



**City of Hermosa Beach,
California**

**Comprehensive
Annual
Financial
Report**

For the year ended June 30, 2010

- In balancing the budget for 2009-10, seven positions were left vacant, various line items such as overtime and contract services were reduced and the life of all vehicles was extended to reduce vehicle charges. For 2010-11, the vacant positions grew to fourteen, Fire Department minimum-manning was reduced from six per shift to five, special events were dropped from the budget, vehicle lives were extended another year, some parking rates were increased and parking lots were converted to metered parking to increase revenue. With retirement rates increasing substantially in 2011-12 and an uncertain economy continuing, the 2011-12 budget will once again be a challenge to prepare. While some revenue is flat rather than declining, we can not expect revenue to return to levels achieved prior to the “great recession” of the past few years.
- Hermosa Beach has no debt and therefore has no adverse affects in this area.

Requests for Information

This financial report is designed to provide a general overview of the City of Hermosa Beach’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 Office of the Finance Director, 1315 Valley Drive, Hermosa Beach, CA 90254.

City of Hermosa Beach
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2010

	Major Funds				Total
	General	Grants	Contingency Special Revenue	Other Governmental Funds	
REVENUES:					
Property taxes	\$ 11,407,964	\$ -	\$ -	\$ 455,882	\$ 11,863,846
Other taxes	8,075,947	-	-	685,041	8,760,988
Licenses and permits	556,737	-	-	-	556,737
Fines and forfeitures	2,040,336	-	-	35,423	2,075,759
Use of money and property	309,946	-	-	312,900	622,846
Intergovernmental	164,496	1,816,753	-	670,708	2,651,957
Charges for services	3,998,342	-	-	82,108	4,080,450
Miscellaneous	314,113	15,000	-	(27,934)	301,179
Interest earned on investments	16,033	-	37,551	81,839	135,423
Total revenues	26,883,914	1,831,753	37,551	2,295,967	31,049,185
EXPENDITURES:					
Current:					
Legislative and legal	976,862	-	-	-	976,862
General government	2,205,661	-	-	145,031	2,350,692
Public safety	17,065,312	102,920	-	83,454	17,251,686
Community development	1,198,904	-	-	31,005	1,229,909
Culture and recreation	1,170,057	-	-	31,000	1,201,057
Public works	2,871,141	8,189	-	1,279,615	4,158,945
Capital outlay	4,237	1,698,687	-	2,473,642	4,176,566
Total expenditures	25,492,174	1,809,796	-	4,043,747	31,345,717
REVENUES OVER (UNDER) EXPENDITURES	1,391,740	21,957	37,551	(1,747,780)	(296,532)
OTHER FINANCING SOURCES (USES):					
Transfers in	699,726	-	755	1,616,517	2,316,998
Transfers out	(2,052,288)	-	(265,590)	(676,034)	(2,993,912)
Total other financing sources (uses)	(1,352,562)	-	(264,835)	940,483	(676,914)
Net change in fund balances	39,178	21,957	(227,284)	(807,297)	(973,446)
FUND BALANCES:					
Beginning of year	661,253	2,830	3,878,398	7,157,034	11,699,515
End of year	\$ 700,431	\$ 24,787	\$ 3,651,114	\$ 6,349,737	\$ 10,726,069

See accompanying Notes to Basic Financial Statements.

City of Hermosa Beach
Governmental Activities Tax Revenues By Source
Last Eight Years
(accrual basis of accounting)

Fiscal year ended June 30	Property tax	Sales tax	Real property transfer tax	Franchise fees	1/2 cent sales tax extension for public safety	Transient occupancy tax	Utility user's tax	Business license	Total
2003	\$ 5,282,147	\$ 2,508,346	\$ 194,035	\$ 517,907	\$ 150,453	\$ 1,054,272	\$ 2,137,975	\$ 689,270	\$ 12,534,405
2004	5,885,480	2,596,135	243,390	514,403	162,902	1,291,689	2,652,821	693,865	14,040,685
2005	6,221,535	2,584,015	279,627	590,372	178,539	1,477,612	2,675,196	696,562	14,703,458
2006	8,361,888	2,511,004	305,018	597,754	188,644	1,628,394	2,726,085	740,746	17,059,533
2007	9,383,544	2,395,390	279,219	606,572	189,852	1,769,015	2,769,113	800,763	18,193,468
2008	10,458,034	2,500,659	226,349	634,421	187,277	1,892,363	2,714,029	802,347	19,415,479
2009	11,188,377	2,390,658	140,113	674,947	167,427	1,645,571	2,575,209	866,072	19,648,374
2010	11,407,964	2,112,971	162,562	650,115	168,103	1,559,048	2,559,369	863,781	19,483,913

The City of Hermosa Beach has elected to show only eight years of data for this schedule to coincide with the implementation of GASB 34.

