

CITY OF SEAL BEACH CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2009



CITY OF SEAL BEACH
Comprehensive Annual Financial Report
Year Ended June 30, 2009

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December 19, 2009

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

It is a pleasure 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, 2009.

Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation including all disclosures rests with the City. It is our opinion that the data presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The accounting firm of Mayer Hoffman McCann P.C. conducted the independent audit for this fiscal year. 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 unqualified opinion that the City of Seal Beach's financial statements for the year ended June 30, 2009, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

For Fiscal Year 2008-09, the auditors were not required to perform a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies, as total federal expenditures did not exceed \$500,000. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. When required, these reports are available in the City's separately issued Single Audit Report, which can be obtained at City Hall.

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 it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City of Seal Beach is located on the coast of northwestern Orange County California, encompassing 10.72 land square miles and 7.48 ocean square miles. Neighboring communities include Huntington Beach, Westminster, Los Alamitos and Long Beach. The City of Seal Beach was incorporated in 1915 and became a charter city in 1964.

The City is a charter city administered under a council-manager form of government, and is governed by a five-member city council elected by district serving four-year alternating terms. The governing council is responsible for, among other things, 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 heads of departments. The City Clerk is an elected position and is responsible for maintaining city records and overseeing elections.

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, but contracts for fire and paramedic services through the Orange County Fire Authority. The City also operates water and sewer utilities and contracts for refuse and sanitation services.

The Seal Beach Redevelopment Agency (Agency) is a component unit of the City. Component units are legally separate entities for which the primary government is financially accountable. The Seal Beach City Council Members, in separate session, serve as the governing board of the Agency and the City Manager serves as the Executive Director. The Agency has issued its own separate financial statement.

FACTORS AFFECTING ECONOMIC CONDITIONS

Local Economy. Although the focus of this Comprehensive Annual Financial Report is the financial condition of the City at June 30, 2009, it may be best understood when it is considered from the broader perspective of the specific environment within which the City operates.

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 1000 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.

Long-term financial planning. The City of Seal Beach economy and tax base continued to grow at a modest pace in FY 2008/09. For the upcoming fiscal year, property tax revenues are projected to grow by 2% and sales tax revenues are projected to decrease by 25%. It should be noted, however, that in the previous fiscal year, the City received approximately \$980,000 for a misallocation that occurred in prior fiscal years. Factoring out this one-time revenue, the decrease is actually only 6%. The remainder of the decline is entirely attributable to retail store closures. The Southern California region is going through a slowdown in economic activity due to the continued softening in the housing market. Although the economy is continuing to weaken, the City revenues have not been affected in the current fiscal year. The main reason for this is because as businesses leave the City, we

have been fortunate enough to have new businesses come into the City to take their place. Future budgets will be balanced on a current basis with no increase in current service levels with revenue projections increasing only moderately.

The City issued \$6,200,000 of Revenue Bonds during the fiscal year to construct a new building to replace the old dilapidated fire station located on Beverly Manor Road.

The City will continue to evaluate revenues and make necessary changes to reduce expenditures, if deemed necessary, in the coming fiscal year.

Major initiatives. The City of Seal Beach will continue to be a major participant in improving ocean water quality as proposed by the National Pollution Discharge Elimination System.

The City will continue to make major improvements to the storm drain system. In November 2008, the City Council approved the update to the Master Plan of Drainage. The plan outlines a \$96.6 million storm drain improvement program. Current projects include the Candleberry Storm Drain Project (from Lampson Avenue to Aster Street) and the Electric Avenue Storm Drain Project (from Seal Beach Boulevard to 14th Street).

The City will continue to seek funding sources from other governmental agencies or use non-recurring or future developmental revenues to maintain and improve its infrastructure.

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 objective of these budgetary controls is to ensure compliance with legal provisions embodied in the bi-annual appropriated budget approved by the City Council. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary controls.

