

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2014</b>	\$ 8,105,002	\$ 8,105,002	\$ 8,105,002	\$ -
Resources (inflows):				
Property taxes	11,214,492	13,598,147	13,739,649	141,502
Other taxes	11,620,015	9,641,415	9,948,170	306,755
Licenses and permits	795,240	793,944	916,073	122,129
Fines and forfeitures	2,748,289	2,750,789	2,600,786	(150,003)
Use of money and property	760,508	752,708	768,912	16,204
Intergovernmental	119,341	144,460	298,001	153,541
Charges for services	6,221,771	6,454,059	6,941,275	487,216
Miscellaneous	249,858	283,459	252,854	(30,605)
Interest earned on investments	109,927	125,265	152,544	27,279
Transfers in	345,641	345,641	351,104	5,463
Amount available for appropriatio:	<u>34,185,082</u>	<u>42,994,889</u>	<u>44,074,370</u>	<u>1,079,481</u>
Charges to appropriations (outflows):				
Legislative and legal	995,829	1,124,614	1,170,229	(45,615)
General government	5,239,249	3,492,171	2,960,379	531,792
Public safety	17,187,410	19,413,985	18,009,359	1,404,626
Community development	1,509,512	1,513,871	1,529,958	(16,087)
Culture and recreation	1,221,058	1,221,058	1,217,620	3,438
Public works	3,546,135	4,501,949	4,166,087	335,862
Capital outlay	2,753,807	2,595,200	1,010,144	1,585,056
Transfers out	856,832	886,464	3,496,906	(2,610,442)
Total charges to appropriations	<u>33,309,832</u>	<u>34,749,312</u>	<u>33,560,682</u>	<u>1,188,630</u>
<b>Fund balance, June 30, 2015</b>	<u>\$ 875,250</u>	<u>\$ 8,245,577</u>	<u>\$ 10,513,688</u>	<u>\$ 2,268,111</u>

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Budgetary Comparison Schedule – Sewer Special Revenue Fund**  
**For the Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Fund balance, July 1, 2014</b>	\$ 693,145	\$ 693,145	\$ 693,145	\$ -
Resources (inflows):				
Intergovernmental	15,422	15,422	15,321	(101)
Charges for services	30,000	31,500	74,958	43,458
Miscellaneous	0	-	40,000	40,000
Interest earned on investments	10,822	11,392	20,056	8,664
Transfers in	850,353	3,914,256	3,914,256	-
Amount available for appropriation	<u>1,599,742</u>	<u>4,665,715</u>	<u>4,757,736</u>	<u>92,021</u>
Charges to appropriations (outflows):				
Public works	826,245	902,806	572,751	330,055
Capital outlay	-	517,704	462,231	55,473
Total charges to appropriations	<u>826,245</u>	<u>1,420,510</u>	<u>1,034,982</u>	<u>385,528</u>
<b>Fund balance, June 30, 2015</b>	<u>\$ 773,497</u>	<u>\$ 3,245,205</u>	<u>\$ 3,722,754</u>	<u>\$ 477,549</u>

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Notes to the Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2015**

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**Budgetary Control and Accounting Policy**

Budgets are annually adopted for all governmental and proprietary fund types on a basis consistent with generally accepted accounting principles. The City is required by its municipal code to adopt an annual budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts become the “*annual appropriated budget*.”

The appropriated budget is prepared by fund, department and division. The City Council may amend the budget by motion during the fiscal year. Expenditures may not legally exceed appropriations at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within the same fund; however, any transfers between funds or revisions that alter total appropriations of any fund require City Council approval. The legal level of control is therefore at the fund level.

Supplemental appropriations, which increase appropriations, were made during the fiscal year, therefore, “final” budgeted revenue and appropriation amounts shown in the financial statements represent the original budget, modified for adjustments during the year. Appropriations lapse at the end of the fiscal year.

Encumbrances - Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Unexpended appropriations lapse at year-end.

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2015**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") Fire Tier I Plan**

	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability/(Asset)	0.12468%
City's Proportionate Share of the Net Pension Liability/(Asset)	\$ 7,758,383
City's Covered-Employee Payroll	\$ 1,783,299
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	435.06%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	76.14%

**California Public Employees' Retirement System ("CalPERS") Fire Tier II Plan**

	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability/(Asset)	0.00004%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 2,615
City's Covered-Employee Payroll	\$ 73,146
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	3.58%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	81.42%

**California Public Employees' Retirement System ("CalPERS") Fire PEPRA Plan**

	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability/(Asset)	0.00000%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ -
City's Covered-Employee Payroll	\$ -
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	0.00%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	81.48%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable. The fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2015**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") Police Tier I Plan**

	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability/(Asset)	0.29514%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 18,364,677
City's Covered-Employee Payroll	\$ 2,865,270
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	640.94%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	73.33%

**California Public Employees' Retirement System ("CalPERS") Police Tier II Plan**

	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability/(Asset)	0.00026%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 16,281
City's Covered-Employee Payroll	\$ 201,594
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	8.08%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	81.42%

**California Public Employees' Retirement System ("CalPERS") Police PEPRA Plan**

	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability/(Asset)	0.00000%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 15
City's Covered-Employee Payroll	\$ 61,961
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	0.02%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	81.48%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable. The fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2015**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") Miscellaneous Tier I Plan**

	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability/(Asset)	0.16281%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 10,131,058
City's Covered-Employee Payroll	\$ 4,055,478
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	249.81%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	78.32%

**California Public Employees' Retirement System ("CalPERS") Miscellaneous Tier II Plan**

	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability/(Asset)	0.00049%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 30,319
City's Covered-Employee Payroll	\$ 876,441
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	3.46%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%

**California Public Employees' Retirement System ("CalPERS") Miscellaneous PEPR Plan**

	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability/(Asset)	0.00000%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 291
City's Covered-Employee Payroll	\$ 244,669
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	0.12%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable. The fiscal year 2015 was the first year of implementation, therefore only one year is shown.