City of Hermosa Beach
Changes in Fund Balances of Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:								
Property taxes	\$ 5,736,937	\$ 6,339,123	\$ 6,668,515	\$ 8,818,051	\$ 9,834,400	\$ 10,907,119	\$ 11,639,348	\$ 11,863,846
Other taxes	7,323,267	8,262,205	9,085,304	9,404,925	9,488,447	9,630,365	9,079,246	8,760,988
Licenses and permits	571,682	664,169	701,468	868,085	772,832	877,775	678,477	556,737
Fines and forfeitures	278,334	371,802	459,106	1,627,274	1,615,777	1,994,522	2,111,467	2,075,759
Use of money and property	2,185,382	590,605	871,782	612,248	656,966	679,528	716,215	622,847
Intergovernmental	2,175,932	2,168,077	4,333,949	2,278,769	1,299,426	1,277,080	1,788,584	2,578,807
Charges for services	1,254,917	1,414,665	1,852,726	3,905,640	4,125,954	4,171,165	4,102,959	4,080,450
Miscellaneous	645,335	793,633	2,053,250	388,532	349,856	737,112	436,138	301,179
Interest earned on investments	450,116	177,757	467,925	753,746	1,097,128	850,176	429,092	135,423
Total revenues	<u>20,621,902</u>	<u>20,782,036</u>	<u>26,494,025</u>	<u>28,657,270</u>	<u>29,240,786</u>	<u>31,124,842</u>	<u>30,981,526</u>	<u>30,976,036</u>
Expenditures								
Current:								
Legislative and legal	832,157	752,541	727,026	963,031	858,017	967,423	1,057,092	976,862
General government	1,245,306	1,259,275	1,340,435	2,220,062	2,426,179	2,433,226	2,513,647	2,350,692
Public safety	10,040,618	10,555,169	12,139,133	14,444,334	16,236,080	17,374,613	16,974,820	17,251,686
Community development	951,856	1,089,056	1,325,219	1,346,996	1,417,596	1,283,317	1,400,933	1,229,909
Culture and recreation	966,621	932,447	940,158	1,124,347	1,205,653	1,249,251	1,372,611	1,201,057
Public works	3,082,096	3,189,361	3,374,363	3,785,554	3,895,291	3,993,055	4,288,179	4,158,945
Capital outlay	4,281,144	3,119,265	6,425,895	3,406,570	4,722,412	1,672,441	3,294,817	4,176,566
Debt service:	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total expenditures	21,399,798	20,897,114	26,272,229	27,290,894	30,761,228	28,973,326	30,902,099	31,345,717
Excess (deficiency) of revenues over (under) expenditures	<u>(777,896)</u>	<u>(115,078)</u>	<u>221,796</u>	<u>1,366,376</u>	<u>(1,520,442)</u>	<u>2,151,516</u>	<u>79,427</u>	<u>(369,681)</u>
Other financing sources (uses)								
Transfers in	4,016,062	6,962,841	7,368,202	4,273,743	2,550,370	1,755,358	1,919,303	2,316,998
Transfers out	(3,625,668)	(5,371,555)	(6,621,149)	(5,625,788)	(3,094,756)	(3,588,874)	(3,667,923)	(2,993,912)
Total other financing sources (uses)	<u>390,394</u>	<u>1,591,286</u>	<u>747,053</u>	<u>(1,352,045)</u>	<u>(544,386)</u>	<u>(1,833,516)</u>	<u>(1,748,620)</u>	<u>(676,914)</u>
Net change in fund balances	<u>\$ (387,502)</u>	<u>\$ 1,476,208</u>	<u>\$ 968,849</u>	<u>\$ 14,331</u>	<u>\$ (2,064,828)</u>	<u>\$ 318,000</u>	<u>\$ (1,669,193)</u>	<u>\$ (1,046,595)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The City of Hermosa Beach has elected to show only eight years of data for this schedule, to coincide with the implementation of GASB 34. The City has no debt, therefore Debt Service as a percentage of noncapital expenditures is 0.0% for all years.