The City of Seal Beach City Council utilizes a two year budget process which is adopted by June 30 of each bi-annual budget cycle. While the budget is prepared as a two year budget, each year is appropriated separately. 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.

Cash Management. The Director of Administrative Services/Treasurer invests in funds in accordance with the California Government Code and the investment policy adopted annually by the City Council. During the fiscal year, funds were invested in U.S. Treasuries, U.S. Government Agency Securities, Medium-Term Notes, Certificates of Deposits and the State of California Local Agency Investment Fund. Monthly investment reports are submitted by the Director of Administrative Services/Treasurer to the City Council.

Investment interest totaled \$1.2 million for fiscal year ended June 30, 2009, or almost four percent of the total City revenues. This is a decline in the current fiscal year due to lower interest rates as a result of the downturn in the nations economy.

AWARDS

GFOA Award Program – Comprehensive Annual Financial Report

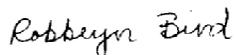
The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seal Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. This was the tenth consecutive year that 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. We believe 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

The preparation and development of this report could not have been accomplished without the special efforts and the teamwork of the Administrative Services Department staff. 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 Mayer Hoffman McCann P.C. for their professional assistance.

Respectfully submitted,



Robbeyn S. Bird, CPA
Director of Administrative Services/Treasurer

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



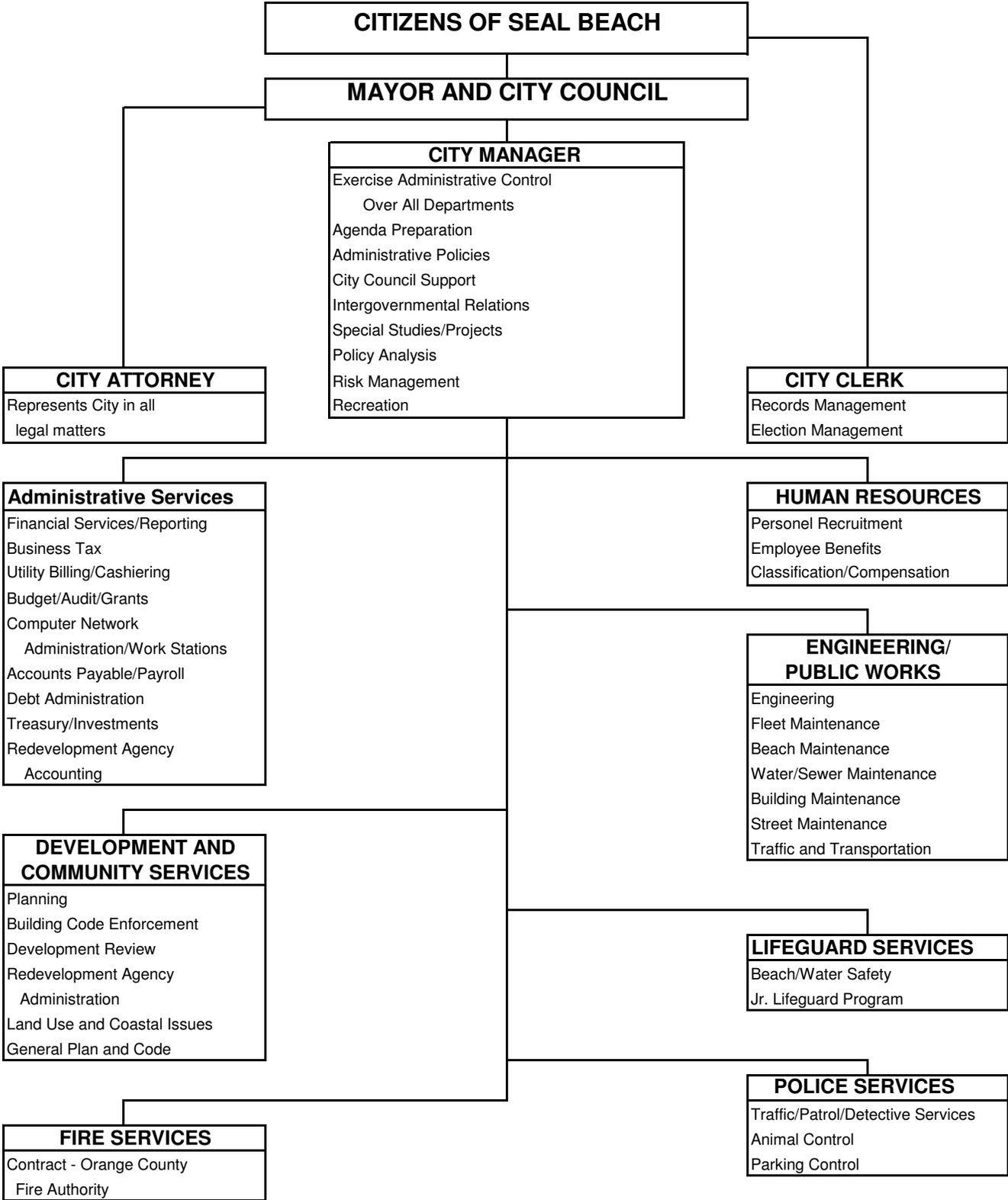
A handwritten signature in black ink, appearing to read "M. L. R. R.", is written above the title.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title.

