



City of Seal Beach

California

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 2020



City of Seal Beach

Comprehensive Annual Financial Report For the Year Ended June 30, 2020



**Prepared by the Finance Department
Kelly A. Telford
Director of Finance/City Treasurer**

The City of Seal Beach provides
excellent city services to enhance
the quality of life and to
preserve our small town character.



The City of Seal Beach Values:

Excellent Customer Service

Mutual Respect

Teamwork

Professionalism

Honest & Ethical Behavior

City of Seal Beach
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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February 26, 2021

Honorable Mayor, Members of the City Council and Citizens of the City of Seal Beach:

City of Seal Beach staff is pleased to submit for your information the Comprehensive Annual Financial Report (CAFR) of the City of Seal Beach (City) for the fiscal year ended June 30, 2020. Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation including all disclosures rests with the City. In our opinion, the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

The financial statements are prepared in accordance with Generally Accepted Accounting Principals (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these presentations, management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse, and to compile reliable information for the preparation of this report in conformity with GAAP. As Management, we assert to the best of our knowledge and belief, this financial report is complete and reliable in all material respects within the reasonable assurance of the internal control framework.

The City's financial statements have been audited by The Pun Group, a public accounting firm fully licensed and qualified to perform audits of the state and local governments within the State of California. The audit was designed to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Seal Beach's financial statements for the year ended June 30, 2020, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with that section. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

PROFILE OF THE CITY

The City of Seal Beach, located on the coast of northwestern Orange County California, was incorporated on October 27, 1915. The City charter, which was adopted in 1964, established the form of government, states the powers and duties of the City Council, and establishes various City Offices.

The City is operated under the City Council/City Manager form of government, and is governed by a five-member city council elected by district serving four-year alternating terms and who, in turn elect the Mayor and Mayor Pro Tem from among themselves for a one year term. The governing council is responsible for policy-making, passing local ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing of all department heads.

The City provides a full range of services for the citizens utilizing a mix of contracts with other governmental entities or private companies. The City has its own Police Department and Marine Safety Department but contracts for fire and paramedic services through the Orange County Fire Authority (OCFA). The City also operates water and sewer utilities and contracts for refuse and sanitation treatment services.

Included in the financial statements are the following blended component units: Seal Beach Public Financing Authority, Seal Beach Parking Authority and Seal Beach Cable Communications Foundation.

The City is the home of Boeing Company Integrated Defense System international headquarters, the U.S. Naval Weapons Station, the first Leisure World Retirement Community and the 1,000 acre Seal Beach National Wildlife Refuge. The City's one and a half miles of beaches and the public pier attracts more than 2,000,000 visitors each year making recreation an important factor in the local economy. Seal Beach has a variety of local beach front stores at Main Street which include several fine dining establishments. Throughout the year many exciting community events take place in which the residents, and visitors, enjoy and participate.

History of Seal Beach

The City has an area of 13.23 square miles and sits on the coast as the gateway to Orange County between the cities of Long Beach and Huntington Beach. In 1901 J.C. Ord, a Civil War veteran known as "the father of Seal Beach," hired a 30-mule team to bring his small general store building from Los Alamitos to Bay City where he set it down at the southwest corner of crossroads now known as Main Street. J.C. Ord was the first Trustee, the first Mayor, Postmaster, and the first Judge. His store on Main Street was the Post Office and Court House and the jail house when it was necessary.

The population in 1915 was 250 persons, including children. Bay City was renamed Seal Beach in 1916. California Sea Lions, commonly called Seals, were a regular part of the scene along the coast and a perfect name for the new town.

On January 16, 1916, it was reported in the newspaper, the POST, that Frank Burt, who had managed the concessions at the recent Panama Pacific Exposition just closing in San Francisco, was coming to Seal Beach. His purpose was to establish an amusement zone for fun and frolic in this small beach village. The Jewel City Amusement Company was formed and a new 1,865 foot long pier was constructed in early summer 1916, and is the one of the longest wooden piers in California. The City became a popular recreation destination in the area, and featured a beach side amusement park before Disneyland was founded.

During World War II, the U.S. Navy purchased 5,256 acres of land and established the Naval Ammunition and Net Depot for storage and loading of ammunition for the Pacific Fleet.

The Seal Beach National Wildlife Refuge was established in 1972.

In 1961, Leisure World was built on 541 acres of the Hellman Ranch property and was annexed in 1964.

The Rossmoor Business Center was remodeled and now called the Shops at Rossmoor and was annexed by the City in 1962.

In 1964-65, the College Park East and West construction took place.

In 1969, Surfside Colony was annexed into Seal Beach and the City population grew to 24,441 by 1970.

ECONOMIC CONDITIONS

Local economy. Although the focus of this Comprehensive Annual Financial Report is the financial condition of the City at June 30, 2019, it may be best understood when it is considered from the broader perspective of the specific environment within which the City operates. Leading up to Fiscal Year 2019-20, the country had experienced the longest period of expansion in history. The outlook at the beginning of the year was positive expecting continued growth, however in March 2020, Governor Newsom issued a stay-at-home order in response to a rapid increase in COVID-19 transmission. This order not only shifted the City's way of doing business, but it caused an immediate halt to many of the City's revenue streams, negatively impacting the Seal Beach economy. In response, the City sought to evaluate how we provide central services to the Seal Beach community and identified ways to reduce operating and capital expenditures to help prevent operating deficits.

These challenges have continued into Fiscal Year 2020-21 and are expected to impact our residents, businesses and the City of Seal Beach until the vaccine can be widely distributed throughout the County of Orange.

The financial impacts of the COVID-19 pandemic have been significant to most communities in the nation and the City of Seal Beach is no exception. The most significant impact to the City is the decline in revenues, most notably sales tax and transient occupancy tax, coupled with a shift in priorities from strategic objectives developed by the City Council in March 2020 to emergency preparedness and the protection of the community and City employees from the spread of COVID-19. This continues to remain a high priority today. The City is well-established with a community that is committed to supporting local businesses. This, coupled with support from local tourism, means the City is less vulnerable to the economic declines and will likely aid in a more speedy economic recovery than other cities may experience.

Long-term financial planning. The City of Seal Beach has implemented cost saving measures to mitigate operating deficits in response to revenue declines related to the COVID-19 pandemic while continuing to provide the core services for our residents, businesses, visitors, and protect all essential municipal services that contribute to the high quality of life within the City. Fiscal Year 2019-20 marked the first complete year the City has received the 1% Transaction and Use Tax (TUT) approved by the voters in 2018. The measure titled Measure BB was a general tax measure that was anticipated to generate approximately \$5 million in new revenue which was approved to mitigate structural deficits that were identified as a result of relatively flat revenues. Even with the impact of COVID-19, the City generated \$4.9 million in TUT.

The City has identified a critical need to invest in updated technology and thus, a major investment will be needed over the next five years. As a result the City will be conducting an Information Technology Master Plan to help evaluate and prioritize projects.

In addition, a structural deficit has been identified in the City's Water Fund due to the rising cost of purchased water and other operating costs. The increase in operating costs has prevented the City from investing in much needed infrastructure improvements. A water and sewer rate study concluded that water rates should be increased and would be offset by a reduction in sewer rates. The study also identified the need for debt issuance to help pay for infrastructure improvements over the next five years. The City has been engaging in the Proposition 218 process and expects this to conclude during Fiscal Year 2020-21.

For the upcoming fiscal year, property taxes are expected to show steady growth in future years, which is the result of continued improvement in real estate values.

The Southern California region continues to show signs of uncertainty due to the impacts of the COVID-19 pandemic but many economists tie the recovery to the availability of a vaccine, which is currently being distributed. The County of Orange has a goal of vaccinating all vaccines residents and workers by mid-Summer and if this goal is met, the county and the City of Seal Beach will likely be showing improvements by the start of Fiscal Year 2021-22.

Major initiatives. The Strategic Plan goals are approved and/or affirmed by the City Council twice a year. The Strategic Plan goals and objectives are updated monthly at a City Council meeting. Many of these goals were re-prioritized when the pandemic hit, however they remain priorities and include: Fiscal Sustainability, Organizational Culture and Community Outreach and Capital Projects.

FINANCIAL POLICIES AND PROCEDURES

Internal control structure. Management of the City is responsible for establishing and maintaining an adequate internal control structure. Internal accounting controls are designed to ensure that the assets of the City are protected from loss, theft, or misuse, and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The internal control structure is designed to provide reasonable, but not absolute, assurance, that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgment by management.

Budgetary controls. The annual budget serves as the foundation for the City of Seal Beach's financial planning and control. The City Council adopts an annual budget and appropriates the funds necessary to provide the services and operations for the fiscal year.

The City Manager may make appropriation transfers within and between departments which do not result in an increase in appropriations. The City of Seal Beach City Council must approve all appropriation changes that results in an increase in appropriations.

AWARDS

GFOA Award Program – Comprehensive Annual Financial Report

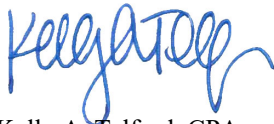
The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seal Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. City staff believes that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA again this year for award.

ACKNOWLEDGEMENTS

This report was made possible by the highly dedicated Finance staff with their special efforts and the teamwork, special thanks to the staff in the Finance Department. Sincere appreciation is also expressed to the City Council and City Manager for their interest and support, which made this presentation possible; and finally to the City's auditing firm of The Pun Group for their professional assistance.

Respectfully submitted,



Kelly A. Telford, CPA
Director of Finance/City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Seal Beach
California**

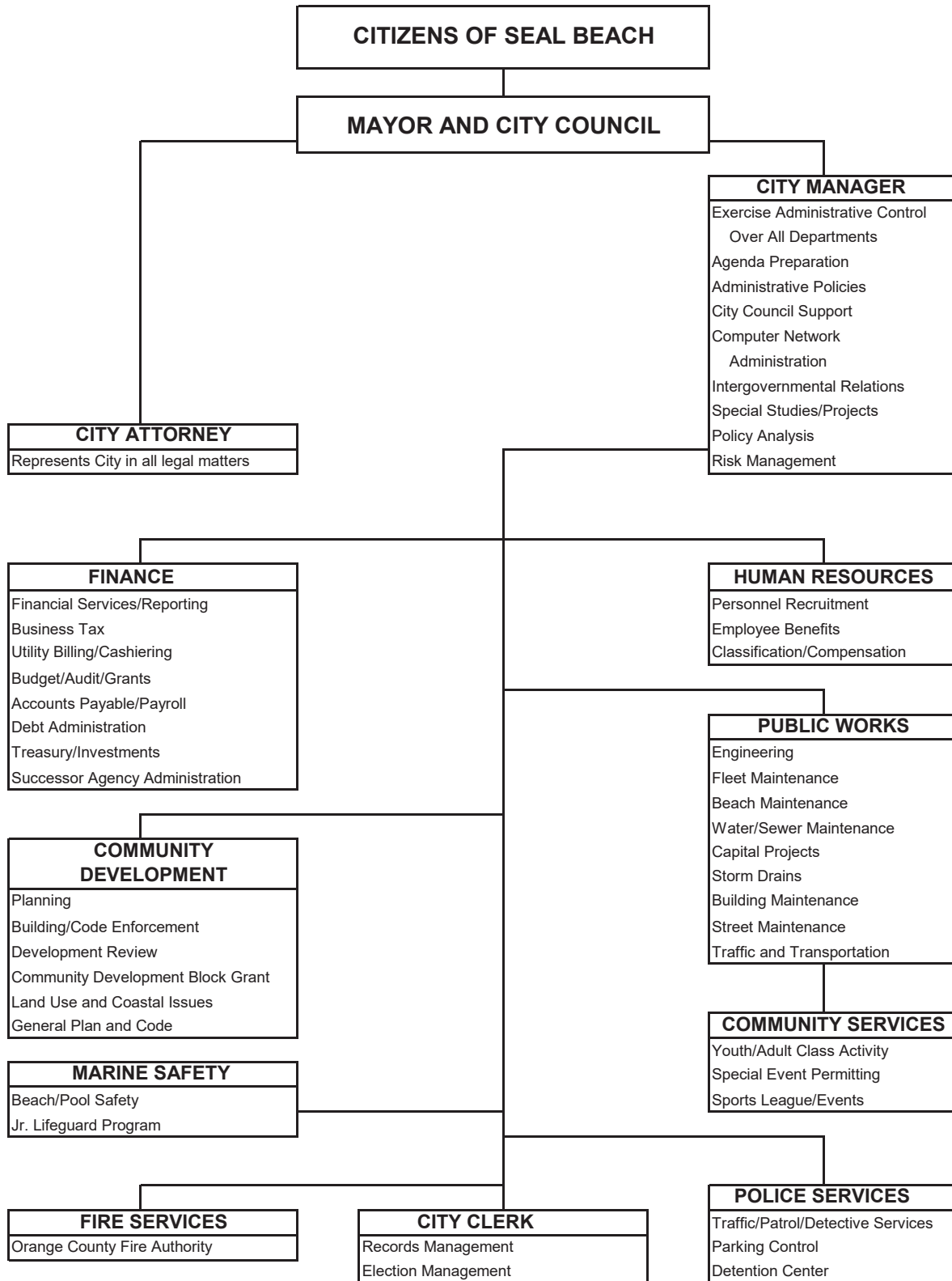
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Seal Beach Organizational Chart



CITY OF SEAL BEACH CALIFORNIA

Principal Officers

City Council

Schelly Sustarsic, Mayor
Joe Kalmick, Mayor Pro Tem
Thomas Moore, Council Member
Sandra Massa-Lavitt, Council Member
Mike Varipapa, Council Member

Executive Officers

Jill R. Ingram, City Manager
Craig A. Steele, City Attorney

Administrative Personnel

Patrick Gallegos, Assistant City Manager
Phil Gonshak, Chief of Police
Steve Myrter, Director of Public Works
Kelly A. Telford, Director of Finance/City Treasurer
Les Johnson, Director of Community Development
Joe Bailey, Marine Safety Chief
Gloria D. Harper, City Clerk

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Seal Beach
Seal Beach, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seal Beach, California (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Contributions – Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits on pages 5 to 12 and 87 to 95, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Combining and Individual Nonmajor Fund Financial Statements, the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, and the Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and the Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and Members of the City Council
of the City of Seal Beach
Seal Beach, California
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The Pw Group, LLP

Santa Ana, California
February 26, 2021

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City of Seal Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2020

Management of the City of Seal Beach is pleased to offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of resources included in the City's combined governmental and business-type activities exceeded liabilities and deferred inflows of resources by \$125.8 million for the fiscal year ended June 30, 2020, representing a decrease of 2.2% in net position from the prior fiscal year. Of this amount, a decrease of \$5.8 million was due to the decrease in capital assets during the fiscal year. In addition, \$2.2 million (unrestricted net position) of the total net position may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's budget and fiscal policies. This amount includes City Council designations of fund balance.
- The City's change in net position was \$13.1 million less than last fiscal year. The major reason for the decrease in the change in net position is attributable to the one-time \$9.8 million of donated capital assets in 2019. In addition, there's a decrease in revenues for transient occupancy tax of \$.3 million and other revenues of \$.6 million, public safety expenses increased by \$2.5 million public works expenses increased by \$3.0 million, and community services expenses decreased by \$0.1 million for the fiscal year ended June 30, 2020.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31.9 million, representing an increase of 20.4% from the prior fiscal year. This resulted in an unassigned fund balance of \$2.8 million or 8.9% of the total fund balance, after recording all assigned fund balances.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$3.5 million or 10% of total general fund expenditures and transfers out.
- Revenues associated with the City's business-type activities were \$1.2 million less than the \$8.5 million in expenses recorded. During the fiscal year ended June 30, 2010, a water rate study was conducted and as a result of that study, water rates were reduced in fiscal year 2009-2010 but increased in fiscal year 2010-2011 and for the next three years. The final approved water rate increase occurred in the fiscal year ended June 30, 2014. A new water and sewer rate study is currently underway.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a view of the City's finances as a whole in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, development services, public works, and recreation. The business-type activities of the City include water and sewer operations.

Fund Financial Statements – The fund financial statements provide detailed information about the most significant funds and other funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management established many other funds to help control and manage money for particular purposes or to verify that all legal requirements for using certain taxes, grants, and other resources are being satisfied. The City's three types of funds are governmental, proprietary, and fiduciary funds.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-wide financial statements are explained in a reconciliation following each of the Governmental Fund financial statements.

Proprietary funds – Customer charges for various City services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are comprised of the business-type activities reported in the government-wide statements but provide more detail and additional information such as a statement of cash flows.

Fiduciary funds – The City utilizes Fiduciary funds to account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements – The financial statements also include the Notes to the Financial Statements that provide important narrative details about the information contained in the financial statements. Information contained in the Notes to the Financial Statements is critical to a reader's full understanding of the Government-wide and Fund Financial Statements.

Supplementary Information – In addition to the required elements of the Basic Financial Statements, a Supplementary Information section is included which contains budgetary and combining schedules that provide additional details about the City's non-major Governmental Funds and Fiduciary Funds.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the City's net position and changes in net position resulting from the City's activities.

Net Position – Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position were \$125.8 million and \$128.6 million for the years ended June 30, 2020 and June 30, 2019, respectively, as shown in Table 1.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 31,864	\$ 36,268	\$ 19,201	\$ 18,977	\$ 51,065	\$ 55,245
Capital assets	89,875	86,590	39,068	36,930	128,943	123,520
Total assets	121,739	122,858	58,269	55,907	180,008	178,765
Deferred Outflows of Resources	8,224	9,218	1,206	1,019	9,430	10,237
Long-term liabilities outstanding	42,817	45,263	10,587	9,757	53,404	55,020
Other liabilities	3,521	3,776	1,761	1,761	5,282	5,537
Total liabilities	46,338	49,039	12,348	11,518	58,686	60,557
Deferred Inflows of Resources	1,600	2,622	286	373	1,886	2,995
Net position						
Net investment in capital assets	87,072	84,531	32,937	31,474	120,009	116,005
Restricted	4,825	7,601	25	25	4,850	7,626
Unrestricted	(9,873)	(11,716)	13,657	13,931	3,784	2,215
Total net position	\$ 82,024	\$ 80,416	\$ 46,619	\$ 45,430	\$ 128,643	\$ 125,846

Investment in capital assets represents assets such as land, buildings, infrastructure, and equipment less any related outstanding debt used to acquire those assets. Investment in capital assets represents \$116.0 million, or 92.2%, of the total \$125.8 million net position, a decrease of 3.3% from the prior fiscal year. The City's capital assets do not represent a financial resource and consequently are not available for future spending.

Unrestricted position represents the second largest portion of the City's net position. The City is required by Council Policy to maintain a minimum of 3 months of operating expenditures to maintain the City's credit worthiness and to meet cash flow requirements. As of June 30, 2020, unrestricted net position decreased by 41.5% to \$2.2 million from \$3.8 million in the prior fiscal year. Restricted net position represents resources that are legally restricted to specific uses. These restrictions are generally enforced by external agencies.

As of June 30, 2020, the City reported positive balances in all three categories of net position for both Governmental and Business-type Activities.

With the exception of contracting the City's fire services with the Orange County Fire Authority, the City is a full service city providing residents and visitors with the following functional services:

General Government is comprised of the City Council, City Clerk, City Manager, Human Resources, and Finance. These departments provide general governance, executive management, records management, risk management, finance, cash management, accounting, and information technology services. An outside firm appointed by the City Council provides legal services.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

Public Safety is comprised of the Police, Fire, West Cities Police Communications and Marine Safety departments. The Police and Marine Safety departments provide general law enforcement, oversee animal control services, ocean lifeguard services, aquatic services, and parking control.

Public Works provides engineering, construction and maintenance of public streets, highways, buildings, beaches, parks, and related infrastructure, as well as traffic engineering and street lighting.

Development Services is comprised of the Planning and Building and Neighborhood services departments that provide planning and zoning services, economic development services, and building permits and plan check, and code enforcement services.

Community Services provides leisure classes, monitors use of community facilities, and sports programs.

Business Enterprise Operations include water and sewer operations and are administered by Public Works.

The following table provides a summary of the City's operations for the years ended June 30, 2020 and 2019:

Table 2 Changes in Net Position (in Thousands)						
	Governmental Activities		Business-Type Activities		Total Activities	
	2019	2020	2019	2020	2019	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 7,815	\$ 7,019	\$ 7,705	\$ 7,276	\$ 15,520	\$ 14,295
Operating grants and capital contributions	2,588	3,457	-	-	2,588	3,457
Capital grants and contributions	9,778	31	-	-	9,778	31
General Revenues:						
Taxes						
Property taxes	11,482	12,358	-	-	11,482	12,358
Sales taxes	5,546	9,108	-	-	5,546	9,108
Transient occupancy taxes	1,631	1,299	-	-	1,631	1,299
Other taxes	5,399	5,722	-	-	5,399	5,722
Use of money and property	1,693	1,862	326	391	2,019	2,253
Other	2,066	1,463	-	-	2,066	1,463
Total revenues	47,998	42,319	8,031	7,667	56,029	49,986
Expenses:						
General government	6,479	7,007	-	-	6,479	7,007
Public safety	21,497	24,017	-	-	21,497	24,017
Community development	1,500	1,577	-	-	1,500	1,577
Community Services	946	867	-	-	946	867
Public works	7,752	10,748	-	-	7,752	10,748
Interest on long-term debt	143	88	-	-	143	88
Water	-	-	4,909	5,445	4,909	5,445
Sewer	-	-	2,523	3,035	2,523	3,035
Total expenses	38,317	44,304	7,432	8,480	45,749	52,784
Excess/(deficiency) before special item	9,681	(1,985)	599	(813)	10,280	(2,798)
Transfers	379	376	(379)	(376)	-	-
Changes in net position	10,060	(1,609)	220	(1,189)	10,280	(2,798)
Net position at beginning of year	71,964	82,024	46,399	46,619	118,363	128,643
Net position at end of year	\$ 82,024	\$ 80,415	\$ 46,619	\$ 45,430	\$ 128,643	\$ 125,845

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

Analysis of the City's Operations – The City's Net Position decreased by \$2.8 million during Fiscal Year 2019-2020 or 2.4%, over prior year results.

Governmental Activities experienced a decrease of \$1.6 million in net position as of June 30, 2020 compared to an increase of \$10.1 million at June 30, 2019. The primary reason for the decrease in net position is attributable to a decrease in capital assets of \$5.8 million and an increase in public works expense of \$3.0 million, general government expense of \$.4 million, and public safety expense of \$2.5 million.

