

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The Governmental Funds of the City are outlined below:

General Fund - The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Hermosa Beach, these services include general government, safety, community development, culture and recreation and public works.

Sewer Fund - This fund is used to account for funds derived from a portion of the 6% utility user tax and miscellaneous services charges. Funds are spent on the Sewer/Storm Drain Department and capital sewer projects.

Capital Improvement Fund - Funds set aside for capital improvement projects.

Nonmajor Governmental Funds - Nonmajor Governmental Funds is the aggregate of all the nonmajor governmental funds.

City of Hermosa Beach
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds				Total
	General	Sewer Special Revenue Fund	Capital Improvements Capital Projects Fund	Nonmajor Governmental Funds	
ASSETS					
Cash and investments	\$ 11,968,594	\$ 4,129,314	\$ 4,098,700	\$ 4,206,424	\$ 24,403,032
Accounts receivable	1,273,394	30,054	-	244,988	1,548,436
Property taxes receivable, net	197,577	-	-	6,757	204,334
Reimbursable grants receivable	-	-	-	496,149	496,149
Interest receivable on investments	32,062	7,336	2,752	8,985	51,135
Other receivables	233,154	-	-	-	233,154
Other assets	203,665	-	-	-	203,665
Due from other funds	283,126	-	-	-	283,126
Total assets	\$ 14,191,572	\$ 4,166,704	\$ 4,101,452	\$ 4,963,303	\$ 27,423,031
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,351,931	\$ 430,653	\$ 177,258	\$ 506,450	\$ 2,466,292
Accrued wages and benefits payable	1,967,543	13,297	-	13,911	1,994,751
Refundable deposits	315,867	-	-	-	315,867
Unearned revenues	42,543	-	-	-	42,543
Due to other funds	-	-	-	283,126	283,126
Total liabilities	3,677,884	443,950	177,258	803,487	5,102,579
Fund Balances:					
Nonspendable	19,444	-	-	-	19,444
Restricted	460,304	-	-	3,728,100	4,188,404
Committed	28,900	-	-	431,716	460,616
Assigned	10,005,040	3,722,754	3,924,194	-	17,651,988
Total fund balances	10,513,688	3,722,754	3,924,194	4,159,816	22,320,452
Total liabilities and fund balances	\$ 14,191,572	\$ 4,166,704	\$ 4,101,452	\$ 4,963,303	\$ 27,423,031

City of Hermosa Beach
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds \$ 22,320,452

Amounts reported for governmental activities in the Statement of Net Position were reported differently because:

	Government- Wide Statement of Net Position	Internal Service Funds	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.			
Nondepreciable	\$ 25,291,631	\$ (163,841)	25,127,790
Depreciable, net	41,441,670	(2,882,155)	38,559,515
Total capital assets	\$ 66,733,301	\$ (3,045,996)	63,687,305

Net other postemployment benefit assets are not available to pay for current period expenditures and therefore, are not reported in the governmental funds. 91,126

Internal Service Funds were used by management to charge the costs of certain activities, such as insurance and equipment replacement to individual funds. The assets and liabilities of the Internal Service Funds were included in the governmental activities in the Government-Wide Statement of Net Position.

Insurance Fund	(6,946,004)
Equipment Replacement Fund	7,961,937
Total Internal Service Funds	1,015,933

Compensated absences were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Total compensated absences	(2,300,181)
Internal service funds	16,875
Amount included in the payroll liabilities	1,066,767
	(1,216,539)

Pension contributions made during the year after the measurement date are reported as pension expense in governmental funds and as deferred outflow of resources in the government-wide financial statements. 3,725,913

Deferred amounts relates to pension net available for current expenditures and are not reported in the governmental fund financial statements:

Actual earnings in excess of expected earning on pension plan investments. (7,715,601)

Deferred amounts relates to pension net available for current expenditures and are not reported in the governmental fund financial statements:

Employer's actual contributions in excess of employer's proportionate contributions.	401,419
Positive adjustment due to difference in proportions.	352,601
Employer's proportionate contributions in excess of employer's actual contributions	(219,901)
Negative adjustment due to differences in proportions.	(86,401)

Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds. (36,303,639)

Net Position of Governmental Activities \$ 46,052,668

City of Hermosa Beach
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				Total
	General	Sewer Special Revenue Fund	Capital Improvements Capital Projects Fund	Nonmajor Governmental Funds	
REVENUES:					
Property taxes	\$ 13,739,649	\$ -	\$ -	\$ 458,405	\$ 14,198,054
Other taxes	9,948,170	-	-	1,044,207	10,992,377
Licenses and permits	916,073	-	-	-	916,073
Fines and forfeitures	2,600,786	-	-	51,407	2,652,193
Use of money and property	768,912	-	-	318,846	1,087,758
Intergovernmental	298,001	15,321	-	977,527	1,290,849
Charges for services	6,941,275	74,958	-	302,176	7,318,409
Miscellaneous	252,854	40,000	-	395,193	688,047
Interest earned on investments	152,544	20,056	18,751	52,675	244,026
Total revenues	35,618,264	150,335	18,751	3,600,436	39,387,786
EXPENDITURES:					
Current:					
Legislative and legal	1,170,229	-	-	-	1,170,229
General government	2,960,379	-	-	80,047	3,040,426
Public safety	18,009,359	-	-	133,599	18,142,958
Community development	1,529,958	-	-	192,555	1,722,513
Culture and recreation	1,217,620	-	-	28,912	1,246,532
Public works	4,166,087	572,751	-	578,703	5,317,541
Capital outlay	1,010,144	462,231	211,488	1,936,322	3,620,185
Total expenditures	30,063,776	1,034,982	211,488	2,950,138	34,260,384
REVENUES OVER (UNDER) EXPENDITURES	5,554,488	(884,647)	(192,737)	650,298	5,127,402
OTHER FINANCING SOURCES (USES):					
Transfers in	351,104	3,914,256	2,610,442	36,111	6,911,913
Transfers out	(3,496,906)	-	(1,324,690)	(351,104)	(5,172,700)
Total other financing sources (uses)	(3,145,802)	3,914,256	1,285,752	(314,993)	1,739,213
NET CHANGES IN FUND BALANCES	2,408,686	3,029,609	1,093,015	335,305	6,866,615
FUND BALANCES:					
Beginning of year	8,105,002	693,145	2,831,179	3,824,511	15,453,837
End of year	\$ 10,513,688	\$ 3,722,754	\$ 3,924,194	\$ 4,159,816	\$ 22,320,452

See accompanying Notes to the Basic Financial Statements.

City of Hermosa Beach
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 6,866,615

Governmental activities in the Statement of Activities were reported differently because:

Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital assets recorded in the current period is listed below.

Total capital outlay expenditures reported in governmental funds	3,620,185
Less: repair and maintenance expenditures	<u>(172,071)</u>
Total capital outlay (net of \$812,185 reported in internal service fund)	<u>3,448,114</u>

The net effect on disposal of capital assets.	(81,774)
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Depreciation expense of capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds except for the Internal Service Fund amounts listed below.

Total depreciation reported in Government-Wide Statement of Activities	(2,272,785)
Less: depreciation reported in Internal Service Funds	<u>341,180</u>
Total	<u>(1,931,605)</u>

Certain pension 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.	847,665
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Changes in net other postemployment benefit assets reported in the Statement of Activities do not use current financial resources and, therefore, are not reported as an expenditures in governmental funds.	(31,588)
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Compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in the governmental funds.	(153,780)
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Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.	<u>(14,510,495)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (5,546,848)</u></u>
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