Executive Director

City of Seal Beach Organizational Chart



CITY OF SEAL BEACH CALIFORNIA

Principal Officers

City Council

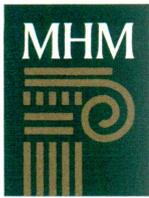
Gordon Shanks, Mayor
David Sloan, Mayor Pro Tem
Charles Antos, Council Member
Mike Levitt, Council Member
Gary Miller, Council Member

Executive Officers

David Carmany, City Manager
Quinn Barrow, City Attorney

Administrative Personnel

Robbeyn Bird, Director of Administrative Services/Treasurer
Jeff Kirkpatrick, Chief of Police
Vince Mastrosimone, Public Works Director
Lee, Whittenberg, Director of Community Development
Joe Bailey, Marine Safety Chief
Jill Ingram, Assistant to the City Manager
Linda Devine, City Clerk



Mayer Hoffman McCann P.C.

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Honorable Mayor and City Council
City of Seal Beach
Seal Beach, California

INDEPENDENT AUDITORS' REPORT

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, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Seal Beach. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Seal Beach for the year ended June 30, 2008, and in our report dated December 19, 2008, we expressed an unqualified opinion on those financial statements.

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 the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Seal Beach, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund of the City of Seal Beach for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor and City Council
City of Seal Beach
Seal Beach, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Seal Beach's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated December 18, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
December 18, 2009

CITY OF SEAL BEACH

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2009. 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 included in the City's combined governmental and business-type activities exceeded liabilities by \$141,558,040 for the fiscal year ended June 30, 2009, representing an increase of 6% in net assets from the prior fiscal year. Of this amount, an increase of \$5,300,297 was due to the increase in capital assets during the fiscal year. In addition, \$44,518,753 (unrestricted net assets) of the total net assets may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. This amount includes City Council designations of fund balance.
- The City's change in net assets was \$3,301,022 less than last fiscal year. The major reason for the decrease in the change in net assets is attributable to a decrease in sales tax revenue of \$1,153,628 almost entirely attributable to a one-time allocation for amounts that were misallocated in previous fiscal years, a decrease of \$912,691 in the Use of Money and Property category due to interest rate declines in the current fiscal year, and an increase in Public Works expenditures of approximately \$1,300,000 for the Sand Pumping Project.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48,761,707, representing an increase of 13% from the prior fiscal year. This resulted in an undesignated fund balance of \$9,743,021, or 20% of the total fund balance, after recording all reservations and designations.
- At the end of the current fiscal year, unreserved fund balance in the General Fund was \$3,143,085 or 10% of total general fund expenditures and transfers.
- Revenues associated with the City's business-type activities were \$2,746,158 more than the \$5,147,408 in expenses recorded.