The cost of all governmental activities during the current fiscal year was \$44.3 million, \$6.0 million higher than last year. As shown on the statement of activities, those who directly benefited from the programs paid \$7.0 million of the cost, and \$3.5 million was financed by contributions and grants received from other governmental organizations. The remainder of the costs of operations, \$32.1 million was subsidized through general City taxes and other revenue sources. The largest operating cost was comprised of Public Safety, representing 54.2% of total governmental expenditures compared to 56.1% of total governmental expenditures in fiscal year 2018-2019.

Business-type Activities' net position decreased by \$1.2 million primarily due to the increase in expenditures.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds – The objective of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2020, the City's governmental funds reported combined ending fund balances of \$31.9 million. Approximately \$2.8 million, or 8.9%, of this total amount constitutes unassigned fund balance. The remainder of the fund balance is assigned to indicate that it is not available for new spending because it has already been committed to pay for encumbrances, loans, prepaid expenses, or advances to other funds.

The General Fund ended the fiscal year with a fund balance of \$27.2 million, representing a net increase of \$5.1 million in fund balance compared to the \$3.7 million decrease experienced during the prior fiscal year. The primary reason for the increase in fund balance was due to an increase in sales tax, property tax, and other taxes.

Proprietary funds – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position totaled \$5.5 million and \$8.4 million for the Water and Sewer funds, respectively. The Water fund decreased by \$1.3 million in net position, mainly due to increase in capital projects expenditures. The increase of \$0.1 million thousand in the Sewer fund net position resulted from revenue collection. Sewer operating fees represent 22% of customer water charges for both usage and capital costs.

General Fund Budgetary Highlights – There was no amendment of the original and final amended budgeted revenues.

The difference between the original and final amended budget in General Fund expenditures was an increase of \$0.4 million. This difference is due to a variety of purchase order and CIP carryover from the prior fiscal year.

General Government revenues including transfer in came in more than projected in the final budget by approximately \$3.9 million. General Government expenditures were \$3.9 million less than appropriations. This difference is due to transfers out and budgeted capital projects that were either not started or completed during the fiscal year. These appropriations were carried forward to the FY 2021-2022 fiscal year.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$123.2 million compared to \$128.9 million (net of accumulated depreciation) for FY 2018-2019. This investment in capital assets includes land, building, equipment, improvements, infrastructure, and construction in progress. Total capital assets for governmental activities for the current fiscal year decreased 4.0% and the City's investment in capital assets for business-type activities for the current fiscal year also decreased 5.5%.

Table 3
Capital Assets At Year-End
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
Land and land easement	\$ 21,220	\$ 21,220	\$ -	\$ -	\$ 21,220	\$ 21,220
Buildings and Improvements	9,811	9,423	-	-	9,811	9,423
Machinery and Equipment	1,759	1,583	581	571	2,340	2,154
Vehicles	1,961	1,996	432	353	2,393	2,349
Infrastructure	47,144	51,643	35,217	35,140	82,361	86,783
Construction-in-progress	<u>7,980</u>	<u>725</u>	<u>2,839</u>	<u>866</u>	<u>10,819</u>	<u>1,591</u>
Totals	<u>\$ 89,875</u>	<u>\$ 86,590</u>	<u>\$ 39,069</u>	<u>\$ 36,930</u>	<u>\$ 128,944</u>	<u>\$ 123,520</u>

During FY 2019-20, major capital projects formally completed include:

- Tennis Center Roof Repair, Project BG1901 – total cost \$387,000
- Zero Tower Safety Improvement, Project BP1902 – total cost \$98,000
- Parking Management Plan, Project ST1207 – total cost \$85,000
- Old Town Parking & Signage Improvement, Project ST1508 – total cost \$27,000
- Local Street Paving Program, Project ST1902 – total cost \$538,000
- Annual Striping Program, Project ST2005 – total cost \$36,000
- Annual Main Street Paver Repairs, Project ST2008 – total cost \$30,000
- Advanced Water Metering Infrastructure Project, Project WT2001 – total cost \$45,000

Additional information on the City's capital assets can be found in Note 5 in the Financial Section of this report.

DEBT ADMINISTRATION

As of June 30, 2020, the City had bonded debt, notes payable, compensated absences, claims payable, and capital leases totaling \$9.5 million compared to \$10.4 million at the end of FY 2018-2019. The City's governmental activities maintained \$3.8 million in bonds, capital leases, compensated absences, and claims payable versus \$4.2 million last year, representing a decrease of approximately \$0.4 million from the previous fiscal year. This decrease reflects interest and principal payments made during FY 2019-2020.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

The City's business-type activities debt decreased \$.5 million from \$6.2 million to \$5.7 million. Debt in the business-type activities consists of Sewer Certificates of Participation Payable to provide funds for improvements to the City's sewer system, a State revolving loan for the sewer capital improvement project, and compensated absences.

Table 4
Outstanding Debt, At Year-End
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
Compensated absences	\$ 1,289	\$ 1,423	\$ 139	\$ 137	\$ 1,428	\$ 1,560
Capital leases	531	457	-	-	531	457
Pension Obligation Bonds	-	-	-	-	-	-
Lease Revenue Bonds	1,995	1,575	-	-	1,995	1,575
Certificates of participations	-	-	2,110	1,940	2,110	1,940
Sewer Capital Improv. Proj.	-	-	3,947	3,625	3,947	3,625
Self-insured claims payable	423	301	-	-	423	301
Total	<u>\$ 4,238</u>	<u>\$ 3,756</u>	<u>\$ 6,196</u>	<u>\$ 5,702</u>	<u>\$ 10,434</u>	<u>\$ 9,458</u>

Additional information on the City's long-term debt can be found in note 6 in the Financial Section of the report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City of Seal Beach economy and tax base continue to support the present package of core services for our residents, businesses, and visitors and protect all essential municipal services that contribute to the high quality of life within the City.

In FY 2019-2020 the tax revenue increased overall revenue. The increase was modest, primarily due to sales tax. Overall revenues increased by approximately \$4.8 million in the General Fund. The primary reason was the receipt of Transaction and Use Tax, property tax, and the receipt of some one-time revenue.

For the upcoming fiscal year, revenues are expected to improve significantly. The passage of the Measure BB is anticipated to generate approximately \$4.8 million in new transactions and use tax revenue. Property taxes are expected to increase as well primarily from continued improvement in assessed value and new home sales with the building of new subdivision of 30 homes.

The COVID-19 pandemic hit in the middle of FY2019-20 resulting in our need to reprioritize goals, objectives, and priorities, and therefore the need for deeper expenditure reductions. While the Southern California region saw a huge increase in the housing market, all other economic sectors declined rapidly comparable to the last Great Recession. The economy and consumer spending is forecasted to improve but at a slower rate than usually seen.

The City prepared an annual budget for FY 2019-2020. The one year budget represents a General Fund surplus of operating revenues over operating expenditures (excluding capital projects) in each fiscal year. Expenditures of the City were budgeted at the current level of service with capital improvement projects to be supported primarily by the City's General Fund reserves. The revenue projections for the FY 2019-2020 budget year were very conservative due to the unknown impacts from the Federal tax reform on the local economy. The City will continue to monitor revenue streams throughout the coming years and will adjust spending levels as deemed necessary.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2020

The most significant issues facing the City are the aged condition of the City's infrastructure. The City has completed and adopted numerous infrastructure planning documents (i.e., Water Master Plan, Sewer Master Plan, Master Plan of Drainage, Facilities Master Plan, and Pavement Management Plan). These plans identify well over \$160 million in needed improvements throughout the City. The City annually adopts a 5 year Capital Improvement Program (CIP) that strategically plans construction of these needed improvements. The FY 2020-2021 CIP recommends approximately \$49 million in improvements over the next 5 years. The 5 Year Capital Improvement Program identifies needs in the following areas: Beach and Pier (\$2M), Buildings and Facilities (\$11M), Parks (\$1M) Sewer System (\$6M), Storm Drain System (\$1M), Streets and Transportation (\$9M) and Water System (\$19M).

REQUEST FOR INFORMATION

This financial report is designed to provide the City's citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department at 211 8th Street, Seal Beach, CA 90740-6379 or call (562) 431-2527.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Seal Beach
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 30,747,324	\$ 17,840,559	\$ 48,587,883
Receivables:			
Accounts	2,262,935	1,097,159	3,360,094
Taxes	2,349,469	-	2,349,469
Interest	205,995	-	205,995
Prepaid items	41,776	14,250	56,026
Due from other governments	-	-	-
Total Current Assets	35,607,499	18,951,968	54,559,467
Noncurrent Assets:			
Restricted cash with fiscal agent	660,312	25,082	685,394
Capital assets:			
Capital assets, not being depreciated	21,945,378	866,641	22,812,019
Capital assets, being depreciated, net	64,644,507	36,063,198	100,707,705
Total capital assets, net	86,589,885	36,929,839	123,519,724
Total Noncurrent Assets	87,250,197	36,954,921	124,205,118
Total Assets	122,857,696	55,906,889	178,764,585
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	108,633	108,633
Pension related items	8,428,991	831,907	9,260,898
Other postemployment benefits related items	789,072	78,040	867,112
Total Deferred Outflows of Resources	9,218,063	1,018,580	10,236,643

City of Seal Beach
Statement of Net Position (Continued)
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	1,896,106	1,138,112	3,034,218
Accrued liabilities	654,152	97,248	751,400
Accrued interest	14,438	58,650	73,088
Unearned revenues	562,803	-	562,803
Deposits payable	621,171	71,914	693,085
Retention payable	27,287	-	27,287
Long-term liabilities, due within one year	746,920	512,414	1,259,334
Long-term liabilities:			
Long-term liabilities, due in more than one year	3,009,074	5,189,259	8,198,333
Net pension liabilities	36,048,717	3,515,209	39,563,926
Net other postemployment benefits liabilities	5,458,412	539,843	5,998,255
Total Liabilities	49,039,080	11,122,649	60,161,729
DEFERRED INFLOWS OF RESOURCES			
Pension related items	2,178,916	329,242	2,508,158
Other postemployment benefits related items	442,499	43,764	486,263
Total Deferred Inflows of Resources	2,621,415	373,006	2,994,421
NET POSITION			
Net investment in capital assets	84,530,565	31,473,936	116,004,501
Restricted for:			
Community development projects	774,165	-	774,165
Public safety	275,832	-	275,832
Community services	429,854	-	429,854
Public works	3,283,865	-	3,283,865
Debt service	647,266	25,082	672,348
Other	2,190,469	-	2,190,469
Total restricted	7,601,451	25,082	7,626,533
Unrestricted (deficit)	(11,716,752)	13,930,796	2,214,044
Total Net Position	\$ 80,415,264	\$ 45,429,814	\$ 125,845,078

City of Seal Beach
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental Activities:					
General government	\$ 7,007,436	\$ 1,207,956	\$ 153,851	\$ -	\$ 1,361,807
Public safety	24,017,239	2,124,798	761,920	-	2,886,718
Community development	1,576,854	231,087	651,370	-	882,457
Community services	866,786	700,877	-	-	700,877
Public works	10,748,166	2,754,304	1,890,056	30,707	4,675,067
Interest and fiscal charges	88,274	-	-	-	-
Total Governmental Activities	44,304,754	7,019,022	3,457,197	30,707	10,506,926
Business-Type Activities:					
Water Utility	5,444,831	4,268,610	-	-	4,268,610
Sewer Utility	3,035,443	3,007,958	-	-	3,007,958
Total Business-Type Activities	8,480,274	7,276,568	-	-	7,276,568
Total Primary Government	\$ 52,785,028	\$ 14,295,590	\$ 3,457,197	\$ 30,707	\$ 17,783,494

City of Seal Beach
Statement of Activities (Continued)
For the Year Ended June 30, 2020

	Net (Expense) Revenue and Changes in Net Positions		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs			
Governmental Activities:			
General government	\$ (5,645,629)	\$ -	\$ (5,645,629)
Public safety	(21,130,521)	-	(21,130,521)
Community development	(694,397)	-	(694,397)
Community services	(165,909)	-	(165,909)
Public works	(6,073,099)	-	(6,073,099)
Interest and fiscal charges	(88,274)	-	(88,274)
Total Governmental Activities	(33,797,828)	-	(33,797,828)
Business-Type Activities:			
Water Utility	-	(1,176,221)	(1,176,221)
Sewer Utility	-	(27,485)	(27,485)
Total Business-Type Activities	-	(1,203,706)	(1,203,706)
Total Primary Government	(33,797,828)	(1,203,706)	(35,001,534)
General Revenues:			
Taxes:			
Property taxes, levied for general purpose	12,358,059	-	12,358,059
Sales taxes	9,108,334	-	9,108,334
Franchise taxes	1,034,280	-	1,034,280
Utility users tax	3,941,877	-	3,941,877
Transient occupancy taxes	1,298,707	-	1,298,707
Other taxes	724,854	-	724,854
Motor vehicle in lieu- unrestricted	21,133	-	21,133
Use of money and property	1,862,213	391,016	2,253,229
Other	1,463,177	-	1,463,177
Transfers	376,483	(376,483)	-
Total General Revenues and Transfers	32,189,117	14,533	32,203,650
Changes in Net Position	(1,608,711)	(1,189,173)	(2,797,884)
Net Position:			
Beginning of Year	82,023,975	46,618,987	128,642,962
End of Year	<u>\$ 80,415,264</u>	<u>\$ 45,429,814</u>	<u>\$ 125,845,078</u>

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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City of Seal Beach
Balance Sheet
Governmental Funds
June 30, 2020

	General	Capital Projects and Equipment Capital Projects Fund	Nonmajor Governmental Funds	Total
ASSETS				
Cash and investments	\$ 24,495,126	\$ 556,991	\$ 5,150,365	\$ 30,202,482
Receivables:				
Accounts	2,005,205	-	257,730	2,262,935
Taxes	2,260,605	-	88,864	2,349,469
Interest	205,456	-	539	205,995
Prepaid items	41,776	-	-	41,776
Due from other funds	645,609	-	-	645,609
Restricted assets:				
Cash and investments with fiscal agents	13,046	-	647,266	660,312
Total assets	<u>\$ 29,666,823</u>	<u>\$ 556,991</u>	<u>\$ 6,144,764</u>	<u>\$ 36,368,578</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,162,854	\$ 668,281	\$ 23,540	\$ 1,854,675
Accrued liabilities	641,259	-	12,893	654,152
Unearned revenues	-	-	562,803	562,803
Deposits payable	621,171	-	-	621,171
Due to other funds	-	-	645,609	645,609
Retentions payable	-	27,287	-	27,287
Total liabilities	<u>2,425,284</u>	<u>695,568</u>	<u>1,244,845</u>	<u>4,365,697</u>
Deferred Inflows of Resources:				
Unavailable revenues	<u>62,148</u>	<u>-</u>	<u>22,054</u>	<u>84,202</u>
Fund Balances:				
Nonspendable	41,776	-	-	41,776
Restricted	2,190,469	-	5,410,982	7,601,451
Committed	17,067,216	-	-	17,067,216
Assigned	4,370,059	-	-	4,370,059
Unassigned (deficit)	<u>3,509,871</u>	<u>(138,577)</u>	<u>(533,117)</u>	<u>2,838,177</u>
Total fund balances	<u>27,179,391</u>	<u>(138,577)</u>	<u>4,877,865</u>	<u>31,918,679</u>
Total liabilities and fund balances	<u>\$ 29,666,823</u>	<u>\$ 556,991</u>	<u>\$ 6,144,764</u>	<u>\$ 36,368,578</u>

City of Seal Beach
Reconciliation of the Governmental Funds Balance Sheet to the
Government-wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds	\$ 31,918,679
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Amounts reported for governmental activities in the Statement of Net Position were reported differently because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Nondepreciable	\$ 21,945,378	
Depreciable, net of \$1,016,399 reported in Internal Service Fund	63,628,108	85,573,486

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position:

Bonds payable	\$ (1,575,000)	
Loans payable	(457,033)	
Claims and judgments	(301,413)	
Compensated absences	(1,422,548)	(3,755,994)

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds.	(14,438)
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Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources	\$ 8,428,991	
Aggregate net pension liability	(36,048,717)	
Pension related deferred inflows of resources	(2,178,916)	(29,798,642)

Net other postemployment benefits liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

OPEB related deferred outflows of resources	\$ 789,072	
Net OPEB liability	(5,458,412)	
OPEB related deferred inflows of resources	(442,499)	(5,111,839)

Revenue reported as unavailable revenue in the governmental funds when it is not received soon enough after year-end to be considered available. The availability criteria does not apply to the Government-Wide Financial Statements and, therefore, the revenue is recognized when eligibility requirements are met and earned.	84,202
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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.

Net Position of Governmental Activities	\$ 80,415,264
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City of Seal Beach
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Capital Projects and Equipment Capital Projects Fund	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 25,624,395	\$ -	\$ 1,857,185	\$ 27,481,580
Licenses and permits	844,274	-	-	844,274
Intergovernmental	3,160,261	-	1,169,898	4,330,159
Charges for services	4,562,469	-	121,607	4,684,076
Use of money and property	1,885,265	-	118,264	2,003,529
Fines and forfeitures	1,239,154	-	-	1,239,154
Contributions	20,942	-	40,000	60,942
Miscellaneous	2,987,410	7,612	-	2,995,022
Total revenues	40,324,170	7,612	3,306,954	43,638,736
Expenditures:				
Current:				
General government	5,994,506	-	89,199	6,083,705
Public safety	20,460,170	-	460,937	20,921,107
Community development	1,027,670	-	381,029	1,408,699
Community services	852,664	-	-	852,664
Public works	5,697,425	740,120	234,685	6,672,230
Capital outlay	-	1,729,166	-	1,729,166
Debt service:				
Principal retirement	74,370	-	420,000	494,370
Interest and fiscal charges	17,441	-	71,171	88,612
Total expenditures	34,124,246	2,469,286	1,657,021	38,250,553
Revenues over (under) expenditures	6,199,924	(2,461,674)	1,649,933	5,388,183
Other Financing Sources (Uses):				
Transfers in	980,746	2,597,208	563,572	4,141,526
Transfers out	(2,115,367)	-	(2,004,105)	(4,119,472)
Total other financing sources (uses):	(1,134,621)	2,597,208	(1,440,533)	22,054
Net change in fund balances	5,065,303	135,534	209,400	5,410,237
Fund Balances:				
Beginning of Year	22,114,088	(274,111)	4,668,465	26,508,442
End of Year	<u>\$ 27,179,391</u>	<u>\$ (138,577)</u>	<u>\$ 4,877,865</u>	<u>\$ 31,918,679</u>

City of Seal 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, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 5,410,237

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.

Capital outlay, net of \$330,899 reported in Internal Service Fund	\$ 1,729,166	
Depreciation, net of \$207,817 reported in Internal Service Fund	(3,222,461)	
Net effect on disposal of capital assets, net of \$36,576 reported in Internal Service Fund	(1,878,547)	(3,371,842)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 494,370

Interest expense on long-term debt is reported in the Statement of Activities, but do not require the use of current financial resources. Therefore, interest is reported as an expenditure in governmental funds. This amount represents the change in accrued interest from the prior year. 338

Claims and judgment changes 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. 121,934

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. (134,122)

Certain pension income (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, net of contribution made during the measurement period in the amount of \$3,821,049. (2,749,798)

Certain other postemployment benefits income (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, net of contribution made during the measurement period in the amount of \$789,072. (205,351)

Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. (1,325,880)

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. 151,403

Change in Net Position of Governmental Activities \$ (1,608,711)

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Seal Beach
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activities			Governmental Activities
				Vehicle Replacement Internal Service Fund
	Enterprise Funds			
	Water Utility	Sewer Utility	Total	
ASSETS				
Current Assets:				
Cash and investments	\$ 8,124,544	\$ 9,716,015	\$ 17,840,559	\$ 544,842
Accounts receivable	680,644	416,515	1,097,159	-
Prepaid items	7,125	7,125	14,250	-
Total Current Assets	8,812,313	10,139,655	18,951,968	544,842
Noncurrent Assets:				
Restricted cash	25,082	-	25,082	-
Capital assets, not being depreciated	671,946	194,695	866,641	-
Capital assets, net of accumulated depreciation	15,826,354	20,236,844	36,063,198	1,016,399
Total capital assets	16,498,300	20,431,539	36,929,839	1,016,399
Total Noncurrent Assets	16,523,382	20,431,539	36,954,921	1,016,399
Total Assets	25,335,695	30,571,194	55,906,889	1,561,241
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	108,633	108,633	-
Pension related items	472,223	359,684	831,907	-
Other postemployment benefits related items	43,356	34,684	78,040	-
Total Deferred Outflows of Resources	515,579	503,001	1,018,580	-

(Continued)

City of Seal Beach
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2020

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Vehicle Replacement Internal Service Fund
	Water Utility	Sewer Utility	Total	
LIABILITIES				
Current Liabilities:				
Accounts payable	1,071,684	66,428	1,138,112	41,431
Accrued liabilities	58,949	38,299	97,248	-
Accrued interest	1,275	57,375	58,650	-
Deposits payable	64,644	7,270	71,914	-
Compensated absences, due within one year	34,335	19,365	53,700	-
Long-term debt, due within one year	84,436	374,278	458,714	-
Total Current Liabilities	1,315,323	563,015	1,878,338	41,431
Noncurrent Liabilities:				
Compensated absences, due in more than one year	42,113	41,324	83,437	-
Long-term debt, due in more than one year	569,945	4,535,877	5,105,822	-
Aggregate net pension liabilities	1,995,371	1,519,838	3,515,209	-
Net other postemployment benefits liabilities	299,913	239,930	539,843	-
Total Noncurrent Liabilities	2,907,342	6,336,969	9,244,311	-
Total Liabilities	4,222,665	6,899,984	11,122,649	41,431
DEFERRED INFLOW OF RESOURCES				
Pension related items	186,890	142,352	329,242	-
Other postemployment benefits related items	24,314	19,450	43,764	-
Total Deferred Inflows of Resources	211,204	161,802	373,006	-
NET POSITION				
Net investment in capital assets	15,843,919	15,630,017	31,473,936	1,016,399
Restricted	25,082	-	25,082	-
Unrestricted	5,548,404	8,382,392	13,930,796	503,411
Total Net Position	\$ 21,417,405	\$ 24,012,409	\$ 45,429,814	\$ 1,519,810

