FELICE LOPEZ**  
DIRECTOR OF FINANCE

**ROBERT KIM**  
CITY ATTORNEY

**GREGG MCCLAIN**  
DIRECTOR OF PLANNING

**KIMBERLY MACK**  
DIRECTOR OF HOUSING

**GARY TOMATANI**  
CHIEF OF POLICE

**JOSH ARMSTRONG**  
DEPUTY DIRECTOR OF INFO. TECH. SYSTEMS

**ERIKA LAMPKIN**  
DIRECTOR OF HUMAN RESOURCES

**KYWANNA BOWIE**  
DEPUTY DIRECTOR OF COMMUNITY SERVICES

**AKBAR FAROKHI**  
DIRECTOR OF PUBLIC WORKS,  
BUILDING & SAFETY

**SHUNTELL DIXON**  
REVENUE & ACCOUNTS PAYABLE  
MANAGER



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, 2024

*Christopher P. Morill*

Executive Director/CEO

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*Independent Auditor's Report*

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, 2025, 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 referred to above 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, 2025, 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.

***Emphasis of Matter***

As described in Note 1 to the financial statements during the year ended June 30, 2025, the City adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the 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.

## ***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, as 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 GAAS, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

San Bernardino, California  
January 16, 2026

# *City of Hawthorne*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025**

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As management of the City of Hawthorne, we offer readers of the City of Hawthorne's financial statements this narrative overview and analysis of the financial activities of the City of Hawthorne for the fiscal year ended June 30, 2025. 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, 2025, the City's net position (assets plus deferred outflows of resources less liabilities and deferred inflows of resources) was \$103 million. Of this amount, \$(151.4) million is unrestricted.
- The City of Hawthorne total net position increased from the prior fiscal year by \$28,861,646 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 \$174,284,406, an increase of \$37,845,589 in comparison with the prior year. Approximately 58% of this amount, \$101,488,677, 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 \$114,610,688 or approximately 117.32% 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, 2025**

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

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

The *statement of net position* presents financial information on all of the City of Hawthorne assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Hawthorne is improving or declining.

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

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

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

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

### **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hawthorne, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Hawthorne can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

# City of Hawthorne

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

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

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

The major governmental funds include the General Fund, the Hawthorne Housing Authority Fund, the American Rescue Plan Act Fund, CA Parks and Recreation – Community Center Fund, Park Improvements Funds, and the Civic Center Lease Bonds 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, 2025**

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

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

**Notes to Basic Financial Statements** - The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 34-94 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 96-110 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 \$103.4 million at June 30, 2025. Approximately \$182 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, 2025

A portion of the City's net position, \$72.5 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 \$(151.4) 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 2025 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	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 215,198,610	\$ 187,145,806	\$ 21,382,155	\$ 23,227,057	\$ 236,580,765	\$ 210,372,863
Capital assets, net	189,697,303	172,322,763	14,008,061	11,470,932	203,705,364	183,793,695
Total assets	404,895,913	359,468,569	35,390,216	34,697,989	440,286,129	394,166,558
Deferred outflows of resources	40,794,103	57,105,547	396,801	737,164	41,190,904	57,842,711
Non-current liabilities	295,912,574	275,557,393	606,540	849,785	296,519,114	276,407,178
Other liabilities	21,361,609	31,310,303	1,440,128	527,867	22,801,737	31,838,170
Total Liabilities	317,274,183	306,867,696	2,046,668	1,377,652	319,320,851	308,245,348
Deferred inflows of resources	42,576,611	52,559,626	16,140,377	16,626,747	58,716,988	69,186,373
Net position						
Net investment in capital assets	168,245,969	149,390,159	14,008,061	11,470,932	182,254,030	160,861,091
Restricted	72,543,061	34,192,411	-	-	72,543,061	34,192,411
Unrestricted	(154,949,808)	(126,435,776)	3,591,911	5,959,822	(151,357,897)	(120,475,954)
Total net position	\$ 85,839,222	\$ 57,146,794	\$ 17,599,972	\$ 17,430,754	\$ 103,439,194	\$ 74,577,548

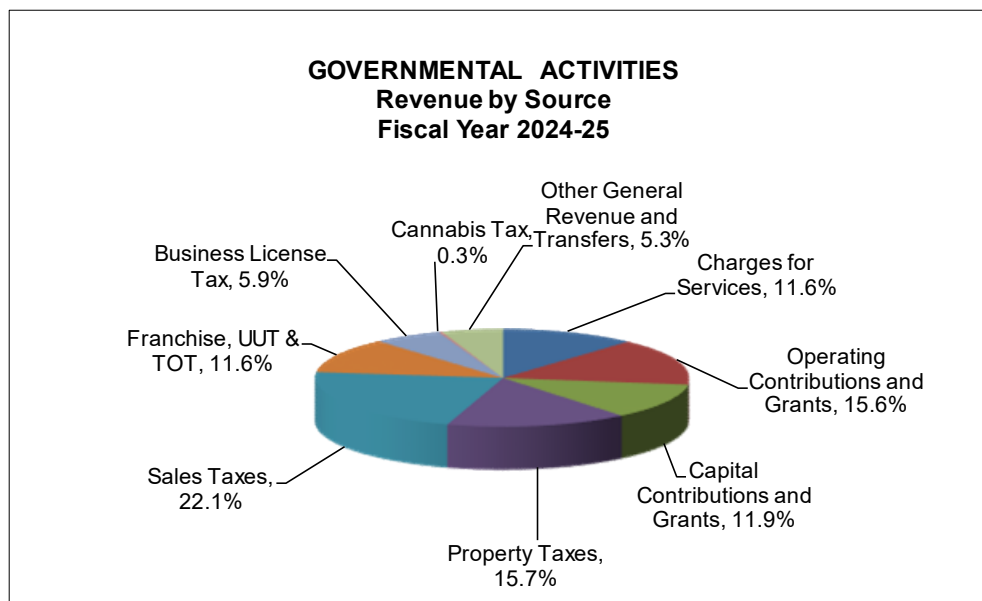
**Governmental Activities** - The City's net position from governmental activities totaled \$85.8 million. The cost of all governmental activities this year was \$137.6 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$72.6 million because some of the cost was paid by those who directly benefited from the programs (\$19.3 million), or by other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$45.7 million). Overall, the City's governmental program revenues were \$65.0 million. The City paid for the remaining "public benefit" portion of governmental activities with \$21.7 million in taxes (some of which could only be used for certain programs) and with \$8.7 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, 2025

Capital contributions and grants decreased by \$0.5 million from the prior fiscal year. This decrease is primarily due to a \$0.3 million decrease in Parks and Recreation grants and a \$0.2 million decrease in Public Works street improvements. Operating grants and contributions, the City's second largest revenue source, decreased by \$7.2 million from the prior fiscal year. This was primarily due a \$6.7 million decrease in American Rescue Plan Act programs, and a \$0.5 million reduction in Public Works grants in Community Development programs. Property tax increased by \$1.6 million or 6.2%. Sales tax, the City's largest revenue source, increased by \$0.6 million or 1.7% from the prior fiscal year. Utility users tax taxes increased by \$1.8 million primarily due to gas and electric utility rate increases, caused by inflation, climate change, in addition to higher consumer usage.

Revenue Source	2025	Percent of Total	Increase (Decrease) From 2024	Percent Increase (Decrease)
Charges for services	\$ 19,266,212	11.6%	\$ 3,565,092	18.5%
Operating contributions and grants	25,978,623	15.6%	(7,153,703)	-27.5%
Capital contributions and grants	19,734,808	11.9%	(545,528)	-2.8%
Property taxes	26,024,052	15.7%	1,606,750	6.2%
Sales taxes	36,632,700	22.1%	620,302	1.7%
Transient occupancy taxes	7,458,960	4.4%	612,857	8.2%
Franchise taxes	2,084,128	1.3%	(1,609,466)	-77.2%
Business license taxes	9,809,437	5.9%	(732,043)	-7.5%
Utility users tax	9,846,539	5.9%	1,817,095	18.5%
Cannabis tax	460,422	0.3%	271,398	58.9%
Other	8,717,020	5.3%	918,011	10.5%
<b>Total revenue</b>	<b>\$ 166,012,901</b>	<b>100%</b>	<b>\$ (629,235)</b>	<b>-0.4%</b>

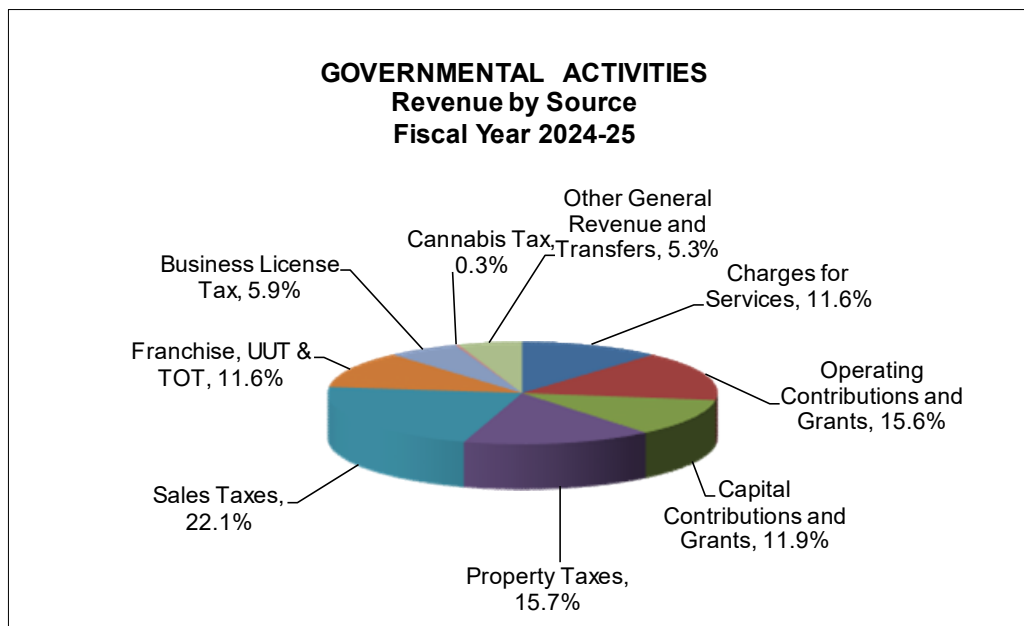


# City of Hawthorne

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

The most significant governmental expense for the City was in providing for public safety, which incurred expenses of \$67.2 million. The change is mainly due to the unrealized change in the net pension liability.

Function	2025	Percent of Total	Increase (Decrease) From 2024	Percent Increase (Decrease)
General government	\$ 26,300,945	19.2%	\$ 9,480,105	36.0%
Public safety	67,271,419	48.9%	(4,395,861)	-6.5%
Community development	18,027,905	13.1%	(751,790)	-4.2%
Parks and recreation	5,578,935	4.1%	(513,493)	-9.2%
Public works	14,195,033	10.3%	(1,679,768)	-11.8%
Interest on long-term debt	6,220,201	4.5%	1,780,636	28.6%
<b>Total expenses</b>	<b>\$ 137,594,438</b>	<b>100%</b>	<b>\$ 3,919,829</b>	<b>2.8%</b>



**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025**

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**Business-type Activities.** Revenues of the City's business-type activities were \$2.7 million for the fiscal year ending June 30, 2025. Expenses for the City's business-type activities were \$2.3 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 \$1.4 million. Expenses for the City's Airport were \$1.3 million, resulting in an increase in net position before transfers of \$98 thousand. The most significant expenses of the Airport are \$0.8 million for administration and \$0.4 million in depreciation.

The City's Sewer and Storm Drain Maintenance services recorded charges for service of \$1.3 million, while expenses totaled \$1 million, resulting in an increase in net position before transfers of \$0.2 million. The most significant expenses of the Sewer Fund are \$0.7 million for administration, and \$0.1 million 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.

**Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025**

	STATEMENT OF ACTIVITIES					
	For The Fiscal Year Ended June 30,					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 19,266,212	\$ 15,701,120	\$ 2,345,796	\$ 1,908,298	\$ 21,612,008	\$ 17,609,418
Operating contributions and grants	25,978,623	33,132,326	211,388	359,050	26,190,011	33,491,376
Capital contributions and grants	19,734,808	20,280,336	-	-	19,734,808	20,280,336
General revenues:						
Property taxes	26,024,052	24,417,302	-	-	26,024,052	24,417,302
Sales taxes	36,632,700	36,012,398	-	-	36,632,700	36,012,398
Transient occupancy taxes	7,458,960	6,846,103	-	-	7,458,960	6,846,103
Franchise taxes	2,084,128	3,693,594	-	-	2,084,128	3,693,594
Business License taxes	9,809,437	10,541,480	-	-	9,809,437	10,541,480
Utility Users tax	9,846,539	8,029,444	-	-	9,846,539	8,029,444
Cannabis tax	460,422	189,024	-	-	460,422	189,024
Other	8,717,020	7,799,009	179,823	519,780	8,896,843	8,318,789
<b>Total Revenues</b>	<b>166,012,901</b>	<b>166,642,136</b>	<b>2,737,007</b>	<b>2,787,128</b>	<b>168,749,908</b>	<b>169,429,264</b>
<b>Expenses</b>						
General government	26,300,945	16,820,840	-	-	26,300,945	16,820,840
Public safety	67,271,419	71,667,280	-	-	67,271,419	71,667,280
Community development	18,027,905	18,779,695	-	-	18,027,905	18,779,695
Parks and recreation	5,578,935	6,092,428	-	-	5,578,935	6,092,428
Public works	14,195,033	15,874,801	-	-	14,195,033	15,874,801
Interest on long-term debt	6,220,201	4,439,565	-	-	6,220,201	4,439,565
Airport	-	-	1,306,868	1,466,634	1,306,868	1,466,634
Sewer and storm drain	-	-	986,956	933,692	986,956	933,692
<b>Total Expenses</b>	<b>137,594,438</b>	<b>133,674,609</b>	<b>2,293,824</b>	<b>2,400,326</b>	<b>139,888,262</b>	<b>136,074,935</b>
Increase in Net Position Before Transfers	28,418,463	32,967,527	443,183	386,802	28,861,646	33,354,329
Transfers in/(out)	273,965	224,626	(273,965)	(224,626)	-	-
Change in Net Position	28,692,428	33,192,153	169,218	162,176	28,861,646	33,354,329
Net Position, Beginning	57,146,794	23,954,641	17,430,754	17,268,578	74,577,548	41,223,219
Net Position, Ending	<u>\$ 85,839,222</u>	<u>\$ 57,146,794</u>	<u>\$ 17,599,972</u>	<u>\$ 17,430,754</u>	<u>\$ 103,439,194</u>	<u>\$ 74,577,548</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, 2025**

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

At June 30, 2025, the City of Hawthorne governmental funds reported combined fund balances of \$174.3 million, an increase of \$37.8 million in comparison with the prior year. Approximately 58% of this amount (\$101.5 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 \$114.6 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 117.32% of the total General Fund expenditures, while total fund balance represents approximately 117.42% of that same amount.

The fund balance of the City of Hawthorne General Fund increased by \$5.2 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 \$1.6 million, sales tax revenue increased by \$0.6 million, and other taxes increased by \$0.9 million from the prior fiscal year. Intergovernmental revenues increased by \$21 thousand due to a decrease in state-mandated and Prop A reimbursements, offset by an increase in Prop A for Transit Police. General Fund expenditures were \$12.6 million higher than in the previous fiscal year. This increase is due to increases in Public Safety and administrative services.

The **Hawthorne Housing Authority Special Revenue Fund** is used to account for the housing assistance programs for qualified low-income residents. This fund ended the year with a fund balance of \$629 thousand, a increase of \$196 thousand from the fiscal year 2024. The increase 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 \$0, a decrease of \$833 thousand from fiscal year 2024. The decrease was mainly due to the recognition of investment loss allocated to this fund.

The **CA Parks & Recreation - Community Center Fund** is used account for grant funding to rehabilitate the city's community center. The fund ended the year with a deficit fund balance of \$3.7 million, a decrease of \$2.7 million from fiscal year 2024. The decrease was mainly due to pending reimbursement from current projects.

# *City of Hawthorne*

## **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025**

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The **Park Improvements Fund** is used to provide a clean, safe, and accessible environment for the community members. The fund ended the year with a deficit fund balance of \$3.6 million, a decrease of \$3.3 million from fiscal year 2024. The decrease was mainly due to pending reimbursement from current projects.

The **Civic Center Lease Bonds Fund** is used to account for the 2024 Lease Revenue Bonds. The fund ended the year with a fund balance of \$31.5 million, an increase of \$31.5 million from fiscal year 2024. The increase was mainly due to the issuance of the 2024 Lease Revenue Bonds.

### ***Proprietary Funds***

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

Airport Fund accounts for the operation of the City's airport, which is operated in a manner similar to a private airport. At the end of the year, the net position amounted to \$9.1 million. The total change in net position for the Airport Fund was negative \$61 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 \$8.0 million. The total change in net position for the Sewer and Storm Drain Fund was \$207 thousand. The change was mainly due to the unrealized change in the net pension liability.

Storm Water Fund accounts for the operation of the City's storm water services. At the end of the year, the net position amounted to \$334 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 \$3.6 million due to the implementation of public safety and community related programs and services, for a total amended expenditure budget of \$105.9 million for Fiscal Year 2024-2025. 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 \$5.9 million in Fiscal Year 2024-2025. The excess revenue was primarily due to an increase in tax and special assessments revenues and operating transfers in.

# City of Hawthorne

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

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The General Fund expenditures were under budgeted expenditures by approximately \$8.2 million. The less expenditures were primarily due to a decrease in Public safety.

The overall General Fund Budget for Fiscal Year 2024-2025 was approximately \$14.1 million more favorably than projected due to the additional revenues, as noted above.

	<b>Estimated Revenues</b>	<b>Actual Revenues</b>	<b>Difference</b>
Taxes	\$ 94,124,937	\$ 98,138,428	\$ 4,013,491
Licenses and permits	2,058,419	1,885,304	(173,115)
Intergovernmental	1,690,950	1,884,985	194,035
Charges for services	5,368,900	6,315,694	946,794
Fines and forfeitures	3,200,000	2,168,952	(1,031,048)
Use of money and property	3,500,000	5,275,216	1,775,216
Contributions	200,000	200,000	-
Miscellaneous	2,392,912	2,569,034	176,122
	<u>\$ 112,536,118</u>	<u>\$ 118,437,613</u>	<u>\$ 5,901,495</u>

	<b>Appropriated Expenditures</b>	<b>Actual Expenditures</b>	<b>Difference</b>
General government	\$ 24,029,929	\$ 22,989,384	\$ 1,040,545
Public safety	67,252,731	63,063,778	4,188,953
Community development	4,119,731	3,491,537	628,194
Parks and recreation	5,809,700	5,250,375	559,325
Public works	3,836,972	2,051,545	1,785,427
Capital outlay	856,091	848,008	8,083
	<u>\$ 105,905,154</u>	<u>\$ 97,694,627</u>	<u>\$ 8,210,527</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, 2025, net capital assets totaled \$189.7 million for governmental activities and \$14.0 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, 2025

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 2024-2025 was \$19.9 million compared to prior year.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 25,700,766	\$ 25,350,766	\$ 37,314	\$ 37,314	\$ 25,738,080	\$ 25,388,080
Buildings and Improvements	15,912,839	17,377,563	802,920	854,315	16,715,759	18,231,878
Furniture and Equipment	6,784,265	7,033,348	660,229	-	7,444,494	7,033,348
Infrastructure	122,984,552	102,980,533	9,499,200	9,897,718	132,483,752	112,878,251
Investment in Joint Venture (RCC)	3,001,908	3,257,498	-	-	3,001,908	3,257,498
Construction in progress	14,077,393	16,311,546	3,008,398	681,585	17,085,791	16,993,131
Right-to-use lease / subscriptions	1,235,580	11,509	-	-	1,235,580	11,509
<b>Total</b>	<b>\$ 189,697,303</b>	<b>\$ 172,322,763</b>	<b>\$ 14,008,061</b>	<b>\$ 11,470,932</b>	<b>\$ 203,705,364</b>	<b>\$ 183,793,695</b>

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 \$153 million. The remainder of the City of Hawthorne's long-term obligations comprises lease / SBITA 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	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Long-Term Debt:</b>								
Bond	\$ 153,024,974	\$ 128,193,600	\$ -	\$ -	\$ -	\$ -	\$ 153,024,974	\$ 128,193,600
Lease/ SBITA payable	1,173,470	-	-	11,506	-	-	1,173,470	11,506
<b>Total</b>	<b>\$ 154,198,444</b>	<b>\$ 128,193,600</b>	<b>\$ -</b>	<b>\$ 11,506</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 154,198,444</b>	<b>\$ 128,205,106</b>
<b>Operational Liabilities:</b>								
Compensated absences	\$ 9,703,727	\$ 8,026,448	\$ 67,071	\$ 44,769	\$ 135,078	\$ 120,015	\$ 9,905,876	\$ 8,191,232
OPEB	99,916,552	100,619,074	-	-	-	-	99,916,552	100,619,074
Net Pension Liability	25,145,711	31,441,816	404,080	625,470	471,462	729,770	26,021,253	32,797,056
Claims and Judgment payable	-	-	6,476,989	6,594,710	-	-	6,476,989	6,594,710
<b>Total</b>	<b>\$ 134,765,990</b>	<b>\$ 140,087,338</b>	<b>\$ 6,948,140</b>	<b>\$ 7,264,949</b>	<b>\$ 606,540</b>	<b>\$ 849,785</b>	<b>\$ 142,320,670</b>	<b>\$ 148,202,072</b>

The City's total long-term liabilities increased by \$20.1 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.

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

Real GDP increased 4.3% at the end of the third quarter of 2025, on top of 3.8% in the second quarter of 2025. 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 revenues increased by 7.38% (\$8,137,307) in FY 2025 compared to FY 2024.

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; however, sales tax revenue increased by 1.7% in fiscal year 2024-25. The total overall Tax revenue category showed an increase over budget of \$4 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 2025 Economic Forecast prepared by the Los Angeles County Economic Development Corporation, "We expect slower growth of 2.0 percent in 2025 and 1.8 percent in 2026, in light of the country's continuing battle against inflation and potentially destabilizing federal economic policies."

California's unemployment rate increased to 5.6% in September 2025, compared to 5.4% in October 2024 and 4.8% in November 2023. The unemployment rate in California has been higher than the national average in the US. Unemployment is one of the most important measures that economists track to gauge the health of an economy. Generally, low unemployment rates indicate a strong economy, as most workers can find employment. Most economists project the U.S. unemployment rate to hover around 4.5% in 2026.

According to Bureau of Labor Statistics data, the average unemployment rate in Los Angeles County for September 2025 was estimated at 5.70%, compared to 5.80% in September 2024. The unemployment rate is expected to average around 5.4% in 2026.

In developing the budget for fiscal year 2024-25, the primary objective was to build upon the City Council's direction to reduce general fund expenditures and explore opportunities for new revenues. On that note, the City was successful in attracting new businesses such as Chipotle, Chicken Maison, and Sports Basement, to name a few. In order to continue to retain and attract business, the City must strive to maintain a business-friendly attitude. 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 2024-25 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, 2025**

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### **REQUESTS FOR INFORMATION**

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

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## **BASIC FINANCIAL STATEMENTS**

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# City of Hawthorne

## Statement of Net Position June 30, 2025

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 151,959,581	\$ 4,234,374	\$ 156,193,955
Cash and investments with fiscal agents	35,550,983	-	35,550,983
Receivables:			
Accounts	20,752,342	292,290	21,044,632
Taxes	246,000	-	246,000
Interest	804,965	36,888	841,853
Due from other governments	366,734	-	366,734
Leases	5,433,402	16,818,603	22,252,005
Inventories	84,603	-	84,603
Capital assets, not being depreciated	39,778,159	3,045,712	42,823,871
Capital assets, net of accumulated depreciation	149,919,144	10,962,349	160,881,493
Total assets	404,895,913	35,390,216	440,286,129
<b>Deferred Outflows of Resources</b>			
Unamortized loss on defeasance of debt	184,487	-	184,487
Pension related	25,231,156	396,801	25,627,957
OPEB related	15,378,460	-	15,378,460
Total deferred outflows of resources	40,794,103	396,801	41,190,904
<b>Liabilities</b>			
Accounts payable	6,606,359	1,291,504	7,897,863
Accrued liabilities	1,910,391	43,759	1,954,150
Accrued Benefits Payable	1,599,556	-	1,599,556
Accrued interest	1,363,602	-	1,363,602
Unearned revenue	7,037,922	84,601	7,122,523
Deposits payable	2,843,779	20,264	2,864,043
Non-current liabilities:			
Due within one year			
Claims and judgments	1,295,398	-	1,295,398
Compensated absences	1,954,159	27,016	1,981,175
Long-term debt	6,717,928	-	6,717,928
Due in more than one year			
Claims and judgments	5,181,591	-	5,181,591
Compensated absences	7,816,639	108,062	7,924,701
Long-term debt	147,480,516	-	147,480,516
Net pension liability	25,549,791	471,462	26,021,253
OPEB liability	99,916,552	-	99,916,552
Total liabilities	317,274,183	2,046,668	319,320,851
<b>Deferred Inflows of Resources</b>			
Pension related	10,995,553	15,037	11,010,590
OPEB related	26,383,176	-	26,383,176
Lease related	5,197,882	16,125,340	21,323,222
Total deferred inflows of resources	42,576,611	16,140,377	58,716,988
<b>Net Position (deficit)</b>			
Net investment in capital assets	168,245,969	14,008,061	182,254,030
Restricted for:			
Public safety	1,821,431	-	1,821,431
Community development	8,682,362	-	8,682,362
Parks and recreation	451,871	-	451,871
Public works	20,289,154	-	20,289,154
Capital improvements	9,316,338	-	9,316,338
Debt service	31,981,905	-	31,981,905
Unrestricted	(154,949,808)	3,591,911	(151,357,897)
Total net position	\$ 85,839,222	\$ 17,599,972	\$ 103,439,194

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

# City of Hawthorne

## Statement of Activities For the Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 26,300,945	\$ 6,705,543	\$ 8,547,416	\$ 79,331
Public safety	67,271,419	6,294,326	2,498,219	-
Community development	18,027,905	1,963,225	10,095,436	16,943,060
Parks and recreation	5,578,935	689,745	-	-
Public works	14,195,033	3,613,373	4,837,552	2,712,417
Interest on long-term debt	6,220,201	-	-	-
<b>Total governmental activities</b>	<b>137,594,438</b>	<b>19,266,212</b>	<b>25,978,623</b>	<b>19,734,808</b>
<b>Business-type activities:</b>				
Airport	1,306,868	1,014,295	211,388	-
Sewer and storm drain	986,956	1,308,386	-	-
Storm water	-	23,115	-	-
<b>Total business-type activities</b>	<b>2,293,824</b>	<b>2,345,796</b>	<b>211,388</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 139,888,262</b>	<b>\$ 21,612,008</b>	<b>\$ 26,190,011</b>	<b>\$ 19,734,808</b>

**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, Beginning

Net Position, Ending

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

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Net (Expense) Revenue and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
\$ (10,968,655)	\$ -	\$ (10,968,655)
(58,478,874)	-	(58,478,874)
10,973,816	-	10,973,816
(4,889,190)	-	(4,889,190)
(3,031,691)	-	(3,031,691)
(6,220,201)	-	(6,220,201)
(72,614,795)	-	(72,614,795)
-	(81,185)	(81,185)
-	321,430	321,430
-	23,115	23,115
-	263,360	263,360
(72,614,795)	263,360	(72,351,435)
26,024,052	-	26,024,052
36,632,700	-	36,632,700
7,458,960	-	7,458,960
2,084,128	-	2,084,128
9,809,437	-	9,809,437
9,846,539	-	9,846,539
460,422	-	460,422
1,952,089	179,823	2,131,912
6,764,931	-	6,764,931
273,965	(273,965)	-
101,307,223	(94,142)	101,213,081
28,692,428	169,218	28,861,646
57,146,794	17,430,754	74,577,548
\$ 85,839,222	\$ 17,599,972	\$ 103,439,194

