

# CITY OF HAWTHORNE



4455 West 126th Street • Hawthorne, California 90250-4482

July 24, 2012

To the Honorable Mayor and Members of the City Council  
and the Citizens of the City of Hawthorne:

## Introduction

I hereby submit to you the City of Hawthorne's Adopted Annual Budget for the Fiscal Year 2012-13. I am pleased to say that this is a balanced budget brought together by the efforts of all involved – all City Department Heads, City staff, and continued support of the citizens of the City of Hawthorne.

## The Budget Process

The basic structure of the budget process begins at or shortly after the beginning of each calendar year. Each department is briefed on information they will need to compile their anticipated expenditures for the upcoming fiscal year. Departments are then tasked with submitting their expenditure requests to the Finance Manager who then submits the overall financial plan to the City Manager for review. Items such as additional personnel and capital equipment are submitted under separate cover so the City Manager can best determine if additional personnel and capital items are in line with the overall financial plan for the upcoming fiscal year. The City Manager makes the final decision on the appropriations to be included in the proposed budget document submitted to the City Council for final approval.

The majority of city services are funded by the General Fund with the exception of certain programs that are funded through grants or special revenues such as street improvements or debt service. The City also operates two enterprise funds (business-type operations) and two internal service funds (services given from a department to others on a cost reimbursement basis).

The budget process for Fiscal Year 2012-2013 began in February with a projected deficit of \$5.3 million in the General Fund which was very similar to the prior year. Again, the direction was clear - there was to be no draw on the available reserves. Additionally, there was to be no "one-time" funding. A balanced budget was eventually achieved through the diligent efforts of Department Heads and all four of the employee bargaining groups. Efforts could not have been achieved without reimbursements to the General Fund for engineering services from various public works projects along with updated projections from various revenue sources including the sale of real property.

## Revenues

Revenues for the overall financial plan of the City of Hawthorne are estimated at \$143.6 million which includes \$54.3 million for the General Fund. The revenues for Fiscal Year 2012-13 reflect an approximate increase of 14% from the prior fiscal year and are attributable to additional grant funding plus any carry-over of multi-year grants into this new fiscal year. Multi-year grants are found within the restricted operating funds.

Revenue sources for the General Fund are estimated at \$54.3 million with the largest single source being Sales & Use Taxes that are projected at \$12.6 million (24% of the overall revenues for the General Fund). The five largest single sources of revenues to the General Fund - Sales & Use Tax (24%), Motor Vehicle License Fees (14%), Utility Users Tax (14%), Business License Tax (9%), Franchise Fees (8%), and Property Tax (8%) – constitute approximately 77% of all General Fund revenues.

### Appropriations

The city-wide annual budget for Fiscal Year 2012-13 is \$129.9 million which includes \$55 million for the General Fund. This amount is an increase of approximately \$4.3 million from the prior fiscal year and can be attributed personnel costs and debt obligations. Additionally, the amount of personnel costs for certain Redevelopment Agency funded employees were transferred back to the General Fund following the State-mandated dissolution of Redevelopment Agencies.

The spending plan for the General Fund for Fiscal Year 2012-13 totals \$55 million. Of this amount, \$38.6 million (70%) is dedicated to public safety (police and fire services) and \$6.4 million (12%) is dedicated to the Public Works Department activities (which includes Recreation and Community Services). The remaining spending for the General Fund is \$10 million (18%) which is dedicated to the remaining governmental activities (including the repayment of bonds and loans).

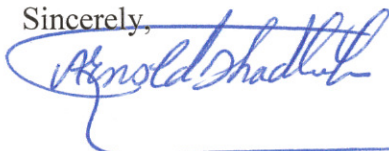
The overall fiscal impact to the General Fund results in a savings of \$37,654 after the consideration of employee concessions approved by the City Council and agreed upon by all four of the employee bargaining groups.

### Acknowledgments

I would like to acknowledge the services of the Finance Department for which the preparation of this report could not have been accomplished. It is equally important to acknowledge the Mayor and the City Council Members of their support and guidance in planning and conducting the operations of our City in a responsible and progressive manner. This report would not be complete without recognizing the good neighbors of our City and their support, input, and guidance in helping us to serve them.

I would especially like to recognize all city employees for their continued dedication and support of city programs and services especially in their efforts to help us eliminate a projected deficit heading into Fiscal Year 2012-13.

Sincerely,



Arnold Shadbeh  
Interim City Manager