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City of Seal Beach
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Vehicle Replacement Internal Service
	Water Utility	Sewer Utility	Total	
OPERATING REVENUES:				
Sales and service charges	\$ 4,113,475	\$ 2,857,078	\$ 6,970,553	\$ -
Miscellaneous	155,135	150,880	306,015	-
Total Operating Revenues	<u>4,268,610</u>	<u>3,007,958</u>	<u>7,276,568</u>	<u>-</u>
OPERATING EXPENSES:				
Personnel expenses	1,332,283	924,707	2,256,990	-
Operating expenses	3,376,703	228,550	3,605,253	1,913
Amortization and depreciation expenses	532,140	1,096,661	1,628,801	207,817
Total Operating Expenses	<u>5,241,126</u>	<u>2,249,918</u>	<u>7,491,044</u>	<u>209,730</u>
OPERATING INCOME (LOSS)	<u>(972,516)</u>	<u>758,040</u>	<u>(214,476)</u>	<u>(209,730)</u>
NONOPERATING INCOME (LOSS):				
Interest revenues	179,197	211,819	391,016	-
Interest expenses	(14,827)	(177,725)	(192,552)	-
Gain (loss) on sale of assets	(188,878)	(607,800)	(796,678)	6,704
Total Nonoperating Income (Loss)	<u>(24,508)</u>	<u>(573,706)</u>	<u>(598,214)</u>	<u>6,704</u>
(LOSS) BEFORE TRANSFERS	<u>(997,024)</u>	<u>184,334</u>	<u>(812,690)</u>	<u>(203,026)</u>
TRANSFERS:				
Transfers in	-	2,017	2,017	354,429
Transfers out	(324,500)	(54,000)	(378,500)	-
Total Transfers	<u>(324,500)</u>	<u>(51,983)</u>	<u>(376,483)</u>	<u>354,429</u>
CHANGES IN NET POSITION	<u>(1,321,524)</u>	<u>132,351</u>	<u>(1,189,173)</u>	<u>151,403</u>
NET POSITION:				
Beginning of the Year	22,738,929	23,880,058	46,618,987	1,368,407
End of the Year	<u>\$ 21,417,405</u>	<u>\$ 24,012,409</u>	<u>\$ 45,429,814</u>	<u>\$ 1,519,810</u>

City of Seal Beach
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Vehicle Replacement Internal Service
	Water Utility	Sewer Utility	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 4,561,758	\$ 2,902,582	\$ 7,464,340	\$ -
Cash paid to suppliers for goods and services	(3,538,989)	(327,506)	(3,866,495)	(66,547)
Cash paid to employees for services	(1,522,761)	(1,014,226)	(2,536,987)	-
Cash received from others	155,135	150,880	306,015	-
Net cash provided by (used in) operating activities	(344,857)	1,711,730	1,366,873	(66,547)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash transfers in	-	2,017	2,017	354,429
Cash transfers out	(324,500)	(54,000)	(378,500)	-
Net cash provided by (used in) noncapital financing activities	(324,500)	(51,983)	(376,483)	354,429
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(257,985)	(171,070)	(429,055)	(330,899)
Gain(loss) on disposal of assets	-	(40,000)	(40,000)	43,280
Principal paid on capital debt	(128,683)	(364,229)	(492,912)	-
Interest paid on debt	(14,432)	(181,514)	(195,946)	-
Net cash (used in) capital and related financing activities	(401,100)	(756,813)	(1,157,913)	(287,619)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	179,197	211,819	391,016	-
Receipt from collection of advances	-	231,429	231,429	-
Net cash provided by investing activities	179,197	443,248	622,445	-
Net change in cash and cash equivalents	(891,260)	1,346,182	454,922	263
CASH AND CASH EQUIVALENTS:				
Beginning of year	9,040,886	8,369,833	17,410,719	544,579
End of year	<u>\$ 8,149,626</u>	<u>\$ 9,716,015</u>	<u>\$ 17,865,641</u>	<u>\$ 544,842</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:				
Cash and investments	\$ 8,124,544	\$ 9,716,015	\$ 17,840,559	\$ 544,842
Restricted cash	25,082	-	25,082	-
Total cash and cash equivalents	<u>\$ 8,149,626</u>	<u>\$ 9,716,015</u>	<u>\$ 17,865,641</u>	<u>\$ 544,842</u>

(Continued)

City of Seal Beach
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities			Governmental Activities
	Enterprise Funds		Total	Vehicle Replacement Internal Service
	Water Utility	Sewer Utility		
Reconciliation of Operating Income (Loss) to to Net Cash Provided by (Used in)				
Operating Activities:				
Operating income (loss)	\$ (972,516)	\$ 758,040	(214,476)	\$ (209,730)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Amortization and depreciation expenses	532,140	1,096,661	1,628,801	207,817
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivables	413,916	41,098	455,014	-
(Increase)/decrease in prepaid items	(3,792)	(4,125)	(7,917)	-
(Increase)/decrease in deferred outflows of resources related to pensions	(63,623)	(52,241)	(115,864)	-
(Increase)/decrease in deferred outflows of resources related to OPEB	42,279	26,811	69,090	-
Increase/(decrease) in accounts payable	(158,494)	(94,831)	(253,325)	(64,634)
Increase/(decrease) in accrued liabilities	10,435	6,425	16,860	-
Increase/(decrease) in deposits payable	34,367	4,406	38,773	-
Increase/(decrease) in compensated absences	(3,695)	2,339	(1,356)	-
Increase/(decrease) in net pension liabilities	117,087	106,861	223,948	-
Increase/(decrease) in net OPEB liabilities	(339,921)	(219,536)	(559,457)	-
Increase/(decrease) in deferred inflows of resources related to pensions	68,768	53,492	122,260	-
Increase/(decrease) in deferred inflows of resources related to OPEB	(21,808)	(13,670)	(35,478)	-
Net cash provided by (used in) operating activities	<u>\$ (344,857)</u>	<u>\$ 1,711,730</u>	<u>\$ 1,366,873</u>	<u>\$ (66,547)</u>

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Seal Beach
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds	Successor Agency Private-purpose Trust Fund
	<hr/>	<hr/>
ASSETS		
Cash and investments	\$ 523,692	\$ 16,279
Receivables:		
Accounts	37,845	-
Interest	-	1
Restricted investments with fiscal agent	970,431	710,794
Total Assets	<u><u>\$ 1,531,968</u></u>	<u><u>727,074</u></u>
LIABILITIES		
Current liabilities:		
Accrued interest	\$ -	\$ 12,106
Accrued liabilities	-	1,473
Deposit payable	261,695	-
Due to bondholders	1,270,273	-
Bonds payable, due within one year	-	160,000
Total current liabilities	<u><u>\$ 1,531,968</u></u>	<u><u>173,579</u></u>
Noncurrent liabilities:		
Bonds payable, due in more than one year		525,000
Total noncurrent liabilities		<u>525,000</u>
Total liabilities		<u><u>698,579</u></u>
NET POSITION		
Held in trust for Successor Agency		28,495
Net position held in trust for Successor Agency		<u><u>\$ 28,495</u></u>

City of Seal Beach
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Successor Agency Private-purpose Trust Fund
ADDITIONS:	
Redevelopment property tax trust fund	\$ 234,102
Investment income	10,722
Total Additions	<u>244,824</u>
DEDUCTIONS:	
Administrative expenses	211,576
Interest expense	42,386
Total Deductions	<u>253,962</u>
Change in Net Position	(9,138)
NET POSITION:	
Beginning of Year	37,633
End of Year	<u><u>\$ 28,495</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Seal Beach
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For the Year Ended June 30, 2020

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City of Seal Beach
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City of Seal Beach
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Seal Beach, California, (the “City”) have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City’s significant policies:

A. Financial Reporting Entity

The City was incorporated on October 27, 1915, under the laws of the State of California and enjoys all the rights and privileges applicable to a charter city. It is governed by an elected five-member council. As required by U.S. GAAP these financial statements present the City (the primary government and its component units). The component units discussed below are included in the reporting entity because of their operational or financial relationships with the City.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units:

Management determined that the following entities should be reported as blended component units based on the criteria above. Although the following entities are legally separate from the City, they have been “blended” as though they are part of the City because the component units’ governing bodies are substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component units; and management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though they do not provide services directly to it.

The Seal Beach Public Financing Authority (the “Authority”) was formed May 8, 2000, pursuant to Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code, to create a joint exercise of powers authority between the City and the former Seal Beach Redevelopment Agency. The City Council of the City is the governing board. Management of the primary government has operational responsibility for the blended component unit. The Authority was formed to undertake the financing of public capital improvements. On June 12, 2017, the City Council adopted Resolution No. 6741, to create the Parking Authority, and the Parking Authority became a new member to the Authority. On the same date, the Successor Agency Board of Directors adopted Resolution No. SA 17-3, approving the Successor Agency’s withdrawal of its Authority membership. On June 28, 2017, the Oversight Board to the Successor Agency adopted Resolution No. OB17-03, approving such withdrawal. Resolution No. OB17-03 became effective upon the State of California Department of Finance’s approval, received by the Successor Agency on August 18, 2017.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Blended Component Units (Continued):

The Seal Beach Parking Authority (“the Parking Authority”) was formed on June 12, 2017, pursuant to the Part 2 of Division 18 of the California Streets and Highway Code. The Parking Authority is governed by the Board of Director which is the City Council of the City of Seal Beach.

The Seal Beach Cable Communications Foundation (the “Foundation”) was organized under the laws of the State of California on August 27, 1984, to foster and promote civic advancement through activities related to cable communications, community promotion, and other public services deemed appropriate by the foundation. The Foundation is governed by a board of directors consisting of seven members, all appointed by the City Council of the City of Seal Beach.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The government-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities of the City are not included in these statements.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated. In the statement of activities, internal service fund transactions have been included in the governmental activities. The following interfund activities have been eliminated:

- Due from and to other funds, which are short-term loans within the primary government
- Transfers in and out, which are flows of assets between funds without the requirement for repayment

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, current liabilities, and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) which are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, intergovernmental revenues and other taxes. Business license fees are recorded as received. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences.

The City reports the following major Governmental Fund:

General Fund – The General Fund is the City’s principal operating fund. It accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government except those required to be accounted for in another fund.

Capital Projects and Equipment Capital Projects Fund – To account for major capital projects with various revenues sources but exclude the Water and Sewer Capital Improvement Fund. These sources get transferred into the Capital Projects and Equipment Projects Fund.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

The City reports the following major Proprietary Funds:

Water Utility Enterprise Fund – This fund accounts for the capital, operation and maintenance of the City’s water distribution system.

Sewer Utility Enterprise Fund – This fund accounts for the financial transactions of the City’s waste water collection system.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City has Vehicle Replacement Internal Service Fund that provides services directly to other City funds.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City’s fiduciary funds represent agency funds and private purpose trust funds. Both agency funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

The City reports the following fiduciary funds:

Agency Funds – These funds account for resources held by the City in a trustee capacity as an agent for individuals, private organizations, other governments, and/or other funds. They account for the deposits and the bond and bond related expenditures for the Heron Pointe and Pacific Gateway community facility districts. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-purpose Trust Fund – This fund accounts for the assets and liabilities of the former redevelopment agency and its allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

C. Cash and Investments

The City’s cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. All cash and investments of proprietary funds are held in the City’s investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for statement of cash flows purposes.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Fair Value Measurement

Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

E. Property Taxes Receivable

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period.

Under California law, property taxes are assessed and collected by the counties at up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 1 Second Installment - February 1
Delinquent Date:	First Installment - December 11 Second Installment - April 11

F. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended using purchase method.

G. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., current portion of interfund loans).

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g., roads, sidewalks, and similar items), are recorded at historical cost or estimated historical if purchased or constructed. Donated capital assets are valued at the estimated acquisition value on the date donated. City policy has set the capitalization threshold for reporting capital assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or more.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include street network, street appurtenances, and storm drains.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method. The lives used for depreciation purposes are as follows:

Assets	Years
Building and Improvements	20-99
Machinery and Equipment	5-50
Vehicles	4-10
Infrastructure	20-60

I. Unearned and Unavailable Revenue

Unearned revenue is reported for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the government-wide financial statements are grant revenues received in advance.

In the governmental fund financial statements, unavailable revenue is reported when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City reports unavailable revenue when an asset is reported in governmental fund financial statements but the revenue is not available.

J. Compensated Absences Payable

City employees have vested interest in varying levels of vacation, sick leave and compensatory time based on their length of employment. It is the policy of the City to pay all accumulated vacation pay and all or a portion of sick pay when an employee retires or terminates. The long-term amount is included as a liability in the governmental activities of the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All of the liability for compensated absences applicable to proprietary funds is reported in those funds.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Claims Payable

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "*incurred but not reported*" ("IBNR") claims. There is no fixed payment schedule to pay these liabilities.

L. Pensions

For purposes of measuring the aggregate net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

M. Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Deferred Outflows/Inflows of Resources

The financial statements report separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

O. Long-Term Liabilities

Long-term debt and other long-term liabilities are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

P. Net Position

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, capital related debt and deferred charges, and retention payable.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Q. Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Nonspendable fund balances include amounts that cannot be spent because they are not in a spendable form, such as unrestricted loans receivable or prepaid items, or because resources legally or contractually must remain intact.

Restricted – Restricted fund balances are the portion of fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantor, laws and regulations of other governments or enabling legislation.

Committed – Committed fund balances are self-imposed limitations by the highest level of decision-making authority, namely the City Council, prior to the end of the reporting period. City Council adoption of a resolution is required to commit resources or to rescind the commitment.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Fund Balances (Continued)

Assigned – Assigned fund balances are limitations imposed by management based on the intended use of the funds. Modifications or rescissions of the constraints can be removed by the same type of action that limited the use of the funds. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the Finance Director for that purpose.

Unassigned – Unassigned fund balances represent the residual net resources in excess of the other classifications. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

R. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's practice is to apply the restricted component of net position first, then use the unrestricted component of net position as needed.

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's practice is to apply restricted fund balances first, then use unrestricted fund balances as needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order, except for instances wherein an ordinance specifies the fund balance:

- Committed
- Assigned
- Unassigned

S. Use of Estimates

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

T. Tax Abatement

Tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. City policy has set the threshold for disclosing tax abatement agreements greater than \$50,000.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Implementation of New GASB Pronouncements

During fiscal year ended June 30, 2020, the City has implemented the following new GASB Pronouncement:

GASB Statement No. 95 - In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement is effective immediately and did not have a material effect on City's financial statements for the fiscal year ending June 30, 2020.

Note 2 – Cash and Investments

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds.

The City had the following cash and investments at June 30, 2020:

	Government-Wide Statement of Net Position	Statement of Fiduciary Net Position	Total
Cash and investments	\$ 48,587,883	\$ 539,971	\$ 49,127,854
Restricted cash and investment with fiscal agent	685,394	1,681,225	2,366,619
Total cash and investments	<u>\$ 49,273,277</u>	<u>\$ 2,221,196</u>	<u>\$ 51,494,473</u>

The City's cash and investments at June 30, 2020 in more detail:

Cash and Investments:	
Petty cash	\$ 6,929
Demand deposits	1,741,719
Restricted cash	38,128
Investments	49,707,697
Total cash investments	<u>\$ 51,494,473</u>

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$1,741,719 at June 30, 2020. Bank balances at that date were \$2,175,348, the total amount of which was insured or collateralized with accounts held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

A. Demand Deposits (Continued)

The fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City, however, has not waived the collateralization requirements.

B. Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized by the City's investment policy and the California Government Code. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maturity	Maximum Portfolio*	Maximum One Issuer*
U.S. Treasury securities	5 years	100%	None
U.S. agency and U.S. government sponsored enterprise securities	5 years	20%	None
Obligation of the State of California or any local agency	5 years	100%	None
Registered treasury notes or bonds of any of the 49 states in addition to California	5 years	100%	None
Bankers' acceptance	180 days	40%	5%
Commercial paper	270 days	25%	10%
Nonnegotiable certificate of deposit	5 years	100%	None
Negotiable certificate of deposit	5 years	30%	None
Medium term notes	5 years	30%	10%
Money market mutual funds	89 days	10%	10%
Local Agency Investment Fund (LAIF)	None	100%	50 Million/account

*The table is based on state law requirements or investment policy requirements, whichever is more restrictive.

C. Investments Authorized by Debt Agreements

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
U.S. Treasury securities	None	None	None
U.S. agency and U.S. government sponsored enterprise securities	None	None	None
Bankers' acceptance	180 days	None	30%
Commercial paper	270 days	None	None
Money market mutual funds	89 days	None	None
Investment contracts	30 years	None	None
Local Agency Investment Fund (LAIF)	None	None	None

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreements (Continued)

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table on the following page identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, and concentration of credit risk.

D. Fair Value Measurement

At June 30, 2020, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within the fair value hierarchy in which the fair value measurements fall at June 30, 2020:

Investment Type	Value	Fair Value Measurement		Cash Equivalent
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Investments:				
US Treasury bonds/notes	\$ 13,517,043	\$ 13,517,043	\$ -	\$ -
US government sponsored enterprise securities	7,516,449	-	7,516,449	-
Corporate note	4,397,980	-	4,397,980	-
Negotiable certificates of deposit	3,597,242	-	3,597,242	-
LAIF	18,350,492	-	-	18,350,492
Investments with Fiscal Agent:				
Money Market Mutual Funds	2,328,491	-	-	2,328,491
Total investments	<u>\$ 49,707,697</u>	<u>\$ 13,517,043</u>	<u>\$ 15,511,671</u>	<u>\$ 20,678,983</u>

Investments in municipal bonds/notes, U.S. government sponsored enterprise securities, and corporate note are valued based on institutional bond quotes. Investments in negotiable certificates of deposits are valued based on certificate of deposits pricing.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Investment Maturities (in Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
Investments:						
US Treasury bonds/notes	\$ 13,517,043	\$ -	\$ 4,158,996	\$ 2,422,109	\$ 3,074,237	\$ 3,861,701
US government sponsored enterprise securities	7,516,449	-	1,282,246	2,014,580	1,715,760	2,503,863
Corporate note	4,397,980	1,096,130	1,118,871	1,283,890	394,541	504,548
Negotiable certificates of deposit	3,597,242	2,267,858	276,708	1,052,676	-	-
LAIF	18,350,492	18,350,492	-	-	-	-
Investments with Fiscal Agent:						
Money Market Mutual Funds	2,328,491	2,328,491	-	-	-	-
Total investments	<u>\$ 49,707,697</u>	<u>\$ 24,042,971</u>	<u>\$ 6,836,821</u>	<u>\$ 6,773,255</u>	<u>\$ 5,184,538</u>	<u>\$ 6,870,112</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Minimum Legal Rating	Total	AAA	AA- to AA+	A- to A+	BBB	Unrated
Investments:							
US Treasury bonds/notes	N/R	\$ 13,517,043	\$ -	\$ 13,517,043	\$ -	\$ -	\$ -
US government sponsored enterprise securities	A	7,516,449	-	7,516,449	-	-	-
Corporate note	A	4,397,980	-	664,984	3,218,472	514,524	-
Negotiable certificates of deposit	N/R	3,597,242	-	619,831	2,977,411	-	-
LAIF	N/A	18,350,492	-	-	-	-	18,350,492
Investments with Fiscal Agent:							
Money Market Mutual Funds	N/R	2,328,491	2,328,491	-	-	-	-
Total investments		<u>\$ 49,707,697</u>	<u>\$ 2,328,491</u>	<u>\$ 22,318,307</u>	<u>\$ 6,195,883</u>	<u>\$ 514,524</u>	<u>\$ 18,350,492</u>

N/R - Not Required by the City's investment policy

N/A - Not applicable

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City's investment in Fannie Mae Agency Note in amount of \$4,551,982 represented 9.6% of total City investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2020, the City deposits (bank balances were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California law.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

F. Investment in Local Agency Investment Fund ("LAIF")

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2020 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities, which included the following:

Structured Notes - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities - generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, collateralized mortgage obligations), or credit card receivables.

As of June 30, 2020, the City had \$18,350,492 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes, Medium-term Asset-Backed Securities, and Short-term Asset Backed Commercial Paper. LAIF is reported at amortized costs, which approximates fair value.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Interfund Transactions

A. Due From/To Other Funds

At June 30, 2020, the City had the following due from/to other funds:

Due To Other Funds	Due From Other Funds	
	General Fund	
Nonmajor Governmental Funds	\$	645,609

The above amounts resulted from deficits in the pooled cash account and CARES related Public Safety expenditures covered by the General Fund. Short-term loans were made to the Community Development Block Grant Special Revenue Fund and Police Grant Special Revenue Fund to address these deficits.

B. Transfers

During the year ended June 30, 2020, the City had the following transfers:

Transfers out	Transfers in					Total
	General Fund	Capital Projects and Equipment Capital Projects Fund	Nonmajor Governmental Funds	Sewer Utility Enterprise Fund	Internal Service Funds	
General Fund	\$ -	\$ 1,208,744	\$ 550,177	\$ 2,017	\$ 354,429	\$ 2,115,367
Nonmajor Governmental Funds	602,246	1,388,464	13,395	-	-	2,004,105
Water Utility Enterprise Fund	324,500	-	-	-	-	324,500
Sewer Utility Enterprise Fund	54,000	-	-	-	-	54,000
Total	\$ 980,746	\$ 2,597,208	\$ 563,572	\$ 2,017	\$ 354,429	\$ 4,497,972

In general, transfers are used to 1) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 2) to transfer to the General Fund to fund administration services.

Transfers totaling \$378,500 from the Water and Sewer Utility Enterprise Funds were made to the General Fund to provide funding for certain administrative costs. Transfers totaling \$512,600 from the CARES Act Fund were made to the General Fund for public safety costs to be funded by the CARES Act, \$14,646 from the Pension Obligation Debt Service Fund during the close out of the fund, and \$64,000 from Nonmajor Governmental Funds (Gas Tax, CFD Loan, and Pacific Gateway) for non-capital expenditures.

The General Fund and the Nonmajor Governmental Funds (City Debt Service Debt Service Fund) transferred \$1,197,744 and \$1,399,464 to the Capital Projects and Equipment Capital Projects Fund to pay for capital projects and equipment purchases.

The General Fund transferred a total of \$550,177 to the Nonmajor Governmental Funds (Street Lighting Special Revenue Fund and City Debt Service Debt Service Fund) for capital outlay and debt service-related costs. \$13,395 was transferred between Nonmajor Governmental Funds for traffic related capital projects.

The General Fund transferred \$2,017 to the Sewer Projects Fund for capital project related costs and \$354,429 to the Internal Service Fund for an annual vehicle replacement program.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Advance to Successor Agency

In 2012, the Sewer Fund advanced \$1,200,000 to the former redevelopment agency, but was subsequently denied by the Department of Finance (DOF). The City appealed the DOF decision and, in 2014, this advance was approved. Interest on the advance is consistent with the Local Agency Investment Fund (“LAIF”) interest rate at the time the Oversight Board made the finding that the advance was for legitimate redevelopment purposes, which was at 0.00367%. During the fiscal year ended June 30, 2020 the outstanding balance of \$231,429 was repaid.