*City of Hawthorne*

**Balance Sheet – Governmental Funds  
June 30, 2025**

	Special Revenue Funds			
	General	Hawthorne Housing Authority	American Rescue Plan Act	CA Parks & Recreation- Community Center (Formerly Nonmajor)
<b>ASSETS</b>				
Cash and investments	\$ 100,486,949	\$ 1,182,571	\$ -	\$ -
Cash and investments with fiscal agents	-	-	5,387,847	-
Receivables:				
Accounts	10,669,874	583,945	-	3,664,957
Taxes	234,505	-	-	-
Interest	590,424	-	-	-
Leases	5,433,402	-	-	-
Due from other governments	-	-	-	-
Due from other funds	11,212,181	-	-	-
Inventories	70,292	-	-	-
Total assets	<u>\$ 128,697,627</u>	<u>\$ 1,766,516</u>	<u>\$ 5,387,847</u>	<u>\$ 3,664,957</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,723,389	\$ 20,110	\$ 229,910	\$ 51,328
Accrued liabilities	1,684,534	22,028	-	3,022
Accrued Benefits Payable	1,599,556	-	-	-
Unearned revenue	-	199,936	5,157,937	-
Deposits payable	2,774,757	-	-	-
Due to other funds	-	334,736	-	3,610,607
Total liabilities	<u>8,782,236</u>	<u>576,810</u>	<u>5,387,847</u>	<u>3,664,957</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	-	560,221	-	3,664,957
Lease related	5,197,882	-	-	-
Total deferred inflows of resources	<u>5,197,882</u>	<u>560,221</u>	<u>-</u>	<u>3,664,957</u>
<b>Fund Balances (Deficit):</b>				
Nonspendable	70,292	-	-	-
Restricted	36,529	629,485	-	-
Unassigned	114,610,688	-	-	(3,664,957)
Total fund balances	<u>114,717,509</u>	<u>629,485</u>	<u>-</u>	<u>(3,664,957)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 128,697,627</u>	<u>\$ 1,766,516</u>	<u>\$ 5,387,847</u>	<u>\$ 3,664,957</u>

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

<u>Capital Projects Funds</u>		<u>Debt Service Fund</u>			
Park				Nonmajor	Total
Improvements		Civic Center		Governmental	Governmental
(Formerly Nonmajor)		Lease Bonds		Funds	Funds
\$	-	\$ 1,355,771		\$ 41,779,768	\$ 144,805,059
	-	30,163,129		7	35,550,983
	3,577,043	-		2,231,657	20,727,476
	-	-		11,495	246,000
	-	-		214,541	804,965
	-	-		-	5,433,402
	-	-		366,734	366,734
	-	-		-	11,212,181
	-	-		-	70,292
<u>\$</u>	<u>3,577,043</u>	<u>\$ 31,518,900</u>		<u>\$ 44,604,202</u>	<u>\$ 219,217,092</u>
\$	251,793	\$ -		\$ 2,927,840	\$ 6,204,370
	1,422	-		173,242	1,884,248
	-	-		-	1,599,556
	-	-		1,680,049	7,037,922
	-	-		69,022	2,843,779
	<u>3,316,252</u>	-		<u>3,950,586</u>	<u>11,212,181</u>
	<u>3,569,467</u>	-		<u>8,800,739</u>	<u>30,782,056</u>
	3,577,043	-		1,150,527	8,952,748
	-	-		-	5,197,882
	<u>3,577,043</u>	-		<u>1,150,527</u>	<u>14,150,630</u>
	-	-		-	70,292
	-	31,518,900		40,540,523	72,725,437
	<u>(3,569,467)</u>	-		<u>(5,887,587)</u>	<u>101,488,677</u>
	<u>(3,569,467)</u>	<u>31,518,900</u>		<u>34,652,936</u>	<u>174,284,406</u>
<u>\$</u>	<u>3,577,043</u>	<u>\$ 31,518,900</u>		<u>\$ 44,604,202</u>	<u>\$ 219,217,092</u>

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# City of Hawthorne

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2025

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Fund balances of governmental funds		\$ 174,284,406
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.		186,295,474
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	\$ 24,891,067	
Pension related deferred inflows of resources	(10,982,665)	
Other post-employment benefits related deferred outflows of resources	15,378,460	
Other post-employment benefits related deferred inflows of resources	<u>(26,383,176)</u>	2,903,686
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds.		
Bonds/Lease payable, net	(154,198,444)	
Compensated absences	(9,703,727)	
Net pension liability	(25,145,711)	
Other post-employment benefits obligation	<u>(99,916,552)</u>	(288,964,434)
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		184,487
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		8,952,748
Accrued interest payable for the interest due on long-term debt has not been reported in the governmental funds.		(1,363,602)
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>3,546,457</u>
Net position of governmental activities		<u>\$ 85,839,222</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, 2025**

	Special Revenue Funds			
	General	Hawthorne Housing Authority	American Rescue Plan Act	2009 Street Improvement (Formerly Major)
<b>Revenues</b>				
Taxes	\$ 98,138,428	\$ -	\$ -	
Licenses and permits	1,885,304	-	-	
Intergovernmental	1,884,985	12,160,068	4,223,722	
Charges for services	6,315,694	856,853	-	
Fines and forfeitures	2,168,952	-	-	
Use of money and property	5,275,216	115	(833,344)	
Contributions	200,000	-	-	
Miscellaneous	2,569,034	5,150	-	
Total revenues	<u>118,437,613</u>	<u>13,022,186</u>	<u>3,390,378</u>	
<b>Expenditures</b>				
Current:				
General government	22,989,384	-	4,223,722	
Public safety	63,063,778	-	-	
Community development	3,491,537	12,708,993	-	
Parks and recreation	5,250,375	2,781	-	
Public works	2,051,545	-	-	
Capital outlay	848,008	-	-	
Debt service:				
Principal retirement	-	-	-	
Interest and fiscal charges	-	-	-	
Bond issuance costs	-	-	-	
Total expenditures	<u>97,694,627</u>	<u>12,711,774</u>	<u>4,223,722</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>20,742,986</u>	<u>310,412</u>	<u>(833,344)</u>	
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	-	-	
Premium on issuance of debt	-	-	-	
Lease acquisition	-	-	-	
Subscription aquisition	492,800	-	-	
Transfers in	41,494	-	-	
Transfers out	(16,033,444)	(113,855)	-	
Total other financing sources (uses)	<u>(15,499,150)</u>	<u>(113,855)</u>	<u>-</u>	
Net changes in fund balances	5,243,836	196,557	(833,344)	
<b>Fund Balances (deficit)</b>				
Beginning, previously reported	109,473,673	432,928	833,344	(1,589,972)
Change from/to nonmajor/major	-	-	-	1,589,972
Beginning, as restated	<u>109,473,673</u>	<u>432,928</u>	<u>833,344</u>	<u>-</u>
Ending	<u>\$ 114,717,509</u>	<u>\$ 629,485</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>		
<u>CA Parks &amp; Recreation- Community Center (Formerly Nonmajor)</u>	<u>Park Improvements (Formerly Nonmajor)</u>	<u>Civic Center Lease Bonds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 580,622	\$ 98,719,050
-	-	-	153,820	2,039,124
-	-	-	23,050,293	41,319,068
-	-	-	218,955	7,391,502
-	-	-	1,800,130	3,969,082
-	2,288	797,456	2,401,945	7,643,676
-	-	-	-	200,000
-	-	-	742,607	3,316,791
-	<u>2,288</u>	<u>797,456</u>	<u>28,948,372</u>	<u>164,598,293</u>
-	-	-	2,045,856	29,258,962
-	-	-	1,341,879	64,405,657
74,171	328,789	-	5,372,620	21,976,110
146,726	3,434,425	-	544,846	9,379,153
-	-	-	8,750,550	10,802,095
2,520,240	-	-	8,013,599	11,381,847
-	-	-	5,350,850	5,350,850
-	-	778,556	4,407,284	5,185,840
-	-	439,453	-	439,453
<u>2,741,137</u>	<u>3,763,214</u>	<u>1,218,009</u>	<u>35,827,484</u>	<u>158,179,967</u>
<u>(2,741,137)</u>	<u>(3,760,926)</u>	<u>(420,553)</u>	<u>(6,879,112)</u>	<u>6,418,326</u>
-	-	26,950,000	-	26,950,000
-	-	3,489,453	-	3,489,453
-	-	-	325,632	325,632
-	-	-	744,176	1,236,976
-	411,721	1,500,000	15,939,895	17,893,110
-	-	-	(2,320,339)	(18,467,638)
-	<u>411,721</u>	<u>31,939,453</u>	<u>14,689,364</u>	<u>31,427,533</u>
(2,741,137)	(3,349,205)	31,518,900	7,810,252	37,845,859
-	-	-	27,288,574	136,438,547
<u>(923,820)</u>	<u>(220,262)</u>	<u>-</u>	<u>(445,890)</u>	<u>-</u>
<u>(923,820)</u>	<u>(220,262)</u>	<u>-</u>	<u>26,842,684</u>	<u>136,438,547</u>
<u>\$ (3,664,957)</u>	<u>\$ (3,569,467)</u>	<u>\$ 31,518,900</u>	<u>\$ 34,652,936</u>	<u>\$ 174,284,406</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, 2025

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Net changes in fund balances - total governmental funds \$ 37,845,859

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	\$ 23,597,567	
Capital asset disposals, net	(839,164)	
Depreciation/amortization expense	<u>(6,382,214)</u>	16,376,189

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		1,297,820
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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:

Long-term debt issued	(26,950,000)	
Premium on issuance of debt	(3,489,453)	
Acquisition of Lease and subscriptions	(1,562,608)	
Principal payments on long-term debt	5,350,850	
Principal payments of lease liability	13,583	
Principal payments of subscription liability	<u>375,555</u>	(26,262,073)

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	(1,677,279)	
Changes in pension related items	(4,736,552)	
Changes in other post-employment benefits related items	5,241,810	
Change in accrued interest	(815,241)	
Amortization of bond discount	(8,498)	
Amortization of bond premium	265,727	
Amortization of deferred amount on refunding	<u>(36,896)</u>	(1,766,929)

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.

		<u>1,201,562</u>
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Changes in net position of governmental activities

		<u><u>\$ 28,692,428</u></u>
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The accompanying notes are an integral part of these financial statements.

# City of Hawthorne

## Statement of Net Position Proprietary Funds June 30, 2025

	Non-major Funds			Total	Governmental Activities - Internal Service Funds
	Airport	Sewer and Storm Drain	Storm Water		
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 1,247,587	\$ 2,652,088	\$ 334,699	\$ 4,234,374	\$ 7,154,522
Receivables:					
Accounts	127,659	164,631	-	292,290	24,866
Leases	16,818,603	-	-	16,818,603	-
Interest	36,888	-	-	36,888	-
Inventories	-	-	-	-	14,311
Total current assets	<u>18,230,737</u>	<u>2,816,719</u>	<u>334,699</u>	<u>21,382,155</u>	<u>7,193,699</u>
Noncurrent assets:					
Capital assets, not depreciated/amortized	660,473	2,385,239	-	3,045,712	-
Capital assets, net of depreciation/amortization	<u>6,741,827</u>	<u>4,220,522</u>	<u>-</u>	<u>10,962,349</u>	<u>3,401,829</u>
Total noncurrent assets	<u>7,402,300</u>	<u>6,605,761</u>	<u>-</u>	<u>14,008,061</u>	<u>3,401,829</u>
 Total assets	 <u>25,633,037</u>	 <u>9,422,480</u>	 <u>334,699</u>	 <u>35,390,216</u>	 <u>10,595,528</u>
<b>Deferred Outflows of Resources</b>					
Pension related	<u>223,159</u>	<u>173,642</u>	<u>-</u>	<u>396,801</u>	<u>340,089</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	30,040	1,261,464	-	1,291,504	401,989
Accrued liabilities	21,958	21,801	-	43,759	26,143
Unearned revenue	84,601	-	-	84,601	-
Deposits payable	20,264	-	-	20,264	-
Compensated absences	27,016	-	-	27,016	13,414
Claims and judgements payable	-	-	-	-	1,295,398
Total current liabilities	<u>183,879</u>	<u>1,283,265</u>	<u>-</u>	<u>1,467,144</u>	<u>1,736,944</u>
Noncurrent liabilities:					
Compensated absences	108,062	-	-	108,062	53,657
Claims and judgements	-	-	-	-	5,181,591
Net pension liability	<u>265,148</u>	<u>206,314</u>	<u>-</u>	<u>471,462</u>	<u>404,080</u>
Total noncurrent liabilities	<u>373,210</u>	<u>206,314</u>	<u>-</u>	<u>579,524</u>	<u>5,639,328</u>
 Total liabilities	 <u>557,089</u>	 <u>1,489,579</u>	 <u>-</u>	 <u>2,046,668</u>	 <u>7,376,272</u>
<b>Deferred Inflows of Resources</b>					
Pension related	8,457	6,580	-	15,037	12,888
Lease related	<u>16,125,340</u>	<u>-</u>	<u>-</u>	<u>16,125,340</u>	<u>-</u>
Total deferred inflows of resources	<u>16,133,797</u>	<u>6,580</u>	<u>-</u>	<u>16,140,377</u>	<u>12,888</u>
<b>Net position (Deficit)</b>					
Net investment in capital assets	7,402,300	6,605,761	-	14,008,061	3,401,829
Unrestricted	<u>1,763,010</u>	<u>1,494,202</u>	<u>334,699</u>	<u>3,591,911</u>	<u>144,628</u>
 Total net position	 <u>\$ 9,165,310</u>	 <u>\$ 8,099,963</u>	 <u>\$ 334,699</u>	 <u>\$ 17,599,972</u>	 <u>\$ 3,546,457</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, 2025

	Non-major Funds			Total	Governmental Activities - Internal Service Funds
	Airport	Sewer and Storm Drain	Storm Water		
<b>Operating Revenues</b>					
Sales and service charges	\$ 1,014,295	\$ 1,308,386	\$ 23,115	\$ 2,345,796	\$ 10,823,706
Intergovernmental	211,388	-	-	211,388	-
Miscellaneous	179,823	-	-	179,823	116,788
Total operating revenues	1,405,506	1,308,386	23,115	2,737,007	10,940,494
<b>Operating Expenses</b>					
Public safety	-	-	-	-	78,924
Administration and general	809,697	680,198	-	1,489,895	1,793,679
Materials and supplies	30,564	28,566	-	59,130	675,553
Contractual services	55,097	69,545	-	124,642	7,449,551
Cost of sales and services	53,244	78,390	-	131,634	-
Depreciation	358,266	130,257	-	488,523	589,718
Total operating expenses	1,306,868	986,956	-	2,293,824	10,587,425
Operating income (loss)	98,638	321,430	23,115	443,183	353,069
<b>Transfers</b>					
Transfers in	-	-	-	-	1,000,000
Transfers out	(160,216)	(113,749)	-	(273,965)	(151,507)
Total transfers	(160,216)	(113,749)	-	(273,965)	848,493
Change in net position	(61,578)	207,681	23,115	169,218	1,201,562
<b>Net Position</b>					
Beginning	9,226,888	7,892,282	311,584	17,430,754	2,344,895
Ending	\$ 9,165,310	\$ 8,099,963	\$ 334,699	\$ 17,599,972	\$ 3,546,457

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, 2025

	Non-major Funds			Total	Governmental Activities Internal Service Funds
	Airport	Sewer and Storm Drain	Storm Water		
<b>Cash flows from operating activities</b>					
Cash received from customers and users	\$ 1,147,336	\$ 1,307,091	\$ 23,115	\$ 2,477,542	\$ 10,941,146
Cash paid to suppliers for goods and services	(412,315)	601,210	-	188,895	(9,778,708)
Cash paid to employees for services	(486,646)	(388,220)	-	(874,866)	(517,856)
Net cash provided by operating activities	248,375	1,520,081	23,115	1,791,571	644,582
<b>Cash flows from noncapital financing activities</b>					
Transfer from debt service funds	-	-	-	-	1,000,000
Transfer to debt service funds	(160,216)	(113,749)	-	(273,965)	(151,507)
Net cash provided (used) by noncapital financing activities	(160,216)	(113,749)	-	(273,965)	848,493
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(95,982)	(2,929,670)	-	(3,025,652)	(1,588,073)
Payments on lease	-	-	-	-	(11,506)
Net cash used for capital and related financing activities	(95,982)	(2,929,670)	-	(3,025,652)	(1,599,579)
<b>Net increase (decrease) in cash and cash equivalents</b>	(7,823)	(1,523,338)	23,115	(1,508,046)	(106,504)
Cash and cash equivalents, beginning of year	1,255,410	4,175,426	311,584	5,742,420	7,261,026
Cash and cash equivalents, end of year	\$ 1,247,587	\$ 2,652,088	\$ 334,699	\$ 4,234,374	\$ 7,154,522
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 98,638	\$ 321,430	\$ 23,115	\$ 443,183	\$ 353,069
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation/amortization	358,266	130,257	-	488,523	589,718
(Increase) decrease in assets/deferred outflows:					
Accounts receivable	12,765	(1,295)	-	11,470	652
Lease receivable	325,386	-	-	325,386	-
Deferred outflows of resources - pension	191,418	148,945	-	340,363	291,718
Increase (decrease) in liabilities/deferred inflows:					
Accounts payable	(16,021)	1,029,590	-	1,013,569	(283,239)
Accrued liabilities	1,371	1,794	-	3,165	-
Due to other governments	-	-	-	-	4,778
Claims and judgements payable	-	-	-	-	(117,721)
Unearned revenue	(104,473)	-	-	(104,473)	-
Compensated absences	15,063	-	-	15,063	22,302
Net pension liability	(145,271)	(113,037)	-	(258,308)	(221,390)
Deferred inflows of resources - pension	3,081	2,397	-	5,478	4,695
Deferred inflows of resources - leases	(491,848)	-	-	(491,848)	-
Total adjustments	149,737	1,198,651	-	1,348,388	291,513
<b>Net cash provided by operating activities</b>	\$ 248,375	\$ 1,520,081	\$ 23,115	\$ 1,791,571	\$ 644,582

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

# City of Hawthorne

## Statement of Fiduciary Net Position Fiduciary Funds June 30, 2025

	Successor Agency to the Dissolved Redevelopment Agency Private Purpose Trust Fund	Community Facilities Districts Custodial Fund
<b>Assets</b>		
Cash and investments	\$ 945,623	\$ 1,266,626
Receivables:		
Taxes	-	20,876
Interest	12,964	5,251
Restricted assets:		
Cash and investments with fiscal agents	11,057	2,923,241
Total assets	<u>969,644</u>	<u>4,215,994</u>
<b>Deferred Outflows of Resources</b>		
Deferred amount on refunding	<u>1,899,707</u>	-
<b>Liabilities</b>		
Accounts payable	6,106	2,889
Accrued liabilities	3,305	-
Interest payable	8,759	-
Due to City of Hawthorne	366,734	-
Long-term liabilities:		
Due in more than one year	<u>48,105,091</u>	-
Total liabilities	<u>48,489,995</u>	<u>2,889</u>
<b>Deferred Inflows of Resources</b>		
Deferred amount on refunding	<u>4,724,783</u>	-
<b>Fiduciary Net Position (Deficit)</b>		
Restricted for other agencies	-	4,213,105
Unrestricted net position	<u>(50,345,427)</u>	-
Total fiduciary net position	<u>\$ (50,345,427)</u>	<u>\$ 4,213,105</u>

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, 2025**

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1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of Entity**

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

As required by generally accepted accounting principles, these financial statements present the financial activities of the City of Hawthorne (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City of Hawthorne'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, 2025**

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

**Description of Entity, (continued)**

*Hawthorne Public Financing Authority (Authority)*

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

**Government-wide and Fund Financial Statements**

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

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

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

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

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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

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

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

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

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

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

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

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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

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

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Hawthorne Housing Authority Special Revenue Fund* is used to account for the housing assistance programs for the qualified low-income residents.
- The *American Rescue Plan Act Fund* is used to provide relief to the City for the negative impacts caused from the COVID-19 Pandemic.
- The *California Parks & Recreation Community Center Fund* is used to account for grant funding to rehabilitate the city's community center.
- The *Park Improvements Grants Fund* is used 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.
- The *Civic Center Lease Bonds Fund* is used to account for the debt service on 2024 Lease Revenue Bonds.

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.

*Capital Projects Funds* are used to account for financial resources used for the acquisition or construction of major capital facilities.

*Debt Service Funds* are used to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

*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.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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

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

The City 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.

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.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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

**Fund Balance Reporting**

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

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

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

*Committed fund balance* includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City does not have committed fund balances as of June 30, 2025.

*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, 2025.

*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, 2025**

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

**Fund Balance Reporting, (continued)**

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

**Net Position**

Classifications of Net Position are as follows:

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

*Restricted net position* - Restricted net position includes 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. 101 – Compensated Absences***: the City reviewed its compensated absences policies and accrual methodology to ensure compliance with GASB 101. The evaluation confirmed that leave types meeting the criteria for recognition—those attributable to past service, accumulating, and more likely than not to be used or paid—were properly identified. The calculation methodology was refined to reflect current pay rates and to include applicable salary-related costs.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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

**Cash and Cash Equivalents**

For the 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, 2025**

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

**Inventories**

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

**Prepaid Costs and Land Held for Resale**

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

**Capital Assets**

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

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, 2025**

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

**Capital Assets, (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

Right-to-use lease and subscription assets are amortized over the life of the associated contract using the straight-line method.

**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, 2025, 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, 2025**

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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. 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, 2025**

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

**Pensions, (continued)**

Generally accepted accounting principles 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, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

**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.

Generally accepted accounting principles 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, 2024
Measurement Period (MP)	July 1, 2023 to June 30, 2024

**Upcoming Accounting Pronouncements**

*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, 2025

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### 2) CASH AND INVESTMENTS

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

Statement of net position:	
Cash and investments	\$ 156,193,955
Cash and investments with fiscal agents	35,550,983
Statement of fiduciary net position:	
Successor Agency to the Dissolved RDA	
Cash and investments	945,623
Cash and investments with fiscal agents	11,057
Community Facilities District	
Cash and investments	1,266,626
Cash and investments with fiscal agents	<u>2,923,241</u>
Total	<u>\$ 196,891,485</u>

Cash and investments as of June 30, 2025, consisted of the following:

Cash and cash equivalents:	
Petty cash	\$ 3,489
Demand deposits - City	17,486,294
Demand deposits - Successor Agency	<u>211,870</u>
Total cash and cash equivalents	<u>17,701,653</u>
Investments:	
Local Agency Investment Fund	75,089,873
Negotiable Certificates of Deposit	6,788,236
U.S. Treasury Securities	15,621,054
U.S. Government Bonds	2,450,228
Medium term corporate notes	494,135
Fidelity Money Market	45,648,872
Held by Bond Trustee	<u>33,097,434</u>
Total investments	<u>179,189,832</u>
Total	<u>\$ 196,891,485</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, 2025

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

#### Investments

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

<u>Authorized Investment Type</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligation	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	75%	30%
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Certificate of Deposit	Yes	5 years	None	None
Medium-Term Notes	Yes	5 years	30%	5%
Money Market Mutual Funds	Yes	N/A	20%	None
Local Agency Investment Fund	Yes	N/A	None	\$75 million
Negotiable Certificates of Deposits	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Local Government Investment Pool	Yes	N/A	20%	None
Supranational	Yes	5 years	30%	None
Asset Backed 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, 2025**

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2) CASH AND INVESTMENTS, (continued)

**Credit Risk**

The City's investment policy limits investments in commercial paper to those rated "A-1" or higher by Standard and Poor's (S&P) or by Moody's. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by the City's Investment Policy and the actual rating as of June 30, 2025:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Aaa-A</u>	<u>Not Rated</u>
External Investment Pools -				
Local Agency Investment Fund	\$ 75,089,873	N/A	\$ -	\$ 75,089,873
Negotiable Certificates of Deposits	6,788,236	N/A	6,788,236	-
U.S. Treasury Securities	15,621,054		15,621,054	-
U.S. Government Bonds	2,450,228	N/A	2,450,228	-
Medium term corporate notes	494,135	N/A	494,135	-
Fidelity Money Market	45,648,872	N/A	-	45,648,872
Held by Bond Trustee:				
Money Market Mutual Funds	<u>33,097,434</u>	N/A	<u>-</u>	<u>33,097,434</u>
<b>Total Investments</b>	<u>\$ 179,189,832</u>		<u>\$ 25,353,653</u>	<u>\$ 153,836,179</u>

**Custodial Credit Risk**

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

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2025, the City deposits (bank balances) were collateralized under California Law.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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2) CASH AND INVESTMENTS, (continued)

**Concentration of Credit Risk**

The City's investment policy imposes restrictions on the percentage that the City can invest in certain types of investments. As of June 30, 2025, 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, 2025, the City had the following investments and original maturities:

<b>Investment Types</b>	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Total</b>
External Investment Pools -				
Local Agency Investment Fund	\$ 75,089,873	\$ -	\$ -	\$ 75,089,873
Negotiable Certificates of Deposits	331,436	6,456,800	-	6,788,236
U.S. Treasury Securities	15,621,054	-	-	15,621,054
U.S. Government Bonds	246,656	2,203,572	-	2,450,228
Medium term corporate notes	-	494,135	-	494,135
Fidelity Money Market	45,648,872	-	-	45,648,872
Held by Bond Trustee:				
Money Market Mutual Funds	33,097,434	-	-	33,097,434
<b>Total Investments</b>	<b>\$ 170,035,325</b>	<b>\$ 9,154,507</b>	<b>\$ -</b>	<b>\$ 179,189,832</b>

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*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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2) CASH AND INVESTMENTS, (continued)

**Fair Value Measurements**

Generally accepted accounting standards establish a fair value hierarchy that 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, 2025:

<b>Investments by Fair Value Level</b>	<b>Fair Value Measurement Using</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Negotiable Certificates of Deposit	\$ 6,788,236	\$ -	\$ 6,788,236	\$ -
U.S. Treasury Securities	15,621,054	-	15,621,054	-
U.S. Government Bonds	2,450,228	-	2,450,228	-
Medium term corporate notes	494,135	-	494,135	-
Total Investments by Fair Value Level	25,353,653	\$ -	\$ 25,353,653	\$ -
Not subject to the Fair Value Hierarchy:				
Local Agency Investment Fund	75,089,873			
Fidelity Money Market	45,648,872			
Held by Bond Trustee:				
Money Market Mutual Funds	33,097,434			
<b>Total Investments</b>	<b>\$ 179,189,832</b>			

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*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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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, 2025 were \$5,433,402, \$5,197,882 and \$498,245, respectively.