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

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets 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 Assets 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 assets and a statement of changes in fiduciary net assets. 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
 JUNE 30, 2009

Net Assets – Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets were \$141.6 million and \$133.9 million for the years ended June 30, 2009 and June 30, 2008, respectively, as shown in Table 1.

Table 1
 Net Assets
 (in Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 56,140	\$ 63,401	\$ 13,800	\$ 14,646	\$ 69,940	\$ 78,047
Capital assets	63,300	65,833	27,522	30,289	90,822	\$ 96,122
Total assets	<u>119,440</u>	<u>129,234</u>	<u>41,322</u>	<u>44,935</u>	<u>160,762</u>	<u>174,169</u>
Long-term liabilities outstanding	20,130	24,933	3,904	3,811	24,034	28,744
Other liabilities	1,993	2,462	811	1,405	2,804	3,867
Total liabilities	<u>22,123</u>	<u>27,395</u>	<u>4,715</u>	<u>5,216</u>	<u>26,838</u>	<u>32,611</u>
Net assets						
Invested in capital assets, net of debt	62,320	64,630	24,136	27,008	86,456	91,638
Restricted	5,264	5,005	392	396	5,656	5,401
Unrestricted	29,733	32,204	12,079	12,315	41,812	44,519
Total net assets	<u>\$ 97,317</u>	<u>\$ 101,839</u>	<u>\$ 36,607</u>	<u>\$ 39,719</u>	<u>\$ 133,924</u>	<u>\$ 141,558</u>

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 \$91.6 million, or 65%, of the total \$141.6 million net assets - an increase of 6% 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 assets represent the second largest portion of the City's net assets. The City is required by Council Policy to maintain 20% to 25% of operating expenditures to maintain the City's credit worthiness and to meet cash flow requirements. As of June 30, 2009, unrestricted net assets increased 6% to \$44.5 million from \$41.8 million in the prior fiscal year. Restricted net assets represent resources that are legally restricted to specific uses. These restrictions are generally enforced by external agencies.

As of June 30, 2009, the City reported positive balances in all three categories of net assets for both Governmental and Business-type Activities.

Other than 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 Administrative Services. These departments provide general governance, executive management, records management, risk management, finance, accounting, and information technology services. An outside firm appointed by the City Council provides legal services.

Public Safety is comprised of the Police Department and Lifeguard Department. The two departments provide general law enforcement, animal control services, ocean lifeguard 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.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
 JUNE 30, 2009

Community Development is comprised of the Planning and Building Departments that provide planning and zoning services, economic development services, and building plan check and code enforcement services.

Parks and Recreation provides leisure classes, monitors use of community facilities, sports programs and aquatic services.

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

The following table provides a summary of the City's operations for the years ended June 30, 2009 and 2008.

Table 2
 Changes in Net Assets
 (in Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2008	2009	2008	2008	2008	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 6,577	\$ 6,555	\$ 7,685	\$ 7,894	\$ 14,262	\$ 14,449
Operating grants and capital contributions	1,484	1,605	-	-	1,484	1,605
Capital grants and contributions	643	224	-	-	643	224
General Revenues:						
Taxes						
Property taxes	10,305	11,054	-	-	10,305	11,054
Sales tax	5,128	3,974	-	-	5,128	3,974
Transient occupancy taxes	1,066	1,198	-	-	1,066	1,198
Other taxes	7,123	6,789	-	-	7,123	6,789
Use of money and property	1,576	892	508	280	2,084	1,172
Other	441	44	-	-	441	44
Loss on sale of assets	-	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	-	-
Total revenues	34,343	32,335	8,193	8,174	42,536	40,509
Expenses:						
General government	6,099	5,713	-	-	6,099	5,713
Public safety	13,478	13,192	-	-	13,478	13,192
Community development	2,280	1,980	-	-	2,280	1,980
Parks and recreation	1,033	978	-	-	1,033	978
Public works	3,890	5,307	-	-	3,890	5,307
Interest on long-term debt	526	1,083	-	-	526	1,083
Water	-	-	3,770	3,816	3,770	3,816
Sewer	-	-	1,051	1,332	1,051	1,332
Total expenses	27,306	28,253	4,821	5,148	32,127	33,401
Excess/(deficiency) before special item	7,037	4,082	3,372	3,026	10,409	7,108
Changes in net assets	7,037	4,082	3,372	3,026	10,409	7,108
Net assets at beginning of year	90,280	97,757	33,235	36,693	123,515	134,450
Net assets at end of year	<u>\$ 97,317</u>	<u>\$ 101,839</u>	<u>\$ 36,607</u>	<u>\$ 39,719</u>	<u>\$ 133,924</u>	<u>\$ 141,558</u>