Note 5 – Capital Assets

The summary of changes in governmental activities capital assets for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Reclassifications and Transfers	Balance June 30, 2020
<i>Capital assets not being depreciated:</i>					
Land	\$ 20,319,847	\$ -	\$ -	\$ -	\$ 20,319,847
Intangible asset-land easement	900,000	-	-	-	900,000
Construction in progress	7,980,216	1,240,375	(1,518,580)	(6,976,480)	725,531
Total capital assets not being depreciated	29,200,063	1,240,375	(1,518,580)	(6,976,480)	21,945,378
<i>Capital assets being depreciated:</i>					
Buildings and improvements	16,656,018	392,663	(316,998)	-	16,731,683
Machinery and equipment	3,778,542	93,907	(83,353)	-	3,789,096
Vehicles	3,620,280	333,120	(276,185)	-	3,677,215
Infrastructure	83,696,643	-	(392,663)	6,976,480	90,280,460
Total capital assets being depreciated	107,751,483	819,690	(1,069,199)	6,976,480	114,478,454
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	(6,844,702)	(682,803)	219,313	-	(7,308,192)
Machinery and equipment	(2,019,383)	(202,968)	15,846	-	(2,206,505)
Vehicles	(1,659,680)	(298,129)	276,185	-	(1,681,624)
Infrastructure	(36,552,560)	(2,246,378)	161,312	-	(38,637,626)
Total accumulated depreciation	(47,076,325)	(3,430,278)	672,656	-	(49,833,947)
Total capital assets being depreciated, net	60,675,158	(2,610,588)	(396,543)	6,976,480	64,644,507
Total governmental activities	\$ 89,875,221	\$ (1,370,213)	\$ (1,915,123)	\$ -	\$ 86,589,885

Depreciation expense was charged to functions/programs of governmental activities for the year ended June 30, 2020 as follows:

General government	\$ 581,268
Public safety	342,920
Community development	12,746
Public works	2,285,527
Internal service funds	207,817
Total depreciation expense	\$ 3,430,278

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 5 – Capital Assets (Continued)

The summary of changes in business-type activities capital assets for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Reclassifications	Balance June 30, 2020
<i>Capital assets not being depreciated:</i>					
Construction in progress-water	\$ 1,949,875	\$ 130,949	\$ (188,878)	\$ (1,220,000)	\$ 671,946
Construction in progress-sewer	888,680	128,815	(607,800)	(215,000)	194,695
Total capital assets not being depreciated	2,838,555	259,764	(796,678)	(1,435,000)	866,641
<i>Capital assets being depreciated:</i>					
Buildings and improvements - water	73,284	-	-	-	73,284
Machinery and equipment - water	587,115	15,163	-	-	602,278
Machinery and equipment - sewer	785,802	-	-	-	785,802
Vehicles - water	273,061	-	-	-	273,061
Vehicles - sewer	610,229	-	-	-	610,229
Infrastructure - water	33,045,102	-	-	1,220,000	34,265,102
Infrastructure - sewer	38,407,844	-	-	215,000	38,622,844
Total capital assets being depreciated	73,782,437	15,163	-	1,435,000	75,232,600
<i>Less accumulated depreciation for:</i>					
Buildings and improvements - water	(73,284)	-	-	-	(73,284)
Machinery and equipment - water	(525,527)	(10,989)	-	-	(536,516)
Machinery and equipment - sewer	(265,940)	(14,928)	-	-	(280,868)
Vehicles - water	(182,331)	(21,222)	-	-	(203,553)
Vehicles - sewer	(269,454)	(57,513)	-	-	(326,967)
Infrastructure - water	(18,074,089)	(499,929)	-	-	(18,574,018)
Infrastructure - sewer	(18,162,046)	(1,012,150)	-	-	(19,174,196)
Total accumulated depreciation	(37,552,671)	(1,616,731)	-	-	(39,169,402)
Total capital assets being depreciated, net	36,229,766	(1,601,568)	-	1,435,000	36,063,198
Total business-type activities	\$ 39,068,321	\$ (1,341,804)	\$ (796,678)	\$ -	\$ 36,929,839

Depreciation expense was charged to functions/programs of business-type activities for the year ended June 30, 2020 as follows:

Water Utility	\$ 532,140
Sewer Utility	1,084,591
Total depreciation expense	\$ 1,616,731

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Classification	
					Due within One Year	Due in more than One Year
2009 Lease Revenue Bonds - Private Placement	\$ 1,995,000	\$ -	\$ (420,000)	\$ 1,575,000	\$ 420,000	\$ 1,155,000
Municipal Finance Corporation - Direct Borrowing	531,403	-	(74,370)	457,033	76,920	380,113
Claims payable	423,347	-	(121,934)	301,413	42,148	259,265
Compensated absences	1,288,426	760,551	(626,429)	1,422,548	207,852	1,214,696
Total	<u>\$ 4,238,176</u>	<u>\$ 760,551</u>	<u>\$ (1,242,733)</u>	<u>\$ 3,755,994</u>	<u>\$ 746,920</u>	<u>\$ 3,009,074</u>

The General Fund has been used to liquidate the majority of the liability for compensated absences, other post-employment benefits liabilities and net pension liabilities in the current and prior years.

2009 Series Lease Revenue Bonds

On January 14, 2009, the City issued 2009 Series Lease Revenue Bonds for the purpose of financing the construction of a new fire station in the City in the amount of \$6,300,000. Interest rate on the bonds is 3.71%. The total balance of the 2009 Series Lease Revenue bonds at June 30, 2020 was \$1,575,000.

The 2009 Bonds are equally secured by a pledge, charge and lien on the revenues of the sublease. If an event of default under the sublease occurs then the trustee shall, within 30 days of such notice, give written notice by first class mail to the owner of each Series 2009 bond unless the default has been cured within the 30 day period. The trustee shall have no right to declare the principal of, or interest on, the Series 2009 bonds to be due and payable immediately.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2021	\$ 420,000	\$ 52,589	\$ 472,589
2022	420,000	37,007	457,007
2023	420,000	21,425	441,425
2024	315,000	5,844	320,844
Total	<u>\$ 1,575,000</u>	<u>\$ 116,865</u>	<u>\$ 1,691,865</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Municipal Finance Corporation Loan

On May 8, 2014, the City entered into a Lease with Option to Purchase agreement with Municipal Finance Corporation relating to a capital project to be performed by Climatec LLC in the amount of \$1,546,931. Interest rate on the loan is 3.40%. The balance of the Municipal Finance Corporation Loan at June 30, 2020 was \$457,033. In the event of a termination or cancellation of the agreement by the City, due to no fault or failure of performance by Climatec LLC, Climatec LLC shall be paid based on the percentage of work that is satisfactory and of beneficial use. If on the scheduled date of termination of this Lease the rental payments have not been fully paid, then the terms shall be extended until the date upon which all such rental payments are made, except that the term of this Lease shall in no event extend beyond the date that corresponds to the end of the useful life of the property. In the event the City fails to pay any part of the rental payments within 30 days of the due date, the City shall upon the lessor's written request, pay interest on such delinquent rental payments from the date it was due until the date it is paid at the rate of 8% per annum or the maximum legal rate, whatever is less. In the event of a default the lessor does not have the right to accelerate the rental payments due in future periods or declare any rental payments not then in default to be immediately due and payable.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2021	\$ 76,920	\$ 14,891	\$ 91,811
2022	79,558	12,253	91,811
2023	82,286	9,525	91,811
2024	85,107	6,704	91,811
2025	88,025	3,786	91,811
2026	45,137	767	45,904
Total	<u>\$ 457,033</u>	<u>\$ 47,926</u>	<u>\$ 504,959</u>

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2020 is as follows:

	Balance			Balance June 30, 2020	Classification	
	July 1, 2019	Additions	Deletions		Due within One Year	Due in more than One Year
2011 Sewer Revenue Refunding Bonds - Private Placement	\$ 2,110,000	\$ -	\$ (170,000)	\$ 1,940,000	\$ 175,000	\$ 1,765,000
Sewer Capital Improvement Project #1 - Direct Borrowing	1,852,678	-	(121,611)	1,731,067	124,772	1,606,295
Sewer Capital Improvement Project #2 - Direct Borrowing	1,311,706	-	(72,618)	1,239,088	74,506	1,164,582
West Orange County Water Board Loan - Direct Borrowing	783,064	-	(128,683)	654,381	84,436	569,945
Compensated absences	138,493	125,654	(127,010)	137,137	53,700	83,437
Total	<u>\$ 6,195,941</u>	<u>\$ 125,654</u>	<u>\$ (619,922)</u>	<u>\$ 5,701,673</u>	<u>\$ 512,414</u>	<u>\$ 5,189,259</u>

The Water Utility Fund and Sewer Utility Fund have been used to liquidate the liability for compensated absences and net pension liabilities.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2011 Sewer System Revenue Refunding Bonds

On March 2, 2011, the City issued 2011 Sewer System Revenue Refunding Bonds in the amount of \$3,310,000 to pay off the 2000 Sewer System Certificates of Participation. The 2000 Sewer System Certificates of Participation were issued to provide for improvements to the City's sewer system.

Interest rate on the 2011 Sewer System Revenue Refunding Bonds is 4.8%, and the balance of the 2011 Sewer System Revenue Refunding Bonds at June 30, 2020 was \$1,940,000. In the event of a default the City may be required to pay all principal components of the unpaid installment payments, together with accrued interest at the overdue rate from the preceding interest payment date which will become immediately due and payable.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2021	\$ 175,000	\$ 91,080	\$ 266,080
2022	185,000	82,560	267,560
2023	195,000	73,560	268,560
2024	205,000	64,080	269,080
2025	215,000	54,120	269,120
2026-2029	965,000	107,160	1,072,160
Total	<u>\$ 1,940,000</u>	<u>\$ 472,560</u>	<u>\$ 2,412,560</u>

Sewer Capital Improvement Project Loan #1

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,644,356 or the eligible costs of the project, whichever is less. As of June 30, 2020, the City had drawn down the entire loan fund. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2020 was \$1,731,067.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2021	\$ 124,772	\$ 45,008	\$ 169,780
2022	128,017	41,764	169,781
2023	131,345	38,435	169,780
2024	134,760	35,020	169,780
2025	138,264	31,516	169,780
2026	141,859	27,922	169,781
2027-2032	932,050	86,630	1,018,680
Total	<u>\$ 1,731,067</u>	<u>\$ 306,295</u>	<u>\$ 2,037,362</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Sewer Capital Improvement Project Loan #2

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,125,112 or the eligible costs of the project, whichever is less. At June 30, 2020, the State Water Resources Control Board had disbursed \$1,652,742. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2020 was \$1,239,088.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2021	\$ 74,506	\$ 32,216	\$ 106,722
2022	76,444	30,279	106,723
2023	78,431	28,292	106,723
2024	80,470	26,252	106,722
2025	82,563	24,160	106,723
2026-2030	446,151	87,463	533,614
2031-2034	400,523	26,368	426,891
Total	<u>\$ 1,239,088</u>	<u>\$ 255,030</u>	<u>\$ 1,494,118</u>

West Orange County Water Board Loan

On December 11, 2017, the City entered into financial participation agreement with the West Orange County Water Board (the “WOCWB”) for relocation of the City’s allocated 14.3% ownership in the waterline. The City’s portion of project costs was in the amount of \$894,928. The repayments are due quarterly on the first of the month commencing June 1, 2018. The interest rate ranges from 1.414% to 5.314% with maturity date on March 1, 2028. The outstanding balance at June 30, 2020 was \$654,381.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2021	\$ 84,436	\$ 8,604	\$ 93,040
2022	84,436	9,587	94,023
2023	84,436	9,895	94,331
2024	84,436	9,553	93,989
2025	84,436	8,483	92,919
2026-2028	232,201	12,437	244,638
Total	<u>\$ 654,381</u>	<u>\$ 58,559</u>	<u>\$ 712,940</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Long-Term Liabilities (Continued)

C. Fiduciary Activities

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Classification	
					Due within One Year	Due in more than One Year
2000 Tax Allocation Bonds Series A - Publicly Offered	\$ 1,290,000	\$ -	\$ (605,000)	\$ 685,000	\$ 160,000	\$ 525,000
Advance from Sewer Fund (Note 4)	233,166	-	(233,166)	-	-	-
Total	<u>\$ 3,239,110</u>	<u>\$ -</u>	<u>\$ (838,166)</u>	<u>\$ 685,000</u>	<u>\$ 160,000</u>	<u>\$ 525,000</u>

2000 Tax Allocation Refunding Bonds

On December 20, 2000, the Agency issued 2000 Tax Allocation Refunding Bonds, Series A and B for the Riverfront Redevelopment Project in the amounts of \$8,520,000 and \$685,000, respectively. Interest rate on the bonds varies from 4% to 5.375%. The Agency used the proceeds of Series A Bonds to finance the refunding and defeasance of \$1,380,000 of 1986 Tax Allocation Bonds and \$3,715,000 of 1991 Tax Allocation Bonds. Series B Bonds were used to pay bond issuance costs and finance certain redevelopment activities of the Agency. The Series A Bonds are payable exclusively from Tax Revenues and certain funds and accounts held under the indenture. Series B Bonds are to be paid exclusively from Surplus Tax Revenues and certain funds and accounts held under the indenture. The balance in the Series A bonds outstanding at June 30, 2020 was \$685,000. The Series B bonds were paid off during the year ended June 30, 2019. This liability was transferred to the Successor Agency upon dissolution of the redevelopment agency. In the event of default the trustee may, upon written request of the owners of not less than a majority of the principal at the time outstanding, declare the principal of the bonds outstanding and interest accrued to be due and payable immediately. The unpaid interest and principal will accrue interest at the rate of 10% per annum.

The annual debt service requirements are as follows:

Year ending June 30,	Series A	
	Principal	Interest
2021	\$ 160,000	\$ 32,519
2022	165,000	23,784
2023	175,000	14,647
2024	185,000	4,972
Total	<u>\$ 685,000</u>	<u>\$ 75,922</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Non-City Obligations

A. Heron Pointe Community Facilities District No. 2002-01

The Heron Pointe Community Facilities District No. 2002-01 was formed to finance public facilities improvements within Heron Pointe. The debt service payments on the bonds will be included on property tax bills within community facilities district and will be collected by the City and then forwarded to the paying agent. A Reserve Fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor have the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2020, was \$2,955,000.

B. Pacific Gateway Business Center Community Facilities District No 2005-01

The Pacific Gateway Business Center Community Facilities District No. 2005-01 was formed to finance public facilities within the Pacific Gateway. The debt service payments on the bonds will be included on property tax bills within the community facilities district and will be collected by the City and then forwarded to the paying agent. A Reserve Fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor have the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2020, was \$7,575,000.

Note 8 – Risk Management and Self Insurance Program

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (the “Authority”). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Risk Management and Self Insurance Program (Continued)

B. Self-Insurance Programs of the Authority (Continued)

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2019-20 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City of Seal Beach participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Seal Beach. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Risk Management and Self Insurance Program (Continued)

C. Purchased Insurance (Continued)

Property Insurance

The City of Seal Beach participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Seal Beach property is currently insured according to a schedule of covered property submitted by the City of Seal Beach to the Authority. City of Seal Beach property currently has all-risk property insurance protection in the amount of \$52,058,159. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City of Seal Beach purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Seal Beach property currently has earthquake protection in the amount of \$51,927,682. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City of Seal Beach purchases crime insurance coverage in the amount of \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-20.

E. Claims Activity

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were workers' compensation claims that remained outstanding for claims occurred prior to joining the Authority. At June 30, 2020, the amount of these liabilities was \$301,413 and was the City's best estimate based on available information.

A summary of the changes in claims liabilities for the past three fiscal years is as follows:

Workers' Compensation	Balance Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance End of Year
2017-2018	\$ 427,595	\$ -	\$ (40,124)	\$ 387,471
2018-2019	387,471	92,274	(56,398)	423,347
2019-2020	423,347	-	(121,934)	301,413

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Defined Benefit Pension Plans

The following is a summary of net pension liabilities and related deferred outflows and inflows of resources as of June 30, 2020 and pension expenses for the year then ended June 30, 2020:

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Pension contribution made after measurement date:			
Miscellaneous	\$ 938,664	\$ 336,522	\$ 1,275,186
Safety	2,882,385	-	2,882,385
Changes of assumptions:			
Miscellaneous	467,548	167,622	635,170
Safety	1,075,684	-	1,075,684
Difference between expected and actual experience:			
Miscellaneous	681,001	244,147	925,148
Safety	1,713,477	-	1,713,477
Adjustment due to differences in proportions:			
Miscellaneous	233,232	83,616	316,848
Safety	437,000	-	437,000
Total deferred outflows of resources	\$ 8,428,991	\$ 831,907	\$ 9,260,898
Aggregate net pension liabilities:			
Aggregate net pension liabilities:			
Miscellaneous	\$ 9,805,024	\$ 3,515,209	\$ 13,320,233
Safety	26,243,693	-	26,243,693
Total net pension liabilities	\$ 36,048,717	\$ 3,515,209	\$ 39,563,926
Deferred inflows of resources:			
Changes of assumptions:			
Miscellaneous	\$ 165,742	\$ 59,420	\$ 225,162
Safety	209,918	-	209,918
Difference between expected and actual experience:			
Miscellaneous	52,764	18,917	71,681
Difference in projected and actual earnings on pension investments:			
Miscellaneous	171,421	61,457	232,878
Safety	361,028	-	361,028
Adjustment due to differences in proportions:			
Miscellaneous	24,595	8,818	33,413
Safety	93,795	-	93,795
Difference between City's contributions and proportionate share of contributions:			
Miscellaneous	503,834	180,630	684,464
Safety	595,819	-	595,819
Total deferred inflows of resources	\$ 2,178,916	\$ 329,242	\$ 2,508,158
Pension expenses:			
Miscellaneous	\$ 1,832,948	\$ 560,762	\$ 2,393,710
Safety	4,737,899	-	4,737,899
Total pension expense	\$ 6,570,847	\$ 560,762	\$ 7,131,609

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Defined Benefit Pension Plans (Continued)

A. General Information about the Pension Plan

Plan Description

The City contributes to the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS annual financial report may be obtained from <https://www.calpers.ca.gov/page/forms-publications>.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

	Miscellaneous	Misc PEPRA	Safety	Safety Fire	Safety Police PEPRA	Other Safety PEPRA
Active employees	43	13	33	-	3	1
Transferred and terminated employees	39	6	6	-	-	-
Separated	24	1	5	1	1	-
Retired Employees and Beneficiaries	148	-	95	40	-	-
Total	254	20	139	41	4	1

Benefit Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic and PEPRA Safety CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

	Cost-sharing Rate Plans			
	PEPRA		PEPRA Safety Rate	
	Miscellaneous Rate Plan*	Miscellaneous Rate Plan	Safety Rate Plan*	Plan
Hire date	Prior to January 1, 2013	January 1, 2013 and after	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2% @ 55	2% @ 62	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively	3.000%, 50+ yrs	2.000%-2.7000%, 52 yrs - 57+ yrs, respectively

* Closed to new entrants

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Defined Benefit Pension Plans (Continued)

A. General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

Participants are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Public agency cost-sharing plans covered by either the Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2019 (the measurement date), the contribution rates were as follows:

	Cost-sharing Rate Plans			
	PEPRA		PEPRA Safety Rate	
	Miscellaneous Rate Plan*	Miscellaneous Rate Plan	Safety Rate Plan*	Plan
Required employee contribution rates	7.000%	6.500%	9.000%	12.250%
Required employer contribution rates	10.152%	7.266%	22.346%	12.965%

* Closed to new entrants

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Defined Benefit Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2018 valuation was rolled forward to determine June 30, 2019 total pension liability based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

¹The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Change of Assumption

In 2019, there were no changes in assumptions.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Defined Benefit Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Long-term Expected Rate of Return (Continued)

Asset Class ⁽¹⁾	Current Target Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

¹ In the CalPERS's CAFR, Fixed Income is included in Global Debt Securities;
Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity
Securities and Global Debt Securities.

² An expected inflation of 2.00% used for this period

³ An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 21,366,351	\$ 13,320,233	\$ 6,678,731
Safety	\$ 39,749,526	\$ 26,243,693	\$ 15,171,026

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Defined Benefit Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Miscellaneous			
Balance at: 6/30/18 (Valuation date)	\$ 49,084,678	\$ 36,903,845	\$ 12,180,833
Balance at: 6/30/19 (Measurement date)	49,819,798	36,499,565	13,320,233
Net Changes during 2018-2019	735,120	(404,280)	1,139,400
Safety			
Balance at: 6/30/18 (Valuation date)	\$ 87,728,966	\$ 63,269,230	\$ 24,459,736
Balance at: 6/30/19 (Measurement date)	91,349,819	65,106,126	26,243,693
Net Changes during 2018-2019	3,620,853	1,836,896	1,783,957

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2018). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2019). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2019 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2018-2019).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the fair value assets.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Defined Benefit Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the City's share of contributions during measurement period.

The City's proportionate share of the net pension liability was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
June 30, 2018	0.12641%	0.25383%
June 30, 2019	0.12999%	0.25611%
Change - Increase (Decrease)	<u>0.00358%</u>	<u>0.00228%</u>

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime ("EARS�") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARS� for risk pool for the 2018-2019 measurement period is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired).