Total principal and interest expected to maturity is as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2026	\$ 405,583	\$ 137,863	\$ 543,446
2027	317,418	128,541	445,959
2028	291,095	121,232	412,327
2029	301,244	113,806	415,050
2030	311,745	106,110	417,855
2031 - 2035	1,208,085	425,326	1,633,411
2036 - 2040	1,091,476	267,485	1,358,961
2041 - 2045	1,035,475	136,741	1,172,216
2046 - 2049	471,281	18,717	489,998
<b>Total Remaining Receivable</b>	<u>\$ 5,433,402</u>	<u>\$ 1,455,821</u>	<u>\$ 6,889,223</u>

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*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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3) LEASES RECEIVABLE, (continued)

**Business Activities**

The City has entered into leases as a Lessor for the use of the 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, 2025 were \$16,818,603, \$16,125,340 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>
2026	\$ 333,726	\$ 427,512	\$ 761,238
2027	342,280	418,957	761,237
2028	351,054	410,184	761,238
2029	360,053	401,185	761,238
2030	369,283	391,955	761,238
2031 - 2035	1,993,367	1,812,821	3,806,188
2036 - 2040	2,262,354	1,543,835	3,806,189
2041 - 2045	2,021,767	1,266,650	3,288,417
2046 - 2050	2,235,170	995,718	3,230,888
2051 - 2055	2,530,869	688,019	3,218,888
2056 - 2060	2,795,507	345,381	3,140,888
2061 - 2062	1,223,173	33,182	1,256,355
<b>Total Remaining Receivable</b>	<u>\$ 16,818,603</u>	<u>\$ 8,735,399</u>	<u>\$ 25,554,002</u>

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# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2025

### 4) CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2025:

Governmental activities:	Balance June 30, 2024	Additions	Transfers/ Deletions	Balance June 30, 2025
Capital assets, not being depreciated/amortized:				
Land	\$ 25,350,766	\$ 350,000	\$ -	\$ 25,700,766
Construction in progress	16,311,546	20,625,627	(22,859,780)	14,077,393
Total capital assets, not being depreciated	<u>41,662,312</u>	<u>20,975,627</u>	<u>(22,859,780)</u>	<u>39,778,159</u>
Capital assets, being depreciated/amortized:				
Structures and improvements	55,113,808	-	-	55,113,808
Machinery and equipment:				
City	12,361,011	170,755	(748,661)	11,783,105
Equipment replacement/vehicles	7,320,167	1,588,073	(1,197,843)	7,710,397
Parking Authority - structures	17,199,243	-	(839,689)	16,359,554
Infrastructure	175,593,553	23,188,569	-	198,782,122
Right-to-use leases:				
Equipment replacement/vehicles	-	325,632	-	325,632
Right-to-use subscriptions	34,523	1,735,755	(34,523)	1,735,755
Investment in joint venture (RCC)	7,307,384	49,498	-	7,356,882
Total capital assets, being depreciated/amortized	<u>274,929,689</u>	<u>27,058,282</u>	<u>(2,820,716)</u>	<u>299,167,255</u>
Less accumulated depreciation/amortization for:				
Structures and improvements	(37,736,245)	(1,464,724)	-	(39,200,969)
Machinery and equipment:				
City	(8,704,218)	(590,922)	760,693	(8,534,447)
Equipment replacement/vehicles	(4,928,200)	(578,211)	1,197,843	(4,308,568)
Parking Authority - structures	(16,214,655)	(11,121)	-	(16,225,776)
Infrastructure	(72,613,020)	(3,184,550)	-	(75,797,570)
Right-to-use leases				
Equipment replacement/vehicles	-	(10,627)	-	(10,627)
Right-to-use subscriptions	(23,014)	(826,689)	34,523	(815,180)
Investment in joint venture (RCC)	(4,049,886)	(305,088)	-	(4,354,974)
Total accumulated depreciation and amortization	<u>(144,269,238)</u>	<u>(6,971,932)</u>	<u>1,993,059</u>	<u>(149,248,111)</u>
Total capital assets, being depreciated/amortized, net	<u>130,660,451</u>	<u>20,086,350</u>	<u>(827,657)</u>	<u>149,919,144</u>
<b>Total governmental activities</b>	<u>\$ 172,322,763</u>	<u>\$ 41,061,977</u>	<u>\$ (23,687,437)</u>	<u>\$ 189,697,303</u>

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

4) CAPITAL ASSETS, (continued)

<b>Business-type activities:</b>	<b>Balance June 30, 2024</b>	<b>Additions</b>	<b>Transfers/ Deletions</b>	<b>Balance June 30, 2025</b>
Capital assets, not being depreciated:				
Land	\$ 37,314	\$ -	\$ -	\$ 37,314
Construction in progress	681,585	2,326,813	-	3,008,398
Total capital assets, not being depreciated	<u>718,899</u>	<u>2,326,813</u>	<u>-</u>	<u>3,045,712</u>
Capital assets, being depreciated:				
Structures and improvements	3,020,109	-	-	3,020,109
Machinery and equipment	28,130	698,839	-	726,969
Infrastructure:				
Airport	12,319,397	-	-	12,319,397
Storm and sewer drain	14,917,102	-	-	14,917,102
Total capital assets, being depreciated	<u>30,284,738</u>	<u>698,839</u>	<u>-</u>	<u>30,983,577</u>
Less accumulated depreciation for:				
Structures and improvements	(2,165,794)	(51,395)	-	(2,217,189)
Machinery and equipment	(28,130)	(38,610)	-	(66,740)
Infrastructure:				
Airport	(6,073,619)	(306,871)	-	(6,380,490)
Storm and sewer drain	(11,265,162)	(91,647)	-	(11,356,809)
Total accumulated depreciation	<u>(19,532,705)</u>	<u>(488,523)</u>	<u>-</u>	<u>(20,021,228)</u>
Total capital assets, being depreciated, net	<u>10,752,033</u>	<u>210,316</u>	<u>-</u>	<u>10,962,349</u>
<b>Total business-type activities</b>	<u><u>\$ 11,470,932</u></u>	<u><u>\$ 2,537,129</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,008,061</u></u>

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

<b>Governmental Activities:</b>	
General government	\$ 1,671,670
Public safety	1,590,020
Public works	2,878,212
Community development	94,537
Parks and recreation	147,775
Internal service fund	589,718
Total depreciation/amortization expense – governmental activities	<u><u>\$ 6,971,932</u></u>
<b>Business-type Activities:</b>	
Structures and improvements - Airport	\$ 51,395
Machinery and equipment - Sewer Storm and Drain	38,610
Infrastructure:	
Airport	306,871
Sewer and Storm Drain	91,647
Total depreciation expense – business-type activities	<u><u>\$ 488,523</u></u>

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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5) INTERFUND ACTIVITY

The following represents the City’s interfund activity for the fiscal year ended June 30, 2025.

**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, 2025:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 11,212,181	Major Funds:	
		Hawthorne Housing Authority	\$ 334,736
		CA Parks & Recreation	
		Community Center	3,610,607
		Park Improvements	3,316,252
		Non-Major Funds:	
		Street Lighting	464,053
		Street	78,047
		California Office of Traffic Safety	43,952
		Community Development Block Grant	330,008
		MTA Measure W	429,159
		CA Parks & Recreation	
		Senior Center	214,464
		HUD Community Development	464,410
		Building Resilient	
		Infrastructure & Communities	275,649
		Cannabis Retail Access Grant	31,342
		Recycling Fund	68,959
		Homeland Security - StoneGarden	98,429
		Social Security Administration	3,715
		USDOT – SS4A	227,207
		2019 Pension Obligation Bond	1,221,192
Totals	<u>\$ 11,212,181</u>		<u>\$ 11,212,181</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, 2025**

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5) INTERFUND ACTIVITY, (continued)

**Interfund Transfers**

<u>Funds</u>	<u>Transfers in</u>	<u>Transfers out</u>
<i>Major Funds:</i>		
General	\$ 41,494	\$ 16,033,444
Hawthorne Housing Authority	-	113,855
Park Improvements	411,721	-
Civic Center Lease Bonds	1,500,000	-
<i>Non-Major Funds:</i>		
Street Lighting	-	26,544
Gas Tax	-	1,667,992
Street	1,500,000	289,264
Proposition A	-	43,782
MTA Measure M	-	55,491
MTA Measure R	-	42,343
Proposition C	-	10,934
Housing Asset	-	66,578
HOME Grant	-	48,039
CDBG	-	7,158
MTA Measure W	-	62,214
Capital Improvement Fund	3,295,633	-
2016 Refunding Bonds	3,288,713	-
2016 Direct Placement Lease Financing	240,352	-
2019 Pension Obligation Bond	7,615,197	-
<i>Internal Service Funds:</i>		
Equipment Replacement	-	98,364
Hardware Replacement	1,000,000	53,143
<i>Enterprise Funds:</i>		
Airport	-	160,216
Sewer and Storm Drain	-	113,749
Total transfers	<u>\$ 18,893,110</u>	<u>\$ 18,893,110</u>

Transfer to the General Fund of \$41,494 was Hawthorne Blvd property expenses and CFD administrative fees.

The transfer to the 2019 Pension Obligation Bond fund was to fund the debt services payments, including \$6,694,597 from the General Fund, \$79,515 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, 2025**

5) INTERFUND ACTIVITY, (continued)

**Interfund Transfers, (continued)**

The transfer from the General Fund in the amount of \$240,352 consists of debt service payments on the 2007 SBPRCA Series B bonds/2016 Direct Placement Leasing.

The transfer of \$3,288,713 to the 2016 Refunding Bonds fund was for debt service payments, including \$2,891,141 from the General Fund, \$34,340 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 \$1,500,000 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, 2025

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Governmental Funds:					
2016 Direct Placement Lease Financing	\$ 1,301,850	\$ -	\$ (205,850)	\$ 1,096,000	\$ 207,100
2016 Certificates of Participation	17,375,000	-	(2,215,000)	15,160,000	2,290,000
Plus (less) deferred amounts:					
Issuance premium	1,037,735	-	(163,951)	873,784	163,951
Issuance discount	(50,985)	-	8,498	(42,487)	(8,498)
2019 Pension Obligation Bonds - direct placement	108,530,000	-	(2,930,000)	105,600,000	3,000,000
2024 Lease Revenue Bonds	-	26,950,000	-	26,950,000	395,000
Issuance premium	-	3,489,453	(101,776)	3,387,677	174,473
Total Bonds Payable	<u>128,193,600</u>	<u>30,439,453</u>	<u>(5,608,079)</u>	<u>153,024,974</u>	<u>6,222,026</u>
Direct Borrowing:					
Governmental Funds:					
Lease payable	-	325,632	(13,583)	312,049	78,198
SBITA payable	-	1,236,976	(375,555)	861,421	417,704
Total Governmental Funds	<u>-</u>	<u>1,562,608</u>	<u>(389,138)</u>	<u>1,173,470</u>	<u>495,902</u>
Internal Service Funds:					
SBITA payable	11,506	-	(11,506)	-	-
Total Internal Service Funds	<u>11,506</u>	<u>-</u>	<u>(11,506)</u>	<u>-</u>	<u>-</u>
Total Direct Borrowing	<u>11,506</u>	<u>1,562,608</u>	<u>(400,644)</u>	<u>1,173,470</u>	<u>495,902</u>
<b>Total long-term debt</b>	<u>\$ 128,205,106</u>	<u>\$ 32,002,061</u>	<u>\$ (6,008,723)</u>	<u>\$ 154,198,444</u>	<u>\$ 6,717,928</u>

The City has a legal debt limit of 15% of gross Assesed valuation, or \$430,222,895 in fiscal year 2024-2025. None of the City's general obligation bonds are applicable to this limit.

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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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, 2025 is \$1,175,853 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, 2025, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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
<b>Total</b>	<b>\$ 1,096,000</b>	<b>\$ 79,853</b>	<b>\$ 1,175,853</b>

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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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, 2025 is \$14,474,700 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, 2025 is \$2,563,181 payable through 2027.

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, 2025**

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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, 2025, are as follows:

Year Ending June 30,	Series A		Series B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ -	\$ 505,800	\$ 2,290,000	\$ 44,525	\$ 2,290,000	\$ 550,325
2027	2,145,000	462,900	225,000	3,656	2,370,000	466,556
2028	2,470,000	370,600	-	-	2,470,000	370,600
2029	2,570,000	269,800	-	-	2,570,000	269,800
2030	2,675,000	164,900	-	-	2,675,000	164,900
2031	2,785,000	55,700	-	-	2,785,000	55,700
<b>Total</b>	<b>\$ 12,645,000</b>	<b>\$ 1,829,700</b>	<b>\$ 2,515,000</b>	<b>\$ 48,181</b>	<b>\$ 15,160,000</b>	<b>\$ 1,877,881</b>

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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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, 2025 is \$160,156,651.

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, 2025**

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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, 2025, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	3,330,000	3,342,269	6,672,269
2031-2035	18,230,000	15,132,851	33,362,851
2036-2040	21,525,000	11,833,600	33,358,600
2041-2045	25,730,000	7,643,098	33,373,098
2046-2049	24,315,000	2,383,066	26,698,066
<b>Total</b>	<b>\$ 105,600,000</b>	<b>\$ 54,556,651</b>	<b>\$ 160,156,651</b>

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

#### 2024 Lease Revenue Bonds

In September 2024, the City issued \$29,950,000 to provide funds to (a) pay a portion of the costs of construction and renovation of the city hall expansion and new civic center park, new public works yard, expanded senior center, police facility improvements, aquatics center and pool improvements, and certain other related capital improvements, and (b) pay cost of issuance of the Bonds. The bonds bear variable interest of 5% and are payable semiannually on May 1 and November 1 of each year, commencing May 1, 2025 until maturity or earlier redemption. The bonds mature in fiscal year 2055. Total principal and interest remaining on the bonds as of June 30, 2025 is \$52,511,306.

The total debt service requirements to maturity as of June 30, 2025, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 395,000	\$ 1,452,306	\$ 1,847,306
2027	415,000	1,327,750	1,742,750
2028	440,000	1,307,000	1,747,000
2029	460,000	1,285,000	1,745,000
2030	485,000	1,262,000	1,747,000
2031-2035	2,820,000	5,920,500	8,740,500
2036-2040	3,630,000	5,138,750	8,768,750
2041-2045	4,655,000	4,133,750	8,788,750
2046-2050	5,980,000	2,545,500	8,525,500
2051-2055	7,670,000	1,188,750	8,858,750
<b>Total</b>	<b>\$ 26,950,000</b>	<b>\$ 25,561,306</b>	<b>\$ 52,511,306</b>

#### Lease Payable

As of June 30, 2025, the City had 7 active leases. The leases have payments that range from \$1,483 to \$4,455 and interest rates that range from 2.822% to 2.899%. As of June 30, 2025, the total combined value of the lease liability is \$312,049. The combined value of the right to use asset, as of June 30, 2025 of \$325,632 with accumulated amortization of \$10,627, which is detailed in Note 4.

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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6) LONG-TERM DEBT, (continued)

**Lease Payable, (continued)**

The following is a schedule by year of future minimum lease payments under the agreements as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 78,198	\$ 7,804	\$ 86,002
2027	80,443	5,559	86,002
2028	82,753	3,249	86,002
2029	<u>70,655</u>	<u>896</u>	<u>71,551</u>
<b>Total</b>	<u>\$ 312,049</u>	<u>\$ 17,508</u>	<u>\$ 329,557</u>

**Subscriptions Payable**

*Governmental Funds*

As of June 30, 2025 the City had 14 active subscriptions. The subscriptions have payments that range from \$5,616 to \$101,417 and interest rates that range from 1.710% to 3.281%. As of June 30, 2025, the total combined value of the subscription liability is \$861,421, and the total combined value of the short-term subscription liability is \$417,704. The combined value of the right to use asset, as of June 30, 2025 of \$1,735,755 with accumulated amortization of \$815,180, which is detailed in Note 4.

*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. The City is required to make annual fixed payments of \$11,506. The subscription has an interest rate of 2.1840%. This has been paid in full and the related right to use asset and accumulated amortization have been removed from the City's capital assets.

The following is a schedule by year of future minimum subscription payments under the agreement as of June 30, 2025:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 417,704	\$ 23,260	\$ 440,964
2027	357,754	11,489	369,243
2028	<u>85,963</u>	<u>2,037</u>	<u>88,000</u>
<b>Total</b>	<u>\$ 861,421</u>	<u>\$ 36,786</u>	<u>\$ 898,207</u>

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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7) COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended June 30, 2025:

	<b>Balance June 30, 2024</b>	<b>Net Change</b>	<b>Balance June 30, 2025</b>	<b>Due Within One Year</b>
Governmental Funds	\$ 8,026,448	\$ 1,677,279	\$ 9,703,727	\$ 1,940,745
Internal Service Funds	44,769	22,302	67,071	13,414
Business-Type Activities	120,015	15,063	135,078	27,016
<b>Total compensated absences</b>	<b>\$ 8,191,232</b>	<b>\$ 1,714,644</b>	<b>\$ 9,905,876</b>	<b>\$ 1,981,175</b>

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.

8) CLAIMS AND JUDGMENTS

The following is a summary of changes in claims and judgments for the year ended June 30, 2025:

	<b>Balance June 30, 2024</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2025</b>	<b>Due Within One Year</b>
Internal Service Funds:					
<b>Claims and judgements</b>	<b>\$ 6,594,710</b>	<b>\$ -</b>	<b>\$ (117,721)</b>	<b>\$ 6,476,989</b>	<b>\$ 1,295,398</b>

As of June 30, 2025, 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, 2025, total estimated claims payable were \$6,476,989 See note 14 for more information.

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**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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9) NON-CITY OBLIGATION DEBT - SPECIAL ASSESSMENT BONDS

**Assessment District Bonds**

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, 2025, the bonds outstanding from this Community Facility District totaled \$2,240,000.

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, 2025, the bonds outstanding from this Community Facility District totaled \$7,340,000.

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, 2025**

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, 2025 are presented below:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Net Investment in Capital Assets:			
Capital assets, net of accumulated depreciation	\$ 186,695,395	\$ 14,008,061	\$ 200,703,456
Less capital related debt balances:			
2016 Direct Placement Lease Financing	(1,096,000)	-	(1,096,000)
2016 Certificate of Participation - Series A	(15,160,000)	-	(15,160,000)
2024 Lease Revenue Bonds	(26,950,000)	-	(26,950,000)
Plus unspent portion	30,149,018	-	30,149,018
Plus (less) deferred amounts:			
Issuance premium	(4,261,461)	-	(4,261,461)
Issuance discount	42,487	-	42,487
Leases payable	(312,049)	-	(312,049)
Subscriptions payable	(861,421)	-	(861,421)
	<u>(18,449,426)</u>	<u>-</u>	<u>(18,449,426)</u>
Total Net Investment in Capital Assets	<u>168,245,969</u>	<u>14,008,061</u>	<u>182,254,030</u>
Restricted for:			
Public safety	1,821,431	-	1,821,431
Community development	8,682,362	-	8,682,362
Parks and recreation	451,871	-	451,871
Public works	20,289,154	-	20,289,154
Capital improvements	9,316,338	-	9,316,338
Debt service	31,981,905	-	31,981,905
Total Restricted	<u>72,543,061</u>	<u>-</u>	<u>72,543,061</u>
Unrestricted	<u>(154,949,808)</u>	<u>3,591,911</u>	<u>(151,357,897)</u>
<b>Total</b>	<u>\$ 85,839,222</u>	<u>\$ 17,599,972</u>	<u>\$ 103,439,194</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, 2025**

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11) RETIREMENT PLANS, (continued)

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

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

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). 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, 2023 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.

*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 or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. 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 generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in two safety plans in safety risk pools. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

*Benefits Provided*

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

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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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, 2025, are summarized as follows:

	<b>Miscellaneous</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 60	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 3.0%	1.0% to 2.5%
Required employee contribution rates	8.000%	7.500%
Required employer contribution rates	13.38%	13.38%

	<b>Safety</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 50	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	9.00%	14.50%
Required employer contribution rates	29.30%	14.72%

***Employees Covered***

As of June 30, 2023 (valuation date), the following employees were covered by the benefit terms:

	<b>Miscellaneous</b>	<b>Safety</b>
Inactive employees or beneficiaries currently receiving benefits	360	250
Inactive employees entitled to but not yet receiving benefits	295	47
Active employees	178	82
<b>Total</b>	<b>833</b>	<b>379</b>

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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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 are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process.

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

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, 2025, were \$3,611,272.

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

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, 2025 were \$5,657,559.

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, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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11) RETIREMENT PLANS, (continued)

B) Net Pension Liability, (continued)

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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 <sup>(1)</sup>	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% thereafter.

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

*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.

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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### 11) RETIREMENT PLANS, (continued)

#### B) Net Pension Liability, (continued)

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return<sup>1,2</sup></u>
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%)

<sup>1</sup> An expected inflation of 2.30% used for this period.

<sup>2</sup> Figures are based on the 2021-22 Asset Liability Management study.

#### *Discount Rate*

The discount rate used to measure the total pension liability for PERF C 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.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

11) RETIREMENT PLANS, (continued)

B) Net Pension Liability, (continued)

*Pension Plan Fiduciary Net Position*

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

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

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

	Total Pension Liability (a)	Increase (decrease) Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (c) = (a) - (b)
<b>Balance at: 6/30/2023 (VD)</b>	<b>\$ 232,302,593</b>	<b>\$ 217,628,277</b>	<b>\$ 14,674,316</b>
<b>Changes Recognized for the Measurement Period:</b>			
Service Cost	2,830,458	-	2,830,458
Interest on the total pension liability	15,648,199	-	15,648,199
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(518,345)	-	(518,345)
Contributions from the employer	-	1,970,337	(1,970,337)
Contributions from employees	-	1,147,931	(1,147,931)
Net investment income	-	20,213,228	(20,213,228)
Benefit payments, including refunds of employee contributions	(12,827,967)	(12,827,967)	-
Administrative expense	-	(177,085)	177,085
<b>Net Changes during 2022-23</b>	<b>5,132,345</b>	<b>10,326,444</b>	<b>(5,194,099)</b>
<b>Balance at: 6/30/2024 (MD)</b>	<b>\$ 237,434,938</b>	<b>\$ 227,954,721</b>	<b>\$ 9,480,217</b>

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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11) RETIREMENT PLANS, (continued)

C) Proportionate Share of Net Pension Liability

**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.

	<b>Increase (Decrease)</b>		
	<b>Plan Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Plan Net Pension Liability / (Asset)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c) = (a) - (b)</b>
Balance at: 6/30/2023 (VD)	\$ 269,811,532	\$ 251,688,792	\$ 18,122,740
Balance at: 6/30/2024 (MD)	284,315,083	267,774,047	16,541,036
<b>Net Changes during 2023-24</b>	<b>\$ 14,503,551</b>	<b>\$ 16,085,255</b>	<b>\$ (1,581,704)</b>

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](http://www.calpers.ca.gov). City’s proportionate share of the net pension liability for the safety Plan as of the June 30, 2023 and 2024 measurement dates was as follows:

	<b>Safety</b>
Proportionate Share of NPL - June 30, 2023	0.24245%
Proportionate Share of NPL - June 30, 2024	0.22687%
<b>Change - decrease</b>	<b>(0.01558%)</b>

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*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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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 (7.90 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	\$ 39,690,357	\$ 9,480,217	\$ (15,476,305)
Safety Plan's Net Pension Liability	\$ 55,378,203	\$ 16,541,036	\$ (15,222,307)

*Amortization of Deferred Outflows and Deferred Inflows of Resources*

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

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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### 11) RETIREMENT PLANS, (continued)

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

As of the start of the measurement period (July 1, 2023), the City's total net pension liability was \$32,797,056. For the measurement period ending June 30, 2024 (the measurement date), the City incurred a total pension expense of \$14,168,163. 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.

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

As of the start of the measurement period (July 1, 2023), the net pension liability was \$14,674,316. For the measurement period ending June 30, 2024 (the measurement date), the City incurred a pension expense of \$5,371,594 for the miscellaneous plan. A complete breakdown of the pension expense is as follows:

<u>Description</u>	<u>Amount</u>
Service cost	\$ 2,830,458
Interest on the total pension liability	15,648,199
Changes of benefit terms	-
Recognized changes of assumptions	1,259,467
Differences between expected and actual experience	745,673
Contributions - employees	(1,147,931)
Projected earnings on pension plan investments	(14,663,093)
Recognized differences between projected and actual earnings on plan investments	521,736
Administrative expenses	177,085
<b>Total Pension Expense</b>	<b>\$ 5,371,594</b>

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

As of the start of the measurement period (July 1, 2023), the net pension liability for the safety plan was \$18,122,740. For the measurement period ending June 30, 2024 (the measurement date), the City incurred a pension expense of \$8,796,569 for the safety plan.

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

11) RETIREMENT PLANS, (continued)

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

As of June 30, 2025, 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	\$ 346,162	\$ 302,368	\$ 1,349,896	\$ 43,891
Changes of Assumptions	-	-	407,537	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	4,021,496	-	799,518	-
Change in Employer's Proportion	-	-	9,434,517	-
Difference in Actual vs Projected Contributions	-	-	-	10,664,331
Pension Contributions Subsequent to Measurement Date	3,611,272	-	5,657,559	-
<b>Total</b>	<u>\$ 7,978,930</u>	<u>\$ 302,368</u>	<u>\$ 17,649,027</u>	<u>\$ 10,708,222</u>

These amounts above are net of outflows and inflows recognized in the 2023/24 measurement period expense. The \$3,611,272 and \$5,657,559 reported as deferred outflows of resources related to the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources, Net	
	Miscellaneous	Safety
2026	\$ (10,217)	\$ 2,021,475
2027	5,983,491	178,685
2028	(797,957)	(643,354)
2029	(1,110,027)	(273,560)
2030	-	-
Thereafter	-	-

E) Payable to the Pension Plan

As of June 30, 2025, 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, 2025**

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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. 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, 2025**

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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:

<u>Category</u>	<u>Count</u>
Active employees	289
Inactive employees or beneficiaries currently receiving benefits	259
Inactive employees entitled to but not yet receiving benefit payments	56
<b>Total</b>	<b>604</b>

**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 2024-25, the City paid \$8,468,419 for other postemployment benefits, of which \$3,027,419 was for health insurance benefits and \$4,850,000 was for Trust contributions, and \$591,000 in implicit subsidy benefit payments.

**Actuarial Methods and Assumptions Used to Determine Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2024 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, 2024 total OPEB liability, based on the following actuarial methods and assumptions:

<u>Actuarial Assumptions</u>	<u>June 30, 2024 Measurement Date (MD)</u>
Actuarial Valuation Date	June 30, 2023
Contribution Policy	Ad-hoc contributions to trust, benefit payments outside of trust
Discount Rate	4.53% at MD June 30, 2024, 4.27% at MD June 30, 2023 (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, 2025**

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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 4.53% was used in the valuation for measurement date June 30, 2024. This was updated from 4.27%.

**Changes In Assumptions**

The changes in assumptions as of the measurement date of June 30, 2024, were: The discount rate was updated based on crossover test from 4.27% to 4.53%, the municipal bond rate and the medical trend rate were updated.

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**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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}
<b>Balance at June 30, 2024</b> (6/30/2023 measurement date)	\$ 104,312,362	\$ 3,693,288	\$ 100,619,074
<b>Changes recognized for the measurement period:</b>			
Service cost	3,170,778	-	3,170,778
Interest	4,520,973	-	4,520,973
Changes of assumptions	(3,679,915)	-	(3,679,915)
Contributions – employer	-	4,220,745	(4,220,745)
Net investment income	-	513,277	(513,277)
Benefit payments	(3,211,093)	(3,211,093)	-
Administrative expense	-	(19,664)	19,664
<b>Net change</b>	<u>800,743</u>	<u>1,503,265</u>	<u>(702,522)</u>
<b>Balance at June 30, 2025</b> (6/30/2024 measurement date)	<u>\$ 105,113,105</u>	<u>\$ 5,196,553</u>	<u>\$ 99,916,552</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, 2024:

	1% Decrease 3.53%	Current Discount Rate 4.53%	1% Increase 5.53%
Total OPEB Liability	<u>\$ 116,875,184</u>	<u>\$ 99,916,552</u>	<u>\$ 86,348,785</u>

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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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, 2024:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 85,137,896	\$ 99,916,552	\$ 118,608,423

**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, 2025, the City recognized OPEB expense of \$3,226,609 with details as follows:

<b>Description</b>	<b>Amount</b>
Service Cost	\$ 3,170,778
Interest	4,520,973
Projected Earnings on Investments	(224,726)
Administrative Expenses	19,664
Recognition of deferred outflows/(inflows):	
Plan Experience	(2,021,010)
Assumption Changes	(2,166,593)
Asset returns	(72,477)
<b>Total OPEB Expense (Income)</b>	<b>\$ 3,226,609</b>

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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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, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,370,926	\$ 4,072,438
Changes of assumptions	2,539,115	22,035,598
Net difference between projected and actual earnings on OPEB plan investments	-	275,140
Contributions to OPEB plan subsequent to measurement date	8,468,419	-
<b>Total</b>	<b>\$ 15,378,460</b>	<b>\$ 26,383,176</b>

The \$8,468,419 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2024 measurement date will be recognized as a reduction of the total OPEB liability in the upcoming years:

<b>Fiscal Year Ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2026	\$ (6,613,631)
2027	(7,501,035)
2028	(4,159,871)
2029	(691,023)
2030	(507,575)
Thereafter:	-

# City of Hawthorne

## Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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### 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 \$6,476,989 reported in the Insurance Reserve Fund at June 30, 2025, 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 2023, 2024, and 2025, 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>
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
2024-2025	6,594,710	-	(117,721)	6,476,989	1,295,398

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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14) COMMITMENT AND CONTINGENCIES

*Construction Commitments*

The following construction commitments existed at June 30, 2025:

<u>Fund</u>	<u>Remaining Commitments as of June 30, 2025</u>
Non-major Funds	\$ 234,692
Internal Service Funds:	
Equipment Replacement	377,019
Enterprise Funds:	
Airport	1,117
	<u>\$ 612,828</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, 2025

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### 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 2024-25, the City was assessed \$3,061,676, 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, 2025, SBRPCA's preliminary financial information is as follows:

Net Position	
Total assets	\$ 16,646,321
Total deferred outflows of resources	5,229,661
Total liabilities	(12,488,175)
Total deferred inflows of resources	<u>(2,317,166)</u>
Total net position	<u>\$ 7,070,641</u>
Change in Net Position	
Operating revenues	\$ 14,360,147
Operating expenses	<u>(13,008,602)</u>
Operating income	1,351,545
Nonoperating revenues (expenses)	<u>529,944</u>
Change in net position	1,881,489
Beginning net position	<u>5,189,152</u>
Ending net position	<u>\$ 7,070,641</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, 2025**

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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.

