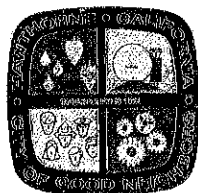


# CITY OF HAWTHORNE



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

October 11, 2011

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 2011-12. 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 Cover

The cover for this Fiscal Year 2011-2012 Annual Adopted Budget is dedicated to the life and service of Officer Andrew Garton. Officer Garton was a 7-1/2 year veteran of the Hawthorne Police Department serving in several capacities including motorcycle officer. On May 26, 2011, Officer Garton was killed in a collision with an El Segundo Police Sergeant while assisting in a funeral escort for a Manhattan Beach Police Officer who had passed away earlier in the month. It was the first on-duty death of a police officer in our City's 89-year history, and as such, we dedicate this budget in his honor.

## 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 2011-2012 began in mid-May with a projected deficit of \$5.5 million in the General Fund. Direction given by the City Council was clear – do not draw on available reserves and do not balance the budget using "one-time" funding. Department heads made an extra effort to reduce any unnecessary appropriations and the remaining deficit was eventually closed after nearly three rounds of adjustments. The final round closed the gap when all four of the employee bargaining groups agreed to payroll concessions. A balanced budget was achieved.

## Revenues

Revenues for the overall financial plan of the City of Hawthorne are estimated at \$125.6 million with \$52.7 dedicated to the General Fund. The remaining revenues are dedicated to Redevelopment and Airport operations along with restricted operations such as the Street and Sewer maintenance and improvement projects, Police grants, South Bay Workforce Investment Board grants, and Federal Housing and Urban Development grants.

Revenue sources for the General Fund are estimated at \$52.7 million with the single largest source of revenue being Sales Tax at \$10.6 million (20%). The five largest single sources of revenues to the General Fund – Sales Taxes, Utility Users Tax, Licenses and Permits, Franchise Fees, and Property Taxes – constitute 62% of all General Fund revenues.

## Appropriations

The city-wide annual budget for Fiscal Year 2011-12 is \$125.6 million. This amount is a decrease of approximately \$1.5 million from the prior fiscal year and can be attributed to payroll concessions from the four employee groups as well as reallocating certain costs of General Fund employees to other funds.

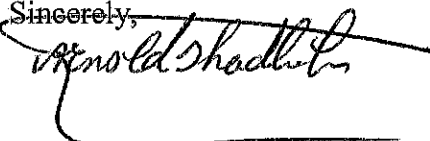
The spending plan for the General Fund for Fiscal Year 2011-12 totals \$52.7 million. Of this amount, \$37.9 million (72%) is dedicated to public safety (police and fire services) and \$6.1 million (12%) is dedicated to the Public Works Department activities (which includes Recreation and Community Services). The remaining spending for the General Fund is \$8.7 million (16%) which is dedicated to the remaining governmental activities (including the repayment of bonds and loans).

## 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 2011-12.

Sincerely,



Arnold Shadbehr  
Interim City Manager