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Pension contribution after measurement date	\$ 1,275,186	\$ -	\$ 2,882,385	\$ -
Changes of assumptions	635,170	(225,162)	1,075,684	(209,918)
Difference between expected and actual experience	925,148	(71,681)	1,713,477	-
Difference between projected and actual earning on pension plan investments	-	(232,878)	-	(361,028)
Adjustment due to differences in proportions	316,848	(33,413)	437,000	(93,795)
Difference between City contributions and proportionate share of contributions	-	(684,464)	-	(595,819)
Total	<u>\$ 3,152,352</u>	<u>\$ (1,247,598)</u>	<u>\$ 6,108,546</u>	<u>\$ (1,260,560)</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 9 – Defined Benefit Pension Plans (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

Deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous	Safety
2020	\$ 703,914	\$ 1,719,244
2021	(204,780)	(91,319)
2022	83,378	267,432
2023	47,056	70,244
2024	-	-
Thereafter	-	-
	<u>\$ 629,568</u>	<u>\$ 1,965,601</u>

Note 10 – Other Postemployment Benefits (“OPEB”) Plan

The following is a summary of net other postemployment benefits (“OPEB”) liabilities and related deferred outflows and inflows of resources as of June 30, 2020 and pension expenses for the year then ended June 30, 2020:

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
OPEB contribution made after measurement date	<u>\$ 789,072</u>	<u>\$ 78,040</u>	<u>\$ 867,112</u>
Aggregate Net OPEB liabilities	<u>\$ 5,458,412</u>	<u>\$ 539,843</u>	<u>\$ 5,998,255</u>
Deferred inflows of resources:			
Changes of assumptions	\$ 296,416	\$ 29,316	\$ 325,732
Difference between expected and actual experience	84,427	8,350	92,777
Difference in projected and actual earnings on OPEB investments	<u>61,656</u>	<u>6,098</u>	<u>67,754</u>
Total deferred inflows of resources	<u>\$ 442,499</u>	<u>\$ 43,764</u>	<u>\$ 486,263</u>
OPEB expenses (credit)	<u>\$ 994,423</u>	<u>\$ (447,805)</u>	<u>\$ 546,618</u>

A. General Information about the OPEB Plan

Plan Description

The City provides postretirement medical benefits to employees who retire directly from the City under CalPERS under a single-employer defined benefit post-employment benefits plan. Eligible retirees can continue participation in the City medical plans (“PEMHCA”). For miscellaneous retirees, the City contributes up to a capped dollar amount which varies by bargaining unit, medical coverage, and years of service. For police safety retirees, the City contribution rate varies by date of hire and date of retirement.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

A. General Information about the OPEB Plan (Continued)

Benefits Provided

Future Retirees are eligible for PEMCHA minimum medical benefits (\$139 per month in 2020) if they retire at Age 50 and above. For legacy hires, reimbursements are generally subject to a maximum, which varies by bargaining group and service years. Dependents are eligible to enroll subject to service year requirements.

Employees Covered by Benefit Term

Active employees	94
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	74
Inactive employees entitled to but not yet receiving benefit payments	-
Total	<u>168</u>

Contributions

The City makes contributions based on an actuarially determined rate.

B. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal level percentage of salary
Actuarial Assumptions:	
Inflation	2.50%
Salary increases	Base salary increases in year one: 2.75%
	Base salary increases in subsequent years: 2.75%
	Additional merit-based increases based on CalPERS.
Investment rate of return	6.50%
Healthcare cost trend rates	6.40% for FY2020, trending down to 4.00% in FY2076 and later years.
Mortality rate	Derived using CalPERS' Membership Data for all Funds.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

C. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2018	\$ 11,340,614	\$ 5,011,887	\$ 6,328,727
Changes during the measurement period:			
Service cost	262,452	-	262,452
Interest	736,104	-	736,104
Differences between expected and actual experience	(109,256)	-	(109,256)
Change of assumptions	(49,484)	-	(49,484)
Contributions:			
Employer - City's contribution	-	710,200	(710,200)
Employer - implicit subsidy	-	136,833	(136,833)
Employee	-	-	-
Net investment income	-	324,350	(324,350)
Benefit payments, including refunds of employee			
Contributions	(419,956)	(419,956)	-
Implicit rate subsidy fulfilled	(136,833)	(136,833)	-
Administrative expenses	-	(1,095)	1,095
Net changes during measurement period 2018-2019	283,027	613,499	(330,472)
Balances as of June 30, 2019 (Measurement Date)	\$ 11,623,641	\$ 5,625,386	\$ 5,998,255

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) follows:

Net OPEB Liability/(Asset)		
Discount Rate - 1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate + 1% (7.50%)
\$ 7,424,489	\$ 5,998,255	\$ 4,808,056

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.40%) or one percentage point higher (7.40%) than current healthcare cost trend rates follows:

Net OPEB Liability/(Asset)		
Healthcare		
1% Decrease (5.40% to 3.00%)	Cost Trend Rate (6.40% to 4.00%)	1% Increase (7.40% to 5.00%)
\$ 4,893,137	\$ 5,998,255	\$ 7,326,091

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized an OPEB expense of \$546,618. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
OPEB contribution after measurement date	\$ 867,112	\$ -
Difference between expected and actual experience	-	(92,777)
Changes of assumptions	-	(325,732)
Difference between projected and actual earning on OPEB plan investments	-	(67,754)
Total	<u>\$ 867,112</u>	<u>\$ (486,263)</u>

Deferred outflows of resources related to OPEB resulting from City’s contributions subsequent to the measurement date in the amount of \$867,112 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2020	\$ (120,102)
2021	(120,103)
2022	(95,420)
2023	(87,001)
2024	(48,555)
Thereafter	(15,082)
	<u>\$ (486,263)</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Classification of Fund Balances

At June 30, 2020, fund balances are classified in the governmental funds as follows:

	General Fund	Capital Projects and Equipment Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepaid items	\$ 41,776	\$ -	\$ -	\$ 41,776
Restricted:				
Employee Benefits	13,046	-	-	13,046
Waste Management	321,216	-	-	321,216
Parking In-lieu	168,687	-	-	168,687
I-405 Corridor Improvements	1,687,520	-	-	1,687,520
Supplemental Law Enforcement	-	-	184,386	184,386
Detention Center	-	-	28,094	28,094
Police Asset Forfeiture	-	-	63,352	63,352
Air Quality Improvements	-	-	7,867	7,867
Parks Improvement	-	-	41,867	41,867
Traffic Impact	-	-	185,760	185,760
State Gasoline Tax	-	-	1,030,526	1,030,526
Measure M2	-	-	1,069,419	1,069,419
Community Development Block Grant	-	-	10,241	10,241
Landscape District	-	-	580,957	580,957
Heron Pointe	-	-	60,464	60,464
Pacific Gateway	-	-	122,503	122,503
Seal Beach Cable	-	-	429,854	429,854
SB 1	-	-	679,905	679,905
Citywide Grants	-	-	268,521	268,521
City Debt Service	-	-	647,266	647,266
Total restricted	2,190,469	-	5,410,982	7,601,451
Committed:				
College Park East	477,000	-	-	477,000
Swimming Pool	4,548,047	-	-	4,548,047
Economic Contingency	1,750,000	-	-	1,750,000
Street Improvement	117,167	-	-	117,167
Fiscal Policy	8,235,831	-	-	8,235,831
Capital Project Improvement	1,939,171	-	-	1,939,171
Total restricted	17,067,216	-	-	17,067,216
Assigned:				
Community Development	1,191,618	-	-	1,191,618
Pier Restaurant	1,395,638	-	-	1,395,638
Compensated Absences	1,422,548	-	-	1,422,548
Encumbrances	94,155	-	-	94,155
Other	266,100	-	-	266,100
Total assigned	4,370,059	-	-	4,370,059
Unassigned (deficit)	3,509,872	(138,577)	(533,117)	2,838,178
Total fund balances	\$ 27,179,392	\$ (138,577)	\$ 4,877,865	\$ 31,918,680

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Commitments and Contingencies

A. Commitments

The City had no material commitments as of June 30, 2020.

B. Contingencies

The City is a defendant in a number of lawsuits, which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty.

C. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of noncompliance were disclosed by the audit of the financial statements or single audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

D. Subsequent Event

The City Council, as the Board of Directors of the Successor Agency to the Seal Beach RDA authorized the early redemption of the 2000 Tax Allocation Refunding Bonds on June 22, 2020. The outstanding balance of the bonds in the amount of \$525,000 was fully redeemed on November 5, 2020.

E. Coronavirus Disease – 19 (COVID-19)

The COVID-19 outbreak in the United States has caused disruptions through mandated and voluntary closings of businesses in the States of California. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and the related effect on tax revenues of the City. However, the related financial impact and duration cannot be reasonably estimated at this time.

Note 13 – Individual Fund Disclosure

A. Expenditures in Excess of Appropriation

The following funds report expenditures in excess of appropriations for the year ended June 30, 2020.

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Expenditures in Excess of Appropriations</u>
Nonmajor Governmental Funds:			
Nonmajor Special Revenue Funds:			
Air Quality Improvement			
Public works	\$ 32,612	\$ 31,200	\$ (1,412)
State Gasoline Tax			
Public works	2,642	1,800	(842)
Heron Pointe			
Community development	9,606	8,100	(1,506)
Seal Beach Cable			
General government	89,199	84,500	(4,699)

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 13 – Individual Fund Disclosure (Continued)

B. Deficit Net Positions and Fund Balances

Funds with deficit fund balances at June 30, 2020 are as follows:

	<u>Deficit</u>
Capital Projects and Equipment	
Capital Projects Fund	\$ (138,577)
Police Grants Special Revenue Fund	(21,859)
CARES Act Special Revenue Fund	(511,258)

The City plans to eliminate the deficit fund balances with future grant revenues.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of Seal Beach
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 25,878,800	\$ 25,878,800	\$ 25,624,395	\$ (254,405)
Licenses and permits	712,200	712,200	844,274	132,074
Intergovernmental	2,960,500	2,960,500	3,160,261	199,761
Charges for services	5,050,700	5,050,700	4,562,469	(488,231)
Use of money and property	792,900	792,900	1,885,265	1,092,365
Fines and forfeitures	1,410,500	1,410,500	1,239,154	(171,346)
Contributions	9,000	9,000	20,942	11,942
Miscellaneous	372,100	372,100	2,987,410	2,615,310
Total revenues	37,186,700	37,186,700	40,324,170	3,137,470
Expenditures:				
Current:				
General government	6,982,300	7,099,100	5,994,506	1,104,594
Public safety	20,447,600	20,471,700	20,460,170	11,530
Community development	1,498,500	1,429,700	1,027,670	402,030
Community services	1,079,000	1,079,200	852,664	226,536
Public works	5,792,600	5,991,200	5,697,425	293,775
Capital outlay	57,000	57,000	-	57,000
Debt service:				
Principal retirement	74,400	74,400	74,370	30
Interest and fiscal charges	17,400	17,400	17,441	(41)
Total expenditures	35,948,800	36,219,700	34,124,246	2,095,454
Revenues over (under) expenditures	1,237,900	967,000	6,199,924	5,232,924
Other Financing Sources (Uses):				
Transfers in	213,511	213,511	980,746	767,235
Transfers out	(3,801,911)	(3,953,611)	(2,115,367)	1,838,244
Total other financing sources (uses)	(3,588,400)	(3,740,100)	(1,134,621)	2,605,479
Net change in fund balance	\$ (2,350,500)	\$ (2,773,100)	5,065,303	\$ 7,838,403
Fund Balance:				
Beginning of year			22,114,088	
End of year			<u>\$ 27,179,391</u>	

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Measurement Date	<u>June 30, 2019</u>
City's Proportion of the Net Pension Liability	0.12949%
City's Proportionate Share of the Net Pension Liability	\$ 13,320,233
City's Covered Payroll	\$ 4,721,968
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>282.09%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>73.26%</u>

California Public Employees' Retirement System ("CalPERS") Safety Plan

Measurement Date	<u>June 30, 2019</u>
City's Proportion of the Net Pension Liability	0.25611%
City's Proportionate Share of the Net Pension Liability	\$ 26,243,693
City's Covered Payroll	\$ 5,137,216
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>510.85%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>71.27%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 is implemented. Additional years will be presented as they become available.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014 ¹
City's Proportion of the Net Pension Liability	0.12641%	0.12396%	0.12144%	0.11333%	0.11644%
City's Proportionate Share of the Net Pension Liability	\$ 12,180,833	\$ 12,293,741	\$ 10,508,345	\$ 7,778,736	\$ 7,245,313
City's Covered Payroll	\$ 4,713,200	\$ 4,385,712	\$ 4,226,024	\$ 4,710,212	\$ 4,503,370
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>258.44%</u>	<u>280.31%</u>	<u>248.66%</u>	<u>165.15%</u>	<u>160.89%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>75.18%</u>	<u>75.11%</u>	<u>76.88%</u>	<u>82.15%</u>	<u>83.18%</u>

California Public Employees' Retirement System ("CalPERS") Safety Plan

Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014 ¹
City's Proportion of the Net Pension Liability	0.25383%	0.24294%	0.24301%	0.23685%	0.19002%
City's Proportionate Share of the Net Pension Liability	\$ 24,459,736	\$ 24,093,096	\$ 21,027,509	\$ 16,257,122	\$ 11,823,793
City's Covered Payroll	\$ 4,833,363	\$ 4,200,942	\$ 4,454,998	\$ 4,734,950	\$ 4,290,168
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>506.06%</u>	<u>573.52%</u>	<u>472.00%</u>	<u>343.34%</u>	<u>275.60%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>72.12%</u>	<u>72.09%</u>	<u>73.44%</u>	<u>78.58%</u>	<u>81.42%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 is implemented. Additional years will be presented as they become available.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Fiscal year	2019-20	2018-19
Actuarially Determined Contribution	\$ 1,275,186	\$ 1,076,211
Contribution in Relation to the Actuarially Determined Contribution	<u>(1,275,186)</u>	<u>(1,076,211)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ²	<u>\$ 4,851,822</u>	<u>\$ 4,721,968</u>
Contributions as a Percentage of Covered Payroll	<u>26.28%</u>	<u>22.79%</u>

California Public Employees' Retirement System ("CalPERS") Safety Plan

Fiscal year	2019-20	2018-19
Actuarially Determined Contribution	\$ 2,882,385	\$ 2,509,250
Contribution in Relation to the Actuarially Determined Contribution	<u>(2,882,385)</u>	<u>(2,509,250)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ²	<u>\$ 5,278,489</u>	<u>\$ 5,137,216</u>
Contributions as a Percentage of Covered Payroll	<u>54.61%</u>	<u>48.84%</u>

¹ Historical information is presented only for measurement periods for which GASB 68 is implemented. Additional years will be presented as they become available.

² Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year 2019-20.

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms.

Changes of Assumptions: In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2020

Last Ten Fiscal Years

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

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Actuarially Determined Contribution	\$ 911,168	\$ 791,754	\$ 709,945	\$ 734,255	\$ 614,667
Contribution in Relation to the Actuarially Determined Contribution	(911,168)	(791,754)	(709,945)	(734,255)	(614,667)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,713,200	\$ 4,385,712	\$ 4,226,024	\$ 4,710,212	\$ 4,597,510
Contributions as a Percentage of Covered Payroll	19.33%	18.05%	16.80%	15.59%	13.37%

California Public Employees' Retirement System ("CalPERS") Safety Plan

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14 ¹
Actuarially Determined Contribution	\$ 2,127,080	\$ 1,748,129	\$ 1,608,716	\$ 1,476,452	\$ 2,157,763
Contribution in Relation to the Actuarially Determined Contribution	(2,127,080)	(1,748,129)	(1,608,716)	(1,476,452)	(2,157,763)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,833,363	\$ 4,200,942	\$ 4,454,998	\$ 4,734,950	\$ 3,995,001
Contributions as a Percentage of Covered Payroll	44.01%	41.61%	36.11%	31.18%	54.01%

¹ Historical information is presented only for measurement periods for which GASB 68 is implemented. Additional years will be presented as they become available.

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms.

Changes of Assumptions: In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	June 30, 2019	June 30, 2018	June 30, 2017 ¹
Total OPEB liability			
Service cost	\$ 262,452	\$ 275,665	\$ 267,961
Interest	736,104	786,251	752,721
Differences between expected and actual experience	(109,256)	-	-
Changes of assumption	(49,484)	(413,262)	-
Benefit payments	(419,956)	(406,031)	(454,685)
Implicit rate subsidy fulfilled	(136,833)	(123,043)	(114,993)
Net change in total OPEB liability	283,027	119,580	451,004
Total OPEB liability, beginning	11,340,614	11,221,034	10,770,030
Total OPEB liability, ending (a)	\$ 11,623,641	\$ 11,340,614	\$ 11,221,034
OPEB fiduciary net position			
Contributions:			
Employer - City's contribution	\$ 710,200	\$ 720,871	\$ 567,185
Employer - Implicit subsidy	136,833	123,043	114,993
Net investment income	324,350	346,820	411,482
Other additions	-	3,763	-
Benefit payments	(419,956)	(406,031)	(454,685)
Implicit rate subsidy fulfilled	(136,833)	(123,043)	(114,993)
Administrative expense	(1,095)	(2,323)	(1,995)
Other deductions	-	(5,765)	-
Net change in plan fiduciary net position	613,499	657,335	521,987
Plan fiduciary net position, beginning	5,011,887	4,354,552	3,832,565
Plan fiduciary net position, ending (b)	5,625,386	5,011,887	4,354,552
Plan net OPEB liability - ending (a) - (b)	\$ 5,998,255	\$ 6,328,727	\$ 6,866,482
Plan's fiduciary net position as a percentage of the total OPEB liability	48.40%	44.19%	38.81%
Covered payroll	\$ 9,923,172	\$ 9,518,945	\$ 8,807,230
Net OPEB liability as a percentage of covered payroll	60.45%	66.49%	77.96%

¹ Historical information is presented only for measurement periods for which GASB 75 is implemented.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2020

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2019-20	2018-19	2017-18	2016-17 ¹
Actuarially determined contribution ²	\$ 763,351	\$ 755,936	\$ 833,241	\$ 812,317
Contribution in relation to the actuarially determined contribution ²	(867,112)	(847,033)	(843,914)	(682,178)
Contribution deficiency/(excess)	<u>\$ (103,761)</u>	<u>\$ (91,097)</u>	<u>\$ (10,673)</u>	<u>\$ 130,139</u>
Covered payroll ³	<u>\$ 10,196,059</u>	<u>\$ 9,923,172</u>	<u>\$ 9,518,945</u>	<u>\$ 8,807,230</u>
Contributions as a percentage of covered payroll	<u>8.50%</u>	<u>8.54%</u>	<u>8.87%</u>	<u>7.75%</u>

¹ Historical information is presented only for measurement periods for which GASB 75 is implemented.

² The June 30, 2019 actuarial valuation provided the actuarially determined contributions for fiscal year ended June 30, 2020.

³ Includes one year's payroll growth using 2.75 percent payroll assumption from fiscal year 2018-19.

Notes to Schedule:

Valuation date: June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal, level percent of pay

Inflation: 2.50% per year

Assumed payroll growth: 2.75% year one and thereafter

Healthcare cost trend: 6.40%, trending down to 4.00%

Rate of return on assets: 6.50%

Mortality: Based on assumptions for Public Agency Miscellaneous and Police members published in the December 2017 CalPERS Experience Study

City of Seal Beach
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2020

Budgetary Control and Accounting Policy

The City prepares its budgets on the basis of estimated revenues and expenditures and, accordingly, the budget amounts included in the accompanying financial statements are presented on a basis substantially consistent with generally accepted accounting principles. Encumbrance accounting is utilized during the fiscal year, whereby purchase orders, contracts and other commitments are recorded in order to control appropriations. However, at fiscal year end, all appropriations lapse. Accordingly, encumbrances are cancelled and generally are re-appropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.

Annual budgets are adopted for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds, except for Parks Improvement Special Revenue Fund and CARES Act Special Revenue Fund. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year.

The budgetary level of control for all governmental fund types is the fund level. The City Manager has the discretion to transfer appropriations between departments within a fund, but transfers between funds must be approved by the City Council.

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SUPPLEMENTARY INFORMATION

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City of Seal Beach
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Capital Projects and Equipment Capital Projects Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 7,612	\$ 7,612
Expenditures:				
Current				
Public works	-	-	740,120	(740,120)
Capital outlay	6,994,700	7,146,400	1,729,166	5,417,234
Total expenditures	<u>6,994,700</u>	<u>7,146,400</u>	<u>2,469,286</u>	<u>4,677,114</u>
Revenues over (under) expenditures	(6,994,700)	(7,146,400)	(2,461,674)	4,684,726
Other Financing Sources:				
Transfers in	<u>6,994,700</u>	<u>7,146,400</u>	<u>2,597,208</u>	<u>(4,549,192)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	135,534	<u>\$ 135,534</u>
Fund Balance:				
Beginning of Year			<u>(274,111)</u>	
End of Year			<u>\$ (138,577)</u>	

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NONMAJOR GOVERNMENTAL FUNDS

Street Lighting Special Revenue Fund: To account for special assessments that are restricted for the maintenance of streetlights and to finance the electricity used by the streetlights.

Supplemental Law Enforcement Special Revenue Fund: To account for funds received from the State under the State Citizens Option for Public Safety Program. Certain procedures are required to be implemented prior to the use of the funds, and the funds cannot be used to supplant existing funding for law enforcement.

Detention Center Special Revenue Fund: To account for funds initially funded by monies seeded the previous jail services vendor. The revenues also derived from sales of commissary items to the prisoners for their benefit.

Police Asset Forfeiture Special Revenue Fund: To accounts for revenues derived from monies and property seized in drug-related incidents.

Air Quality Improvement Special Revenue Fund: To accounts for supplemental vehicle license fee revenue distributed to Cities by the South Coast Air Quality Management District pursuant to Assembly Bill 2766. Expenditures are restricted for programs that will reduce air pollution by reducing, directly or indirectly, mobile source emission pollutants.

Park Improvement Special Revenue Fund: To account for the Quimby Act Fees received by developers that are restricted for the improvement of parks and recreation facilities.

Traffic Impact Special Revenue Fund: To account for fair-share based fees that will serve to offset, or mitigate, the traffic impacts caused by new development.

State Gasoline Tax Special Revenue Fund: To accounts for locally shared gas tax monies collected by the State. Expenditures are restricted for repair, construction, maintenance and right-of-way acquisitions relating to streets and highways.

Measure M2 Special Revenue Fund: To account for funds for transportation improvements through the Measure M Transportation Investment Plan (M2) such as major improvement plans target Orange County freeways, streets and roads, transit and environmental programs.

Community Development Block Grant (CDBG) Special Revenue Fund: To account for resources that are restricted for a wide variety of unique community development needs.

Police Grants Special Revenue Fund: To account for various grants include the Urban Area Security Initiative (UASI), the Office of Traffic Safety (OTS) DUI grant reimburses funds advanced by the City for DUI enforcement, the Bullet Proof Vest Protection (BVP) grant which provides matching funds that are restricted for the purchase of bullet-resistant vests, the Alcoholic Beverage Control (ABC) grant and the Justice Assistance Grant (JAG).

Landscape District Special Revenue Fund: To account for special assessment that are restricted for costs related to the maintenance of parks, parkways and open space within the Community Facility District 2002-02 (Landscape Maintenance).

Heron Pointe Special Revenue Fund: To account for the construction and acquisition of certain public street improvements, water and sanitary sewer improvements, dry utility improvements, park and landscaping improvements.

Pacific Gateway Special Revenue Fund: To account for special assessment that are restricted for costs related to the maintenance of parks, parkways and open space within the District (Landscape Maintenance).

Seal Beach Cable Special Revenue Fund: To account for revenues derived from PEGS fees which provide for channel capacity to be designated for public, education, or government use.

SB 1 Special Revenue Fund: To account for revenue restricted for a wide range of transportation improvement projects.