	<b>Governmental Activities Balance at June 30, 2025</b>
Deferred outflows of resources	
Unamortized loss on defeasance of debt	\$ 184,487
	<b>Governmental Funds at June 30, 2025</b>
Deferred inflows of resources	
Unavailable Revenue - Receivables that were not received within the availability period and were not recognized as revenues	\$ 8,952,748

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

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, 2025**

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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, 2025**

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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, 2025, the City abated TOT taxes totaling \$1,764,033 under this agreement.

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*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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18) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

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

**Disclosure of Successor Agency Debts**

The following is a summary of changes in long-term debt for the year ended June 30, 2025:

	<b>Balance June 30, 2024</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2025</b>	<b>Due Within One Year</b>
Bonds payable - Direct placement					
Tax allocation bonds - 2016	\$ 17,435,000	\$ -	\$ (17,435,000)	\$ -	\$ -
Plus deferred amounts:					
Issuance premium	3,229,014	-	(3,229,014)	-	-
Tax allocation bonds - 2025	-	13,540,000	-	13,540,000	-
Plus deferred amounts:					
Issuance premium	-	1,423,386	-	1,423,386	-
Total bonds payable	20,664,014	14,963,386	(20,664,014)	14,963,386	-
Notes payable - Direct borrowing	33,061,331	1,125,000	(1,044,626)	33,141,705	-
<b>Total</b>	<b>\$ 53,725,345</b>	<b>\$ 16,088,386</b>	<b>\$ (21,708,640)</b>	<b>\$ 48,105,091</b>	<b>\$ -</b>

**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, 2025, the bonds were refunded with the 2025 Tax Allocation Bonds.

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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

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

*2025 Tax Allocation Bonds*

In June 2025, The Successor Agency issued \$13,540,000 to provide funds to (a) refund the Successor Agency’s Subordinate Tax Allocation Refunding Bonds, Series 2016, outstanding in the principal amount of \$15,625,000, the proceeds of which were used to refinance redevelopment activities of the former Community Redevelopment Agency of the City of Hawthorne (the “Former Agency”), (b) purchase a debt service reserve insurance policy for the Bonds, and (c) pay costs of issuance of the Bonds. The bonds bear variable interest of 5% and are payable semiannually on March 1 and September 1 of each year, commencing March 1, 2026 until maturity. The refunding of the bonds reduced the total debt service payments by \$1,311,264 and to obtain an economic gain of \$1,081,883. The bonds mature in fiscal year 2037.

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.

The bonds do not contain a provision allowing for the acceleration of the Bonds following an Event of Default.

The following schedule summarizes the debt service to maturity requirements for bonds outstanding as of June 30, 2025:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ -	\$ 460,736	\$ 460,736
2027	845,000	655,875	1,500,875
2028	1,015,000	609,375	1,624,375
2029	1,060,000	557,500	1,617,500
2030	1,110,000	503,250	1,613,250
2031-2035	6,460,000	1,601,500	8,061,500
2036-2037	3,050,000	154,500	3,204,500
<b>Total</b>	<b>\$ 13,540,000</b>	<b>\$ 4,542,736</b>	<b>\$ 18,082,736</b>

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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

**Disclosure of Successor Agency Debts, (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 canceled 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, 2025, the outstanding balance on this note totaled \$33,141,705.

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, 2025

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### 19) OTHER REQUIRED DISCLOSURES

#### Deficit in Fund Balance

The following funds have deficits in fund balance or net position at June 30, 2025:

<u>Fund</u>	<u>Amount</u>
<b>Major Governmental Funds:</b>	
<i>Special Revenue Funds:</i>	
CA Parks & Recreation-Community Center	\$ (3,664,957)
Park Improvements	(3,569,467)
<b>Nonmajor Governmental Funds:</b>	
<i>Special Revenue Funds:</i>	
Street Lighting	(460,746)
Street	(417,951)
California Office of Traffic Safety	(53,058)
HOME Grant	(1,693,976)
Community Development Block Grant	(686,065)
MTA Measure W	(442,325)
CA Parks & Recreation Senior Center	(215,435)
HUD Community Development	(428)
Building Resilient Infrastructure & Communities	(275,649)
Cannabis Retail Access Grant	(44,345)
Recycling Fund	(70,337)
Homeland Security - StoneGarden	(78,879)
USDOT – SS4A	(227,207)
<i>Debt Service Fund:</i>	
2019 Pension Obligation Bon	(1,221,186)
<i>Internal Service Fund:</i>	
Insurance Reserve	(6,543,168)

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

*City of Hawthorne*

**Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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20) RESTATEMENT OF BEGINNING BALANCES

Due to the reclassification from major fund to nonmajor fund and vice versa, the beginning fund balance was restated.

	Net position/fund balance June 30, 2025 <u>as previously reported</u>	Change from/to <u>nonmajor/major</u>	Net position/fund balance June 30, 2025 <u>as restated/adjusted</u>
<b>Governmental funds</b>			
Major funds:			
CA Parks & Recreation			
- Community Center	\$ -	\$ (923,820)	\$ (923,820)
Park Improvements	-	(220,262)	(220,262)
Nonmajor funds	<u>27,288,574</u>	<u>(445,890)</u>	<u>26,842,684</u>
<b>Total governmental funds</b>	<u>\$ 27,288,574</u>	<u>\$ (1,589,972)</u>	<u>\$ 25,698,602</u>

The City also separated the fund presentation of the Asset Forfeiture Fund into Asset Forfeiture Fund, the Asset Forfeiture - Justice Fund and the Homeland Security/Treasury Forfeiture Fund in fiscal year ended June 30, 2025. The net change to the beginning fund balance for the nonmajor funds is zero.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**Required Supplementary Information  
General Fund**

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**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.

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# City of Hawthorne

## Required Supplementary Information Budgetary Comparison Schedule by Department General Fund For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 97,478,911	\$ 94,124,937	\$ 98,138,428	\$ 4,013,491
Licenses and permits	1,858,419	2,058,419	1,885,304	(173,115)
Intergovernmental	1,466,000	1,690,950	1,884,985	194,035
Charges for services	4,618,500	5,368,900	6,315,694	946,794
Fines and forfeitures	3,200,000	3,200,000	2,168,952	(1,031,048)
Use of money and property	1,500,000	3,500,000	5,275,216	1,775,216
Contributions	200,000	200,000	200,000	-
Miscellaneous	1,882,331	2,392,912	2,569,034	176,122
Total revenues	<u>112,204,161</u>	<u>112,536,118</u>	<u>118,437,613</u>	<u>5,901,495</u>
<b>Expenditures</b>				
Current:				
General government:				
Mayor and City Council	8,812,681	9,541,828	9,677,605	(135,777)
City clerk	446,563	446,175	357,770	88,405
City manager	962,222	950,213	618,657	331,556
City treasurer	52,366	54,888	52,940	1,948
City attorney	1,270,645	1,443,354	1,442,601	753
Administrative services	11,670,122	11,593,471	10,839,811	753,660
Public safety:				
Police	65,473,611	67,252,731	63,063,778	4,188,953
Community development:				
Planning	2,680,848	2,765,097	2,265,803	499,294
Building and safety	1,336,226	1,354,634	1,225,734	128,900
Parks and recreation	5,849,039	5,809,700	5,250,375	559,325
Public works	3,747,190	3,836,972	2,051,545	1,785,427
Capital outlay	24,720	856,091	848,008	8,083
Total expenditures	<u>102,326,233</u>	<u>105,905,154</u>	<u>97,694,627</u>	<u>8,210,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,877,928</u>	<u>6,630,964</u>	<u>20,742,986</u>	<u>14,112,022</u>
<b>Other Financing Sources (Uses)</b>				
Subscription acquisition	-	481,964	492,800	10,836
Transfers in	3,000,000	42,493	41,494	(999)
Transfers out	(7,623,630)	(11,536,937)	(16,033,444)	(4,496,507)
Total other financing sources (uses)	<u>(4,623,630)</u>	<u>(11,012,480)</u>	<u>(15,499,150)</u>	<u>(4,486,670)</u>
Net change in fund balance	5,254,298	(4,381,516)	5,243,836	9,625,352
<b>Fund Balance</b>				
Beginning	<u>109,473,673</u>	<u>109,473,673</u>	<u>109,473,673</u>	<u>-</u>
Ending	<u>\$ 114,727,971</u>	<u>\$ 105,092,157</u>	<u>\$ 114,717,509</u>	<u>\$ 9,625,352</u>

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## *City of Hawthorne*

### **Required Supplementary Information Major Special Revenue Funds**

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#### **Major Special Revenue Funds**

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

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

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

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*City of Hawthorne*

**Required Supplementary Information  
Budgetary Comparison Schedule  
Hawthorne Housing Authority Special Revenue Fund  
For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 12,375,267	\$ 12,375,267	\$ 12,160,068	\$ (215,199)
Charges for services	1,097,185	1,097,185	856,853	(240,332)
Use of money and property	-	-	115	115
Miscellaneous	16,484	16,484	5,150	(11,334)
Total revenues	<u>13,488,936</u>	<u>13,488,936</u>	<u>13,022,186</u>	<u>(466,750)</u>
<b>Expenditures</b>				
Current:				
Community development	13,502,087	13,551,287	12,708,993	842,294
Community services	3,400	3,400	2,781	619
Total expenditures	<u>13,505,487</u>	<u>13,554,687</u>	<u>12,711,774</u>	<u>842,913</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,551)</u>	<u>(65,751)</u>	<u>310,412</u>	<u>376,163</u>
<b>Other Financing Uses</b>				
Transfers out	(146,183)	(146,183)	(113,855)	32,328
Total other financing uses	<u>(146,183)</u>	<u>(146,183)</u>	<u>(113,855)</u>	<u>32,328</u>
Net change in fund balance	(162,734)	(211,934)	196,557	408,491
<b>Fund Balance</b>				
Beginning	<u>432,928</u>	<u>432,928</u>	<u>432,928</u>	<u>-</u>
Ending	<u>\$ 270,194</u>	<u>\$ 220,994</u>	<u>\$ 629,485</u>	<u>\$ 408,491</u>

*City of Hawthorne*

**Required Supplementary Information  
Budgetary Comparison Schedule  
American Rescue Plan Act Fund  
For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 4,223,722	\$ 4,223,722
Use of money and property	-	-	(833,344)	(833,344)
Total revenues	-	-	3,390,378	3,390,378
<b>Expenditures</b>				
Current:				
General government:	8,170,990	7,248,392	4,223,722	3,024,670
Public safety	2,230,182	2,230,182	-	2,230,182
Total expenditures	10,401,172	9,478,574	4,223,722	5,254,852
Net change in fund balance	(10,401,172)	(9,478,574)	(833,344)	8,645,230
<b>Fund Balance</b>				
Beginning	833,344	833,344	833,344	-
Ending	\$ (9,567,828)	\$ (8,645,230)	\$ -	\$ 8,645,230

*City of Hawthorne*

**Required Supplementary Information  
 Budgetary Comparison Schedule  
 CA Parks & Recreation Community Center Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
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)
<b>Expenditures</b>				
Current:				
Community development	-	-	74,171	(74,171)
Parks and recreation	4,913,864	4,913,864	146,726	4,767,138
Capital outlay	-	218,211	2,520,240	(2,302,029)
Total expenditures	4,913,864	5,132,075	2,741,137	2,390,938
Net change in fund balance	86,136	(132,075)	(2,741,137)	(2,609,062)
<b>Fund Balance (Deficit)</b>				
Beginning	-	-	(923,820)	(923,820)
Ending	\$ 86,136	\$ (132,075)	\$ (3,664,957)	\$ (3,532,882)

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

Measurement Period	2014-15	2015-16	2016-17	2017-18
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 2,320,007	\$ 2,435,899	\$ 2,423,798	\$ 2,499,955
Interest	12,647,730	13,024,281	13,232,559	13,468,820
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	(3,637,760)	(990,439)	(1,869,811)	(1,608,731)
Changes of Assumptions	(3,045,664)	-	10,775,154	(888,445)
Benefit Payments, Including Refunds of Employee Contributions	<u>(8,707,272)</u>	<u>(9,518,736)</u>	<u>(9,562,803)</u>	<u>(10,222,978)</u>
<b>Net Change in Total Pension Liability</b>	<b>(422,959)</b>	<b>4,951,005</b>	<b>14,998,897</b>	<b>3,248,621</b>
<b>Total Pension Liability - Beginning</b>	<b>175,206,854</b>	<b>174,783,895</b>	<b>179,734,900</b>	<b>194,733,797</b>
<b>Total Pension Liability - Ending (a)</b>	<b>174,783,895</b>	<b>179,734,900</b>	<b>194,733,797</b>	<b>197,982,418</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contributions - Employer	2,628,948	2,956,754	3,304,427	3,987,019
Contributions - Employee	1,100,494	1,074,004	973,001	990,915
Net Investment Income	3,019,296	700,955	14,402,918	11,595,557
Benefit Payments, Including Refunds of Employee Contributions	(8,707,272)	(9,518,736)	(9,562,803)	(10,222,978)
Net Plan to Plan Resource Movement	(36,608)	-	-	(341)
Administrative Expenses	(154,341)	(83,347)	(194,723)	(219,421)
Other Miscellaneous Income/(Expense) <sup>1</sup>	-	-	-	(416,685)
<b>Net Change in Fiduciary Net Position</b>	<b>(2,149,483)</b>	<b>(4,870,370)</b>	<b>8,922,820</b>	<b>5,714,066</b>
<b>Plan Fiduciary Net Position - Beginning<sup>2</sup></b>	<b>138,907,456</b>	<b>136,757,973</b>	<b>131,887,603</b>	<b>140,810,423</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>136,757,973</b>	<b>131,887,603</b>	<b>140,810,423</b>	<b>146,524,489</b>
<b>Plan Net Position Liability / (Asset) - Ending (a) - (b)</b>	<b>\$ 38,025,922</b>	<b>\$ 47,847,297</b>	<b>\$ 53,923,374</b>	<b>\$ 51,457,929</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability / (Asset)</b>	<b>78.24%</b>	<b>73.38%</b>	<b>72.31%</b>	<b>74.01%</b>
<b>Covered Payroll<sup>3</sup></b>	<b>\$ 13,145,259</b>	<b>\$ 14,172,919</b>	<b>\$ 12,670,141</b>	<b>\$ 12,808,459</b>
<b>Plan Net Pension Liability / (Asset) as a Percentage of Covered Payroll</b>	<b>289.27%</b>	<b>337.60%</b>	<b>425.59%</b>	<b>401.75%</b>

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

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

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

<sup>3</sup> Includes one year's payroll growth using 2.80 percent payroll growth assumption for fiscal years ended June 30, 2022-24; 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-21; 3 percent payroll growth assumption for fiscal years ended June 30, 2015-17.

**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>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
\$ 2,467,368	\$ 2,391,450	\$ 2,478,272	\$ 2,662,009	\$ 2,664,738	\$ 2,830,458
13,791,792	14,191,317	14,602,910	14,801,624	15,327,104	15,648,199
-	-	-	-	226,510	-
(1,116,355)	154,829	699,629	(961,116)	2,653,910	(518,345)
-	-	-	6,297,331	-	-
<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>	<u>(12,827,967)</u>
<b>4,727,709</b>	<b>5,576,169</b>	<b>5,803,709</b>	<b>10,317,981</b>	<b>7,894,607</b>	<b>5,132,345</b>
<b>197,982,418</b>	<b>202,710,127</b>	<b>208,286,296</b>	<b>214,090,005</b>	<b>224,407,986</b>	<b>232,302,593</b>
<u>202,710,127</u>	<u>208,286,296</u>	<u>214,090,005</u>	<u>224,407,986</u>	<u>232,302,593</u>	<u>237,434,938</u>
4,555,596	57,022,354	1,612,478	1,599,394	2,001,272	1,970,337
997,444	1,002,245	1,047,853	984,017	1,106,404	1,147,931
9,470,424	9,133,158	45,476,553	(17,954,498)	12,895,701	20,213,228
(10,415,096)	(11,161,427)	(11,977,102)	(12,481,867)	(12,977,655)	(12,827,967)
(581)	-	-	-	-	-
(104,563)	(212,912)	(206,592)	(151,228)	(157,925)	(177,085)
341	-	-	-	-	-
<u>4,503,565</u>	<u>55,783,418</u>	<u>35,953,190</u>	<u>(28,004,182)</u>	<u>2,867,797</u>	<u>10,326,444</u>
<u>146,524,489</u>	<u>151,028,054</u>	<u>206,811,472</u>	<u>242,764,662</u>	<u>214,760,480</u>	<u>217,628,277</u>
<u>151,028,054</u>	<u>206,811,472</u>	<u>242,764,662</u>	<u>214,760,480</u>	<u>217,628,277</u>	<u>227,954,721</u>
<b>\$ 51,682,073</b>	<b>\$ 1,474,824</b>	<b>\$ (28,674,657)</b>	<b>\$ 9,647,506</b>	<b>\$ 14,674,316</b>	<b>\$ 9,480,217</b>
74.50%	99.29%	113.39%	95.70%	93.68%	96.01%
\$ 12,552,747	\$ 12,358,915	\$ 12,768,014	\$ 12,798,121	\$ 12,873,129	\$ 14,116,999
411.72%	11.93%	-224.58%	75.38%	113.99%	67.15%

# 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
6/30/2016	6/30/2015	\$ 2,956,754	\$ (2,956,754)	\$ -	\$ 12,670,141	23.34%
6/30/2017	6/30/2016	3,304,427	(3,304,427)	-	12,808,459	25.80%
6/30/2018	6/30/2017	3,987,019	(3,987,019)	-	12,552,747	31.76%
6/30/2019	6/30/2018	4,555,596	(4,555,596)	-	12,358,915	36.86%
6/30/2020	6/30/2019	5,392,780	(57,022,354)	(51,629,574)	12,768,014	42.24%
6/30/2021	6/30/2020	1,612,478	(1,612,478)	-	12,798,121	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)	-	14,116,999	15.21%
6/30/2025	6/30/2024	2,686,318	(3,611,272)	(924,954)	14,228,821	18.88%

#### 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, 2022 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 <i>CalPERS Experience Study and Review of Actuarial Assumptions</i> . Mortality rates incorporate full 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) <sup>1</sup>	Employer's Proportionate Share of the Collective Net Pension Liability / (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability / (Asset) as a percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability / (Asset)
6/30/2015	0.60260%	\$ 41,362,512	\$ 9,859,032	419.54%	78.40%
6/30/2016	0.61630%	53,325,378	9,229,395	577.78%	74.06%
6/30/2017	0.61251%	60,744,172	8,569,976	708.80%	73.31%
6/30/2018	0.63994%	61,666,264	7,590,002	812.47%	75.26%
6/30/2019	0.64788%	66,388,233	10,129,496	655.40%	75.26%
6/30/2020	0.02863%	3,115,161	8,106,797	38.43%	75.10%
6/30/2021	-0.63645%	(34,421,128)	8,335,602	-412.94%	88.29%
6/30/2022	0.09501%	10,974,696	9,084,823	120.80%	76.68%
6/30/2023	0.24245%	18,122,740	8,621,419	210.21%	76.21%
6/30/2024	0.22687%	16,541,036	8,858,957	186.72%	78.08%

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

# 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
6/30/2016	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%
6/30/2025	6/30/2024	4,304,114	(5,657,559)	(1,353,445)	10,045,846	42.84%

#### 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: There were no assumption changes in 2023 or 2024. 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, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

# 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	\$ 32,583,616	13%
2025	8,583,000	(8,468,419)	114,581	36,480,635	23%

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 4.27% to 4.53%, 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*

17-year fixed period for 2024-25

*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*

4.53%

*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.

# City of Hawthorne

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

Fiscal Year Measurement Period	2017-18	2018-19	2019-20	2020-21
	2016-17	2017-18	2018-19	2019-20
<b>Total OPEB Liability</b>				
Service cost	\$ 4,251,000	\$ 3,574,000	\$ 3,405,180	\$ 3,555,411
Interest	3,360,000	3,863,000	4,148,492	3,830,827
Differences between expected and actual experience	-	-	(8,450,705)	-
Changes of assumptions	(14,185,000)	(5,105,000)	5,945,521	27,930,290
Benefit payments	(2,713,000)	(2,806,000)	(2,926,000)	(2,959,379)
Net change in total OPEB liability	(9,287,000)	(474,000)	2,122,488	32,357,149
Total OPEB liability - beginning	115,015,000	105,728,000	105,254,000	107,376,488
Total OPEB liability - ending	\$ 105,728,000	\$ 105,254,000	\$ 107,376,488	\$ 139,733,637
<b>Plan Fiduciary Net Position <sup>(2)</sup></b>				
Contributions – employer	-	-	-	-
Net investment income	-	-	-	-
Benefit payments	-	-	-	-
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-
Net OPEB liability - ending (a) - (b)	\$ 105,728,000	\$ 105,254,000	\$ 107,376,488	\$ 139,733,637
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll <sup>(1)</sup>	\$ 24,186,000	\$ 25,246,508	\$ 25,373,487	\$ 27,111,119
Total OPEB liability as a percentage of covered-employee payroll <sup>(1)</sup>	437.1%	416.9%	423.2%	515.4%

Notes to schedule:

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

<sup>(2)</sup> 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, 2025 (Measurement date June 30, 20234, the discount rate was updated to 4.53% from prior years' rate of 4.27%

*\*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.*

<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
\$ 5,252,506	\$ 4,500,230	\$ 3,198,898	\$ 3,170,778
3,168,811	2,693,466	3,621,358	4,520,973
(14,253,534)	-	6,671,414	-
(8,870,441)	(25,044,228)	(6,663,008)	(3,679,915)
(3,202,013)	(3,263,442)	(3,231,292)	(3,211,093)
(17,904,671)	(21,113,974)	3,597,370	800,743
139,733,637	121,828,966	100,714,992	104,312,362
<u>\$ 121,828,966</u>	<u>\$ 100,714,992</u>	<u>\$ 104,312,362</u>	<u>\$ 105,113,105</u>
-	-	6,740,492	4,220,745
-	-	198,459	513,277
-	-	(3,231,292)	(3,211,093)
-	-	(14,371)	(19,664)
-	-	3,693,288	1,503,265
-	-	-	3,693,288
-	-	3,693,288	5,196,553
<u>\$ 121,828,966</u>	<u>\$ 100,714,992</u>	<u>\$ 100,619,074</u>	<u>\$ 99,916,552</u>
0.0%	0.0%	3.5%	4.9%
\$ 27,282,854	\$ 31,883,839	\$ 32,583,616	\$ 36,480,635
446.5%	315.9%	308.8%	273.9%

**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: Hawthorne Boulevard Mobility Improvement Program, CARES Act, LEAP Grant, Homeless Prevention and Rapid Re-housing Program (HPRP), Edward Byrne Memorial Justice Assistance Program, Building Resilient Infrastructure & Communities, and the American Down Payment Dream Program.

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# City of Hawthorne

## Notes to Required Supplementary Information June 30, 2025

### Excess of Expenditures over Appropriations

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

Fund	Appropriations	Expenditures	Excess
<b>Major Governmental Fund</b>			
<i>General Fund:</i>			
General government:			
Mayor and City Council	\$ 9,541,828	\$ 9,677,605	\$ (135,777)
<i>CA Parks &amp; Recreation Community Center:</i>			
Community development	-	74,171	(74,171)
Capital outlay	218,211	2,520,240	(2,302,029)
<i>Park Improvements</i>			
Community development	231,756	328,789	(97,033)
<i>Civic Center Lease Bonds</i>			
Interest and fiscal charges	-	778,556	(778,556)
Bond issuance costs	-	439,453	(439,453)
<b>Nonmajor Governmental Funds</b>			
<i>Special Revenue Fund:</i>			
Street Lighting			
Public works	845,478	970,312	(124,834)
Asset Forfeiture			
Capital outlay	837,713	840,175	(2,462)
MTA Measure R			
Capital outlay	970,000	970,996	(996)
SB1383 Local Assistance Grant			
Community development	100,000	128,291	(28,291)
Permanent Local Housing Allocation			
Community development	347,488	740,624	(393,136)
LA Centers for Alcohol and Drug Abuse			
Parks and recreation	154,615	252,253	(97,638)
CA Parks & Recreation Senior Center			
Community development	-	12,734	(12,734)
Recycling Fund			
Public works	40,000	44,806	(4,806)
USDOT – SS4A			
Public works	200,000	227,207	(27,207)
Homeland Security/Treasury Forfeiture			
Public safety	21,654	41,607	(19,953)

**SUPPLEMENTARY INFORMATION**

**Non-Major Governmental Funds**

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**Special Revenue Funds**

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

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

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

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

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

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

**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)**

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**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)**

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**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 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)**

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**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. No budget was legally adopted for the fund.

**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.

**Homeland Security – StoneGarden Fund** is used to account for Federal grants that provide increased operational capability in law enforcement along international boundaries, cross-border crime, and intelligence collection.

**Asset Forfeiture – Justice Fund** is a nationwide law enforcement initiative that removes the tools of crime from criminal organizations, deters crime and deprives wrongdoers of their criminal proceeds, and recovers property that may be used to compensate victims. Equitable sharing further enhances the law enforcement mission by fostering cooperation among federal, state, and local law enforcement agencies. Federal law authorizes the Attorney General to share federally forfeited property with participating state and local law enforcement agencies.

**Social Security Administration Fund** is used to account for Federal grants that are used for placement of investigators on the SSA Task Force.

**USDOT – SS4A Fund** is the US Department of Transportation’s grant to create a Comprehensive Safety Action Plan to address areas where safety countermeasures are urgently needed, primarily in underserved communities.

**Homeland Security/Treasury Forfeiture Fund** is a nationwide law enforcement initiative that removes the tools of crime from criminal organizations, deters crime and deprives wrongdoers of the proceeds of their criminal proceeds, and recovers property that may be used to compensate victims. Equitable sharing further enhances the law enforcement mission by fostering cooperation among federal, state, and local law enforcement agencies. Federal law authorizes Treasury to share federally forfeited property with participating state and local law enforcement agencies.

**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.

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

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**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.