Analysis of the City's Operations – The City's Net Assets increased \$7.1 million during Fiscal Year 2008/09, or 5%, over prior year results.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
JUNE 30, 2009

Governmental Activities experienced a \$4.0 million increase in net assets as of June 30, 2009 compared to an increase of \$7.0 million at June 30, 2008. The major reason for the decrease in net assets is attributable to a decrease in sales tax revenue of \$1.2 million almost entirely attributable to a one-time allocation for amounts that were misallocated in previous years, a decrease of \$.9 million in the Use of Money and Property category due to interest rate declines in the current fiscal year, and an increase in Public Works expenditures of approximately \$1.3 million for the Sand Pumping Project.

The cost of all governmental activities during the current fiscal year was \$28.3 million compared to \$27.3 million in fiscal year 2007/08. As shown on the statement of activities, those who directly benefited from the programs paid \$6.6 million of the cost, and \$1.6 million was financed by contributions and grants received from other governmental organizations. The remainder of the costs of operations, \$20.1 million was subsidized through general City taxes. The largest operating cost was comprised of Public Safety, representing 47% of total governmental expenditures compared to 49% of total governmental expenditures in fiscal year 2007/08.

Business-type Activities' net assets increased \$3 million primarily due to increases in sewer rates.

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, 2009, the City's governmental funds reported combined ending fund balances of \$48.7 million. Approximately \$46.6 million, or 96%, of this total amount constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for encumbrances, loans, prepaid expenses and advances to other funds.

The General Fund ended the fiscal year with a fund balance of \$36.5 million, representing a net increase of \$2.8 million in fund balance compared to the \$3.7 million increase experienced during the prior fiscal year. The primary reason for the increase in fund balance was due to conservative budgeting in both the revenue and expenditure categories.

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 assets totaled \$9.7 million and \$2.6 million for the Water and Sewer funds, respectively. The Water Fund experienced a \$2.2 million increase in net assets due to the increase in water rates and water capital fees. The increase of \$800 thousand in Sewer Fund net assets resulted from the increase in sewer operating fees and the capital sewer fees charged to customers to rehabilitate and maintain the sewer infrastructure and satisfy future debt service commitments. Sewer operating fees represent 22% of customer water charges for both usage and capital costs.

General Fund Budgetary Highlights – The difference between the original and final amended budgeted revenues was an \$8.0 million increase. The primary reason for the increase in the original and final budgeted numbers is mainly due to receiving \$6.3 million dollars in proceeds from debt for the issuance of revenue bonds to build a new fire station. The remainder of the difference was due to increases in sales taxes, licenses and permits, and miscellaneous revenues partially offset by a decline in interest income.

The difference between the original and final amended budgeted expenditures was \$10.3 million increase. This difference was primarily due to the approval of the issuance of revenue bonds in the amount of \$6.3 million to construct a new fire station. The remainder of the increase was due to a budget amendment increasing expenditures by \$750 thousand for the jail operations.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
 JUNE 30, 2009

General Fund revenues exceeded the final budget by approximately \$1.2 million. Actual revenues in excess of budgeted revenues were entirely due to increases in sales taxes coming in \$1.2 million higher than budgeted as a result of very conservative projections of revenues coming in.