CARES Act Special Revenue Fund: To account for the revenues and expenditures of CARES Act funds.

Citywide Grants Special Revenue Fund: The Citywide Grants Special Revenue Fund is used to account for various Federal and State grants that are restricted to expenditures for specific projects or purposes.

City Debt Service Debt Service Fund: To accounts for resources that are restricted for the payments of long-term debt.

City of Seal Beach
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
ASSETS				
Cash and investments	\$ 14,021	\$ 187,462	\$ 26,094	\$ 54,495
Receivables:				
Accounts	-	-	2,601	16,588
Taxes	1,110	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 15,131</u>	<u>\$ 187,462</u>	<u>\$ 28,695</u>	<u>\$ 71,083</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 15,131	\$ 2,021	\$ 601	\$ -
Accrued wages and benefits payable	-	1,055	-	7,731
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>15,131</u>	<u>3,076</u>	<u>601</u>	<u>7,731</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	-	184,386	28,094	63,352
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>-</u>	<u>184,386</u>	<u>28,094</u>	<u>63,352</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,131</u>	<u>\$ 187,462</u>	<u>\$ 28,695</u>	<u>\$ 71,083</u>

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			
	Air Quality Improvement	Park Improvement	Traffic Impact	State Gasoline Tax
ASSETS				
Cash and investments	\$ 20	\$ 41,867	\$ 185,760	\$ 978,354
Receivables:				
Accounts	7,847	-	-	-
Taxes	-	-	-	52,172
Interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 7,867</u>	<u>\$ 41,867</u>	<u>\$ 185,760</u>	<u>\$ 1,030,526</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits payable	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	7,867	41,867	185,760	1,030,526
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>7,867</u>	<u>41,867</u>	<u>185,760</u>	<u>1,030,526</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,867</u>	<u>\$ 41,867</u>	<u>\$ 185,760</u>	<u>\$ 1,030,526</u>

(Continued)

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			
	Measure M2	Community Development Block Grant	Police Grants	Landscape District
ASSETS				
Cash and investments	\$ 1,018,097	\$ -	\$ -	\$ 582,706
Receivables:				
Accounts	51,322	34,862	108,974	-
Taxes	-	-	-	4,050
Interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 1,069,419</u>	<u>\$ 34,862</u>	<u>\$ 108,974</u>	<u>\$ 586,756</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 3,941
Accrued wages and benefits payable	-	-	391	1,858
Unearned revenues	-	-	-	-
Due to other funds	-	24,621	108,388	-
Total Liabilities	<u>-</u>	<u>24,621</u>	<u>108,779</u>	<u>5,799</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	22,054	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>22,054</u>	<u>-</u>
Fund Balances:				
Restricted	1,069,419	10,241	-	580,957
Unassigned (deficit)	-	-	(21,859)	-
Total Fund Balances	<u>1,069,419</u>	<u>10,241</u>	<u>(21,859)</u>	<u>580,957</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,069,419</u>	<u>\$ 34,862</u>	<u>\$ 108,974</u>	<u>\$ 586,756</u>

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			
	Heron Pointe	Pacific Gateway	Seal Beach Cable	SB 1
ASSETS				
Cash and investments	\$ 60,464	\$ 125,942	\$ 400,755	\$ 648,638
Receivables:				
Accounts	-	-	28,560	-
Taxes	-	265	-	31,267
Interest	-	-	539	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 60,464</u>	<u>\$ 126,207</u>	<u>\$ 429,854</u>	<u>\$ 679,905</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 1,846	\$ -	\$ -
Accrued wages and benefits payable	-	1,858	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>3,704</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	60,464	122,503	429,854	679,905
Unassigned (deficit)	-	-	-	-
Total Fund Balances	<u>60,464</u>	<u>122,503</u>	<u>429,854</u>	<u>679,905</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 60,464</u>	<u>\$ 126,207</u>	<u>\$ 429,854</u>	<u>\$ 679,905</u>

(Continued)

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue		Debt Service	Total Other
	CARES Act	Citywide Grants	City Debt Service	Governmental Funds
ASSETS				
Cash and investments	\$ 564,145	\$ 261,545	\$ -	\$ 5,150,365
Receivables:				
Accounts	-	6,976	-	257,730
Taxes	-	-	-	88,864
Interest	-	-	-	539
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	647,266	647,266
Total Assets	<u>\$ 564,145</u>	<u>\$ 268,521</u>	<u>\$ 647,266</u>	<u>\$ 6,144,764</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 23,540
Accrued wages and benefits payable	-	-	-	12,893
Unearned revenues	562,803	-	-	562,803
Due to other funds	512,600	-	-	645,609
Total Liabilities	<u>1,075,403</u>	<u>-</u>	<u>-</u>	<u>1,244,845</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	22,054
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,054</u>
Fund Balances:				
Restricted	-	268,521	647,266	5,410,982
Unassigned (deficit)	(511,258)	-	-	(533,117)
Total Fund Balances	<u>(511,258)</u>	<u>268,521</u>	<u>647,266</u>	<u>4,877,865</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 564,145</u>	<u>\$ 268,521</u>	<u>\$ 647,266</u>	<u>\$ 6,144,764</u>

(Concluded)

City of Seal Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
Revenues:				
Taxes	\$ 140,163	\$ -	\$ -	\$ -
Intergovernmental	-	161,856	-	342,567
Charges for services	-	-	4,981	-
Use of money and property	-	4,492	17,943	2,287
Contributions	-	-	-	-
Total revenues	<u>140,163</u>	<u>166,348</u>	<u>22,924</u>	<u>344,854</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	109,567	13,996	236,684
Community development	-	-	-	-
Public works	199,431	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>199,431</u>	<u>109,567</u>	<u>13,996</u>	<u>236,684</u>
Revenues over (under) expenditures	<u>(59,268)</u>	<u>56,781</u>	<u>8,928</u>	<u>108,170</u>
Other Financing Sources (Uses):				
Transfers in	59,268	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>59,268</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	56,781	8,928	108,170
Fund Balance:				
Beginning of Year	-	127,605	19,166	(44,818)
End of Year	<u>\$ -</u>	<u>\$ 184,386</u>	<u>\$ 28,094</u>	<u>\$ 63,352</u>

(Continued)

City of Seal Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue			
	Air Quality Improvement	Park Improvement	Traffic Impact	State Gasoline Tax
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 632,469
Intergovernmental	31,650	30,000	-	-
Charges for services	-	-	-	-
Use of money and property	76	707	3,952	21,211
Contributions	-	-	-	-
Total revenues	31,726	30,707	3,952	653,680
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	32,612	-	-	2,642
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	32,612	-	-	2,642
Revenues over (under) expenditures	(886)	30,707	3,952	651,038
Other Financing Sources (Uses):				
Transfers in	-	-	13,395	-
Transfers out	-	(5,817)	-	(321,152)
Total other financing sources (uses)	-	(5,817)	13,395	(321,152)
Net change in fund balances	(886)	24,890	17,347	329,886
Fund Balance:				
Beginning of Year	8,753	16,977	168,413	700,640
End of Year	<u>\$ 7,867</u>	<u>\$ 41,867</u>	<u>\$ 185,760</u>	<u>\$ 1,030,526</u>

City of Seal Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue			
	Measure M2	Community Development Block Grant	Police Grants	Landscape District
Revenues:				
Taxes	\$ 430,790	\$ -	\$ -	\$ 180,918
Intergovernmental	-	180,000	185,541	-
Charges for services	-	-	-	-
Use of money and property	23,166	-	-	12,167
Contributions	-	-	-	-
Total revenues	453,956	180,000	185,541	193,085
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	100,690	-
Community development	-	180,000	-	109,808
Public works	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	180,000	100,690	109,808
Revenues over (under) expenditures	453,956	-	84,851	83,277
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(676,998)	-	-	(13,000)
Total other financing sources (uses)	(676,998)	-	-	(13,000)
Net change in fund balances	(223,042)	-	84,851	70,277
Fund Balance:				
Beginning of Year	1,292,461	10,241	(106,710)	510,680
End of Year	<u>\$ 1,069,419</u>	<u>\$ 10,241</u>	<u>\$ (21,859)</u>	<u>\$ 580,957</u>

(Continued)

City of Seal Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue			
	Heron Pointe	Pacific Gateway	Seal Beach Cable	SB1
Revenues:				
Taxes	\$ -	\$ 73,631	\$ -	\$ 399,214
Intergovernmental	-	-	-	-
Charges for services	-	-	116,626	-
Use of money and property	-	-	8,490	14,712
Contributions	15,000	25,000	-	-
Total Revenues	<u>15,000</u>	<u>98,631</u>	<u>125,116</u>	<u>413,926</u>
Expenditures:				
Current:				
General government	-	-	89,199	-
Public safety	-	-	-	-
Community development	9,606	81,615	-	-
Public works	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>9,606</u>	<u>81,615</u>	<u>89,199</u>	<u>-</u>
Revenues over (under) expenditures	<u>5,394</u>	<u>17,016</u>	<u>35,917</u>	<u>413,926</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(11,000)	(26,000)	-	(174,974)
Total other financing sources (uses)	<u>(11,000)</u>	<u>(26,000)</u>	<u>-</u>	<u>(174,974)</u>
Net Change in Fund Balances	<u>(5,606)</u>	<u>(8,984)</u>	<u>35,917</u>	<u>238,952</u>
Fund Balance:				
Beginning of Year	66,070	131,487	393,937	440,953
End of Year	<u>\$ 60,464</u>	<u>\$ 122,503</u>	<u>\$ 429,854</u>	<u>\$ 679,905</u>

(Continued)

City of Seal Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue		Debt Service	Total Other Governmental Funds
	CARES Act	Citywide Grants	City Debt Service	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,857,185
Intergovernmental	-	238,284	-	1,169,898
Charges for services	-	-	-	121,607
Use of money and property	1,342	-	7,719	118,264
Contributions	-	-	-	40,000
Total revenues	<u>1,342</u>	<u>238,284</u>	<u>7,719</u>	<u>3,306,954</u>
Expenditures:				
Current:				
General government	-	-	-	89,199
Public safety	-	-	-	460,937
Community development	-	-	-	381,029
Public works	-	-	-	234,685
Debt service:				
Principal	-	-	420,000	420,000
Interest and fiscal charges	-	-	71,171	71,171
Total expenditures	<u>-</u>	<u>-</u>	<u>491,171</u>	<u>1,657,021</u>
Revenues over (under) expenditures	<u>1,342</u>	<u>238,284</u>	<u>(483,452)</u>	<u>1,649,933</u>
Other Financing Sources (Uses):				
Transfers in	-	-	490,909	563,572
Transfers out	(512,600)	(247,919)	(14,645)	(2,004,105)
Total other financing sources (uses)	<u>(512,600)</u>	<u>(247,919)</u>	<u>476,264</u>	<u>(1,440,533)</u>
Net change in fund balances	<u>(511,258)</u>	<u>(9,635)</u>	<u>(7,188)</u>	<u>209,400</u>
Fund Balance:				
Beginning of Year	-	278,156	654,454	4,668,465
End of Year	<u>\$ (511,258)</u>	<u>\$ 268,521</u>	<u>\$ 647,266</u>	<u>\$ 4,877,865</u>

(Concluded)

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Lighting Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 141,700	\$ 141,700	\$ 140,163	\$ (1,537)
Expenditures:				
Current:				
Public works	206,400	206,400	199,431	6,969
Revenues over (under) expenditures	(64,700)	(64,700)	(59,268)	5,432
Other Financing Sources:				
Transfers in	64,700	64,700	59,268	(5,432)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund Balance:				
Beginning of Year			-	
End of Year			\$ -	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 161,856	\$ 21,856
Use of money and property	700	700	4,492	3,792
Total revenues	<u>140,700</u>	<u>140,700</u>	<u>166,348</u>	<u>25,648</u>
Expenditures:				
Current:				
Public safety	<u>121,200</u>	<u>121,600</u>	<u>109,567</u>	<u>12,033</u>
Revenues over expenditures	<u>19,500</u>	<u>19,100</u>	<u>56,781</u>	<u>37,681</u>
Net change in fund balance	<u><u>\$ 19,500</u></u>	<u><u>\$ 19,100</u></u>	<u>56,781</u>	<u><u>\$ 37,681</u></u>
Fund Balance:				
Beginning of Year			<u>127,605</u>	
End of Year			<u><u>\$ 184,386</u></u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Detention Center Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ 500	\$ 500	\$ 4,981	\$ 4,481
Use of money or property	10,000	10,000	17,943	7,943
Total revenues	<u>10,500</u>	<u>10,500</u>	<u>22,924</u>	<u>12,424</u>
Expenditures:				
Current:				
Public safety	<u>20,000</u>	<u>20,000</u>	<u>13,996</u>	<u>6,004</u>
Revenues over (under) expenditures	<u>(9,500)</u>	<u>(9,500)</u>	<u>8,928</u>	<u>18,428</u>
Net change in fund balance	<u><u>\$ (9,500)</u></u>	<u><u>\$ (9,500)</u></u>	<u>8,928</u>	<u><u>\$ 18,428</u></u>
Fund Balance:				
Beginning of Year			<u>19,166</u>	
End of Year			<u><u>\$ 28,094</u></u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Police Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 258,000	\$ 258,000	\$ 342,567	\$ 84,567
Use of money and property	1,100	1,100	2,287	1,187
Total revenues	<u>259,100</u>	<u>259,100</u>	<u>344,854</u>	<u>85,754</u>
Expenditures:				
Current:				
Public safety	<u>265,000</u>	<u>266,500</u>	<u>236,684</u>	<u>29,816</u>
Revenues over (under) expenditures	<u>(5,900)</u>	<u>(7,400)</u>	<u>108,170</u>	<u>115,570</u>
Net change in fund balance	<u><u>\$ (5,900)</u></u>	<u><u>\$ (7,400)</u></u>	<u>108,170</u>	<u><u>\$ 115,570</u></u>
Fund Balance:				
Beginning of Year			<u>(44,818)</u>	
End of Year			<u><u>\$ 63,352</u></u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 31,650	\$ 1,650
Use of money and property	-	-	76	76
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>31,726</u>	<u>1,726</u>
Expenditures:				
Current:				
Public works	<u>31,200</u>	<u>31,200</u>	<u>32,612</u>	<u>(1,412)</u>
Revenues over (under) expenditures	<u>(1,200)</u>	<u>(1,200)</u>	<u>(886)</u>	<u>314</u>
Net change in fund balance	<u>\$ (1,200)</u>	<u>\$ (1,200)</u>	<u>(886)</u>	<u>\$ 314</u>
Fund Balance:				
Beginning of Year			<u>8,753</u>	
End of Year			<u>\$ 7,867</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Impact AB 1600 Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 3,952	\$ 1,952
Other Financing Sources:				
Transfers in	-	-	13,395	13,395
Total other financing sources	-	-	13,395	13,395
Net change in fund balance	<u>\$ 2,000</u>	<u>\$ 2,000</u>	17,347	<u>\$ 15,347</u>
Fund Balance:				
Beginning of Year			168,413	
End of Year			<u>\$ 185,760</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Gasoline Tax Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 689,300	\$ 689,300	\$ 632,469	\$ (56,831)
Use of money and property	5,000	5,000	21,211	16,211
Total revenues	<u>694,300</u>	<u>694,300</u>	<u>653,680</u>	<u>(40,620)</u>
Expenditures:				
Current:				
Public works	<u>1,800</u>	<u>1,800</u>	<u>2,642</u>	<u>(842)</u>
Revenues over (under) expenditures	<u>692,500</u>	<u>692,500</u>	<u>651,038</u>	<u>(41,462)</u>
Other Financing Uses:				
Transfers out	<u>(645,000)</u>	<u>(645,000)</u>	<u>(321,152)</u>	<u>323,848</u>
Net change in fund balance	<u>\$ 47,500</u>	<u>\$ 47,500</u>	<u>329,886</u>	<u>\$ 282,386</u>
Fund Balance:				
Beginning of Year			<u>700,640</u>	
End of Year			<u>\$ 1,030,526</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M2 Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 380,000	\$ 380,000	\$ 430,790	\$ 50,790
Intergovernmental	4,000	4,000	-	(4,000)
Use of money and property	10,000	10,000	23,166	13,166
Total revenues	<u>394,000</u>	<u>394,000</u>	<u>453,956</u>	<u>59,956</u>
Other Financing Sources:				
Transfers out	<u>(1,588,000)</u>	<u>(1,588,000)</u>	<u>(676,998)</u>	<u>911,002</u>
Net change in fund balance	<u><u>\$ (1,194,000)</u></u>	<u><u>\$ (1,194,000)</u></u>	<u>(223,042)</u>	<u><u>\$ 970,958</u></u>
Fund Balance:				
Beginning of Year			<u>1,292,461</u>	
End of Year			<u><u>\$ 1,069,419</u></u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 180,000	\$ -
Expenditures:				
Current:				
Community development	180,000	180,000	180,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance:				
Beginning of Year			10,241	
End of Year			<u>\$ 10,241</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Police Grants Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 233,000	\$ 234,100	\$ 185,541	\$ (48,559)
Expenditures:				
Current:				
Public safety	232,300	233,400	100,690	132,710
Revenues over expenditures	700	700	84,851	84,151
Net change in fund balance	<u>\$ 700</u>	<u>\$ 700</u>	84,851	<u>\$ 84,151</u>
Fund Balance:				
Beginning of Year			(106,710)	
End of Year			<u>\$ (21,859)</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Landscape District Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 166,700	\$ 166,700	\$ 180,918	\$ 14,218
Use of money and property	2,000	2,000	12,167	10,167
Total revenues	<u>168,700</u>	<u>168,700</u>	<u>193,085</u>	<u>24,385</u>
Expenditures:				
Current:				
Community development	<u>113,200</u>	<u>113,200</u>	<u>109,808</u>	<u>3,392</u>
Revenues over expenditures	<u>55,500</u>	<u>55,500</u>	<u>83,277</u>	<u>27,777</u>
Other Financing Uses:				
Transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 42,500</u>	<u>\$ 42,500</u>	<u>70,277</u>	<u>\$ 27,777</u>
Fund Balance:				
Beginning of Year			<u>510,680</u>	
End of Year			<u>\$ 580,957</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Heron Pointe Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenue:				
Contributions	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Expenditures:				
Current:				
Community development	8,100	8,100	9,606	(1,506)
Revenues over (under) expenditures	6,900	6,900	5,394	(1,506)
Other Financing Uses:				
Transfers out	(11,000)	(11,000)	(11,000)	-
Net change in fund balance	<u>\$ (4,100)</u>	<u>\$ (4,100)</u>	(5,606)	<u>\$ (1,506)</u>
Fund Balance:				
Beginning of Year			66,070	
End of Year			<u>\$ 60,464</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Pacific Gateway Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 58,000	\$ 58,000	\$ 73,631	\$ 15,631
Contributions	25,000	25,000	25,000	-
Total revenues	<u>83,000</u>	<u>83,000</u>	<u>98,631</u>	<u>15,631</u>
Expenditures:				
Current:				
Community development	<u>95,700</u>	<u>95,700</u>	<u>81,615</u>	<u>14,085</u>
Revenues over (under) expenditures	<u>(12,700)</u>	<u>(12,700)</u>	<u>17,016</u>	<u>29,716</u>
Other Financing Uses:				
Transfers out	<u>(26,000)</u>	<u>(26,000)</u>	<u>(26,000)</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (38,700)</u></u>	<u><u>\$ (38,700)</u></u>	<u>(8,984)</u>	<u><u>\$ 29,716</u></u>
Fund Balance:				
Beginning of Year			<u>131,487</u>	
End of Year			<u><u>\$ 122,503</u></u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Seal Beach Cable Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ 100,000	\$ 100,000	\$ 116,626	\$ 16,626
Use of money and property	4,000	4,000	8,490	4,490
Total revenues	<u>104,000</u>	<u>104,000</u>	<u>125,116</u>	<u>21,116</u>
Expenditures:				
Current:				
General government	<u>84,500</u>	<u>84,500</u>	<u>89,199</u>	<u>(4,699)</u>
Revenues over (under) expenditures	<u>19,500</u>	<u>19,500</u>	<u>35,917</u>	<u>16,417</u>
Other Financing Uses:				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
Net change in fund balance	<u><u>\$ (10,500)</u></u>	<u><u>\$ (10,500)</u></u>	<u>35,917</u>	<u><u>\$ 46,417</u></u>
Fund Balance:				
Beginning of Year			<u>393,937</u>	
End of Year			<u><u>\$ 429,854</u></u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SB1 Program Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 413,300	\$ 413,300	\$ 399,214	\$ (14,086)
Use of money and property	1,500	1,500	14,712	13,212
Total revenues	<u>414,800</u>	<u>414,800</u>	<u>413,926</u>	<u>(874)</u>
Other Financing Uses:				
Transfers out	<u>(550,000)</u>	<u>(550,000)</u>	<u>(174,974)</u>	<u>375,026</u>
Net change in fund balance	<u><u>\$ (135,200)</u></u>	<u><u>\$ (135,200)</u></u>	<u>238,952</u>	<u><u>\$ 374,152</u></u>
Fund Balance:				
Beginning of Year			<u>440,953</u>	
End of Year			<u><u>\$ 679,905</u></u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Citywide Grants Special Revenue Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 925,000	\$ 925,000	\$ 238,284	\$ (686,716)
Other Financing Uses:				
Transfers out	(925,000)	(925,000)	(247,919)	677,081
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(9,635)	<u>\$ (9,635)</u>
Fund Balance:				
Beginning of Year			278,156	
End of Year			<u>\$ 268,521</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Debt Service Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$ -	\$ -	\$ 7,719	\$ 7,719
Expenditures:				
Debt service:				
Principal retirement	420,000	420,000	420,000	-
Interest and fiscal charges	74,200	74,200	71,171	3,029
Total Expenditures	<u>494,200</u>	<u>494,200</u>	<u>491,171</u>	<u>3,029</u>
Revenues over (under) expenditures	<u>(494,200)</u>	<u>(494,200)</u>	<u>(483,452)</u>	<u>10,748</u>
Other Financing Sources:				
Transfers in	494,200	494,200	490,909	(3,291)
Transfers out	-	-	(14,645)	(14,645)
Total other financing sources	<u>494,200</u>	<u>494,200</u>	<u>476,264</u>	<u>(17,936)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(7,188)</u>	<u>\$ (7,188)</u>
Fund Balance:				
Beginning of Year			<u>654,454</u>	
End of Year			<u>\$ 647,266</u>	

AGENCY FUNDS FINANCIAL STATEMENTS

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City of Seal Beach
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2020