**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, 2025**

	Special Revenue Funds		
	Street Lighting	Gas Tax	Street
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 4,247,929	\$ -
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	630,835	-
Taxes	8,585	-	2,910
Interest	-	25,314	-
Due from Successor Agency	-	-	-
Total assets	<u>\$ 8,585</u>	<u>\$ 4,904,078</u>	<u>\$ 2,910</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 2,601	\$ 65,401	\$ 296,916
Accrued liabilities	2,677	19,112	45,898
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	464,053	-	78,047
Total liabilities	<u>469,331</u>	<u>84,513</u>	<u>420,861</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	-	-	-
<b>Fund Balances (Deficit):</b>			
Restricted	-	4,819,565	-
Unassigned	(460,746)	-	(417,951)
Total fund balances	<u>(460,746)</u>	<u>4,819,565</u>	<u>(417,951)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,585</u>	<u>\$ 4,904,078</u>	<u>\$ 2,910</u>

(continued)

Special Revenue Funds				
Asset Forfeiture	COPS	California Office of Traffic Safety	Edward Byrne Memorial Justice Assistance Program	Local Law Enforcement Block Grant
\$ 968,270	\$ 363,302	\$ -	\$ 17	\$ 10,401
-	-	-	-	-
-	-	45,194	-	-
-	-	-	-	-
-	2,702	-	-	-
-	-	-	-	-
<u>\$ 968,270</u>	<u>\$ 366,004</u>	<u>\$ 45,194</u>	<u>\$ 17</u>	<u>\$ 10,401</u>
\$ 72,804	\$ -	\$ 1,350	\$ -	\$ -
21,299	-	7,756	17	-
-	-	-	-	-
-	-	-	-	-
-	-	43,952	-	-
<u>94,103</u>	<u>-</u>	<u>53,058</u>	<u>17</u>	<u>-</u>
-	-	45,194	-	-
874,167	366,004	-	-	10,401
-	-	(53,058)	-	-
<u>874,167</u>	<u>366,004</u>	<u>(53,058)</u>	<u>-</u>	<u>10,401</u>
<u>\$ 968,270</u>	<u>\$ 366,004</u>	<u>\$ 45,194</u>	<u>\$ 17</u>	<u>\$ 10,401</u>

*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2025**

	Special Revenue Funds		
	MTA Measure R	Proposition A	MTA Measure M
<b>ASSETS</b>			
Cash and investments	\$ 2,661,383	\$ 6,018,310	\$ 2,676,389
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	-	-
Taxes	-	-	-
Interest	16,535	39,227	17,013
Due from Successor Agency	-	-	-
Total assets	<u>\$ 2,677,918</u>	<u>\$ 6,057,537</u>	<u>\$ 2,693,402</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 36,015	\$ 154,332
Accrued liabilities	9,400	2,098	3,047
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>9,400</u>	<u>38,113</u>	<u>157,379</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	-	-	-
<b>Fund Balances (Deficit):</b>			
Restricted	2,668,518	6,019,424	2,536,023
Unassigned	-	-	-
Total fund balances	<u>2,668,518</u>	<u>6,019,424</u>	<u>2,536,023</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,677,918</u>	<u>\$ 6,057,537</u>	<u>\$ 2,693,402</u>

(continued)

Special Revenue Funds				
American Down Payment Dream Program	Proposition C	Air Quality	California Used Oil Recycling	California Beverage Container Recycling
\$ 15,600	\$ 4,240,153	\$ 261,054	\$ 182,170	\$ 164,825
-	-	-	-	-
-	-	29,784	-	-
-	-	-	-	-
-	27,433	1,585	1,165	1,075
-	-	-	-	-
<u>\$ 15,600</u>	<u>\$ 4,267,586</u>	<u>\$ 292,423</u>	<u>\$ 183,335</u>	<u>\$ 165,900</u>
\$ -	\$ 177,324	\$ 130	\$ -	\$ -
-	4,190	-	-	1,345
-	-	-	42,862	8,771
-	-	-	-	-
-	-	-	-	-
-	181,514	130	42,862	10,116
-	-	-	-	-
15,600	4,086,072	292,293	140,473	155,784
-	-	-	-	-
<u>15,600</u>	<u>4,086,072</u>	<u>292,293</u>	<u>140,473</u>	<u>155,784</u>
<u>\$ 15,600</u>	<u>\$ 4,267,586</u>	<u>\$ 292,423</u>	<u>\$ 183,335</u>	<u>\$ 165,900</u>

*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2025**

	Special Revenue Funds		
	Hawthorne Blvd Mobility Improv. Program	CATV Peg	Housing Asset
<b>ASSETS</b>			
Cash and investments	\$ 674	\$ 701,912	\$ 8,061,237
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	17,611	-
Taxes	-	-	-
Interest	4	-	52,640
Due from Successor Agency	-	-	366,734
Total assets	<u>\$ 678</u>	<u>\$ 719,523</u>	<u>\$ 8,480,611</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 22,944
Accrued liabilities	-	-	3,982
Unearned revenue	-	-	-
Deposits payable	-	-	51,125
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>78,051</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	-	-	366,734
<b>Fund Balances (Deficit):</b>			
Restricted	678	719,523	8,035,826
Unassigned	-	-	-
Total fund balances	<u>678</u>	<u>719,523</u>	<u>8,035,826</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 678</u>	<u>\$ 719,523</u>	<u>\$ 8,480,611</u>

(continued)

Special Revenue Funds				
HOME Grant	Community Development Block Grant	HPRP Funds	FEMA Grant	SB1383 Local Assistance Grant
\$ 71,914	\$ 140,781	\$ 15,153	\$ 3,227	\$ 154,770
-	-	-	-	-
18,420	328,751	-	-	-
-	-	-	-	-
-	-	-	21	1,059
-	-	-	-	-
<u>\$ 90,334</u>	<u>\$ 469,532</u>	<u>\$ 15,153</u>	<u>\$ 3,248</u>	<u>\$ 155,829</u>
\$ 907,266	\$ 641,565	\$ -	\$ -	\$ -
4,886	1,130	-	-	6,132
872,158	-	-	-	132,034
-	17,897	-	-	-
-	330,008	-	-	-
<u>1,784,310</u>	<u>990,600</u>	<u>-</u>	<u>-</u>	<u>138,166</u>
-	164,997	-	-	-
-	-	15,153	3,248	17,663
<u>(1,693,976)</u>	<u>(686,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,693,976)</u>	<u>(686,065)</u>	<u>15,153</u>	<u>3,248</u>	<u>17,663</u>
<u>\$ 90,334</u>	<u>\$ 469,532</u>	<u>\$ 15,153</u>	<u>\$ 3,248</u>	<u>\$ 155,829</u>

*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2025**

	Special Revenue Funds		
	Permanent Local Housing Allocation	CARES Act	MTA Measure W
<b>ASSETS</b>			
Cash and investments	\$ 330,678	\$ 40	\$ -
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	-	25,770
Taxes	-	-	-
Interest	3,998	-	-
Due from Successor Agency	-	-	-
Total assets	<u>\$ 334,676</u>	<u>\$ 40</u>	<u>\$ 25,770</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 182,325	\$ -	\$ 32,798
Accrued liabilities	-	-	6,138
Unearned revenue	55,232	-	-
Deposits payable	-	-	-
Due to other funds	-	-	429,159
Total liabilities	<u>237,557</u>	<u>-</u>	<u>468,095</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	-	-	-
<b>Fund Balances (Deficit):</b>			
Restricted	97,119	40	-
Unassigned	-	-	(442,325)
Total fund balances	<u>97,119</u>	<u>40</u>	<u>(442,325)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 334,676</u>	<u>\$ 40</u>	<u>\$ 25,770</u>

(continued)

Special Revenue Funds				
SB2 Planning Grant	LEAP Grant	Urban Security Initiative Grant	Rain Water Grant	LA Centers for Alcohol & Drug Abuse
\$ 44,881	\$ -	\$ -	\$ 473,855	\$ 25,904
-	-	-	-	-
-	-	-	-	118,638
-	-	-	-	-
293	-	-	3,099	120
-	-	-	-	-
<u>\$ 45,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,954</u>	<u>\$ 144,662</u>
\$ -	\$ -	\$ -	\$ -	\$ 82,870
-	-	-	-	-
-	-	-	438,451	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>438,451</u>	<u>82,870</u>
-	-	-	-	57,030
45,174	-	-	38,503	4,762
-	-	-	-	-
<u>45,174</u>	<u>-</u>	<u>-</u>	<u>38,503</u>	<u>4,762</u>
<u>\$ 45,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,954</u>	<u>\$ 144,662</u>

*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2025**

	Special Revenue Funds		
	CA Parks & Recreation Senior Center	HUD Community Development	Building Resilient Infrastructure & Communities
<b>ASSETS</b>			
Cash and investments	\$ -	\$ -	\$ -
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	-	465,662	-
Taxes	-	-	-
Interest	-	-	-
Due from Successor Agency	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 465,662</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 1,680	\$ -
Accrued liabilities	349	-	-
Unearned revenue	622	-	-
Deposits payable	-	-	-
Due to other funds	214,464	464,410	275,649
Total liabilities	<u>215,435</u>	<u>466,090</u>	<u>275,649</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	-	-	-
<b>Fund Balances (Deficit):</b>			
Restricted	-	-	-
Unassigned	(215,435)	(428)	(275,649)
Total fund balances	<u>(215,435)</u>	<u>(428)</u>	<u>(275,649)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 465,662</u>	<u>\$ -</u>

(continued)

Special Revenue Funds				
Cannabis Retail Access Grant	Recycling Fund	Homeland Security - StoneGarden	Asset Forfeiture - Justice	Social Security Administration
\$ -	\$ -	\$ -	\$ 26,703	\$ 3,715
-	-	-	-	-
45,000	29,800	106,000	-	3,715
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 45,000</u>	<u>\$ 29,800</u>	<u>\$ 106,000</u>	<u>\$ 26,703</u>	<u>\$ 7,430</u>
\$ 13,003	\$ -	\$ -	\$ -	\$ -
-	1,378	7,571	-	-
-	-	-	-	-
-	-	-	-	-
31,342	68,959	98,429	-	3,715
<u>44,345</u>	<u>70,337</u>	<u>106,000</u>	<u>-</u>	<u>3,715</u>
<u>45,000</u>	<u>29,800</u>	<u>78,879</u>	<u>-</u>	<u>3,715</u>
-	-	-	26,703	-
<u>(44,345)</u>	<u>(70,337)</u>	<u>(78,879)</u>	<u>-</u>	<u>-</u>
<u>(44,345)</u>	<u>(70,337)</u>	<u>(78,879)</u>	<u>26,703</u>	<u>-</u>
<u>\$ 45,000</u>	<u>\$ 29,800</u>	<u>\$ 106,000</u>	<u>\$ 26,703</u>	<u>\$ 7,430</u>

*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2025**

	Special Revenue Fund		
	USDOT – SS4A	Homeland Security/Treasury Forfeiture	2009 Street Improvement <b>(Formerly Major)</b>
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 500,288	\$ 1,522,411
Cash and investments with fiscal agents	-	-	-
Receivables:			
Accounts	227,207	7,299	131,971
Taxes	-	-	-
Interest	-	-	5,284
Due from Successor Agency	-	-	-
Total assets	<u>\$ 227,207</u>	<u>\$ 507,587</u>	<u>\$ 1,659,666</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 32,283
Accrued liabilities	-	-	22,754
Unearned revenue	-	-	129,919
Deposits payable	-	-	-
Due to other funds	227,207	-	-
Total liabilities	<u>227,207</u>	<u>-</u>	<u>184,956</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	227,207	-	131,971
<b>Fund Balances (Deficit):</b>			
Restricted	-	507,587	1,342,739
Unassigned	(227,207)	-	-
Total fund balances	<u>(227,207)</u>	<u>507,587</u>	<u>1,342,739</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 227,207</u>	<u>\$ 507,587</u>	<u>\$ 1,659,666</u>

(continued)

Capital Improvement Funds		Debt Service Funds	
Development Impact	Capital Improvements	Public Financing Authority	2016 Refunding Bonds
\$ 2,154,584	\$ 5,291,703	\$ 277,144	\$ 119,549
-	-	-	1
-	-	-	-
-	-	-	-
14,105	-	1,812	-
-	-	-	-
<u>\$ 2,168,689</u>	<u>\$ 5,291,703</u>	<u>\$ 278,956</u>	<u>\$ 119,550</u>
\$ 6,105	\$ 198,128	\$ -	\$ -
-	2,083	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>6,105</u>	<u>200,211</u>	<u>-</u>	<u>-</u>
-	-	-	-
2,162,584	5,091,492	278,956	119,550
-	-	-	-
<u>2,162,584</u>	<u>5,091,492</u>	<u>278,956</u>	<u>119,550</u>
<u>\$ 2,168,689</u>	<u>\$ 5,291,703</u>	<u>\$ 278,956</u>	<u>\$ 119,550</u>

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*City of Hawthorne*

**Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2025**

**(concluded)**

	Debt Service Funds		Total Nonmajor Governmental Funds
	2016 Direct Placement Lease Financing	2019 Pension Obligation Bond	
<b>ASSETS</b>			
Cash and investments	\$ 48,842	\$ -	\$ 41,779,768
Cash and investments with fiscal agents	-	6	7
Receivables:			
Accounts	-	-	2,231,657
Taxes	-	-	11,495
Interest	57	-	214,541
Due from Successor Agency	-	-	366,734
Total assets	<u>\$ 48,899</u>	<u>\$ 6</u>	<u>\$ 44,604,202</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 2,927,840
Accrued liabilities	-	-	173,242
Unearned revenue	-	-	1,680,049
Deposits payable	-	-	69,022
Due to other funds	-	1,221,192	3,950,586
Total liabilities	<u>-</u>	<u>1,221,192</u>	<u>8,800,739</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue	-	-	1,150,527
<b>Fund Balances (Deficit):</b>			
Restricted	48,899	-	40,540,523
Unassigned	-	(1,221,186)	(5,887,587)
Total fund balances	<u>48,899</u>	<u>(1,221,186)</u>	<u>34,652,936</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,899</u>	<u>\$ 6</u>	<u>\$ 44,604,202</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, 2025**

	Special Revenue Funds		
	Street Lighting	Gas Tax	Street
<b>Revenues</b>			
Taxes	\$ 580,622	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	170,001	4,837,552	143,656
Charges for services	-	-	195,858
Fines and forfeitures	-	-	-
Use of money and property	388	183,977	7,956
Miscellaneous	-	-	352,507
Total revenues	<u>751,011</u>	<u>5,021,529</u>	<u>699,977</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	970,312	1,271,865	1,825,726
Capital outlay	-	1,200,000	884,692
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>970,312</u>	<u>2,471,865</u>	<u>2,710,418</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(219,301)</u>	<u>2,549,664</u>	<u>(2,010,441)</u>
<b>Other Financing Sources (Uses)</b>			
Lease acquisition	-	-	-
Subscription acquisition	-	-	-
Transfers in	-	-	1,500,000
Transfers out	(26,544)	(1,667,992)	(289,264)
Total other financing sources (uses)	<u>(26,544)</u>	<u>(1,667,992)</u>	<u>1,210,736</u>
Net change in fund balances	(245,845)	881,672	(799,705)
<b>Fund Balances (Deficit)</b>			
Fund balance, previously reported	(214,901)	3,937,893	381,754
Change in presentation of fund activity	-	-	-
Change from/to nonmajor/major	-	-	-
Beginning, as restated	<u>(214,901)</u>	<u>3,937,893</u>	<u>381,754</u>
Ending	<u>\$ (460,746)</u>	<u>\$ 4,819,565</u>	<u>\$ (417,951)</u>

(continued)

Special Revenue Funds				
Asset Forfeiture	COPS	California Office of Traffic Safety	Edward Byrne Memorial Justice Assistance Program	Local Law Enforcement Block Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	258,276	223,016	-	276,720
-	-	-	-	-
1,254,647	-	-	-	-
-	18,773	-	-	-
-	-	-	-	-
<u>1,254,647</u>	<u>277,049</u>	<u>223,016</u>	<u>-</u>	<u>276,720</u>
-	-	-	-	-
194,915	-	268,210	-	53,080
-	-	-	-	-
-	-	-	-	-
-	300,000	-	-	-
840,175	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,035,090</u>	<u>300,000</u>	<u>268,210</u>	<u>-</u>	<u>53,080</u>
-	-	-	-	-
219,557	(22,951)	(45,194)	-	223,640
-	-	-	-	-
325,632	-	-	-	-
404,213	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>729,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
949,402	(22,951)	(45,194)	-	223,640
-	-	-	-	-
633,246	388,955	(7,864)	-	(213,239)
(708,481)	-	-	-	-
-	-	-	-	-
<u>(75,235)</u>	<u>388,955</u>	<u>(7,864)</u>	<u>-</u>	<u>(213,239)</u>
\$ 874,167	\$ 366,004	\$ (53,058)	\$ -	\$ 10,401

*City of Hawthorne*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2025**

	Special Revenue Funds		
	MTA Measure R	Proposition A	MTA Measure M
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	1,398,678	2,248,710	1,584,655
Charges for services	-	3,048	-
Fines and forfeitures	-	-	-
Use of money and property	117,930	252,011	112,348
Miscellaneous	-	-	-
Total revenues	<u>1,516,608</u>	<u>2,503,769</u>	<u>1,697,003</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	-	-	-
Parks and recreation	-	-	-
Public works	274,057	1,390,510	151,338
Capital outlay	970,996	-	950,880
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>1,245,053</u>	<u>1,390,510</u>	<u>1,102,218</u>
Excess (deficiency) of revenues over (under) expenditures	<u>271,555</u>	<u>1,113,259</u>	<u>594,785</u>
<b>Other Financing Sources (Uses)</b>			
Lease acquisition	-	-	-
Subscription acquisition	-	-	-
Transfers in	-	-	-
Transfers out	(42,343)	(43,782)	(55,491)
Total other financing sources (uses)	<u>(42,343)</u>	<u>(43,782)</u>	<u>(55,491)</u>
Net change in fund balances	229,212	1,069,477	539,294
<b>Fund Balances (Deficit)</b>			
Fund balance, previously reported	2,439,306	4,949,947	1,996,729
Change in presentation of fund activity	-	-	-
Change from/to nonmajor/major	-	-	-
Beginning, as restated	<u>2,439,306</u>	<u>4,949,947</u>	<u>1,996,729</u>
Ending	<u>\$ 2,668,518</u>	<u>\$ 6,019,424</u>	<u>\$ 2,536,023</u>

(continued)

Special Revenue Funds				
American Down Payment Dream Program	Proposition C	Air Quality	California Used Oil Recycling	California Beverage Container Recycling
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	1,865,248	114,053	-	13,032
-	-	-	-	-
-	-	-	-	-
-	183,448	9,200	7,631	6,719
-	-	-	-	-
-	<u>2,048,696</u>	<u>123,253</u>	<u>7,631</u>	<u>19,751</u>
-	-	-	-	-
-	-	-	-	-
-	-	24,213	-	-
-	-	-	-	-
-	477,499	-	24,288	12,492
-	1,159,592	-	-	-
-	-	-	-	-
-	-	-	-	-
-	<u>1,637,091</u>	<u>24,213</u>	<u>24,288</u>	<u>12,492</u>
-	-	-	-	-
-	411,605	99,040	(16,657)	7,259
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(10,934)	-	-	-
-	<u>(10,934)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	400,671	99,040	(16,657)	7,259
-	-	-	-	-
15,600	3,685,401	193,253	157,130	148,525
-	-	-	-	-
-	-	-	-	-
<u>15,600</u>	<u>3,685,401</u>	<u>193,253</u>	<u>157,130</u>	<u>148,525</u>
<u>\$ 15,600</u>	<u>\$ 4,086,072</u>	<u>\$ 292,293</u>	<u>\$ 140,473</u>	<u>\$ 155,784</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, 2025**

	Special Revenue Funds		
	Hawthorne Blvd Mobility Improv. Program	CATV Peg	Housing Asset
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	76,395	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	29	-	713,231
Miscellaneous	-	-	-
Total revenues	<u>29</u>	<u>76,395</u>	<u>713,231</u>
<b>Expenditures</b>			
Current:			
General government	-	-	13,119
Public safety	-	-	-
Community development	-	-	224,808
Parks and recreation	-	-	-
Public works	-	-	-
Capital outlay	-	95,924	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>-</u>	<u>95,924</u>	<u>237,927</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29</u>	<u>(19,529)</u>	<u>475,304</u>
<b>Other Financing Sources (Uses)</b>			
Lease acquisition	-	-	-
Subscription acquisition	-	-	-
Transfers in	-	-	-
Transfers out	-	-	(66,578)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(66,578)</u>
Net change in fund balances	29	(19,529)	408,726
<b>Fund Balances (Deficit)</b>			
Fund balance, previously reported	649	739,052	7,627,100
Change in presentation of fund activity	-	-	-
Change from/to nonmajor/major	<u>-</u>	<u>-</u>	<u>-</u>
Beginning, as restated	<u>649</u>	<u>739,052</u>	<u>7,627,100</u>
Ending	<u>\$ 678</u>	<u>\$ 719,523</u>	<u>\$ 8,035,826</u>

(continued)

Special Revenue Funds				
HOME Grant	Community Development Block Grant	HPRP Funds	FEMA Grant	SB1383 Local Assistance Grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
1,415,658	2,073,249	-	-	-
-	-	-	-	-
-	-	-	-	-
18,420	-	-	675	201,803
-	-	-	-	-
<u>1,434,078</u>	<u>2,073,249</u>	<u>-</u>	<u>675</u>	<u>201,803</u>
-	-	-	-	-
-	-	-	-	-
2,122,900	1,898,555	-	-	128,291
-	-	-	-	-
-	-	-	-	62,744
-	191,752	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,122,900</u>	<u>2,090,307</u>	<u>-</u>	<u>-</u>	<u>191,035</u>
(688,822)	(17,058)	-	675	10,768
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(48,039)	(7,158)	-	-	-
<u>(48,039)</u>	<u>(7,158)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(736,861)	(24,216)	-	675	10,768
(957,115)	(661,849)	15,153	2,573	6,895
-	-	-	-	-
-	-	-	-	-
<u>(957,115)</u>	<u>(661,849)</u>	<u>15,153</u>	<u>2,573</u>	<u>6,895</u>
<u>\$ (1,693,976)</u>	<u>\$ (686,065)</u>	<u>\$ 15,153</u>	<u>\$ 3,248</u>	<u>\$ 17,663</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, 2025**

	Special Revenue Funds		
	Permanent Local Housing Allocation	CARES Act	MTA Measure W
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	748,222	-	25,770
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	39,518	2	9,187
Miscellaneous	-	-	-
Total revenues	<u>787,740</u>	<u>2</u>	<u>34,957</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	740,624	-	-
Parks and recreation	-	-	-
Public works	-	-	459,772
Capital outlay	74,051	-	400,000
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>814,675</u>	<u>-</u>	<u>859,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,935)</u>	<u>2</u>	<u>(824,815)</u>
<b>Other Financing Sources (Uses)</b>			
Lease acquisition	-	-	-
Subscription acquisition	-	-	-
Transfers in	-	-	-
Transfers out	-	-	(62,214)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(62,214)</u>
Net change in fund balances	(26,935)	2	(887,029)
<b>Fund Balances (Deficit)</b>			
Fund balance, previously reported	124,054	38	444,704
Change in presentation of fund activity	-	-	-
Change from/to nonmajor/major	-	-	-
Beginning, as restated	<u>124,054</u>	<u>38</u>	<u>444,704</u>
Ending	<u>\$ 97,119</u>	<u>\$ 40</u>	<u>\$ (442,325)</u>

(continued)

Special Revenue Funds				
SB2 Planning Grant	LEAP Grant	Urban Security Initiative Grant	Rain Water Grant	LA Centers for Alcohol & Drug Abuse
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	75,291	88,000	-	256,832
-	-	-	-	-
-	-	-	-	-
1,967	-	-	20,767	183
-	-	-	-	-
<u>1,967</u>	<u>75,291</u>	<u>88,000</u>	<u>20,767</u>	<u>257,015</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	252,253
-	-	427,963	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>427,963</u>	<u>-</u>	<u>252,253</u>
1,967	75,291	(339,963)	20,767	4,762
-	-	-	-	-
-	-	339,963	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>339,963</u>	<u>-</u>	<u>-</u>
1,967	75,291	-	20,767	4,762
43,207	(75,291)	-	17,736	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>43,207</u>	<u>(75,291)</u>	<u>-</u>	<u>17,736</u>	<u>-</u>
\$ 45,174	\$ -	\$ -	\$ 38,503	\$ 4,762

*City of Hawthorne*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2025**

	Special Revenue Funds		
	CA Parks & Recreation Community Center <b>(Formerly Nonmajor)</b>	CA Parks & Recreation Senior Center	HUD Community Development
<b>Revenues</b>			
Taxes	\$ -	\$ -	
Licenses and permits	-	-	
Intergovernmental	-	-	465,662
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	238,861	-	-
Miscellaneous	-	-	-
Total revenues	<u>238,861</u>	<u>238,861</u>	<u>465,662</u>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Community development	12,734	-	15,569
Parks and recreation	292,593	-	-
Public works	-	-	-
Capital outlay	167,911	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>473,238</u>	<u>473,238</u>	<u>15,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(234,377)</u>	<u>(234,377)</u>	<u>450,093</u>
<b>Other Financing Sources (Uses)</b>			
Lease acquisition	-	-	-
Subscription acquisition	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(234,377)	(234,377)	450,093
<b>Fund Balances (Deficit)</b>			
Fund balance, previously reported	(923,820)	18,942	(450,521)
Change in presentation of fund activity	-	-	-
Change from/to nonmajor/major	<u>923,820</u>	<u>-</u>	<u>-</u>
Beginning, as restated	<u>-</u>	<u>18,942</u>	<u>(450,521)</u>
Ending	<u>\$ -</u>	<u>\$ (215,435)</u>	<u>\$ (428)</u>

(continued)

Special Revenue Funds				
Building Resilient Infrastructure & Communities	Cannabis Retail Access Grant	Recycling Fund	Homeland Security - StoneGarden	Asset Forfeiture - Justice
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	15,006	27,121	-
-	-	-	-	-
-	-	-	-	441,557
-	-	-	-	-
-	140,100	-	-	-
-	140,100	15,006	27,121	441,557
-	-	-	-	-
-	-	-	-	-
-	185,100	-	106,000	678,067
-	-	-	-	-
-	-	44,806	-	-
-	-	-	-	-
-	-	-	-	-
-	185,100	44,806	106,000	678,067
-	(45,000)	(29,800)	(78,879)	(236,510)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(45,000)	(29,800)	(78,879)	(236,510)
(275,649)	655	(40,537)	-	-
-	-	-	-	263,213
-	-	-	-	-
(275,649)	655	(40,537)	-	263,213
\$ (275,649)	\$ (44,345)	\$ (70,337)	\$ (78,879)	\$ 26,703

*City of Hawthorne*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2025**

	Special Revenue Fund		
	Social Security Administration	USDOT – SS4A	Homeland Security/Treasury Forfeiture
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	103,926
Use of money and property	-	-	-
Miscellaneous	-	-	-
Total revenues	-	-	103,926
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	41,607
Community development	-	-	-
Parks and recreation	-	-	-
Public works	-	227,207	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	227,207	41,607
Excess (deficiency) of revenues over (under) expenditures	-	(227,207)	62,319
<b>Other Financing Sources (Uses)</b>			
Lease acquisition	-	-	-
Subscription acquisition	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(227,207)	62,319
<b>Fund Balances (Deficit)</b>			
Fund balance, previously reported	-	-	-
Change in presentation of fund activity	-	-	445,268
Change from/to nonmajor/major	-	-	-
Beginning, as restated	-	-	445,268
Ending	\$ -	\$ (227,207)	\$ 507,587

(continued)

Special Revenue Fund	Capital Projects Funds			Debt Service Funds
2009 Street Improvement (Formerly Major)	Development Impact	Capital Improvements	Park Improvements (Formerly Nonmajor)	Public Financing Authority
\$ -	\$ -	\$ -		\$ -
-	77,425	-		-
4,511,678	-	214,207		-
-	-	-		-
-	-	-		-
7,456	94,136	131,983		12,146
250,000	-	-		-
<u>4,769,134</u>	<u>171,561</u>	<u>346,190</u>		<u>12,146</u>
-	-	2,032,533		-
-	-	-		-
-	19,826	-		-
-	-	-		-
1,257,934	-	-		-
578,489	71,174	-		-
-	-	-		-
-	-	-		-
<u>1,836,423</u>	<u>91,000</u>	<u>2,032,533</u>		<u>-</u>
<u>2,932,711</u>	<u>80,561</u>	<u>(1,686,343)</u>		<u>12,146</u>
-	-	-		-
-	-	-		-
-	-	3,295,633		-
-	-	-		-
<u>-</u>	<u>-</u>	<u>3,295,633</u>		<u>-</u>
2,932,711	80,561	1,609,290		12,146
-	2,082,023	3,482,202	(220,262)	266,810
-	-	-	-	-
<u>(1,589,972)</u>	<u>-</u>	<u>-</u>	<u>220,262</u>	<u>-</u>
<u>(1,589,972)</u>	<u>2,082,023</u>	<u>3,482,202</u>	<u>-</u>	<u>266,810</u>
\$ 1,342,739	\$ 2,162,584	\$ 5,091,492	\$ -	\$ 278,956