General Fund actual expenditures were \$1.8 million less than appropriations. This is due to management's efforts to curtail spending due to the current state of the economy. Management will continue to closely monitor revenues and expenditures in the current year and cost cutting measures will be implemented if actual revenues are not enough to cover anticipated expenses.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$96.1 million compared to \$90.8 million (net of accumulated depreciation) for FY 2007/08. 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 increased 4% and the City's investment in capital assets for business-type activities for the current fiscal year increased 10%.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2009	2008	2009	2008	2009
Land	\$ 10,520	\$ 10,520	\$ -	\$ -	\$ 10,520	\$ 10,520
Buildings and Improvements	3,941	4,142	6	6	3,947	4,148
Machinery and Equipment	721	877	875	827	1,596	1,704
Vehicles	662	658	143	137	805	795
Infrastructure	42,700	42,730	22,791	25,205	65,491	67,935
Construction-in-progress	4,756	6,906	3,706	4,113	8,462	11,019
Totals	\$ 63,300	\$ 65,833	\$ 27,521	\$ 30,288	\$ 90,821	\$ 96,121

During fiscal year 2008/09, major capital projects formally completed include:

- Seal Beach Blvd. Resurfacing – This annual project was a grind and overlay of Seal Beach Boulevard from Adolfo Lopez Drive to Bolsa Avenue. Due to the low bids, staff added minor patch work on Westminster Avenue from Bolsa Chica Avenue to Seal Beach Boulevard. The total construction cost was \$654,529.83.
- Police Department Emergency Generator Replacement – The 40 year old, 65kW emergency generator, switch gear and electrical panels were upgraded to an outdoor fully enclosed 200 KW generator. The new generator will power the entire building in the event of a power outage. The final cost of the project was \$214,200.
- Concrete Repairs – This annual project replaces and reconstructs concrete sidewalks, driveways, curb and gutters citywide. The City just completed work in the Old Town area. Project costs were \$100,000.
- Winter Sand Berm project involves the construction and removal of an 18' high berm along east beach to protect properties from high tide and high wave action. Every other year sand is passed from west beach to east beach to replenish the sand lost to erosion. The annual cost of this work is \$67,000.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
 JUNE 30, 2009

- Pier Deck Replacement Phases II and III – The City's Pier walking surface aged and weathered over the years. A new wood surface was needed to provide an even, smooth walking surface. This project included about 2/3's of the total pier at a cost of \$750,000. The small portion at the end of the pier is part of another capital improvement project budgeted this year.
- Lampson Well Phase I – The City Water Master Plan identified an opportunity for a new water well to be constructed to supplement the city's water system. The new well is located on Lampson Avenue between Heather and Candleberry. This well will provide additional fire protection and backup to other City wells. This well is the only water source north of the freeway. Phase I including drilling the 1150 foot well and water quality testing. The cost for this phase was \$2 million.
- Seal Beach Blvd Traffic Signal Synchronization – The City in partnership with the City of Los Alamitos received a grant to re-time all the signals along Seal Beach/Los Alamitos Blvd from PCH to Cerritos Ave. Seal Beach staff spearheaded the project to upgrade traffic signal equipment, install GPS and video detection along the corridor. The traffic now has a seamless flow and reduces emissions.

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, 2009, the City had bonded debt, notes payable, compensated absences, and capital leases totaling \$28.7 million compared to \$24 million at the end of fiscal year 2007/08. The City's governmental activities maintained \$24.9 million in bonds, capital leases, compensated absences, and claims payable versus \$20.1 million last year, representing an increase of approximately \$4.8 million from the previous fiscal year. This increase reflects the issuance of revenue bonds in the amount of \$6.3 million to construct a new fire station. The increase was partially offset by principal payments made on other outstanding debt.