	Deposits	Community Facilities District Heron Pointe	Community Facilities District - Heron Pacific Gateway	Total
Assets:				
Cash and investments	\$ 225,737	\$ 114,150	\$ 183,805	\$ 523,692
Restricted assets:				
Cash and investments with fiscal agents	-	260,014	710,417	970,431
Accounts receivables	35,958	-	1,887	37,845
Total Assets	\$ 261,695	\$ 374,164	\$ 896,109	\$ 1,531,968
Liabilities:				
Deposits payable	\$ 261,695	\$ -	\$ -	\$ 261,695
Due to bondholders	-	374,164	896,109	1,270,273
Total Liabilities	\$ 261,695	\$ 374,164	\$ 896,109	\$ 1,531,968

City of Seal Beach
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>Deposits</u>				
Assets:				
Cash and investments	\$ 77,062	\$ 383,040	\$ (234,365)	\$ 225,737
Accounts receivable	-	38,292	(2,334)	35,958
Total Assets	<u>\$ 77,062</u>	<u>\$ 421,332</u>	<u>\$ (236,699)</u>	<u>\$ 261,695</u>
Liabilities:				
Deposits payable	\$ 77,062	\$ 421,332	\$ (236,699)	\$ 261,695
Total Liabilities	<u>\$ 77,062</u>	<u>\$ 421,332</u>	<u>\$ (236,699)</u>	<u>\$ 261,695</u>
 <u>Community Facilities District</u> <u>Heron Pointe</u>				
Assets:				
Cash and investments	\$ 99,169	\$ 274,341	\$ (259,360)	\$ 114,150
Restricted assets:				
Cash and investments with fiscal agents	259,330	3,830	(3,146)	260,014
Accounts receivables	5,051	-	(5,051)	-
Total Assets	<u>\$ 363,550</u>	<u>\$ 278,171</u>	<u>\$ (267,557)</u>	<u>\$ 374,164</u>
Liabilities:				
Due to bondholders	\$ 363,550	\$ 278,171	\$ (267,557)	\$ 374,164
Total Liabilities	<u>\$ 363,550</u>	<u>\$ 278,171</u>	<u>\$ (267,557)</u>	<u>\$ 374,164</u>
 <u>Community Facilities District</u> <u>Pacific Gateway</u>				
Assets:				
Cash and investments	\$ 171,407	\$ 525,070	\$ (512,672)	\$ 183,805
Restricted assets:				
Cash and investments with fiscal agents	706,061	10,409	(6,053)	710,417
Accounts receivable	-	1,887	-	1,887
Total Assets	<u>\$ 877,468</u>	<u>\$ 537,366</u>	<u>\$ (518,725)</u>	<u>\$ 896,109</u>
Liabilities:				
Due to bondholders	\$ 877,468	\$ 537,366	\$ (518,725)	\$ 896,109
Total Liabilities	<u>\$ 877,468</u>	<u>\$ 537,366</u>	<u>\$ (518,725)</u>	<u>\$ 896,109</u>

City of Seal Beach
Combining Statement of Changes in Assets and Liabilities (Continued)
Agency Fund
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>Total</u>				
Assets:				
Cash and investments	\$ 347,638	\$ 1,182,451	\$ (1,006,397)	\$ 523,692
Restricted assets:				
Cash and investments with fiscal agents	965,391	14,239	(9,199)	970,431
Accounts receivables	5,051	40,179	(7,385)	37,845
Total Assets	<u>\$ 1,318,080</u>	<u>\$ 1,236,869</u>	<u>\$ (1,022,981)</u>	<u>\$ 1,531,968</u>
Liabilities:				
Deposits payable	\$ 77,062	\$ 421,332	\$ (236,699)	\$ 261,695
Due to bondholders	1,241,018	815,537	(786,282)	1,270,273
Total Liabilities	<u>\$ 1,318,080</u>	<u>\$ 1,236,869</u>	<u>\$ (1,022,981)</u>	<u>\$ 1,531,968</u>

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STATISTICAL SECTION

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City of Seal Beach
Statistical Section
Description of Statistical Section Contents
For the Year Ended June 30, 2020

This part of the City of Seal Beach comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	138 - 143
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate it's property and sales taxes.	144 - 147
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	148 - 158
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	159 - 160
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	161 - 164

City of Seal Beach
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Governmental activities:					
Net investment in capital assets,	\$ 68,117,517	\$ 70,801,667	\$ 73,693,829	\$ 72,498,068	\$ 74,296,935
Restricted	5,179,337	2,662,285	3,271,671	4,426,990	3,842,792
Unrestricted	27,557,417	29,666,427	23,570,750	25,953,129	4,097,282
Total governmental activities net position	<u>\$ 100,854,271</u>	<u>\$ 103,130,379</u>	<u>\$ 100,536,250</u>	<u>\$ 102,878,187</u>	<u>\$ 82,237,009</u>
Business-type activities:					
Net investment in capital assets,	\$ 29,552,934	\$ 32,020,831	\$ 32,645,747	\$ 32,360,440	\$ 34,451,074
Restricted	-	-	-	-	-
Unrestricted	13,633,764	11,318,443	12,593,950	15,532,304	12,470,553
Total business-type activities net position	<u>\$ 43,186,698</u>	<u>\$ 43,339,274</u>	<u>\$ 45,239,697</u>	<u>\$ 47,892,744</u>	<u>\$ 46,921,627</u>
Primary government:					
Net investment in capital assets,	\$ 97,670,451	\$ 102,822,498	\$ 106,339,576	\$ 104,858,508	\$ 108,748,009
Restricted	5,179,337	2,662,285	3,271,671	4,426,990	3,842,792
Unrestricted	41,191,181	40,984,870	36,164,700	41,485,433	16,567,835
Total primary government net position	<u>\$ 144,040,969</u>	<u>\$ 146,469,653</u>	<u>\$ 145,775,947</u>	<u>\$ 150,770,931</u>	<u>\$ 129,158,636</u>

Source: Finance Department, City of Seal Beach.

City of Seal Beach
Net Position by Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2017		2018	2019	2020
	2016	(As Restated)			
Governmental activities:					
Net investment in capital assets,	\$ 73,939,948	\$ 72,399,752	\$ 72,667,466	\$ 87,071,592	\$ 84,530,565
Restricted	3,866,679	4,587,081	4,207,675	4,825,412	7,601,451
Unrestricted	4,713,193	(3,660,561)	(4,911,027)	(9,873,029)	(11,716,752)
Total governmental activities net position	<u>\$ 82,519,820</u>	<u>\$ 73,326,272</u>	<u>\$ 71,964,114</u>	<u>\$ 82,023,975</u>	<u>\$ 80,415,264</u>
Business-type activities:					
Net investment in capital assets,	\$ 34,145,069	\$ 33,109,258	\$ 31,663,486	\$ 32,937,448	\$ 31,473,936
Restricted	-	-	25,082	25,082	25,082
Unrestricted	13,544,158	12,625,701	14,709,960	13,656,457	13,930,796
Total business-type activities net position	<u>\$ 47,689,227</u>	<u>\$ 45,734,959</u>	<u>\$ 46,398,528</u>	<u>\$ 46,618,987</u>	<u>\$ 45,429,814</u>
Primary government:					
Net investment in capital assets,	\$ 108,085,017	\$ 105,509,010	\$ 104,330,952	\$ 120,009,040	\$ 116,004,501
Restricted	3,866,679	4,587,081	4,232,757	4,850,494	7,626,533
Unrestricted	18,257,351	8,965,140	9,798,933	3,783,428	2,214,044
Total primary government net position	<u>\$ 130,209,047</u>	<u>\$ 119,061,231</u>	<u>\$ 118,362,642</u>	<u>\$ 128,642,962</u>	<u>\$ 125,845,078</u>

Source: Finance Department, City of Seal Beach.

City of Seal Beach
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses:					
Governmental activities:					
General government	\$ 8,135,200	\$ 6,477,795	\$ 5,373,180	\$ 5,040,070	\$ 6,551,584
Public safety	13,493,413	14,152,774	15,005,590	15,999,900	16,022,465
Community development	1,654,009	1,372,334	1,781,188	1,306,898	1,393,712
Community services	1,040,723	940,754	1,272,680	1,079,006	1,129,300
Public works	6,304,343	6,577,233	6,212,516	6,902,521	7,862,892
Interest on long-term debt	1,012,516	693,065	574,763	487,221	444,132
Total governmental activities expenses	<u>31,640,204</u>	<u>30,213,955</u>	<u>30,219,917</u>	<u>30,815,616</u>	<u>33,404,085</u>
Business-type activities:					
Water utility	4,005,747	4,165,575	4,267,840	4,439,797	4,037,798
Sewer utility	1,412,326	1,402,249	1,520,478	1,730,940	1,661,225
Total business-type activities expenses	<u>5,418,073</u>	<u>5,567,824</u>	<u>5,788,318</u>	<u>6,170,737</u>	<u>5,699,023</u>
Total primary government expenses	<u>37,058,277</u>	<u>35,781,779</u>	<u>36,008,235</u>	<u>36,986,353</u>	<u>39,103,108</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	1,770,024	1,462,840	450,911	1,632,975	1,820,019
Public safety	1,515,727	1,667,184	1,565,527	1,384,701	2,132,176
Community development	92,131	130,118	111,008	182,021	186,858
Community services	815,779	930,501	981,440	1,062,796	1,020,316
Public works	1,738,965	1,869,575	1,980,116	1,962,242	1,937,305
Operating contributions and grants	1,775,825	5,890,556	5,837,093	2,402,490	2,768,435
Capital grants and contributions	23,967	44,405	-	10,000	20,000
Total governmental activities program revenues	<u>7,732,418</u>	<u>11,995,179</u>	<u>10,926,095</u>	<u>8,637,225</u>	<u>9,885,109</u>
Business-type activities:					
Charges for services:					
Water utility	4,190,824	4,376,906	4,924,109	5,092,152	4,556,001
Sewer utility	2,212,559	2,442,608	2,675,201	2,775,332	2,765,357
Total business-type activities program revenues	<u>6,403,383</u>	<u>6,819,514</u>	<u>7,599,310</u>	<u>7,867,484</u>	<u>7,321,358</u>
Total primary government program revenues	<u>14,135,801</u>	<u>18,814,693</u>	<u>18,525,405</u>	<u>16,504,709</u>	<u>17,206,467</u>
Net revenues (expenses):					
Governmental activities	(23,907,786)	(18,218,776)	(19,293,822)	(22,178,391)	(23,518,976)
Business-type activities	<u>985,310</u>	<u>1,251,690</u>	<u>1,810,992</u>	<u>1,696,747</u>	<u>1,622,335</u>
Total net revenues (expenses)	<u><u>\$ (22,922,476)</u></u>	<u><u>\$ (16,967,086)</u></u>	<u><u>\$ (17,482,830)</u></u>	<u><u>\$ (20,481,644)</u></u>	<u><u>\$ (21,896,641)</u></u>

Source: Finance Department, City of Seal Beach.

City of Seal Beach
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 10,794,375	\$ 10,337,486	\$ 9,958,198	\$ 9,498,277	\$ 10,050,815
Transient occupancy taxes	1,221,491	970,275	1,289,007	1,509,095	1,525,723
Sales tax	4,160,359	4,930,037	5,408,756	4,742,859	4,246,080
Franchise taxes	1,030,736	1,008,031	1,126,398	1,324,860	1,163,595
Utility users taxes	5,310,666	5,484,256	4,732,597	4,644,218	4,646,434
Other taxes	228,449	338,176	328,743	555,804	344,789
Motor vehicle in lieu, unrestricted	119,022	12,868	13,333	11,035	10,659
Use of money and property	735,082	714,342	372,693	674,875	725,720
Other	312,316	230,997	331,175	544,406	356,749
Transfers	-	-	-	378,500	378,500
Extraordinary Gain(loss)	-	(3,531,584)	-	-	694,585
Total governmental activities	<u>23,912,496</u>	<u>20,494,884</u>	<u>23,560,900</u>	<u>23,883,929</u>	<u>24,143,649</u>
Business-type activities:					
Use of money and property	109,160	96,774	84,371	133,995	109,575
Other	5,469	4,112	5,060	805	3,698
Transfers	-	-	-	(378,500)	(378,500)
Extraordinary Gain(loss)	-	(1,200,000)	-	1,200,000	-
Total business-type activities	<u>114,629</u>	<u>(1,099,114)</u>	<u>89,431</u>	<u>956,300</u>	<u>(265,227)</u>
Total primary government	<u>24,027,125</u>	<u>19,395,770</u>	<u>23,650,331</u>	<u>24,840,229</u>	<u>23,878,422</u>
Changes in net position:					
Governmental activities	4,710	2,276,108	4,267,078	1,705,538	624,673
Business-type activities	<u>1,099,939</u>	<u>152,576</u>	<u>1,900,423</u>	<u>2,653,047</u>	<u>1,357,108</u>
Total primary government	<u>\$ 1,104,649</u>	<u>\$ 2,428,684</u>	<u>\$ 6,167,501</u>	<u>\$ 4,358,585</u>	<u>\$ 1,981,781</u>

Source: Finance Department, City of Seal Beach.

City of Seal Beach
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses:					
Governmental activities:					
General government	\$ 6,264,368	\$ 5,894,947	\$ 6,161,230	\$ 6,479,347	\$ 7,007,436
Public safety	16,972,880	19,867,060	19,877,068	21,497,362	24,017,239
Community development	1,100,110	1,218,902	1,593,008	1,499,652	1,576,854
Community services	1,036,627	995,468	964,634	945,425	866,786
Public works	6,956,443	6,992,604	7,367,882	7,752,351	10,748,166
Interest on long-term debt	349,652	342,951	225,675	143,040	88,274
Total governmental activities expenses	<u>32,680,080</u>	<u>35,311,932</u>	<u>36,189,497</u>	<u>38,317,177</u>	<u>44,304,755</u>
Business-type activities:					
Water utility	4,102,228	4,977,160	4,668,618	4,909,193	5,444,831
Sewer utility	1,676,651	2,639,043	2,539,783	2,523,366	3,035,443
Total business-type activities expenses	<u>5,778,879</u>	<u>7,616,203</u>	<u>7,208,401</u>	<u>7,432,559</u>	<u>8,480,274</u>
Total primary government expenses	<u>38,458,959</u>	<u>42,928,135</u>	<u>43,397,898</u>	<u>45,749,736</u>	<u>52,785,029</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	2,074,448	1,913,909	2,062,987	1,913,201	1,207,956
Public safety	1,521,220	2,045,589	1,903,530	1,907,577	2,124,798
Community development	192,878	217,486	300,640	597,318	231,087
Community services	1,015,517	707,813	733,456	840,428	700,877
Public works	1,832,289	2,105,747	2,398,039	2,556,857	2,754,304
Operating contributions and grants	2,122,139	1,721,167	2,334,480	2,588,454	3,457,197
Capital grants and contributions	10,000	174,685	79,175	9,777,900	30,707
Total governmental activities program revenues	<u>8,768,491</u>	<u>8,886,396</u>	<u>9,812,307</u>	<u>20,181,735</u>	<u>10,506,926</u>
Business-type activities:					
Charges for services:					
Water utility	4,261,566	4,782,468	5,097,807	4,851,274	4,268,610
Sewer utility	2,466,869	2,784,942	2,928,885	2,854,208	3,007,958
Total business-type activities program revenues	<u>6,728,435</u>	<u>7,567,410</u>	<u>8,026,692</u>	<u>7,705,482</u>	<u>7,276,568</u>
Total primary government program revenues	<u>15,496,926</u>	<u>16,453,806</u>	<u>17,838,999</u>	<u>27,887,217</u>	<u>17,783,494</u>
Net revenues (expenses):					
Governmental activities	(23,911,589)	(26,425,536)	(26,377,190)	(18,135,442)	(33,797,829)
Business-type activities	<u>949,556</u>	<u>(48,793)</u>	<u>818,291</u>	<u>272,923</u>	<u>(1,203,706)</u>
Total net revenues (expenses)	<u><u>\$ (22,962,033)</u></u>	<u><u>\$ (26,474,329)</u></u>	<u><u>\$ (25,558,899)</u></u>	<u><u>\$ (17,862,519)</u></u>	<u><u>\$ (35,001,535)</u></u>

Source: Finance Department, City of Seal Beach.

City of Seal Beach
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 10,408,505	\$ 11,012,246	\$ 11,180,197	\$ 11,481,535	\$ 12,358,059
Transient occupancy taxes	1,655,376	1,693,515	1,666,996	1,631,445	1,298,707
Sales tax	4,228,730	4,379,341	4,303,618	5,546,264	9,108,334
Franchise taxes	955,922	1,016,938	1,059,581	1,097,774	1,034,280
Utility users taxes	4,445,180	4,177,713	4,186,554	4,061,031	3,941,877
Other taxes	197,166	190,510	163,277	227,978	724,854
Motor vehicle in lieu, unrestricted	9,960	11,235	13,102	12,473	21,133
Use of money and property	1,004,572	425,014	300,817	1,692,720	1,862,213
Other	536,175	214,219	1,762,390	2,065,583	1,463,177
Transfers	378,500	378,500	378,500	378,500	376,483
Extraordinary Gain(loss)	-	-	-	-	-
Total governmental activities	<u>23,820,086</u>	<u>23,499,231</u>	<u>25,015,032</u>	<u>28,195,303</u>	<u>32,189,117</u>
Business-type activities:					
Use of money and property	176,437	167,661	223,778	326,036	391,016
Other	20,107	-	-	-	-
Transfers	(378,500)	(378,500)	(378,500)	(378,500)	(376,483)
Extraordinary Gain(loss)	-	-	-	-	-
Total business-type activities	<u>(181,956)</u>	<u>(210,839)</u>	<u>(154,722)</u>	<u>(52,464)</u>	<u>14,533</u>
Total primary government	<u>23,638,130</u>	<u>23,288,392</u>	<u>24,860,310</u>	<u>28,142,839</u>	<u>32,203,650</u>
Changes in net position:					
Governmental activities	(91,503)	23,499,231	25,015,032	10,059,861	(1,608,712)
Business-type activities	<u>767,600</u>	<u>(210,839)</u>	<u>(154,722)</u>	<u>220,459</u>	<u>(1,189,173)</u>
Total primary government	<u>\$ 676,097</u>	<u>\$ 23,288,392</u>	<u>\$ 24,860,310</u>	<u>\$ 10,280,320</u>	<u>\$ (2,797,885)</u>

Source: Finance Department, City of Seal Beach.

City of Seal Beach
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund:					
Nonspendable	\$ 100	\$ -	\$ -	\$ 1,549,735	\$ 666,102
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	9,371,679	9,106,458	8,301,699	8,227,258	7,623,994
Unassigned	16,952,806	19,263,118	21,149,350	22,314,838	21,711,517
Total general fund	<u>\$ 26,324,585</u>	<u>\$ 28,369,576</u>	<u>\$ 29,451,049</u>	<u>\$ 32,091,831</u>	<u>\$ 30,001,613</u>
All Other government funds:					
Nonspendable	\$ 1,957,603	\$ -	\$ -	\$ -	\$ -
Restricted	5,179,337	2,662,285	3,271,671	4,426,990	3,842,792
Assigned	2,825,953	87,375	89,004	71,993	-
Unassigned	(134,079)	(470,485)	(56,810)	(368,629)	(525,408)
Total all Other government funds:	<u>\$ 9,828,814</u>	<u>\$ 2,279,175</u>	<u>\$ 3,303,865</u>	<u>\$ 4,130,354</u>	<u>\$ 3,317,384</u>

Source: Finance Department, City of Seal Beach

City of Seal Beach
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
General Fund:					
Nonspendable	\$ 682,859	\$ 2,877	\$ 32,495	\$ 33,795	\$ 41,776
Restricted	-	12,277	5,266	5,419	2,190,469
Committed	-	-	-	-	17,067,216
Assigned	7,610,286	7,478,281	8,289,150	10,152,504	4,370,059
Unassigned	20,811,037	19,770,202	17,491,623	11,922,370	3,509,871
Total general fund	<u>\$ 29,104,182</u>	<u>\$ 27,263,637</u>	<u>\$ 25,818,534</u>	<u>\$ 22,114,088</u>	<u>\$ 27,179,391</u>
All Other government funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,866,679	4,131,203	4,110,558	4,819,993	5,410,982
Assigned	-	-	-	-	-
Unassigned	(51,254)	(184,908)	(34,159)	(425,639)	(671,694)
Total all Other government funds:	<u>\$ 3,815,425</u>	<u>\$ 3,946,295</u>	<u>\$ 4,076,399</u>	<u>\$ 4,394,354</u>	<u>\$ 4,739,288</u>

Source: Finance Department, City of Seal Beach

City of Seal Beach
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues:					
Taxes	\$ 23,624,925	\$ 24,165,883	\$ 23,831,431	\$ 23,476,034	\$ 23,114,876
Licenses and permits	1,179,759	926,761	1,247,750	1,369,275	1,377,131
Intergovernmental	949,294	5,058,175	3,002,321	869,294	1,725,127
Charges for services	3,769,165	4,044,566	4,117,034	3,895,371	3,961,691
Use of money and property	735,082	714,342	372,693	674,875	725,720
Fines and forfeitures	983,702	1,085,291	1,063,172	1,013,695	1,146,509
Contributions from other governments	-	-	10,209	341,698	330,885
Miscellaneous	312,316	234,597	301,771	579,125	375,588
Total revenues	<u>31,554,243</u>	<u>36,229,615</u>	<u>33,946,381</u>	<u>32,219,367</u>	<u>32,757,527</u>
Expenditures					
Current:					
General government	7,211,870	5,169,799	5,062,467	4,493,594	5,462,668
Public safety	13,297,057	13,948,663	14,460,833	15,439,757	15,811,773
Community development	1,649,921	1,353,068	1,420,065	1,298,071	1,362,308
Community services	965,222	880,983	1,182,716	1,048,427	1,129,497
Public works	4,059,001	4,047,013	4,156,616	4,871,887	5,631,015
Capital outlay	6,622,692	5,530,575	3,316,684	2,094,120	4,578,308
Debt service:					
Principal retirement	2,066,373	2,195,014	1,734,446	1,265,135	1,337,573
Interest and fiscal charges	1,027,743	790,581	562,184	492,935	441,040
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>36,899,879</u>	<u>33,915,696</u>	<u>31,896,011</u>	<u>31,003,926</u>	<u>35,754,182</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(5,345,636)</u>	<u>2,313,919</u>	<u>2,050,370</u>	<u>1,215,441</u>	<u>(2,996,655)</u>
Other financing sources (uses):					
Transfers in	9,370,333	8,209,025	5,825,432	4,363,955	7,012,848
Transfers out	(9,370,333)	(8,209,025)	(6,135,432)	(4,295,455)	(6,919,381)
Debt issuance	-	-	-	1,546,931	-
Proceeds on sale of assets	18,614	-	-	-	-
Total other financing sources (uses)	<u>18,614</u>	<u>-</u>	<u>(310,000)</u>	<u>1,615,431</u>	<u>93,467</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>-</u>	<u>(7,818,567)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (5,327,022)</u>	<u>\$ (5,504,648)</u>	<u>\$ 1,740,370</u>	<u>\$ 2,830,872</u>	<u>\$ (2,903,188)</u>
Debt service as a percentage of noncapital expenditures	10.2%	10.5%	8.0%	6.1%	5.7%

Note: On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 that provides for the dissolution of all redevelopment agencies in the State of California. The Redevelopment Agency was dissolved on February 1, 2012.