*City of Hawthorne*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Non-Major Governmental Funds  
For the Fiscal Year Ended June 30, 2025**

**(concluded)**

	Debt Service Funds			Total Non-major Governmental Funds
	2016 Refunding Bonds	2016 Direct Placement Lease Financing	2019 Pension Obligation Bond	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ 580,622
Licenses and permits	-	-	-	153,820
Intergovernmental	-	-	-	23,050,293
Charges for services	6,047	-	14,002	218,955
Fines and forfeitures	-	-	-	1,800,130
Use of money and property	100	1,906	9,194	2,401,945
Miscellaneous	-	-	-	742,607
Total revenues	<u>6,147</u>	<u>1,906</u>	<u>23,196</u>	<u>28,948,372</u>
<b>Expenditures</b>				
Current:				
General government	-	204	-	2,045,856
Public safety	-	-	-	1,341,879
Community development	-	-	-	5,372,620
Parks and recreation	-	-	-	544,846
Public works	-	-	-	8,750,550
Capital outlay	-	-	-	8,013,599
Debt service:				
Principal retirement	2,215,000	205,850	2,930,000	5,350,850
Interest and fiscal charges	623,372	34,499	3,749,413	4,407,284
Total expenditures	<u>2,838,372</u>	<u>240,553</u>	<u>6,679,413</u>	<u>35,827,484</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,832,225)</u>	<u>(238,647)</u>	<u>(6,656,217)</u>	<u>(6,879,112)</u>
<b>Other Financing Sources (Uses)</b>				
Lease acquisition	-	-	-	325,632
Subscription acquisition	-	-	-	744,176
Transfers in	3,288,713	240,352	7,615,197	15,939,895
Transfers out	-	-	-	(2,320,339)
Total other financing sources (uses)	<u>3,288,713</u>	<u>240,352</u>	<u>7,615,197</u>	<u>14,689,364</u>
Net change in fund balances	456,488	1,705	958,980	7,810,252
<b>Fund Balances (Deficit)</b>				
Fund balance, previously reported	(336,938)	47,194	(2,180,166)	27,288,574
Change in presentation of fund activity	-	-	-	-
Change from/to nonmajor/major	-	-	-	(445,890)
Beginning, as restated	<u>(336,938)</u>	<u>47,194</u>	<u>(2,180,166)</u>	<u>26,842,684</u>
Ending	<u>\$ 119,550</u>	<u>\$ 48,899</u>	<u>\$ (1,221,186)</u>	<u>\$ 34,652,936</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Park Improvements Capital Projects Fund – Major Fund  
For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 5,574,990	\$ 5,628,794	\$ -	\$ (5,628,794)
Use of money and property	-	3,000	2,288	(712)
Total revenues	<u>5,574,990</u>	<u>5,631,794</u>	<u>2,288</u>	<u>(5,629,506)</u>
<b>Expenditures</b>				
Current:				
Community development	231,756	231,756	328,789	(97,033)
Parks and recreation	4,025,591	4,025,591	3,434,425	591,166
Total expenditures	<u>4,257,347</u>	<u>4,257,347</u>	<u>3,763,214</u>	<u>494,133</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,317,643</u>	<u>1,374,447</u>	<u>(3,760,926)</u>	<u>(5,135,373)</u>
<b>Other Financing Uses</b>				
Transfers in	-	411,721	411,721	-
Total other financing uses	<u>-</u>	<u>411,721</u>	<u>411,721</u>	<u>-</u>
Net change in fund balance	1,317,643	1,786,168	(3,349,205)	(5,135,373)
<b>Fund Balance (Deficit)</b>				
Beginning	<u>-</u>	<u>-</u>	<u>(220,262)</u>	<u>(220,262)</u>
Ending	<u>\$ 1,317,643</u>	<u>\$ 1,786,168</u>	<u>\$ (3,569,467)</u>	<u>\$ (5,355,635)</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Civic Center Lease Bonds Fund – Major Fund  
For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ 250,000	\$ 797,456	\$ 547,456
Total revenues	-	250,000	797,456	547,456
<b>Expenditures</b>				
Debt service:				
Principal retirement	1,500,000	1,500,000	-	1,500,000
Interest and fiscal charges	-	-	778,556	(778,556)
Bond issuance costs	-	-	439,453	(439,453)
Total expenditures	1,500,000	1,500,000	1,218,009	281,991
Excess (deficiency) of revenues over (under) expenditures	(1,500,000)	(1,250,000)	(420,553)	829,447
<b>Other Financing Sources</b>				
Issuance of debt	-	-	26,950,000	26,950,000
Premium on issuance of debt	-	-	3,489,453	3,489,453
Transfers in	1,500,000	1,500,000	1,500,000	-
Total other financing sources	1,500,000	1,500,000	31,939,453	30,439,453
Net change in fund balance	-	250,000	31,518,900	31,268,900
<b>Fund Balance</b>				
Beginning	-	-	-	-
Ending	\$ -	\$ 250,000	\$ 31,518,900	\$ 31,268,900

*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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 580,000	\$ 580,000	\$ 580,622	\$ 622
Intergovernmental	180,000	180,000	170,001	(9,999)
Use of money and property	100	100	388	288
Total revenues	<u>760,100</u>	<u>760,100</u>	<u>751,011</u>	<u>(9,089)</u>
<b>Expenditures</b>				
Current:				
Public works	845,478	845,478	970,312	(124,834)
Total expenditures	<u>845,478</u>	<u>845,478</u>	<u>970,312</u>	<u>(124,834)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,378)</u>	<u>(85,378)</u>	<u>(219,301)</u>	<u>(133,923)</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(32,208)</u>	<u>(32,208)</u>	<u>(26,544)</u>	5,664
Total other financing uses	<u>(32,208)</u>	<u>(32,208)</u>	<u>(26,544)</u>	5,664
Net change in fund balance	(117,586)	(117,586)	(245,845)	(128,259)
<b>Fund Balance (Deficit)</b>				
Beginning	<u>(214,901)</u>	<u>(214,901)</u>	<u>(214,901)</u>	-
Ending	<u>\$ (332,487)</u>	<u>\$ (332,487)</u>	<u>\$ (460,746)</u>	<u>\$ (128,259)</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 4,647,213	\$ 4,647,213	\$ 4,837,552	\$ 190,339
Use of money and property	100	130,100	183,977	53,877
Total revenues	<u>4,647,313</u>	<u>4,777,313</u>	<u>5,021,529</u>	<u>244,216</u>
<b>Expenditures</b>				
Current:				
Public works	1,777,412	1,786,583	1,271,865	514,718
Capital Outlay	1,250,000	1,250,000	1,200,000	50,000
Total expenditures	<u>3,027,412</u>	<u>3,036,583</u>	<u>2,471,865</u>	<u>564,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,619,901</u>	<u>1,740,730</u>	<u>2,549,664</u>	<u>808,934</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(1,677,141)</u>	<u>(1,677,141)</u>	<u>(1,667,992)</u>	<u>9,149</u>
Total other financing uses	<u>(1,677,141)</u>	<u>(1,677,141)</u>	<u>(1,667,992)</u>	<u>9,149</u>
Net change in fund balance	(57,240)	63,589	881,672	818,083
<b>Fund Balance</b>				
Beginning	<u>3,937,893</u>	<u>3,937,893</u>	<u>3,937,893</u>	<u>-</u>
Ending	<u>\$ 3,880,653</u>	<u>\$ 4,001,482</u>	<u>\$ 4,819,565</u>	<u>\$ 818,083</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, 2025**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 123,008	\$ 123,008	\$ 143,656	\$ 20,648
Charges for services	196,000	196,000	195,858	(142)
Use of money and property	5,000	17,000	7,956	(9,044)
Miscellaneous	300,000	300,000	352,507	52,507
Total revenues	<u>624,008</u>	<u>636,008</u>	<u>699,977</u>	<u>63,969</u>
<b>Expenditures</b>				
Current:				
Public works	2,264,884	2,264,884	1,825,726	439,158
Capital outlay	300,000	1,345,791	884,692	461,099
Total expenditures	<u>2,564,884</u>	<u>3,610,675</u>	<u>2,710,418</u>	<u>900,257</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,940,876)</u>	<u>(2,974,667)</u>	<u>(2,010,441)</u>	<u>964,226</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,500,000	1,500,000	1,500,000	-
Transfers out	<u>(208,071)</u>	<u>(208,071)</u>	<u>(289,264)</u>	<u>(81,193)</u>
Total other financing sources (uses)	<u>1,291,929</u>	<u>1,291,929</u>	<u>1,210,736</u>	<u>(81,193)</u>
Net change in fund balance	(648,947)	(1,682,738)	(799,705)	883,033
<b>Fund Balance</b>				
Beginning	<u>381,754</u>	<u>381,754</u>	<u>381,754</u>	<u>-</u>
Ending	<u>\$ (267,193)</u>	<u>\$ (1,300,984)</u>	<u>\$ (417,951)</u>	<u>\$ 883,033</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, 2025**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ 1,040,000	\$ -	\$ 1,254,647	\$ 1,254,647
Total revenues	1,040,000	-	1,254,647	1,254,647
<b>Expenditures</b>				
Current:				
Public safety	2,110,285	836,962	194,915	642,047
Capital outlay	100,000	837,713	840,175	(2,462)
Total expenditures	2,210,285	1,674,675	1,035,090	639,585
Excess (deficiency) of revenues over (under) expenditures	(1,170,285)	(1,674,675)	219,557	1,894,232
<b>Other Financing Sources</b>				
Lease acquisition	-	325,632	325,632	-
Subscription acquisition	-	404,213	404,213	-
Total other financing sources	-	729,845	729,845	-
Net change in fund balance	(1,170,285)	(944,830)	949,402	1,894,232
<b>Fund Balance</b>				
Beginning fund Balance, previously reported	633,246	633,246	633,246	-
Change in presentation of fund activity	-	-	(708,481)	(708,481)
Beginning, as restated	633,246	633,246	(75,235)	(708,481)
Ending	\$ (537,039)	\$ (311,584)	\$ 874,167	\$ 1,185,751

*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, 2025**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 230,000	\$ 230,000	\$ 258,276	\$ 28,276
Use of money and property	2,000	10,000	18,773	8,773
Total revenues	<u>232,000</u>	<u>240,000</u>	<u>277,049</u>	<u>37,049</u>
<b>Expenditures</b>				
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)	(60,000)	(22,951)	37,049
<b>Fund Balance</b>				
Beginning	<u>388,955</u>	<u>388,955</u>	<u>388,955</u>	<u>-</u>
Ending	<u>\$ 320,955</u>	<u>\$ 328,955</u>	<u>\$ 366,004</u>	<u>\$ 37,049</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, 2025**

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	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 388,674	\$ 388,674	\$ 223,016	\$ (165,658)
Total revenues	<u>388,674</u>	<u>388,674</u>	<u>223,016</u>	<u>(165,658)</u>
<b>Expenditures</b>				
Current:				
Public safety	388,674	396,977	268,210	128,767
Total expenditures	<u>388,674</u>	<u>396,977</u>	<u>268,210</u>	<u>128,767</u>
Net change in fund balance	-	(8,303)	(45,194)	(36,891)
<b>Fund Balance (Deficit)</b>				
Beginning	<u>(7,864)</u>	<u>(7,864)</u>	<u>(7,864)</u>	<u>-</u>
Ending	<u>\$ (7,864)</u>	<u>\$ (16,167)</u>	<u>\$ (53,058)</u>	<u>\$ (36,891)</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, 2025**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 39,876	\$ 92,956	\$ 276,720	\$ 183,764
Total revenues	<u>39,876</u>	<u>92,956</u>	<u>276,720</u>	<u>183,764</u>
<b>Expenditures</b>				
Current:				
Public safety	39,876	92,956	53,080	39,876
Total expenditures	<u>39,876</u>	<u>92,956</u>	<u>53,080</u>	<u>39,876</u>
Net change in fund balance	-	-	223,640	223,640
<b>Fund Balance (Deficit)</b>				
Beginning	<u>(213,239)</u>	<u>(213,239)</u>	<u>(213,239)</u>	<u>-</u>
Ending	<u>\$ (213,239)</u>	<u>\$ (213,239)</u>	<u>\$ 10,401</u>	<u>\$ 223,640</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, 2025**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,499,590	\$ 1,499,590	\$ 1,398,678	\$ (100,912)
Use of money and property	2,000	77,000	117,930	40,930
Total revenues	<u>1,501,590</u>	<u>1,576,590</u>	<u>1,516,608</u>	<u>(59,982)</u>
<b>Expenditures</b>				
Current:				
Public works	535,300	661,332	274,057	387,275
Capital outlay	900,000	970,000	970,996	(996)
Total expenditures	<u>1,435,300</u>	<u>1,631,332</u>	<u>1,245,053</u>	<u>386,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,290</u>	<u>(54,742)</u>	<u>271,555</u>	<u>326,297</u>
<b>Other Financing Uses</b>				
Transfers out	(51,033)	(51,033)	(42,343)	8,690
Total other financing uses	<u>(51,033)</u>	<u>(51,033)</u>	<u>(42,343)</u>	<u>8,690</u>
Net change in fund balance	15,257	(105,775)	229,212	334,987
<b>Fund Balance</b>				
Beginning	<u>2,439,306</u>	<u>2,439,306</u>	<u>2,439,306</u>	<u>-</u>
Ending	<u>\$ 2,454,563</u>	<u>\$ 2,333,531</u>	<u>\$ 2,668,518</u>	<u>\$ 334,987</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, 2025**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 2,410,509	\$ 2,410,509	\$ 2,248,710	\$ (161,799)
Charges for services	1,800	2,300	3,048	748
Use of money and property	2,000	152,000	252,011	100,011
Total revenues	<u>2,414,309</u>	<u>2,564,809</u>	<u>2,503,769</u>	<u>(61,040)</u>
<b>Expenditures</b>				
Current:				
Public works	<u>4,767,271</u>	<u>5,180,815</u>	<u>1,390,510</u>	<u>3,790,305</u>
Total expenditures	<u>4,767,271</u>	<u>5,180,815</u>	<u>1,390,510</u>	<u>3,790,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,352,962)</u>	<u>(2,616,006)</u>	<u>1,113,259</u>	<u>3,729,265</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(15,081)</u>	<u>(15,081)</u>	<u>(43,782)</u>	<u>(28,701)</u>
Total other financing uses	<u>(15,081)</u>	<u>(15,081)</u>	<u>(43,782)</u>	<u>(28,701)</u>
Net change in fund balance	(2,368,043)	(2,631,087)	1,069,477	3,700,564
<b>Fund Balance</b>				
Beginning	<u>4,949,947</u>	<u>4,949,947</u>	<u>4,949,947</u>	<u>-</u>
Ending	<u>\$ 2,581,904</u>	<u>\$ 2,318,860</u>	<u>\$ 6,019,424</u>	<u>\$ 3,700,564</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,699,536	\$ 1,699,536	\$ 1,584,655	\$ (114,881)
Use of money and property	2,000	52,000	112,348	60,348
Total revenues	<u>1,701,536</u>	<u>1,751,536</u>	<u>1,697,003</u>	<u>(54,533)</u>
<b>Expenditures</b>				
Current:				
Public works	658,428	680,931	151,338	529,593
Capital outlay	1,000,000	1,000,000	950,880	49,120
Total expenditures	<u>1,658,428</u>	<u>1,680,931</u>	<u>1,102,218</u>	<u>578,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,108</u>	<u>70,605</u>	<u>594,785</u>	<u>524,180</u>
<b>Other Financing Uses</b>				
Transfers out	(42,249)	(42,249)	(55,491)	(13,242)
Total other financing uses	<u>(42,249)</u>	<u>(42,249)</u>	<u>(55,491)</u>	<u>(13,242)</u>
Net change in fund balance	859	28,356	539,294	510,938
<b>Fund Balance</b>				
Beginning	<u>1,996,729</u>	<u>1,996,729</u>	<u>1,996,729</u>	<u>-</u>
Ending	<u>\$ 1,997,588</u>	<u>\$ 2,025,085</u>	<u>\$ 2,536,023</u>	<u>\$ 510,938</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, 2025**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,999,454	\$ 1,999,454	\$ 1,865,248	\$ (134,206)
Use of money and property	2,000	92,000	183,448	91,448
Total revenues	<u>2,001,454</u>	<u>2,091,454</u>	<u>2,048,696</u>	<u>(42,758)</u>
<b>Expenditures</b>				
Current:				
Public works	1,027,272	1,393,884	477,499	916,385
Capital outlay	1,320,000	1,320,000	1,159,592	160,408
Total expenditures	<u>2,347,272</u>	<u>2,713,884</u>	<u>1,637,091</u>	<u>1,076,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(345,818)</u>	<u>(622,430)</u>	<u>411,605</u>	<u>1,034,035</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(87,848)</u>	<u>(87,848)</u>	<u>(10,934)</u>	<u>76,914</u>
Total other financing uses	<u>(87,848)</u>	<u>(87,848)</u>	<u>(10,934)</u>	<u>76,914</u>
Net change in fund balance	(433,666)	(710,278)	400,671	1,110,949
<b>Fund Balance</b>				
Beginning	<u>3,685,401</u>	<u>3,685,401</u>	<u>3,685,401</u>	<u>-</u>
Ending	<u>\$ 3,251,735</u>	<u>\$ 2,975,123</u>	<u>\$ 4,086,072</u>	<u>\$ 1,110,949</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, 2025**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 114,053	\$ 14,053
Use of money and property	500	4,500	9,200	4,700
Total revenues	<u>100,500</u>	<u>104,500</u>	<u>123,253</u>	<u>18,753</u>
<b>Expenditures</b>				
Current:				
Community development	113,840	213,840	24,213	189,627
Total expenditures	<u>113,840</u>	<u>213,840</u>	<u>24,213</u>	<u>189,627</u>
Net change in fund balance	(13,340)	(109,340)	99,040	208,380
<b>Fund Balance</b>				
Beginning	<u>193,253</u>	<u>193,253</u>	<u>193,253</u>	<u>-</u>
Ending	<u>\$ 179,913</u>	<u>\$ 83,913</u>	<u>\$ 292,293</u>	<u>\$ 208,380</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Use of money and property	100	5,100	7,631	2,531
Total revenues	<u>20,100</u>	<u>25,100</u>	<u>7,631</u>	<u>(17,469)</u>
<b>Expenditures</b>				
Current:				
Public works	24,695	24,695	24,288	407
Total expenditures	<u>24,695</u>	<u>24,695</u>	<u>24,288</u>	<u>407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,595)</u>	<u>405</u>	<u>(16,657)</u>	<u>(17,062)</u>
<b>Other Financing Uses</b>				
Transfers out	(288)	(288)	-	288
Total other financing uses	<u>(288)</u>	<u>(288)</u>	<u>-</u>	<u>288</u>
Net change in fund balance	(4,883)	117	(16,657)	(16,774)
<b>Fund Balance</b>				
Beginning	<u>157,130</u>	<u>157,130</u>	<u>157,130</u>	<u>-</u>
Ending	<u>\$ 152,247</u>	<u>\$ 157,247</u>	<u>\$ 140,473</u>	<u>\$ (16,774)</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 13,032	\$ (36,968)
Use of money and property	100	5,100	6,719	1,619
Total revenues	<u>50,100</u>	<u>55,100</u>	<u>19,751</u>	<u>(35,349)</u>
<b>Expenditures</b>				
Current:				
Public works	14,270	14,270	12,492	1,778
Total expenditures	<u>14,270</u>	<u>14,270</u>	<u>12,492</u>	<u>1,778</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,830</u>	<u>40,830</u>	<u>7,259</u>	<u>(33,571)</u>
<b>Other Financing Uses</b>				
Transfers out	(288)	(288)	-	288
Total other financing uses	<u>(288)</u>	<u>(288)</u>	<u>-</u>	<u>288</u>
Net change in fund balance	35,542	40,542	7,259	(33,283)
<b>Fund Balance</b>				
Beginning	<u>148,525</u>	<u>148,525</u>	<u>148,525</u>	<u>-</u>
Ending	<u>\$ 184,067</u>	<u>\$ 189,067</u>	<u>\$ 155,784</u>	<u>\$ (33,283)</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
CATV Peg Special Revenue Fund  
For the Fiscal Year Ended June 30, 2025**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 100,000	\$ 100,000	\$ 76,395	\$ (23,605)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>76,395</u>	<u>(23,605)</u>
<b>Expenditures</b>				
Capital outlay	200,000	280,000	95,924	184,076
Total expenditures	<u>200,000</u>	<u>280,000</u>	<u>95,924</u>	<u>184,076</u>
Net change in fund balance	(100,000)	(180,000)	(19,529)	160,471
<b>Fund Balance</b>				
Beginning	<u>739,052</u>	<u>739,052</u>	<u>739,052</u>	<u>-</u>
Ending	<u>\$ 639,052</u>	<u>\$ 559,052</u>	<u>\$ 719,523</u>	<u>\$ 160,471</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 412,844	\$ 633,844	\$ 713,231	\$ 79,387
Total revenues	<u>412,844</u>	<u>633,844</u>	<u>713,231</u>	<u>79,387</u>
<b>Expenditures</b>				
Current:				
General government	900,000	1,330,625	13,119	1,317,506
Community development	233,880	506,502	224,808	281,694
Total expenditures	<u>1,133,880</u>	<u>1,837,127</u>	<u>237,927</u>	<u>1,599,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(721,036)</u>	<u>(1,203,283)</u>	<u>475,304</u>	<u>1,678,587</u>
<b>Other Financing Uses</b>				
Transfers out	(8,916)	(50,409)	(66,578)	(16,169)
Total other financing uses	<u>(8,916)</u>	<u>(50,409)</u>	<u>(66,578)</u>	<u>(16,169)</u>
Net change in fund balance	(729,952)	(1,253,692)	408,726	1,662,418
<b>Fund Balance</b>				
Beginning	<u>7,627,100</u>	<u>7,627,100</u>	<u>7,627,100</u>	<u>-</u>
Ending	<u>\$ 6,897,148</u>	<u>\$ 6,373,408</u>	<u>\$ 8,035,826</u>	<u>\$ 1,662,418</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 7,287,660	\$ 7,287,660	\$ 1,415,658	\$ (5,872,002)
Use of money and property	-	-	18,420	18,420
Total revenues	<u>7,287,660</u>	<u>7,287,660</u>	<u>1,434,078</u>	<u>(5,853,582)</u>
<b>Expenditures</b>				
Current:				
Community development	7,289,404	8,241,412	2,122,900	6,118,512
Total expenditures	<u>7,289,404</u>	<u>8,241,412</u>	<u>2,122,900</u>	<u>6,118,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,744)</u>	<u>(953,752)</u>	<u>(688,822)</u>	<u>264,930</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(5,452)</u>	<u>(5,452)</u>	<u>(48,039)</u>	<u>(42,587)</u>
Total other financing uses	<u>(5,452)</u>	<u>(5,452)</u>	<u>(48,039)</u>	<u>(42,587)</u>
Net change in fund balance	(7,196)	(959,204)	(736,861)	222,343
<b>Fund Balance (Deficit)</b>				
Beginning	<u>(957,115)</u>	<u>(957,115)</u>	<u>(957,115)</u>	<u>-</u>
Ending	<u>\$ (964,311)</u>	<u>\$ (1,916,319)</u>	<u>\$ (1,693,976)</u>	<u>\$ 222,343</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 3,208,131	\$ 3,208,131	\$ 2,073,249	\$ (1,134,882)
Use of money and property	45,000	45,000	-	(45,000)
Total revenues	<u>3,253,131</u>	<u>3,253,131</u>	<u>2,073,249</u>	<u>(1,179,882)</u>
<b>Expenditures</b>				
Current:				
Community development	1,902,621	2,502,672	1,898,555	604,117
Capital outlay	1,080,000	868,796	191,752	677,044
Debt service:				
Principal retirement	-	335,000	-	335,000
Interest and fiscal charges	-	4,774	-	4,774
Total expenditures	<u>2,982,621</u>	<u>3,711,242</u>	<u>2,090,307</u>	<u>1,620,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>270,510</u>	<u>(458,111)</u>	<u>(17,058)</u>	<u>441,053</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(19,051)</u>	<u>(733)</u>	<u>(7,158)</u>	<u>(6,425)</u>
Total other financing uses	<u>(19,051)</u>	<u>(733)</u>	<u>(7,158)</u>	<u>(6,425)</u>
Net change in fund balance	251,459	(458,844)	(24,216)	434,628
<b>Fund Balance (Deficit)</b>				
Beginning	<u>(661,849)</u>	<u>(661,849)</u>	<u>(661,849)</u>	<u>-</u>
Ending	<u>\$ (410,390)</u>	<u>\$ (1,120,693)</u>	<u>\$ (686,065)</u>	<u>\$ 434,628</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, 2025**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 158,468	\$ 158,468	\$ -	\$ (158,468)
Use of money and property	-	1,000	675	(325)
Total revenues	<u>158,468</u>	<u>159,468</u>	<u>675</u>	<u>(158,793)</u>
<b>Expenditures</b>				
Current:				
Public safety	158,468	158,468	-	158,468
Total expenditures	<u>158,468</u>	<u>158,468</u>	<u>-</u>	<u>158,468</u>
Net change in fund balance	-	1,000	675	(325)
<b>Fund Balance</b>				
Beginning	<u>2,573</u>	<u>2,573</u>	<u>2,573</u>	<u>-</u>
Ending	<u>\$ 2,573</u>	<u>\$ 3,573</u>	<u>\$ 3,248</u>	<u>\$ (325)</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 229,999	\$ 333,069	\$ 201,803	\$ (131,266)
Total revenues	<u>229,999</u>	<u>333,069</u>	<u>201,803</u>	<u>(131,266)</u>
<b>Expenditures</b>				
Current:				
Community development	50,000	100,000	128,291	(28,291)
Public works	120,000	120,000	62,744	57,256
Total expenditures	<u>170,000</u>	<u>220,000</u>	<u>191,035</u>	<u>28,965</u>
Net change in fund balance	59,999	113,069	10,768	(102,301)
<b>Fund Balance</b>				
Beginning	<u>6,895</u>	<u>6,895</u>	<u>6,895</u>	<u>-</u>
Ending	<u>\$ 66,894</u>	<u>\$ 119,964</u>	<u>\$ 17,663</u>	<u>\$ (102,301)</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 1,048,208	\$ 1,048,208	\$ 748,222	\$ (299,986)
Use of money and property	-	25,000	39,518	14,518
Total revenues	<u>1,048,208</u>	<u>1,073,208</u>	<u>787,740</u>	<u>(285,468)</u>
<b>Expenditures</b>				
Current:				
Community development	136,220	347,488	740,624	(393,136)
Capital outlay	<u>2,986,906</u>	<u>2,986,906</u>	<u>74,051</u>	<u>2,912,855</u>
Total expenditures	<u>3,123,126</u>	<u>3,334,394</u>	<u>814,675</u>	<u>2,519,719</u>
Net change in fund balance	(2,074,918)	(2,261,186)	(26,935)	2,234,251
<b>Fund Balance</b>				
Beginning	<u>124,054</u>	<u>124,054</u>	<u>124,054</u>	<u>-</u>
Ending	<u>\$ (1,950,864)</u>	<u>\$ (2,137,132)</u>	<u>\$ 97,119</u>	<u>\$ 2,234,251</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 800,000	\$ 800,000	\$ 25,770	\$ (774,230)
Use of money and property	300	8,300	9,187	887
Total revenues	800,300	808,300	34,957	(773,343)
<b>Expenditures</b>				
Current:				
Public Works	743,005	942,879	459,772	483,107
Capital outlay	400,000	400,000	400,000	-
Total expenditures	1,143,005	1,342,879	859,772	483,107
Excess (deficiency) of revenues over (under) expenditures	(342,705)	(534,579)	(824,815)	(290,236)
<b>Other Financing Uses</b>				
Transfers out	(79,889)	(79,889)	(62,214)	17,675
Total other financing uses	(79,889)	(79,889)	(62,214)	17,675
Net change in fund balance	(422,594)	(614,468)	(887,029)	(272,561)
<b>Fund Balance (Deficit)</b>				
Beginning	444,704	444,704	444,704	-
Ending	\$ 22,110	\$ (169,764)	\$ (442,325)	\$ (272,561)