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of the City's Contributions**  
**For the Year Ended June 30, 2015**

Last Ten Fiscal Years

**California Public Employees' Retirement System ("CalPERS") Fire Tier I Plan**

	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 759,620	\$ 726,540
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	(759,620)	(726,540)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll <sup>3,4</sup>	\$ 1,836,798	\$ 1,783,299
Contributions as a Percentage of Covered-Employee Payroll	41.36%	40.74%

**California Public Employees' Retirement System ("CalPERS") Fire Tier II Plan**

	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ -	\$ 981
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	-	(981)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll <sup>3,4</sup>	\$ -	\$ 73,146
Contributions as a Percentage of Covered-Employee Payroll	0.00%	1.34%

**California Public Employees' Retirement System ("CalPERS") Fire PEPRA Plan**

	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 11,264	\$ -
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	(11,264)	-
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll <sup>3,5</sup>	\$ 91,923	\$ -
Contributions as a Percentage of Covered-Employee Payroll	12.25%	0.00%

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of the City's Contributions (Continued)**  
**For the Year Ended June 30, 2015**

Last Ten Fiscal Years

**California Public Employees' Retirement System ("CalPERS") Police Tier I Plan**

	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 1,977,042	\$ 1,776,475
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	(1,977,042)	(1,776,475)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll <sup>3,4</sup>	\$ 2,951,228	\$ 2,865,270
Contributions as a Percentage of Covered-Employee Payroll	66.99%	62.00%

**California Public Employees' Retirement System ("CalPERS") Police Tier II Plan**

	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 42,151	\$ 44,685
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	(42,151)	(44,685)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll <sup>3,4</sup>	\$ 207,642	\$ 201,594
Contributions as a Percentage of Covered-Employee Payroll	20.30%	22.17%

**California Public Employees' Retirement System ("CalPERS") Police PEPR Plan**

	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 52,343	\$ 24,711
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	(52,343)	(24,711)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll <sup>3,4</sup>	\$ 63,820	\$ 61,961
Contributions as a Percentage of Covered-Employee Payroll	82.02%	39.88%

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of the City's Contributions (Continued)**  
**For the Year Ended June 30, 2015**

Last Ten Fiscal Years

**California Public Employees' Retirement System ("CalPERS") Miscellaneous Tier I Plan**

	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 738,563	\$ 691,091
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	(738,563)	(691,091)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll <sup>3,4</sup>	\$ 4,177,142	\$ 4,055,478
Contributions as a Percentage of Covered-Employee Payroll	17.68%	17.04%

**California Public Employees' Retirement System ("CalPERS") Miscellaneous Tier II Plan**

	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 90,048	\$ 76,510
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	(90,048)	(76,510)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll <sup>3,4</sup>	\$ 902,734	\$ 876,441
Contributions as a Percentage of Covered-Employee Payroll	9.98%	8.73%

**California Public Employees' Retirement System ("CalPERS") Miscellaneous PEPR Plan**

	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution <sup>2</sup>	\$ 54,882	\$ 32,036
Contribution in Relation to the Actuarially Determined Contribution <sup>2</sup>	(54,882)	(32,036)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll <sup>3,4</sup>	\$ 252,009	\$ 244,669
Contributions as a Percentage of Covered-Employee Payroll	21.78%	13.09%

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of the City's Contributions (Continued)**  
**For the Year Ended June 30, 2015**

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<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable. The fiscal year 2015 was the first year of implementation, therefore only one year and the measure period are shown.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" are not considered separately financed specific liabilities.

<sup>3</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

<sup>4</sup> Payroll from prior year was assumed to increase by the 3.00% payroll growth assumption

	2012-13 Covered-Employee Payroll
Fire Tier 1	\$ 1,731,359
Fire Tier 2	71,016
Police Tier 1	2,781,816
Police Tier 2	195,722
Police PEPRA	60,156
Miscellaneous Tier 1	3,937,357
Miscellaneous Tier 2	850,914
Miscellaneous PEPRA	237,543

<sup>5</sup> Payroll for Fire PEPRA plan obtained from payroll record from the City. No valuation report was available due to having no covered employee for June 30, 2013 valuation period.

**Notes to Schedule**

**Change in Benefit Terms:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

**Changes of Assumptions:** There were no changes in assumptions.

**City of Hermosa Beach**  
**Required Supplementary Information (Unaudited) (Continued)**  
**Schedule of Funding Progress – Other Postemployment Benefits**  
**For the Year Ended June 30, 2015**

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The schedule of funding progress for the past three actuarial valuations is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Accrued Liability ("UAAL") (A - B)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a % of Payroll (A - B) / C
6/30/2008	\$ 1,890,000	\$ 5,830,000	\$ (3,940,000)	32.4%	\$ 9,182,000	42.91%
6/30/2011	3,491,000	10,221,000	(6,730,000)	34.2%	9,030,000	74.53%
6/30/2014	5,747,000	10,714,000	(4,967,000)	53.6%	10,262,000	48.40%