Source: Finance Department, City of Seal Beach

City of Seal Beach
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2016	2017	2018	2019	2020
Revenues:					
Taxes	\$ 22,828,144	\$ 23,368,371	\$ 24,021,668	\$ 25,903,080	\$ 27,481,580
Licenses and permits	1,304,924	1,234,590	1,480,971	1,416,737	844,274
Intergovernmental	1,388,056	744,904	1,530,815	857,923	4,330,159
Charges for services	4,214,690	5,349,083	4,586,949	4,878,405	4,684,076
Use of money and property	1,004,572	426,418	347,117	1,772,775	2,003,529
Fines and forfeitures	1,110,606	152,845	1,089,515	946,048	1,239,154
Contributions from other governments	283,222	180,511	55,765	45,994	60,942
Miscellaneous	537,777	492,245	520,420	2,319,864	2,995,022
Total revenues	<u>32,671,991</u>	<u>31,948,967</u>	<u>33,633,220</u>	<u>38,140,826</u>	<u>43,638,736</u>
Expenditures					
Current:					
General government	5,351,130	5,673,309	5,757,859	6,169,490	6,083,705
Public safety	16,378,416	17,395,965	18,148,871	19,240,608	20,921,107
Community development	1,175,339	1,186,081	1,488,921	1,446,025	1,408,699
Community services	1,075,282	1,004,690	954,018	942,804	852,664
Public works	4,862,058	4,586,373	4,967,066	5,160,373	6,672,230
Capital outlay	2,645,823	1,506,476	2,567,080	7,378,774	1,729,166
Debt service:					
Principal retirement	1,490,150	2,162,379	1,640,521	1,754,905	494,370
Interest and fiscal charges	355,819	353,322	231,779	152,863	88,612
Bond issuance costs					
	<u>33,334,017</u>	<u>33,868,595</u>	<u>35,756,115</u>	<u>42,245,842</u>	<u>38,250,553</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(662,026)</u>	<u>(1,919,628)</u>	<u>(2,122,895)</u>	<u>(4,105,016)</u>	<u>5,388,183</u>
Other financing sources (uses):					
Transfers in	5,602,944	4,472,129	5,714,614	9,381,712	4,141,526
Transfers out	(5,340,308)	(4,262,176)	(4,906,717)	(8,663,187)	(4,119,472)
Debt issuance	-	-	-	-	-
Proceeds on sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>262,636</u>	<u>209,953</u>	<u>807,897</u>	<u>718,525</u>	<u>22,054</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (399,390)</u>	<u>\$ (1,709,675)</u>	<u>\$ (1,314,998)</u>	<u>\$ (3,386,491)</u>	<u>\$ 5,410,237</u>
Debt service as a percentage of noncapital expenditures	6.0%	7.8%	5.6%	5.5%	1.6%

City of Seal Beach
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City			Redevelopment Agency			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2011	\$ 4,114,053,573	\$ 167,978,268	\$ 4,282,031,841	\$ 408,349,567	\$ 10,330,287	\$ 418,679,854	1.00%
2012	4,219,133,372	215,211,254	4,434,344,626	410,499,845	6,813,130	417,312,975	1.00%
2013	4,304,310,243	176,246,398	4,480,556,641	424,660,008	7,294,003	431,954,011	1.00%
2014	4,408,299,607	172,172,784	4,580,472,391	453,448,325	8,270,821	461,719,146	1.00%
2015	4,706,609,532	184,449,987	4,891,059,519	556,548,983	3,863,246	560,412,229	1.00%
2016	4,794,299,125	287,392,225	5,081,691,350	530,597,248	32,693,247	563,290,495	1.00%
2017	4,978,010,106	189,618,406	5,167,628,512	300,533,393	2,090,757	302,624,150	1.00%
2018	5,233,421,188	194,765,328	5,428,186,516	309,374,617	2,150,646	311,525,263	1.00%
2019	5,475,549,249	150,370,464	5,625,919,713	320,174,015	2,103,366	322,277,381	1.00%
2020	5,817,397,419	163,933,178	5,981,330,597	363,940,344	3,281,367	367,221,711	1.00%

¹ Beginning with the fiscal year ended June 30, 2003, exemptions are netted directly against the individual property categories.

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of Orange, Auditor - Controller Assessed Valuations Detail

City of Seal Beach
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City Direct Rates:										
City Direct Rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:										
Orange County Bonds	0.01750	0.01754	0.01881	0.03015	0.03015	0.03092	0.03092	0.03116	0.03052	0.03100
Metropolitan Water District	0.03347	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Other Districts	0.00370	0.03603	0.04124	0.04830	0.04821	0.05219	0.05219	0.04833	0.04921	0.07990
Total Direct Rate	<u>1.04098</u>	<u>1.05467</u>	<u>1.05727</u>	<u>1.06355</u>	<u>1.08195</u>	<u>1.08661</u>	<u>1.08661</u>	<u>1.08299</u>	<u>1.08323</u>	<u>1.11440</u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the School District bonds.

Source: County of Orange, Auditor-Controller's Office

City of Seal Beach
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020		2011	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Seal Beach Mutual	\$ 1,037,239,905	17.35%	\$ 622,715,127	14.55%
Western National Life Insurance Company			\$ 129,741,780	3.03%
CPT Shops at Rossmoor LLC	129,104,144	2.16%		
Boeing North American	127,326,423	2.13%	124,055,687	2.90%
ASN Long Beach LLC	124,533,254	2.08%	60,000,000	1.40%
Terra Funding-Bixby Ranch LLC	94,146,189	1.58%		
Rossmoor Shops LLC			52,288,966	1.22%
Al United States Seal Beach Senior Housing	51,788,000	0.87%	45,638,842	1.07%
Ranch Town Center LLC	47,779,093	0.80%	41,179,587	0.96%
OXY Long Beach Inc	46,091,124	0.77%	118,396,375	2.77%
Hellman Properties			33,928,466	0.79%
Shea Homes LP	37,362,600	0.63%		
Columbia Regency Retail Partners LLC	28,790,112	0.48%		
Old Ranch Country Club LLC			26,676,532	0.62%
	<u>\$ 1,724,160,844</u>	<u>28.85%</u>	<u>\$ 1,254,621,362</u>	<u>29.31%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: HDL Coren & Cone

City of Seal Beach
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2011	\$ 8,385,415	\$ 8,190,860	97.68%	\$ 178,283	\$ 8,369,142	99.81%
2012	8,608,773	8,404,621	97.63%	125,019	8,529,640	99.08%
2013	8,814,252	8,629,271	97.90%	118,645	8,747,916	99.25%
2014	9,407,263	9,240,201	98.22%	103,007	9,343,208	99.32%
2015	10,438,079	10,222,017	97.93%	73,362	10,295,379	98.63%
2016	10,472,603	10,196,356	97.36%	81,860	10,278,216	98.14%
2017	10,945,834	10,710,665	97.85%	65,706	10,776,371	98.45%
2018	11,415,167	11,226,591	98.35%	66,149	11,292,740	98.93%
2019	12,131,891	11,590,056	95.53%	60,234	11,650,289	96.03%
2020	13,319,047	7,667,943	57.57%	62,614	7,730,557	58.04%

NOTE:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies. On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 that provides for the dissolution of all redevelopment agencies in the State of California. The Redevelopment Agency was dissolved on February 1, 2012.

Source: Orange County Tax Ledger

City of Seal Beach
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities							
Fiscal Year Ended June 30	Capital Lease	Countrywide Financing Authority Lease	Tax Allocation Bonds	Pension Obligation Bonds	Fire Station Bonds	Climatec	Total Governmental Activities
2011	\$ 323,595	\$ 120,000	\$ 5,575,000	\$ 8,311,000	\$ 5,355,000	\$ -	\$ 19,684,595
2012	202,581	-	-	7,227,000	4,935,000	-	12,364,581
2013	70,135	-	-	6,045,000	4,515,000	-	10,630,135
2014	-	-	-	5,270,000	4,095,000	1,562,400	10,927,400
2015	-	-	-	4,411,000	3,675,000	1,488,358	9,574,358
2016	-	-	-	3,461,000	3,255,000	1,368,208	8,084,208
2017	-	-	-	2,414,000	2,835,000	672,829	5,921,829
2018	-	-	-	1,263,000	2,415,000	603,308	4,281,308
2019	-	-	-	-	1,995,000	531,403	2,526,403
2020	-	-	-	-	1,575,000	457,033	2,032,033

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements. In addition on December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 that provides for the dissolution of all redevelopment agencies in the State of California. The Redevelopment Agency was dissolved on February 1, 2012. The debt was transferred to the Successor Agency to the Seal Beach Redevelopment Agency.

¹See the schedule of Demographic and Economic Statistics on page 155 for personal income and population data.

*Data not readily available.

Source: Finance Department, City of Seal Beach

City of Seal Beach
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years

Business-type Activities								
Fiscal Year Ended June 30	Economic	Sewer Certificates of Participation	Sewer 2011 Installment Agreement	Sewer State Revolving Agreement	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
	Development Administration Loan							
2011	\$ 99,521	\$ -	\$ 3,200,000	\$ -	\$ 3,299,521	\$ 24,184,116	*	930
2012	87,453	-	3,085,000	-	3,172,453	16,737,034	*	687
2013	74,780	-	2,965,000	4,645,401	7,685,181	19,515,316	*	750
2014	-	-	2,835,000	4,068,778	6,903,778	19,031,178	*	732
2015	-	-	2,705,000	3,893,311	6,598,311	17,125,013	*	697
2016	-	-	2,565,000	3,718,034	6,283,034	15,081,352	*	613
2017	-	-	2,420,000	3,538,201	5,958,201	5,958,201	*	483
2018	-	-	2,270,000	3,353,690	5,623,690	9,904,998	*	398
2019	-	-	2,110,000	3,164,384	5,274,384	7,800,787	*	313
2020	-	-	1,940,000	2,970,155	4,910,155	6,942,188	*	278

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements. In addition on December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 that provides for the dissolution of all redevelopment agencies in the State of California. The Redevelopment Agency was dissolved on February 1, 2012. The debt was transferred to the Successor Agency to the Seal Beach Redevelopment Agency.

¹See the schedule of Demographic and Economic Statistics on page 155 for personal income and population data.

*Data not readily available.

Source: Finance Department, City of Seal Beach

City of Seal Beach
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Bonds	Private Placement Bonds	Total Bonds	Percent of Assessed Value ¹	Per Capita
2011	\$ 5,575,000	\$ 13,666,000	\$ 19,241,000	0.38%	\$ 790
2012	-	12,162,000	12,162,000	0.24%	497
2013	-	10,560,000	10,560,000	0.21%	406
2014	-	9,365,000	9,365,000	0.19%	360
2015	-	8,086,000	8,086,000	0.15%	329
2016	-	6,716,000	6,716,000	0.12%	273
2017	-	4,507,180	5,249,000	0.10%	213
2018	-	2,937,013	2,937,013	0.05%	118
2019	-	1,995,000	1,995,000	0.03%	80
2020	-	1,575,000	1,575,000	0.02%	63

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Note:

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 that provides for the dissolution of all redevelopment agencies in the State of California. The Redevelopment Agency was dissolved on February 1, 2012. The debt was transferred to the Successor Agency to the Seal Beach Redevelopment Agency

Source: Finance Department, City of Seal Beach

City of Seal Beach
Schedule of Direct and Overlapping Debt
June 30, 2020

<u>2019-20 Assessed Valuation:</u>		\$5,981,330,597		
			Total Debt	City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable ⁽¹⁾</u>	<u>6/30/2020</u>	<u>Debt 6/30/20</u>	
Metropolitan Water District	0.193%	\$ 37,300,000	\$	71,989
Coast Community College District	2.916%	908,050,757		26,478,760
North Orange Jt. Community College District	1.185%	284,769,001		3,374,513
Los Alamitos Unified School District School Facilities Imp District No.1	49.420%	157,180,227		77,678,468
Huntington Beach Union High School District	0.001%	172,819,998		1,728
Ocean View School District	0.004%	38,855,000		1,554
City of Seal Beach Community Facilities District No. 2002-1	100.000%	2,955,000		2,955,000
City of Seal Beach Community Facilities District No. 2005-1	100.000%	7,575,000		7,575,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT				<u>\$ 118,137,012</u>
<u>OVERLAPPING GENERAL FUND DEBT:</u>				
Orange County General Fund Obligations	0.956%	\$ 386,745,000	\$	3,697,282
Orange County Pension Obligations	0.956%	466,863,754		4,463,217
Orange County Board of Education Certificates of Participation	0.956%	12,930,000		123,611
North Orange County Regional Occupation Program Certificates of Participation	4.432%	8,950,000		396,664
Coast Community College District Certificates of Participation	2.916%	2,600,000		75,816
Los Alamitos Unified School District Certificates of Participation	54.506%	38,286,024		20,868,180
Huntington Beach Union High School District Certificates of Participation	0.001%	62,581,090		626
Ocean View School District General Fund Obligations	0.004%	19,595,000		784
City of Seal Beach Fire Station Lease Revenue Bonds	100%	1,575,000		1,575,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT				<u>\$ 31,201,180</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100%	\$ 685,000	\$	685,000
TOTAL DIRECT DEBT				\$ 1,575,000
TOTAL OVERLAPPING DEBT				\$ 148,448,192
COMBINED TOTAL DEBT				\$ 150,023,192 ⁽²⁾
⁽¹⁾ Percentage of overlapping agency's assessed valuation located within boundaries of the city.				
⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.				
<u>Ratios to Adjusted Assessed Valuation:</u>				
Total Overlapping Tax and Assessment Debt	1.98%			
Total Direct Debt (\$3,378,000)	0.03%			
Combined Total Debt	2.51%			
<u>Ratios to Redevelopment Incremental Valuation (\$320950178):</u>				
Total Overlapping Tax Increment Debt	0.19%			

Source: California Municipal Statistics, Inc.

City of Seal Beach
Legal Debt Margin Information
Last Ten Years

	Fiscal Year				
	2011	2012	2013	2014	2015
Debit limit	\$ 705,106,754	\$ 760,030,328	\$ 736,876,598	\$ 756,328,731	\$ 817,720,762
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 705,106,754</u>	<u>\$ 760,030,328</u>	<u>\$ 736,876,598</u>	<u>\$ 756,328,731</u>	<u>\$ 817,720,762</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Note: ¹Under state finance law, the City of Seal Beach's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: Orange County Tax Assessor's Office

City of Seal Beach
Legal Debt Margin Information (Continued)
Last Ten Years

	Fiscal Year				
	2016	2017	2018	2019	2020
Debit limit	\$ 846,747,277	\$ 820,537,899	\$ 860,757,686	\$ 892,030,484	\$ 952,282,846
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 846,747,277</u>	<u>\$ 820,537,899</u>	<u>\$ 860,757,686</u>	<u>\$ 892,030,484</u>	<u>\$ 952,282,846</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed Valuation	\$ 6,348,552,308
Debt percentage ¹	<u>15%</u>
Debt limit	\$952,282,846.20
Debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 952,282,846</u></u>

Note: ¹Under state finance law, the City of Seal Beach's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: Orange County Tax Assessor's Office

City of Seal Beach
Pledged-Revenue Coverage
Last Ten Fiscal Years

2000 Tax Allocation Refunding Bonds					
Fiscal Year Ended June 30	Tax Increment	Debt Service		Coverage	
		Principal	Interest		
2011	\$ 1,784,964	\$ 430,000	\$ 296,183		2.46
2012	1,034,695	450,000	396,408		1.22
2013	1,790,960	470,000	330,684		2.24
2014	1,222,425	495,000	229,406		1.69
2015	1,084,135	515,000	204,269		1.51
2016	1,329,344	545,000	177,413		1.84
2017	1,218,363	575,000	148,759		1.68
2018	1,125,053	600,000	118,302		1.57
2019	1,198,637	635,000	86,013		1.66
2020	234,102	605,000	53,078		0.36

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: Finance Department, City of Seal Beach

City of Seal Beach
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2010	26,010	1,045,654	40,202	7.1%
2011	24,354	1,035,313	42,511	6.4%
2012	24,487	1,065,674	43,520	4.1%
2013	24,591	1,082,963	44,039	3.7%
2014	24,586	1,074,777	43,715	4.8%
2015	25,078	1,141,053	45,500	3.9%
2016	24,890	1,164,182	46,773	3.5%
2017	25,984	1,199,969	46,181	3.2%
2018	25,073	1,277,436	50,948	3.3%
2019	24,992	1,370,609	54,841	3.2%

Sources: HDL Coren & Cone

City of Seal Beach
Top 25 Sales Tax Producers
Current Year and Nine Years Ago

Business Name	2019-20	2010-11	Business Category
76	X	X	Service Stations
AT&T Mobility		X	Electronics/Appliance Store
Bacardi USA		X	Food Service Equip./Supplies
Bed Bath & Beyond		X	Home Furnishings
California Pizza Kitchen	X	X	Casual Dining
Chevron	X	X	Service Stations
Chevron & Auto Repair	X	X	Service Stations
Chick Fil A	X		Quick-Service Restaurants
CVS Pharmacy	X	X	Drug Stores
Energy Tubulars	X	X	Petroleum Prod/Equip
Home Goods	X	X	Home Furnishings
In N Out Burgers	X		Quick-Service Restaurants
Kohls	X	X	Department Stores
Leisure World Automotive 76		X	Service Stations
Marshalls	X	X	Family Apparel
Mobil	X	X	Service Stations
Old Ranch Country Club	X	X	Leisure/Entertainment
Original Parts Group	X	X	Automotive Supply Stores
Pavillions	X	X	Grocery Stores Liquor
Petsmart	X		Specialty Stores
Ralphs	X	X	Grocery Stores Liquor
Roger Dunn Golf Shop	X	X	Sporting Goods/Bike Stores
Seal Beach Chevron		X	Service Stations
Seal Beach Chevron		X	Service Stations
Smog Pros		X	Service Stations
Spaghettini	X	X	Fine Dining
Sprouts Farmers Market	X		Grocery Stores Beer/Wine
Staples	X		Office Supplies/Furniture
Target	X	X	Discount Dept Stores
Ulta Beauty	X		Specialty Stores
United Pacific	X		Service Stations
Walts Wharf	X	X	Fine Dining
2019-20 Percent of Fiscal Year Total Paid by Top 25 Accounts = 57.81%			
2010-11 Percent of Fiscal Year Total Paid by Top 25 Accounts = 73.42%			

Firms Listed Alphabetically: Period July Thru March

Source: Hinderliter, de Llamas & Associates, State Board of Equalization

City of Seal Beach
Full-time and Part-time City Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	14.52	13.83	10.97	10.56	14.64	14.34	15.92	13.00	13.48	13.48
Public safety	65.88	64.77	63.91	76.78	79.13	74.12	77.19	78.50	79.82	79.82
Public works	15.40	8.36	11.49	11.03	10.94	4.97	3.98	6.00	5.00	5.00
Community development	10.18	8.80	10.60	12.01	18.16	17.25	16.53	13.60	14.76	14.76
Water	12.68	12.48	12.29	12.60	13.80	13.82	12.60	12.90	13.15	13.15
Sewer	3.75	3.95	3.95	5.28	5.91	7.11	7.69	6.71	6.89	6.89
Total	<u>122.41</u>	<u>112.19</u>	<u>113.21</u>	<u>128.26</u>	<u>142.58</u>	<u>131.61</u>	<u>133.91</u>	<u>130.71</u>	<u>133.10</u>	<u>133.10</u>

Source: Finance Department, City of Seal Beach

City of Seal Beach
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year				
	2011	2012	2013	2014	2015
Police:					
Arrests	834	705	819	758	798
Parking citations issued	17,377	18,528	18,451	18,931	21,043
Public works:					
Street centerline miles resurfaced	3	2	2	1	2
Number of public right of way permits issued	141	127	96	140	151
Number of street related service requests	124	121	134	35	45
Parks and recreation:					
Number of recreation classes	457	456	2,156	678	781
Number of facility rentals	308	562	3,182	1,763	2,633
Water:					
Number of water meters replaced	158	112	128	85	57
Acre feet of water used	3,498	3,534	3,818	3,878	3,540
Sewer:					
Number of feet of sewer cleaned	184,047	203,584	245,986	253,099	253,099
Number of catch basins cleaned	350	417	417	401	434

Source: City of Seal Beach

City of Seal Beach
Operating Indicators by Function (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2016	2017	2018	2019	2020
Police:					
Arrests	790	781	854	787	709
Parking citations issued	19,264	18,319	19,929	17,663	20,913
Public works:					
Street centerline miles resurfaced	1	-	1	1	4
Number of public right of way permits issued	184	259	231	253	242
Number of street related service requests	40	68	109	92	44
Parks and recreation:					
Number of recreation classes	680	710	1,070	1,100	790
Number of facility rentals	557	585	1,030	1,045	690
Water:					
Number of water meters replaced	76	56	49	49	104
Acre feet of water used	3,208	3,259	3,208	3,360	3,276
Sewer:					
Number of feet of sewer cleaned	217,619	-	217,619	154,000	146,619
Number of catch basins cleaned	458	216	216	216	216

Source: City of Seal Beach

City of Seal Beach
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	36	34	34	34	34	34	34	34	34	34
Public works:										
Streets (center line miles)	43	43	43	43	43	43	43	43	43	43
Sidewalk (miles)	86	86	86	86	86	86	86	86	86	86
Signalized intersections	23	23	23	23	23	23	23	23	23	23
Parks and recreation:										
Parks	10	10	10	10	10	10	10	10	10	10
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water pipe (miles)	72	72	72	72	72	72	72	72	72	72
Reservoirs	2	2	2	2	2	2	2	2	2	2
Sewer										
Sanitary sewers (miles)	37	37	37	37	37	37	37	37	37	37
Storm sewers (miles)	4	4	4	4	4	4	4	4	4	4
Sewer lift/pump stations	7	7	7	7	7	7	7	7	7	7

Source: City of Seal Beach