*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, 2025**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ 1,200	\$ 1,967	\$ 767
Total revenues	-	1,200	1,967	767
Net change in fund balance	-	1,200	1,967	767
<b>Fund Balance</b>				
Beginning	-	43,207	43,207	-
Ending	\$ -	\$ 44,407	\$ 45,174	\$ 767

*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, 2025**

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 123,372	\$ 123,372	\$ 88,000	\$ (35,372)
Total revenues	<u>123,372</u>	<u>123,372</u>	<u>88,000</u>	<u>(35,372)</u>
<b>Expenditures</b>				
Capital outlay	<u>123,753</u>	<u>463,716</u>	<u>427,963</u>	<u>35,753</u>
Total expenditures	<u>123,753</u>	<u>463,716</u>	<u>427,963</u>	<u>35,753</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(381)</u>	<u>(340,344)</u>	<u>(339,963)</u>	<u>381</u>
<b>Other Financing Uses</b>				
Subscription acquisition		339,963	339,963	-
Total other financing uses	<u>-</u>	<u>339,963</u>	<u>339,963</u>	<u>-</u>
Net change in fund balance	(381)	(381)	-	381
<b>Fund Balance</b>				
Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ (381)</u>	<u>\$ (381)</u>	<u>\$ -</u>	<u>\$ 381</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, 2025**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ 10,000	\$ 20,767	\$ 10,767
Total revenues	-	10,000	20,767	10,767
Net change in fund balance	-	10,000	20,767	10,767
<b>Fund Balance</b>				
Beginning		17,736	17,736	-
Ending	\$ -	\$ 27,736	\$ 38,503	\$ 10,767

*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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 289,985	\$ 289,985	\$ 256,832	\$ (33,153)
Use of money and property	-	-	183	183
Total revenues	<u>289,985</u>	<u>289,985</u>	<u>257,015</u>	<u>(32,970)</u>
<b>Expenditures</b>				
Current:				
Parks and recreation	154,615	154,615	252,253	(97,638)
Total expenditures	<u>154,615</u>	<u>154,615</u>	<u>252,253</u>	<u>(97,638)</u>
Net change in fund balance	135,370	135,370	4,762	(130,608)
<b>Fund Balance</b>				
Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending	<u>\$ 135,370</u>	<u>\$ 135,370</u>	<u>\$ 4,762</u>	<u>\$ (130,608)</u>

*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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ 5,000	\$ 238,861	\$ 233,861
Total revenues	-	5,000	238,861	233,861
<b>Expenditures</b>				
Current:				
Community development	-	-	12,734	(12,734)
Parks and recreation	485,400	774,162	292,593	481,569
Capital outlay	-	237,029	167,911	69,118
Total expenditures	485,400	1,011,191	473,238	537,953
Net change in fund balance	(485,400)	(1,006,191)	(234,377)	771,814
<b>Fund Balance (Deficit)</b>				
Beginning	18,942	18,942	18,942	-
Ending	\$ (466,458)	\$ (987,249)	\$ (215,435)	\$ 771,814

*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, 2025**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 465,662	\$ (34,338)
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>465,662</u>	<u>(34,338)</u>
<b>Expenditures</b>				
Current:				
Community development	16,200	99,179	15,569	83,610
Total expenditures	<u>16,200</u>	<u>99,179</u>	<u>15,569</u>	<u>83,610</u>
Net change in fund balance	483,800	400,821	450,093	49,272
<b>Fund Balance (Deficit)</b>				
Beginning	<u>(450,521)</u>	<u>(450,521)</u>	<u>(450,521)</u>	<u>-</u>
Ending	<u>\$ 33,279</u>	<u>\$ (49,700)</u>	<u>\$ (428)</u>	<u>\$ 49,272</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$ 315,000	\$ 315,000	\$ 140,100	\$ (174,900)
Total revenues	<u>315,000</u>	<u>315,000</u>	<u>140,100</u>	<u>(174,900)</u>
<b>Expenditures</b>				
Current:				
Community development	315,000	315,000	185,100	129,900
Total expenditures	<u>315,000</u>	<u>315,000</u>	<u>185,100</u>	<u>129,900</u>
Net change in fund balance	-	-	(45,000)	(45,000)
<b>Fund Balance (Deficit)</b>				
Beginning	<u>655</u>	<u>655</u>	<u>655</u>	<u>-</u>
Ending	<u>\$ 655</u>	<u>\$ 655</u>	<u>\$ (44,345)</u>	<u>\$ (45,000)</u>

*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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 15,006	\$ (24,994)
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>15,006</u>	<u>(24,994)</u>
<b>Expenditures</b>				
Current:				
Public works	34,000	40,000	44,806	(4,806)
Total expenditures	<u>34,000</u>	<u>40,000</u>	<u>44,806</u>	<u>(4,806)</u>
Net change in fund balance	6,000	-	(29,800)	(29,800)
<b>Fund Balance (Deficit)</b>				
Beginning	<u>(40,537)</u>	<u>(40,537)</u>	<u>(40,537)</u>	-
Ending	<u>\$ (34,537)</u>	<u>\$ (40,537)</u>	<u>\$ (70,337)</u>	<u>\$ (29,800)</u>

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Homeland Security - StoneGarden Fund Special Revenue Fund  
For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 27,121	\$ 27,121
Miscellaneous	-	106,000	-	(106,000)
Total revenues	-	106,000	27,121	(78,879)
<b>Expenditures</b>				
Current:				
Public safety	-	106,000	106,000	-
Total expenditures	-	106,000	106,000	-
Net change in fund balance	-	-	(78,879)	(78,879)
<b>Fund Balance (Deficit)</b>				
Beginning	-	-	-	-
Ending	\$ -	\$ -	\$ (78,879)	\$ (78,879)

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Asset Forfeiture - Justice Fund Special Revenue Fund  
For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ 1,000,000	\$ 441,557	\$ (558,443)
Total revenues	-	1,000,000	441,557	(558,443)
<b>Expenditures</b>				
Current:				
Public safety	-	1,874,043	678,067	1,195,976
Total expenditures	-	1,874,043	678,067	1,195,976
Net change in fund balance	-	(874,043)	(236,510)	637,533
<b>Fund Balance</b>				
Beginning	263,213	263,213	263,213	-
Ending	\$ 263,213	\$ (610,830)	\$ 26,703	\$ 637,533

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
USDOT – SS4A Fund Special Revenue Fund  
For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ 200,000	\$ -	\$ (200,000)
Total revenues	-	200,000	-	(200,000)
<b>Expenditures</b>				
Current:				
Public works	-	200,000	227,207	(27,207)
Total expenditures	-	200,000	227,207	(27,207)
Net change in fund balance	-	-	(227,207)	(227,207)
<b>Fund Balance (Deficit)</b>				
Beginning	-	-	-	-
Ending	\$ -	\$ -	\$ (227,207)	\$ (227,207)

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
Homeland Security/Treasury Forfeiture Fund Special Revenue Fund  
For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ 41,654	\$ 103,926	\$ 62,272
Total revenues	-	41,654	103,926	62,272
<b>Expenditures</b>				
Current:				
Public safety	-	21,654	41,607	(19,953)
Total expenditures	-	21,654	41,607	(19,953)
Net change in fund balance	-	20,000	62,319	42,319
<b>Fund Balance</b>				
Beginning	445,268	445,268	445,268	-
Ending	\$ 445,268	\$ 465,268	\$ 507,587	\$ 42,319

*City of Hawthorne*

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
2009 Street Improvements Fund Special Revenue Fund  
For the Fiscal Year Ended June 30, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 15,752,000	\$ 15,752,000	\$ 4,511,678	\$ (11,240,322)
Use of money and property	2,000	2,000	7,456	5,456
Miscellaneous	-	-	250,000	250,000
Total revenues	<u>15,754,000</u>	<u>15,754,000</u>	<u>4,769,134</u>	<u>(10,984,866)</u>
<b>Expenditures</b>				
Current:				
Public works	12,674,000	13,505,112	1,257,934	12,247,178
Capital outlay	3,000,000	3,000,000	578,489	2,421,511
Total expenditures	<u>15,674,000</u>	<u>16,505,112</u>	<u>1,836,423</u>	<u>14,668,689</u>
Net change in fund balance	80,000	(751,112)	2,932,711	3,683,823
<b>Fund Balance (Deficit)</b>				
Beginning	-	-	(1,589,972)	(1,589,972)
Ending	<u>\$ 80,000</u>	<u>\$ (751,112)</u>	<u>\$ 1,342,739</u>	<u>\$ 2,093,851</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 500,000	\$ 500,000	\$ 77,425	\$ (422,575)
Use of money and property	5,000	65,000	94,136	29,136
Total revenues	<u>505,000</u>	<u>565,000</u>	<u>171,561</u>	<u>(393,439)</u>
<b>Expenditures</b>				
Current:				
Community development	50,804	50,804	19,826	30,978
Capital outlay	1,000,000	1,000,000	71,174	928,826
Total expenditures	<u>1,050,804</u>	<u>1,050,804</u>	<u>91,000</u>	<u>959,804</u>
Net change in fund balance	(545,804)	(485,804)	80,561	566,365
<b>Fund Balance</b>				
Beginning	<u>2,082,023</u>	<u>2,082,023</u>	<u>2,082,023</u>	-
Ending	<u>\$ 1,536,219</u>	<u>\$ 1,596,219</u>	<u>\$ 2,162,584</u>	<u>\$ 566,365</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 214,207	\$ 214,207
Use of money and property	-	130,000	131,983	1,983
Total revenues	-	130,000	346,190	216,190
<b>Expenditures</b>				
Current:				
General government	4,155,585	4,155,585	2,032,533	2,123,052
Total expenditures	4,155,585	4,155,585	2,032,533	2,123,052
Excess (deficiency) of revenues over (under) expenditures	(4,155,585)	(4,025,585)	(1,686,343)	2,339,242
<b>Other Financing Sources</b>				
Transfers in	-	3,295,633	3,295,633	-
Total other financing sources	-	3,295,633	3,295,633	-
Net change in fund balance	(4,155,585)	(729,952)	1,609,290	2,339,242
<b>Fund Balance</b>				
Beginning	3,482,202	3,482,202	3,482,202	-
Ending	\$ (673,383)	\$ 2,752,250	\$ 5,091,492	\$ 2,339,242

*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, 2025**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ -	\$ 7,000	\$ 12,146	\$ 5,146
Total revenues	<u>-</u>	<u>7,000</u>	<u>12,146</u>	<u>5,146</u>
Net change in fund balance	-	7,000	12,146	5,146
<b>Fund Balance</b>				
Beginning	<u>266,810</u>	<u>266,810</u>	<u>266,810</u>	<u>-</u>
Ending	<u>\$ 266,810</u>	<u>\$ 273,810</u>	<u>\$ 278,956</u>	<u>\$ 5,146</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 6,047	\$ 6,047
Use of money and property	300	300	100	(200)
Total revenues	<u>300</u>	<u>300</u>	<u>6,147</u>	<u>5,847</u>
<b>Expenditures</b>				
Debt service:				
Principal retirement	2,215,000	2,215,000	2,215,000	-
Interest and fiscal charges	673,372	673,372	623,372	50,000
Total expenditures	<u>2,888,372</u>	<u>2,888,372</u>	<u>2,838,372</u>	<u>50,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,888,072)</u>	<u>(2,888,072)</u>	<u>(2,832,225)</u>	<u>55,847</u>
<b>Other Financing Sources</b>				
Transfers in	2,510,166	2,510,166	3,288,713	778,547
Total other financing sources	<u>2,510,166</u>	<u>2,510,166</u>	<u>3,288,713</u>	<u>778,547</u>
Net change in fund balance	(377,906)	(377,906)	456,488	834,394
<b>Fund Balance (Deficit)</b>				
Beginning	<u>(336,938)</u>	<u>(336,938)</u>	<u>(336,938)</u>	<u>-</u>
Ending	<u>\$ (714,844)</u>	<u>\$ (714,844)</u>	<u>\$ 119,550</u>	<u>\$ 834,394</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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 400	\$ 1,500	\$ 1,906	\$ 406
Total revenues	<u>400</u>	<u>1,500</u>	<u>1,906</u>	<u>406</u>
<b>Expenditures</b>				
Current:				
General government	5,704	5,704	204	5,500
Debt service:				
Principal retirement	205,850	205,850	205,850	-
Interest and fiscal charges	34,500	34,500	34,499	1
Total expenditures	<u>246,054</u>	<u>246,054</u>	<u>240,553</u>	<u>5,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(245,654)</u>	<u>(244,554)</u>	<u>(238,647)</u>	<u>5,907</u>
<b>Other Financing Sources</b>				
Transfers in	<u>240,350</u>	<u>240,350</u>	<u>240,352</u>	<u>2</u>
Total other financing sources	<u>240,350</u>	<u>240,350</u>	<u>240,352</u>	<u>2</u>
Net change in fund balance	(5,304)	(4,204)	1,705	5,909
<b>Fund Balance</b>				
Beginning	<u>47,194</u>	<u>47,194</u>	<u>47,194</u>	<u>-</u>
Ending	<u>\$ 41,890</u>	<u>\$ 42,990</u>	<u>\$ 48,899</u>	<u>\$ 5,909</u>

*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, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 14,002	\$ 14,002
Use of money and property	-	-	9,194	9,194
Total revenues	-	-	23,196	23,196
<b>Expenditures</b>				
Debt service:				
Principal retirement	2,930,000	2,930,000	2,930,000	-
Interest and fiscal charges	3,749,603	3,749,603	3,749,413	190
Total expenditures	6,679,603	6,679,603	6,679,413	190
Excess (deficiency) of revenues over (under) expenditures	(6,679,603)	(6,679,603)	(6,656,217)	23,386
<b>Other Financing Sources</b>				
Transfers in	6,526,432	6,526,432	7,615,197	1,088,765
Total other financing sources	6,526,432	6,526,432	7,615,197	1,088,765
Net change in fund balance	(153,171)	(153,171)	958,980	1,112,151
<b>Fund Balance (Deficit)</b>				
Beginning	(2,180,166)	(2,180,166)	(2,180,166)	-
Ending	\$ (2,333,337)	\$ (2,333,337)	\$ (1,221,186)	\$ 1,112,151

# City of Hawthorne

## Combining Statement of Net Position Internal Service Funds June 30, 2025

<b>Assets</b>	Equipment Replacement	Hardware Replacement	Insurance Reserve	Total
<b>Current Assets:</b>				
Cash and investments	\$ 3,154,522	\$ 4,000,000	\$ -	\$ 7,154,522
<b>Receivables:</b>				
Accounts	24,794	-	72	24,866
Inventories	14,311	-	-	14,311
Total current assets	<u>3,193,627</u>	<u>4,000,000</u>	<u>72</u>	<u>7,193,699</u>
<b>Noncurrent assets:</b>				
Capital assets, net of depreciation/amortization	3,401,829	-	-	3,401,829
Total noncurrent assets	<u>3,401,829</u>	<u>-</u>	<u>-</u>	<u>3,401,829</u>
Total assets	<u>6,595,456</u>	<u>4,000,000</u>	<u>72</u>	<u>10,595,528</u>
<b>Deferred Outflows of Resources</b>				
Pension related	<u>153,841</u>	<u>-</u>	<u>186,248</u>	<u>340,089</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	385,839	-	16,150	401,989
Accrued liabilities	18,144	-	7,999	26,143
Compensated absences	13,414	-	-	13,414
Claims and judgements	-	-	1,295,398	1,295,398
Total current liabilities	<u>417,397</u>	<u>-</u>	<u>1,319,547</u>	<u>1,736,944</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	53,657	-	-	53,657
Claims and judgements	-	-	5,181,591	5,181,591
Net pension liability	182,788	-	221,292	404,080
Total noncurrent liabilities	<u>236,445</u>	<u>-</u>	<u>5,402,883</u>	<u>5,639,328</u>
Total liabilities	<u>653,842</u>	<u>-</u>	<u>6,722,430</u>	<u>7,376,272</u>
<b>Deferred Inflows of Resources</b>				
Pension related	<u>5,830</u>	<u>-</u>	<u>7,058</u>	<u>12,888</u>
<b>Net Position (deficit)</b>				
Net investment in capital assets	3,401,829	-	-	3,401,829
Unrestricted	<u>2,687,796</u>	<u>4,000,000</u>	<u>(6,543,168)</u>	<u>144,628</u>
Total net position	<u>\$ 6,089,625</u>	<u>\$ 4,000,000</u>	<u>\$ (6,543,168)</u>	<u>\$ 3,546,457</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, 2025**

	Equipment Replacement	Hardware Replacement	Insurance Reserve	Total
<b>Operating Revenues</b>				
Sales and service charges	\$ 3,054,042	\$ -	\$ 7,769,664	\$ 10,823,706
Miscellaneous	116,788	-	-	116,788
Total operating revenues	3,170,830	-	7,769,664	10,940,494
<b>Operating Expenses</b>				
Public safety	78,924	-	-	78,924
Administration and general	1,418,469	-	375,210	1,793,679
Materials and supplies	672,564	-	2,989	675,553
Contractual services	183,317	-	7,266,234	7,449,551
Depreciation	589,718	-	-	589,718
Total operating expenses	2,942,992	-	7,644,433	10,587,425
Operating income (loss)	227,838	-	125,231	353,069
<b>Transfers</b>				
Transfers in	-	1,000,000	-	1,000,000
Transfers out	(98,364)	-	(53,143)	(151,507)
Total transfers	(98,364)	1,000,000	(53,143)	848,493
Change in net position	129,474	1,000,000	72,088	1,201,562
<b>Net Position (Deficit)</b>				
Beginning	5,960,151	3,000,000	(6,615,256)	2,344,895
Ending	\$ 6,089,625	\$ 4,000,000	\$ (6,543,168)	\$ 3,546,457

# City of Hawthorne

## Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2025

	Equipment Replacement	Hardware Replacement	Insurance Reserve	Total
<b>Cash flows from operating activities</b>				
Cash received from customers and users	\$ 3,151,792	\$ -	\$ 7,789,354	\$ 10,941,146
Cash paid to suppliers for goods and services	(2,159,530)	-	(7,619,178)	(9,778,708)
Cash paid to employees for services	(400,823)	-	(117,033)	(517,856)
Net cash provided by operating activities	<u>591,439</u>	<u>-</u>	<u>53,143</u>	<u>644,582</u>
<b>Cash flows from noncapital financing activities</b>				
Transfer from other service funds	-	1,000,000	-	1,000,000
Transfer to debt service funds	(98,364)	-	(53,143)	(151,507)
Net cash provided (used) by noncapital financing activities	<u>(98,364)</u>	<u>1,000,000</u>	<u>(53,143)</u>	<u>848,493</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	(1,588,073)	-	-	(1,588,073)
Payments on SBITA	(11,506)	-	-	(11,506)
Net cash used for capital and related financing activities	<u>(1,599,579)</u>	<u>-</u>	<u>-</u>	<u>(1,599,579)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,106,504)	1,000,000	-	(106,504)
Cash and cash equivalents, beginning of year	<u>4,261,026</u>	<u>3,000,000</u>	<u>-</u>	<u>7,261,026</u>
Cash and cash equivalents, end of year	<u>\$ 3,154,522</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 7,154,522</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 227,838	\$ -	\$ 125,231	\$ 353,069
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation/amortization	589,718	-	-	589,718
(Increase) decrease in operating assets:				
Accounts receivable	(19,038)	-	19,690	652
Deferred outflows of resources	131,961	-	159,757	291,718
Increase (decrease) in operating liabilities:				
Accounts payable	(267,354)	-	(15,885)	(283,239)
Accrued liabilities	4,035	-	743	4,778
Claims and judgements payable	-	-	(117,721)	(117,721)
Compensated absences	22,302	-	-	22,302
Net pension liability	(100,147)	-	(121,243)	(221,390)
Deferred inflows of resources	2,124	-	2,571	4,695
Total adjustments	<u>363,601</u>	<u>-</u>	<u>(72,088)</u>	<u>291,513</u>
<b>Net cash provided by operating activities</b>	<u>\$ 591,439</u>	<u>\$ -</u>	<u>\$ 53,143</u>	<u>\$ 644,582</u>

## **STATISTICAL SECTION**

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**Statistical Section**

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

<b>CONTENTS</b>	<b>Page</b>
<b>Financial Trends</b>	189
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	
<b>Revenue Capacity</b>	199
These schedules contain information to help the reader assess one of the City's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	204
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	210
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	213
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				
	2016	2017	2018	2019	2020
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 98,816,219	\$ 104,229,572	\$ 105,088,517	\$ 113,929,703	\$ 115,535,476
Restricted for:					
Public safety	293,845	1,400,432	539,905	908,793	2,132,992
Community development	3,211,422	4,086,416	6,417,462	7,686,125	7,489,182
Parks and recreation	-	-	-	-	221,702
Public works	5,821,832	6,174,648	6,772,717	7,328,057	12,391,232
Capital improvements	4,428,834	4,243,801	4,974,337	3,787,315	4,273,286
Debt service	1,989,372	1,776,572	1,785,449	2,287,599	2,443,670
Unrestricted	(104,694,912)	(114,897,815)	(199,077,160)	(195,983,739)	(196,188,925)
Total governmental activities net position	\$ 9,866,612	\$ 7,013,626	\$ (73,498,773)	\$ (60,056,147)	\$ (51,701,385)
<b>Business-type activities:</b>					
Net investment in capital assets	\$ 10,443,914	\$ 10,034,549	\$ 9,657,296	\$ 9,269,159	\$ 8,894,639
Unrestricted	770,871	1,479,009	863,905	994,105	4,414,574
Total business-type activities net position	\$ 11,214,785	\$ 11,513,558	\$ 10,521,201	\$ 10,263,264	\$ 13,309,213
<b>Primary Government:</b>					
Net investment in capital assets	\$ 109,260,133	\$ 114,264,121	\$ 114,745,813	\$ 123,198,862	\$ 124,430,115
Restricted for:					
Public safety	293,845	1,400,432	539,905	908,793	2,132,992
Community development	3,211,422	4,086,416	6,417,462	7,686,125	7,489,182
Parks and recreation	-	-	-	-	221,702
Public works	5,821,832	6,174,648	6,772,717	7,328,057	12,391,232
Capital improvements	4,428,834	4,243,801	4,974,337	3,787,315	4,273,286
Debt service	1,989,372	1,776,572	1,785,449	2,287,599	2,443,670
Unrestricted	(103,924,041)	(113,418,806)	(198,213,255)	(194,989,634)	(191,774,351)
Total primary government net position	\$ 21,081,397	\$ 18,527,184	\$ (62,977,572)	\$ (49,792,883)	\$ (38,392,172)

Source: City of Hawthorne, Finance Department

Fiscal Year				
2021	2022	2023	2024	2025
\$ 115,055,399	\$ 117,437,597	\$ 135,562,068	\$ 149,390,159	\$ 168,245,969
1,220,865	1,441,602	1,240,790	1,892,112	1,821,431
7,628,820	7,937,659	8,189,764	7,204,311	8,682,362
523,567	439,384	475,684	451,871	451,871
14,519,981	16,267,086	17,717,046	17,566,534	20,289,154
4,466,496	4,906,446	4,914,903	6,747,980	9,316,338
2,483,866	2,242,510	285,016	329,603	31,981,905
<u>(196,644,055)</u>	<u>(122,568,622)</u>	<u>(144,430,630)</u>	<u>(126,435,776)</u>	<u>(154,949,808)</u>
<u>\$ (50,745,061)</u>	<u>\$ 28,103,662</u>	<u>\$ 23,954,641</u>	<u>\$ 57,146,794</u>	<u>\$ 85,839,222</u>
\$ 8,638,581	\$ 11,008,202	\$ 11,296,460	\$ 11,470,932	\$ 14,008,061
5,036,958	4,953,411	5,972,118	5,959,822	3,591,911
<u>\$ 13,675,539</u>	<u>\$ 15,961,613</u>	<u>\$ 17,268,578</u>	<u>\$ 17,430,754</u>	<u>\$ 17,599,972</u>
\$ 123,693,980	\$ 128,445,799	\$ 146,858,528	\$ 160,861,091	\$ 182,254,030
1,220,865	1,441,602	1,240,790	1,892,112	1,821,431
7,628,820	7,937,659	8,189,764	7,204,311	8,682,362
523,567	439,384	475,684	451,871	451,871
14,519,981	16,267,086	17,717,046	17,566,534	20,289,154
4,466,496	4,906,446	4,914,903	6,747,980	9,316,338
2,483,866	2,242,510	285,016	329,603	31,981,905
<u>(191,607,097)</u>	<u>(117,615,211)</u>	<u>(138,458,512)</u>	<u>(120,475,954)</u>	<u>(151,357,897)</u>
<u>\$ (37,069,522)</u>	<u>\$ 44,065,275</u>	<u>\$ 41,223,219</u>	<u>\$ 74,577,548</u>	<u>\$ 103,439,194</u>

# City of Hawthorne

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

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
General government	\$ 9,959,013	\$ 11,094,220	\$ 14,701,855	\$ 14,732,354	\$ 11,217,900
Public safety	47,961,278	54,633,003	54,381,340	54,981,502	59,715,116
Community development	11,948,791	12,849,025	15,498,320	14,471,029	15,845,559
Parks and recreation	3,539,851	3,827,432	4,521,785	4,365,183	3,832,039
Public works	10,020,953	12,051,189	10,335,197	13,563,064	10,587,442
Interest on long-term debt	2,862,959	918,037	1,348,742	1,003,660	4,903,784
Total governmental activities expenses	<u>86,292,845</u>	<u>95,372,906</u>	<u>100,787,239</u>	<u>103,116,792</u>	<u>106,101,840</u>
<b>Business-type activities:</b>					
Airport	931,989	1,131,440	1,230,891	1,745,924	1,603,543
Sewer and storm drain	838,433	933,015	2,342,547	884,469	709,837
Total business-type activities expenses	<u>1,770,422</u>	<u>2,064,455</u>	<u>3,573,438</u>	<u>2,630,393</u>	<u>2,313,380</u>
Total primary government expenses	<u>88,063,267</u>	<u>97,437,361</u>	<u>104,360,677</u>	<u>105,747,185</u>	<u>108,415,220</u>
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
General government (1)	11,770,484	11,224,984	11,003,976	11,202,311	10,219,365
Public safety	9,250,179	5,460,890	5,673,185	6,089,974	5,006,103
Community development (1)	7,923,370	12,460,275	13,194,352	14,155,829	16,745,927
Parks and recreation	663,082	642,713	709,246	637,610	445,260
Public works	4,682,406	9,318,132	6,181,485	13,830,239	12,524,253
Total governmental activities program revenues	<u>34,289,521</u>	<u>39,106,994</u>	<u>36,762,244</u>	<u>45,915,963</u>	<u>44,940,908</u>
<b>Business-type activities:</b>					
Airport	860,162	908,988	1,009,726	882,878	1,497,105
Sewer and storm drain	1,459,572	1,448,366	1,559,160	1,482,507	1,335,231
Total business-type activities program revenues	<u>2,319,734</u>	<u>2,357,354</u>	<u>2,568,886</u>	<u>2,365,385</u>	<u>2,832,336</u>
Total primary government program revenues	<u>36,609,255</u>	<u>41,464,348</u>	<u>39,331,130</u>	<u>48,281,348</u>	<u>47,773,244</u>
<b>Net (expenses) revenues:</b>					
Governmental activities	(52,003,324)	(56,265,912)	(64,024,995)	(57,200,829)	(61,160,932)
Business-type activities	549,312	292,899	(1,004,552)	(265,008)	518,956
Total primary government net (expenses)/revenues	<u>(51,454,012)</u>	<u>(55,973,013)</u>	<u>(65,029,547)</u>	<u>(57,465,837)</u>	<u>(60,641,976)</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							
		2021	2022	2023	2024	2025			
\$	13,076,135	\$	10,495,723	\$	18,556,345	\$	16,820,840	\$	26,300,945
	64,422,256		8,867,389		100,223,524		71,667,280		67,271,419
	16,134,233		14,158,033		16,020,080		18,779,695		18,027,905
	3,588,888		3,234,730		5,755,134		6,092,428		5,578,935
	11,234,733		11,318,323		14,305,443		15,874,801		14,195,033
	4,882,047		4,699,446		4,535,860		4,439,565		6,220,201
	<u>113,338,292</u>		<u>52,773,644</u>		<u>159,396,386</u>		<u>133,674,609</u>		<u>137,594,438</u>
	1,155,254		808,620		1,209,697		1,466,634		1,306,868
	706,086		642,025		385,151		933,692		986,956
	<u>1,861,340</u>		<u>1,450,645</u>		<u>1,594,848</u>		<u>2,400,326</u>		<u>2,293,824</u>
	<u>115,199,632</u>		<u>54,224,289</u>		<u>160,991,234</u>		<u>136,074,935</u>		<u>139,888,262</u>
	10,261,589		12,193,870		20,180,711		20,969,476		15,332,290
	5,999,374		6,732,123		8,085,082		7,047,480		8,792,545
	17,223,580		17,614,291		20,152,742		27,553,728		29,001,721
	307,385		562,525		568,916		970,295		689,745
	6,908,300		9,131,706		9,335,044		12,572,803		11,163,342
	<u>40,700,228</u>		<u>46,234,515</u>		<u>58,322,495</u>		<u>69,113,782</u>		<u>64,979,643</u>
	1,023,571		1,993,209		1,000,940		1,035,369		1,225,683
	1,399,410		1,490,743		1,636,519		1,231,979		1,331,501
	<u>2,422,981</u>		<u>3,483,952</u>		<u>2,637,459</u>		<u>2,267,348</u>		<u>2,557,184</u>
	<u>43,123,209</u>		<u>49,718,467</u>		<u>60,959,954</u>		<u>71,381,130</u>		<u>67,536,827</u>
	(72,638,064)		(6,539,129)		(101,073,891)		(64,560,827)		(72,614,795)
	561,641		2,033,307		1,042,611		(132,978)		263,360
	<u>(72,076,423)</u>		<u>(4,505,822)</u>		<u>(100,031,280)</u>		<u>(64,693,805)</u>		<u>(72,351,435)</u>

