

# PROPRIETARY FUND FINANCIAL STATEMENTS

*Internal Service Funds* - To account for the costs associated with the City's insurance and for funding equipment replacement.

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# CITY OF HERMOSA BEACH

## Statement of Net Position

### Proprietary Funds

June 30, 2023

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 16,389,312
Account receivables	26
Total current assets	<u>16,389,338</u>
Noncurrent assets:	
Nondepreciable capital assets	365,074
Depreciable capital assets, net of accumulated depreciation	<u>2,514,240</u>
Total noncurrent assets	<u>2,879,314</u>
<b>Total assets</b>	<u>19,268,652</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	218,341
Accrued wages and benefits payable	18,934
Workers' compensation claims payable - due within one year	1,097,804
General liability claims payable - due within one year	527,457
Subscription lease payable - due within one year	40,376
Total current liabilities	<u>1,902,912</u>
Long-term liabilities:	
Workers' compensation claims payable - due in more than one year	4,791,245
General liability claims payable - due in more than one year	1,050,041
Subscription lease payable - due in more than one year	3,054
Total long-term liabilities	<u>5,844,340</u>
<b>Total liabilities</b>	<u>7,747,252</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,879,314
Unrestricted	<u>8,642,086</u>
<b>Total net position</b>	<u>\$ 11,521,400</u>

See accompanying notes to the basic financial statements.

**CITY OF HERMOSA BEACH**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

	Governmental Activities
	Internal Service Funds
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 5,216,443
Miscellaneous revenue	37,450
<b>Total operating revenues</b>	<b>5,253,893</b>
<b>OPERATING EXPENSES:</b>	
Salaries and wages	429,975
Contract services	2,899,589
Supplies	511,403
Claims expense	2,657,944
Depreciation	676,164
<b>Total operating expenses</b>	<b>7,175,075</b>
<b>OPERATING INCOME</b>	<b>(1,921,182)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Interest expense	(3,335)
Loss on disposal of capital assets	(9,534)
<b>Total non-operating revenues (expenses)</b>	<b>(12,869)</b>
<b>INCOME BEFORE TRANSFERS</b>	<b>(1,934,051)</b>
Transfers in (note 5)	2,133,365
<b>Total transfers</b>	<b>2,133,365</b>
<b>Change in net position</b>	<b>199,314</b>
Net position, beginning of year	11,322,086
Net position, end of year	<b>\$ 11,521,400</b>

See accompanying notes to the basic financial statements.

# CITY OF HERMOSA BEACH

## Statement of Cash Flows

### Proprietary Funds

For the year ended June 30, 2023

	Governmental Activities
	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received for services from other funds	\$ 5,216,444
Cash received from insurance recovery	37,450
Cash payments to suppliers for goods and services	(3,241,991)
Cash payments to employees for services	(435,964)
Cash payments for insurance premiums and claims	(2,125,463)
<b>Net cash provided (used by) operating activities</b>	<u>(549,524)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Transfers in	<u>2,133,365</u>
<b>Net cash provided (used by) non-capital financing activities</b>	<u>2,133,365</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of capital assets	(484,874)
Payment on subscription lease	40,095
<b>Net cash provided (used by) capital and related financing activities</b>	<u>(444,779)</u>
Net increase (decrease) in cash and cash equivalents	1,139,062
Cash and equivalents, beginning of year	<u>15,250,250</u>
Cash and equivalents, end of year	<u>\$ 16,389,312</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED BY) OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ (1,921,182)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	676,164
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivable	1
(Increase) decrease in other assets	145,949
Increase (decrease) in accounts payable	24,052
Increase (decrease) in accrued wages and benefits payable	(2,459)
Increase (decrease) in workers' compensation claims payable	844,670
Increase (decrease) in general liability claims payable	(312,189)
Increase (decrease) in compensated absences	(4,530)
Total adjustments	<u>1,371,658</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (549,524)</u>

See accompanying notes to the basic financial statements.