The City's business-type activities debt decreased \$0.1 million from \$3.9 million to \$3.8 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, and a Water Economic Development Administration Loan for drought relief.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Compensated absences	\$ 638	\$ 724	\$ 127	\$ 134	\$ 765	\$ 858
Promissory note	-	-	132	122	132	122
Capital leases	632	534	-	-	632	534
Revenue bonds	435	335	-	-	435	335
Tax Allocation bonds	6,800	6,410	-	-	6,800	6,410
Pension Obligation Bonds	10,945	10,219	-	-	10,945	10,219
Lease Revenue Bonds	-	6,195	-	-	-	6,195
Certificates of participations	-	-	3,645	3,555	3,645	3,555
Self-insured claims payable	681	515	-	-	681	515
Total	\$ 20,131	\$ 24,932	\$ 3,904	\$ 3,811	\$ 24,035	\$ 28,743

Additional information on the City's long-term debt can be found in notes 6-15 in the Financial Section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The economy and tax base in the City of Seal Beach continued to grow at a modest pace in FY 2008/09 with very little change projected in future years. For the next fiscal year, property tax and sales tax revenues are projected to remain at the same level as the 2007/08 fiscal year. However, due to the recession not only locally but nationally, the City will continue to monitor revenues in the coming year and make adjustments as deemed necessary to preserve the fiscal health of the City. Based on a consensus of most economists, the national recession bottomed out somewhere around the end of July and minor recovery is expected in the last half of the fiscal year; however, even if the economists are correct, that does not always translate into the same recovery locally. Planning and building permits are expected to decrease also due to the economic stagnation. All other revenue sources including the City's Utility User Tax are expected to remain constant.

The City prepared a two-year budget for FY's 2010 - 2011. The two-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 2010 – 2011 budget years are very conservative due to the uncertainty in the economy. The City will continue to monitor revenue streams throughout the coming years and will reduce spending levels as deemed necessary.

The most significant issues facing the City are the aging condition of the City's infrastructure. The 5 Year Capital Improvement Program identifies needs in the following areas: Beach and Pier (\$1.8m), Buildings and Facilities (\$11.1m), Sewer System (\$10.3m), Storm Drain System (\$4.5m), Streets and Transportation (\$13.0m) and Water System (\$9.5m). This is over \$50 million of capital improvements needed in the near future.

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 Administrative Services Department at 211 8th Street, Seal Beach, CA 90740 or call (562) 431-2527.

CITY OF SEAL BEACH

Statement of Net Assets

June 30, 2009

(With comparative data for 2008)

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2009	2008
Assets:				
Cash and investments (note 2)	\$ 42,333,582	12,998,728	55,332,310	51,053,773
Receivables:				
Accounts	549,589	1,073,090	1,622,679	1,614,215
Taxes	1,318,586	-	1,318,586	2,426,706
Accrued interest	209,639	-	209,639	389,455
Loans (note 4)	1,783,229	-	1,783,229	1,861,571
Due from other governments	76,723	-	76,723	205,885
Deferred charges	-	161,051	161,051	168,720
Net OPEB asset (note 22)	117,686	-	117,686	-
Prepaid items (note 9)	10,219,000	17,074	10,236,074	10,945,000
Restricted assets:				
Cash and investments with fiscal agent (note 2)	6,793,213	396,321	7,189,534	1,275,325
Capital assets:				
Capital assets, not depreciated (note 5)	17,426,289	4,113,052	21,539,341	18,982,437
Capital assets, depreciated, net (note 5)	<u>48,407,240</u>	<u>26,175,435</u>	<u>74,582,675</u>	<u>71,839,282</u>
Total assets	<u>129,234,776</u>	<u>44,934,751</u>	<u>174,169,527</u>	<u>160,762,369</u>
Liabilities:				
Accounts payable	1,662,014	1,100,051	2,762,065	1,865,658
Accrued liabilities	431,994	52,093	484,087	93,569
Accrued interest	163,592	-	163,592	129,871
Deposits payable	117,333	94,654	211,987	383,164
Retentions payable	87,453	158,081	245,534	331,232
Long-term liabilities (notes 6 to 15):				
Due within one year	2,296,521	114,546	2,411,067	1,657,358
Due within more than one year	<u>22,636,584</u>	<u>3,696,571</u>	<u>26,333,155</u>	<u>22,377,190</u>
Total liabilities	<u>27,395,491</u>	<u>5,215,996</u>	<u>32,611,487</u>	<u>26,838,042</u>
Net assets:				
Invested in capital assets, net of related debt	64,630,230	27,007,845	91,638,075	86,456,078
Restricted for:				
Public safety	103,838	-	103,838	121,425
Community development	412,931	-	412,931	336,074
Parks and recreation	206,100	-	206,100	191,796
Public works	799,105	-	799,105	1,214,212
Low and moderate housing	3,482,917	-	3,482,917	3,400,233
Debt service	-	396,321	396,321	391,714
Unrestricted	<u>32,204,164</u>	<u>12,314,589</u>	<u>44,518,753</u>	<u>41,812,795</u>
Total net assets	<u>\$ 101,839,285</u>	<u>39,718,755</u>	<u>141,558,040</u>	<u>133,924,327</u>