# City of Hawthorne

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

	Fiscal Year				
	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Positions:					
Governmental activities:					
Taxes:					
Property taxes	\$ 14,693,230	\$ 17,000,228	\$ 17,212,040	\$ 18,297,687	\$ 19,494,231
Sales taxes	14,721,975	16,856,609	18,498,130	28,408,757	28,627,941
Transient occupancy taxes	4,806,401	5,200,111	5,412,476	5,970,823	5,548,885
Franchise taxes	1,809,159	1,724,565	1,765,717	2,171,334	1,980,644
Business license taxes	6,419,659	5,615,982	6,314,957	6,921,485	7,851,079
Utility users tax	6,667,384	6,613,873	6,726,815	6,358,691	6,476,401
Other taxes	-	-	-	-	-
Miscellaneous revenue	1,060,219	1,649,614	11,507,607	2,104,588	850,007
Gain on sale of assets	-	-	-	-	177,628
Use of money and property	69,833	40,189	100,699	410,090	999,325
Transfers in/(out)	-	-	-	-	(2,490,447)
Total governmental activities	<u>50,247,860</u>	<u>54,701,171</u>	<u>67,538,441</u>	<u>70,643,455</u>	<u>69,515,694</u>
Business-type activities:					
Miscellaneous	23,963	5,874	12,195	7,071	36,546
Transfers in/(out)	-	-	-	-	2,490,447
Total business-type activities	<u>23,963</u>	<u>5,874</u>	<u>12,195</u>	<u>7,071</u>	<u>2,526,993</u>
Total primary government	<u>50,271,823</u>	<u>54,707,045</u>	<u>67,550,636</u>	<u>70,650,526</u>	<u>72,042,687</u>
Change in Net Position:					
Governmental activities	(1,755,464)	(1,564,741)	3,513,446	13,442,626	8,354,762
Business-type activities	<u>573,275</u>	<u>298,773</u>	<u>(992,357)</u>	<u>(257,937)</u>	<u>3,045,949</u>
Total primary government	<u>\$ (1,182,189)</u>	<u>\$ (1,265,968)</u>	<u>\$ 2,521,089</u>	<u>\$ 13,184,689</u>	<u>\$ 11,400,711</u>

Source: City of Hawthorne, Finance Department

		Fiscal Year							
		2021	2022	2023	2024	2025			
\$	20,793,917	\$	21,799,982	\$	22,825,681	\$	24,417,302	\$	26,024,052
	32,184,097		38,271,401		40,393,795		36,012,398		36,632,700
	4,186,432		6,071,367		7,891,009		6,846,103		7,458,960
	2,277,912		2,536,844		3,090,928		3,693,594		2,084,128
	6,293,567		9,456,866		9,452,193		10,541,480		9,809,437
	6,837,852		7,459,343		8,792,532		8,029,444		9,846,539
	-		-		676,610		189,024		460,422
	620,764		749,456		1,185,504		1,529,779		1,952,089
	-		-		-		-		-
	188,680		(1,166,634)		2,421,009		6,269,230		6,764,931
	211,167		209,227		195,609		224,626		273,965
	<u>73,594,388</u>		<u>85,387,852</u>		<u>96,924,870</u>		<u>97,752,980</u>		<u>101,307,223</u>
	15,852		461,994		459,963		519,780		179,823
	<u>(211,167)</u>		<u>(209,227)</u>		<u>(195,609)</u>		<u>(224,626)</u>		<u>(273,965)</u>
	<u>(195,315)</u>		<u>252,767</u>		<u>264,354</u>		<u>295,154</u>		<u>(94,142)</u>
	<u>73,399,073</u>		<u>85,640,619</u>		<u>97,189,224</u>		<u>98,048,134</u>		<u>101,213,081</u>
	956,324		78,848,723		(4,149,021)		33,192,153		28,692,428
	<u>366,326</u>		<u>2,286,074</u>		<u>1,306,965</u>		<u>162,176</u>		<u>169,218</u>
\$	<u>1,322,650</u>	\$	<u>81,134,797</u>	\$	<u>(2,842,056)</u>	\$	<u>33,354,329</u>	\$	<u>28,861,646</u>

*City of Hawthorne*

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

	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund:					
Nonspendable	\$ 3,217,524	\$ 53,986	\$ 49,432	\$ 52,198	\$ 80,632
Restricted	-	-	-	-	-
Unassigned	10,763,286	16,615,228	26,066,029	37,202,338	44,563,186
Total General Fund	<u>13,980,810</u>	<u>16,669,214</u>	<u>26,115,461</u>	<u>37,254,536</u>	<u>44,643,818</u>
All Other Governmental Funds:					
Nonspendable	335,181	-	-	-	20,318
Restricted	15,412,581	17,790,488	21,191,173	21,997,889	28,952,064
Unassigned	(1,874,224)	(625,215)	(911,566)	(760,486)	(2,123,366)
Total all other governmental funds	<u>13,873,538</u>	<u>17,165,273</u>	<u>20,279,607</u>	<u>21,237,403</u>	<u>26,849,016</u>
Total governmental funds	<u>\$ 27,854,348</u>	<u>\$ 33,834,487</u>	<u>\$ 46,395,068</u>	<u>\$ 58,491,939</u>	<u>\$ 71,492,834</u>

Source: City of Hawthorne, Finance Department

					Fiscal Year				
2021		2022		2023		2024		2025	
\$	1,900,896	\$	69,652	\$	67,458	\$	70,471	\$	70,292
	36,529		36,529		36,529		36,529		36,529
	<u>57,837,119</u>		<u>78,747,034</u>		<u>93,988,358</u>		<u>109,366,673</u>		<u>114,610,688</u>
	<u>59,774,544</u>		<u>78,853,215</u>		<u>94,092,345</u>		<u>109,473,673</u>		<u>114,717,509</u>
	-		-		-		88,000		-
	30,807,066		33,192,169		33,300,890		35,112,998		72,688,908
	<u>(2,427,492)</u>		<u>(3,259,095)</u>		<u>(4,449,863)</u>		<u>(8,236,124)</u>		<u>(13,122,011)</u>
	<u>28,379,574</u>		<u>29,933,074</u>		<u>28,851,027</u>		<u>26,964,874</u>		<u>59,566,897</u>
\$	<u>88,154,118</u>	\$	<u>108,786,289</u>	\$	<u>122,943,372</u>	\$	<u>136,438,547</u>	\$	<u>174,284,406</u>

# City of Hawthorne

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

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Revenues:</b>					
Taxes	\$ 54,107,964	\$ 58,115,240	\$ 63,954,559	\$ 75,799,317	\$ 73,088,871
Licenses and permits	2,291,930	2,535,471	3,384,070	4,121,946	3,861,839
Intergovernmental	16,469,698	22,245,586	21,283,289	22,515,800	24,208,218
Charges for services	2,500,544	2,412,936	2,325,798	2,631,104	2,605,973
Fines and forfeitures	3,934,011	5,850,331	3,101,340	4,241,409	4,621,263
Use of money and property	471,056	530,465	580,685	937,192	1,420,058
Contributions	188,206	873,620	888,145	3,670,175	4,640,773
Miscellaneous	5,279,485	5,392,496	12,435,535	4,093,289	2,025,498
<b>Total Revenues</b>	<b>85,242,894</b>	<b>97,956,145</b>	<b>107,953,421</b>	<b>118,010,232</b>	<b>116,472,493</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government (1)	9,517,701	9,388,771	10,130,387	12,073,085	32,079,731
Public safety	43,038,523	46,173,983	49,374,104	50,438,881	120,366,980
Community development (1)	12,590,103	12,747,063	14,603,141	13,807,096	24,445,268
Parks and recreation	3,467,866	3,654,856	3,743,089	3,767,113	10,795,897
Public works	8,202,451	13,565,765	11,786,057	18,750,519	21,327,728
Capital outlay	2,438,251	3,164,810	2,183,616	3,360,606	2,408,275
<b>Debt service:</b>					
Principal retirement	4,010,186	5,473,428	2,365,154	2,414,644	4,718,303
Interest and fiscal charges	2,658,786	980,189	1,207,292	1,142,617	3,694,549
Bond issuance costs	941,625	108,692	-	-	1,112,189
<b>Total expenditures</b>	<b>86,865,492</b>	<b>95,257,557</b>	<b>95,392,840</b>	<b>105,754,561</b>	<b>220,948,920</b>
<b>Excess/(deficiency) of Revenues Over Expenditures</b>	<b>(1,622,598)</b>	<b>2,698,588</b>	<b>12,560,581</b>	<b>12,255,671</b>	<b>(104,476,427)</b>
<b>Other financing sources (uses):</b>					
Issuance of debt	31,803,741	2,730,900	-	-	121,865,000
Premium on issuance of debt	-	-	-	-	-
Payment to bond escrow agent	(29,910,984)	-	-	-	-
Proceeds from disposal of assets	-	-	-	-	8,602
Lease acquisition	-	550,651	-	-	-
Subscription acquisition	-	-	-	-	-
Transfers in	5,894,967	2,759,313	2,804,428	2,950,318	8,423,404
Transfers out	(5,894,967)	(2,759,313)	(2,804,428)	(3,109,118)	(12,819,684)
<b>Total other financing sources (uses)</b>	<b>1,892,757</b>	<b>3,281,551</b>	<b>-</b>	<b>(158,800)</b>	<b>117,477,322</b>
<b>Net Change in Fund Balances</b>	<b>\$ 270,159</b>	<b>\$ 5,980,139</b>	<b>\$ 12,560,581</b>	<b>\$ 12,096,871</b>	<b>\$ 13,000,895</b>
Debt service as a percentage of noncapital expenditures:	7.89%	7.34%	4.05%	4.40%	3.89%

### Notes:

(1) Beginning in fiscal year 2009-2010, all costs relating to the construction inspection function are reported under community development instead of highways, streets, and parks. Also, the storm water management function is under general government instead of highways, streets, and parks.

Source: City of Hawthorne, Finance Department

Fiscal Year				
2021	2022	2023	2024	2025
\$ 76,549,888	\$ 89,449,254	\$ 97,282,234	\$ 93,641,913	\$ 98,719,050
2,268,593	1,987,892	1,746,860	2,035,110	2,039,124
25,920,897	28,410,517	38,969,342	46,001,617	41,319,068
2,465,164	3,378,713	5,236,034	5,117,107	7,391,502
2,996,112	4,485,414	5,405,531	4,020,318	3,969,082
782,986	(686,139)	2,924,818	7,023,048	7,643,676
492,799	1,854,290	200,000	200,000	200,000
1,782,379	1,894,159	3,207,985	2,622,420	3,316,791
<u>113,258,818</u>	<u>130,774,100</u>	<u>154,972,804</u>	<u>160,661,533</u>	<u>164,598,293</u>
10,589,644	11,870,620	20,484,434	19,332,706	29,258,962
47,760,972	54,876,411	56,901,806	58,062,768	64,405,657
15,033,877	15,619,482	15,765,070	19,534,211	21,976,110
2,901,385	3,704,975	5,584,740	5,304,040	9,379,153
9,776,751	12,723,514	12,635,793	14,210,768	10,802,095
1,070,437	1,237,324	19,338,781	15,623,046	11,381,847
4,861,023	5,638,129	6,124,000	5,904,300	5,350,850
4,995,712	4,866,191	4,693,492	4,578,803	5,185,840
-	-	-	-	439,453
<u>96,989,801</u>	<u>110,536,646</u>	<u>141,528,116</u>	<u>142,550,642</u>	<u>158,179,967</u>
16,269,017	20,237,454	13,444,688	18,110,891	6,418,326
-	-	-	-	26,950,000
-	-	-	-	3,489,453
-	-	-	-	-
-	-	-	-	-
-	-	-	-	325,632
-	-	400,042	-	1,236,976
11,510,975	12,375,331	17,532,349	31,895,480	17,893,110
(11,118,708)	(11,980,614)	(17,219,996)	(36,511,196)	(18,467,638)
<u>392,267</u>	<u>394,717</u>	<u>712,395</u>	<u>(4,615,716)</u>	<u>31,427,533</u>
<u>\$ 16,661,284</u>	<u>\$ 20,632,171</u>	<u>\$ 14,157,083</u>	<u>\$ 13,495,175</u>	<u>\$ 37,845,859</u>
10.53%	10.04%	9.04%	9.02%	7.83%

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# City of Hawthorne

## Assessed Value and Estimated Actual Value of Taxable Property (1) Last Ten Fiscal Years

<b>Fiscal Year Ended June 30</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Less: Exemptions</b>	<b>Taxable Assessed Value</b>	<b>Direct Tax Rate (2)</b>
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
2025	10,224,617,091	1,364,389,748	(116,396,307)	11,472,610,532	0.08605

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 2024/25 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				
	2016	2017	2018	2019	2020
City basic rate	0.09484	0.09484	0.09484	0.09484	0.09484
Redevelopment agency					
Overlapping Rates					
El Camino Community College	0.01745	0.02294	0.02120	0.02223	0.02155
Hawthorne School District	0.10176	0.09553	0.08818	0.08395	0.11025
Inglewood Unified School Dist	0.12761	0.11351	0.11675	0.13079	0.09832
LA Community College District	0.03575	0.03596	0.04599	0.04621	0.02717
Lawndale Elementary School Dist	0.04207	0.04064	0.06143	0.06385	0.06343
Lennox School District	0.08456	0.09078	0.16337	0.16522	0.17202
Los Angeles Unified School District	0.12971	0.13110	0.12219	0.12323	0.12552
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Wiseburn School District	0.13341	0.10166	0.11222	0.10532	0.11111
Wiseburn-Centinel Unified	0.14481	0.16592	0.13062	0.17572	0.15734
<b>Total Direct Rate</b>	<b>0.09137</b>	<b>0.09174</b>	<b>0.09127</b>	<b>0.08993</b>	<b>0.08950</b>

### 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.

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<b>Fiscal Year</b>				
<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
0.09484	0.09484	0.09484	0.09484	0.09484
0.02362	0.02264	0.02299	0.02116	0.02101
0.10069	0.09933	0.08637	0.06723	0.07167
0.09294	0.14381	0.12904	0.07881	0.06440
0.04016	0.04376	0.02488	0.06023	0.05136
0.06246	0.05494	0.05821	0.05750	0.08534
0.17062	0.16888	0.16320	0.16423	0.14441
0.13993	0.11323	0.12107	0.12422	0.12802
0.00350	0.00350	0.00350	0.00350	0.00700
0.08507	0.08631	0.09948	0.10150	0.10737
0.18371	0.17242	0.18567	0.14387	0.17592
0.08648	0.08939	0.08625	1.82225	1.85650

# City of Hawthorne

## Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2024/2025			2015/2016		
	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	\$ 874,193,612	1	7.62 %			
CRESTONE DC ASSETS LLC	114,860,160	2	1.00			
DCT CARGO LLC	93,014,587	3	0.81	\$ 68,403,006	1	1.04 %
MOGUL HOSPITALITY PARTNERS HAWTHORNE LLC	92,576,402	4	0.81			
FALCON LANDING LLC	73,441,029	5	0.64			
M & A GABAE	70,088,197	6	0.61	46,011,481	5	0.70
ASHFORD HAWTHORNE LP	69,518,617	7	0.61			
COSTCO WHOLESALE CORPORATION	68,132,283	8	0.59	55,948,047	2	0.85
BSP ZELMAN HAWTHORNE LLC	68,010,966	9	0.59	42,961,274	6	0.65
EQUITY HOLDINGS LLC	63,362,712	10	0.55			
RS HAWTHORNE LLC				52,089,500	3	0.79
RT ROCKET ROAD LLC				46,650,000	4	0.71
OCEANGATE PROPERTY LLC				40,244,879	7	0.61
2 LA CIENEGA INC				39,755,252	8	0.60
TRIUMPH AEROSTRUCTURES VOUGHT AIRCRAF				33,280,750	9	0.51
HAWTHORNE GATEWAY LP				32,537,498	10	0.49
<b>Total</b>	<b>\$ 1,587,198,565</b>		<b>13.83 %</b>	<b>\$ 457,881,687</b>		<b>6.95 %</b>

**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 2024/2025 Combined Tax Rolls

*City of Hawthorne*

**Property Tax Levies and Collections  
Last Ten Fiscal Years**

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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
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
2025	11,060,879	10,896,147	98.51	266,875	11,163,022	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	Per Capita
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Loans Payable	Lease / SBITA Payable			
2016	\$ 31,684,772	\$ 7,174,930	\$ -	\$ 6,778	\$ 3,218,691	\$ -	\$ 42,085,171	0.023	480
2017	30,032,646	4,353,127	2,587,550	482,893	2,856,328	-	40,312,544	0.022	454
2018	29,211,468	3,178,249	2,419,000	378,119	2,493,585	-	37,680,421	0.020	429
2019	27,752,014	2,618,249	2,247,100	269,455	2,130,448	-	35,017,266	0.018	399
2020	26,352,538	1,987,303	2,067,000	156,759	1,766,893	-	32,330,492	0.016	372
2021	141,764,586	1,354,131	1,884,150	39,880	1,757,899	-	146,800,646	0.066	1,687
2022	137,170,635	691,503	1,693,650	44,749	1,400,000	-	141,000,536	0.064	1,624
2023	132,121,683	-	1,501,150	15,964	1,045,000	-	134,683,797	0.053	1,572
2024	126,891,744	-	1,301,850	-	-	-	128,193,594	0.045	1,498
2025	121,591,297	30,337,677	1,096,000	-	-	1,173,470	154,198,444	0.053	1,800

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

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Fiscal Year	General Obligation Bonds	Revenue Bonds (1)	Total	Percent of Assessed Value (2)	Per Capita
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	126,891,744	-	126,891,744	1.181	1,483
2025	121,591,297	30,337,677	151,928,974	1.324	1,774

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				
	2016	2017	2018	2019	2020
Total assessed valuation	\$ 6,583,853,815	\$ 7,276,798,609	\$ 7,726,172,392	\$ 8,189,909,990	\$ 8,630,805,267
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	1,645,963,454	1,819,199,652	1,931,543,098	2,047,477,498	2,157,701,317
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	246,894,518	272,879,948	289,731,465	307,121,625	323,655,198
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 246,894,518</u>	<u>\$ 272,879,948</u>	<u>\$ 289,731,465</u>	<u>\$ 307,121,625</u>	<u>\$ 323,655,198</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				
2021	2022	2023	2024	2025
\$ 9,176,580,892	\$ 9,404,578,626	\$ 10,073,968,075	\$ 10,741,271,088	\$ 11,472,610,532
25%	25%	25%	25%	25%
2,294,145,223	2,351,144,657	2,518,492,019	2,685,317,772	2,868,152,633
15%	15%	15%	15%	15%
344,121,783	352,671,698	377,773,803	402,797,666	430,222,895
-	-	-	-	-
<u>\$ 344,121,783</u>	<u>\$ 352,671,698</u>	<u>\$ 377,773,803</u>	<u>\$ 402,797,666</u>	<u>\$ 430,222,895</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		
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	-	-		-
2025	1,500,000	-	778,556		-

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, 2025

2024-25 Assessed Valuation: \$11,472,610,532

	<u>Total Debt 06/30/25</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt 06/30/25</u>
<b>OVERLAPPING TAX AND ASSESMENT DEBT:</b>			
Metropolitan Water District	\$ 17,155,000.00	0.282%	\$ 48,377
El Camino Community College District	480,045,366	6.672%	32,028,627
Los Angeles Community College District	4,919,505,000	0.078%	3,837,214
Los Angeles Unified School District	11,745,405,000	0.095%	11,158,135
Centinela Valley Union High School District	223,190,827	37.954%	84,709,846
Centinela Valley Union High School District SFID No. 2016-1	213,360,000	36.536%	77,953,210
Inglewood Unified School District	319,615,000	0.030%	95,885
Wiseburn Unified School District	152,564,464	14.694%	22,417,822
Hawthorne School District	62,991,440	97.312%	61,298,230
Lawndale School District	49,225,000	19.482%	9,590,015
Lennox School District	33,609,174	7.200%	2,419,861
City of Hawthorne Community Facilities District No. 2004-1	2,240,000	100%	2,240,000
City of Hawthorne Community Facilities District No. 2006-1	7,340,000	100%	7,340,000
			<u>\$ 315,137,221</u>
			<u>\$ 438,169</u>
			<u>\$ 314,699,052</u>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
Los Angeles County General Fund Obligations	\$ 3,036,637,390	0.546%	\$ 16,580,040
Los Angeles County Superintendent of Schools Certificates of Participation	2,331,775	0.546%	12,731
Los Angeles Unified School District Certificates of Participation	225,010,000	0.095%	213,760
Centinela Valley Union High School District Certificates of Participation	4,895,000	58.991%	2,887,609
Inglewood Unified School District Certificates of Participation	975,000	0.030%	293
Wiseburn Unified School District General Fund Obligations	10,220,476	14.694%	1,501,797
Hawthorne School District Certificates of Participation	9,730,000	97.312%	9,468,458
Lennox School District Certificates of Participation	3,105,000	7.200%	223,560
City of Hawthorne General Fund Obligations	47,424,974	100%	47,424,974
City of Hawthorne Pension Obligation Bonds	105,600,000	100%	105,600,000
Lease and SBITA	1,173,470	100%	1,173,470
			<u>\$ 185,086,691</u>
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 13,540,000.00	100%	\$ 13,540,000
TOTAL DIRECT DEBT			\$ 154,198,444
TOTAL GROSS OVERLAPPING DEBT			\$ 359,565,468
TOTAL NET OVERLAPPING DEBT			\$ 359,127,299
			(2) \$ 513,763,912
			\$ 513,325,743

(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 2024-25 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt.....	2.75%
Total Net Overlapping Tax and Assessment Debt.....	2.74%
Total Direct Debt (\$154,198,444).....	1.34%
Gross Combined Total Debt.....	4.43%
Net Combined Total debt.....	4.43%

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

Total Overlapping Tax and Assessment Debt.....	0.47%
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# City of Hawthorne

## Demographic and Economic Statistics Last Ten Calendar Years

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<u>Fiscal Year</u>	<u>Square Miles</u>	<u>Population</u>	<u>Population Percentage Change</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
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%
2024	6.08	85,653	0.10%	2,891,771	33,761	5.7%

Sources:  
HdL Coren & Cone

# City of Hawthorne

## Principal Employers Current Year and Nine Years Ago

Employer	2025		2017	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
SpaceX - Space Exploration Technologies	7,661	17.57%	4,781	10.77%
Hawthorne School District	1,063	2.44%	801	1.80%
Wiseburn Unified School District	530	1.22%	357	0.80%
Amazon Fulfillment Center (includes Ring HQ)	299	0.69%		
OSI Systems Inc	275	0.63%	350	0.79%
Home Depot*	257	0.59%		0.70%
Teledyne Relays	254	0.58%	309	0.74%
City of Hawthorne	253	0.58%	328	
South Bay Ford	174	0.40%	225	0.51%
Hawthorne Healthcare and Wellness Center	158	0.36%		
Lithographix Inc			242	0.55%
Costco Wholesale			166	0.37%
Target			150	0.34%
<b>Total</b>	<b>10,924</b>	<b>25.00%</b>	<b>7,709</b>	<b>17.36%</b>
<b>Total City Employment (1)</b>	<b>43,600</b>		<b>44,400</b>	

Source: MuniServices, LLC / Neumo

Source: FY2017, City of Hawthorne - ACFR Publication (Historical data is unavailable.)

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

Notes:

\*Includes FT, and PT Employment

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# City of Hawthorne

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

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Function/Program:	Fiscal Year									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
General government	120	130	129	141	123	131	133	130	131	143
Public safety	112	100	99	97	98	94	97	88	90	91
Public works, streets maint	47	48	45	45	43	40	43	32	34	36
Comm dev-planning, building, housing	28	26	27	30	27	29	31	28	25	30
Recreation & Comm-serv, parks	84	99	92	100	90	89	71	88	85	121
Total	<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>	<u>421</u>

Source: City Finance Department.

# City of Hawthorne

## Operating Indicators by Function Last Ten Years

<u>Function/Program</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
General Government:				
Number of business licenses issued	6,221	5,992	5,752	6,588
Number of requests for public information	152	223	201	179
Number of new hires including part-time	97	95	84	96
Number of invoices processed	9,478	21,887	20,958	19,501
Public Safety:				
Police:				
Number of emergency calls	51,402	40,002	39,703	40,658
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	-	2
Miles of streets swept	15,184	15,184	15,184	15,184
Storm drain structures cleaned and repaired	993	993	993	997
Culture and Recreation:				
Number of facility rentals	867	889	847	1,044
Number of swim program participants	24,280	25,494	30,625	30,520
Number of adult sports participants	80	80	30	2,458
Number of youth sports participants	577	605	701	3,490
Number of senior nutrition program meals served	18,750	18,750	16,841	17,290
Community Development:				
Number of building permits issued	712	594	775	695
Approximate number of building inspections conducted	7,020	4,000	6,200	6,475
Number of new business licenses issued	839	764	669	930

Source: Various City Departments.

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<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
6,001	6,016	5,351	5,910	6,308	5,556
188	276	233	387	353	435
39	80	62	62	86	55
19,486	18,842	19,218	19,533	19,638	20,261
42,221	42,395	41,298	40,508	40,655	37,421
N/A	N/A	N/A	N/A	N/A	N/A
3	1	-	1	-	-
-	-	-	1	1	1
15,184	15,184	15,184	15,184	15,184	15,184
997	997	997	997	997	997
300	95	1,350	1,325	1,295	1,152
11,757	21,352	18,043	19,056	19,990	21,052
1,708	200	2,972	3,052	2,056	-
2,442	200	4,268	4,986	5,830	3,895
13,125	34,272	29,120	29,120	28,564	25,982
644	802	629	359	130	197
4,000	3,323	4,180	3,399	5,967	6,405
686	531	479	150	468	654

*City of Hawthorne*

**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years**

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<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Public Safety:				
Police (1)				
Number of police stations	1	1	1	1
Number of emergency vehicles	99	96	96	101
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	47.14
Pools	1	1	1	2

Notes:

- (1) The Fire station is owned by LA County. We contract the fire service
- (2) The number includes both California Edison Owned street lights and street light owned by City of Hawthorne

Sources: Various City departments.

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<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
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1	1	1	1	1	1
113	105	105	113	118	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	91	91	91	91	91
3,639	3,645	3,645	3,645	3,645	3,645

10	10	10	10	10	10
47.14	57.06	57.06	57.06	57.06	57.06
2	2	2	2	2	2

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