See accompanying notes to basic financial statements.

CITY OF SEAL BEACH
Statement of Activities
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
General government	\$ 5,713,338	2,506,070	6,811	-
Public safety	13,191,707	1,424,996	115,277	4,060
Community development	1,979,889	95,824	297,242	-
Parks and recreation	978,504	619,334	93,634	-
Public works	5,307,470	1,909,011	1,091,940	220,204
Interest expense and other charges	<u>1,083,063</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>28,253,971</u>	<u>6,555,235</u>	<u>1,604,904</u>	<u>224,264</u>
Business-type activities:				
Water utility	3,815,798	5,818,135	-	-
Sewer utility	<u>1,331,610</u>	<u>2,075,431</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>5,147,408</u>	<u>7,893,566</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 33,401,379</u>	<u>14,448,801</u>	<u>1,604,904</u>	<u>224,264</u>

General revenues:

Taxes:

Property taxes

Transient occupancy taxes

Sales taxes

Franchise taxes

Utility users taxes

Other taxes

Motor vehicle in lieu, (unrestricted)

Use of money and property

Other

Total general revenues

Change in net assets

Net assets at beginning of year,
as restated (note 29)

Net assets at end of year

See accompanying notes to basic financial statements.

Net (Expenses) Revenues
and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	2009	2008
(3,200,457)	-	(3,200,457)	(3,571,578)
(11,647,374)	-	(11,647,374)	(11,968,337)
(1,586,823)	-	(1,586,823)	(1,846,572)
(265,536)	-	(265,536)	(236,632)
(2,086,315)	-	(2,086,315)	(453,697)
(1,083,063)	-	(1,083,063)	(525,974)
(19,869,568)	-	(19,869,568)	(18,602,790)
-	2,002,337	2,002,337	2,012,859
-	743,821	743,821	851,239
-	2,746,158	2,746,158	2,864,098
(19,869,568)	2,746,158	(17,123,410)	(15,738,692)
11,054,451	-	11,054,451	10,304,847
1,198,376	-	1,198,376	1,065,996
3,974,341	-	3,974,341	5,127,969
980,148	-	980,148	1,053,907
5,326,486	-	5,326,486	5,599,065
393,570	-	393,570	355,169
88,304	-	88,304	115,074
892,341	278,754	1,171,095	2,083,786
43,881	800	44,681	441,943
23,951,898	279,554	24,231,452	26,147,756
4,082,330	3,025,712	7,108,042	10,409,064
97,756,955	36,693,043	134,449,998	123,515,263
<u>\$ 101,839,285</u>	<u>39,718,755</u>	<u>141,558,040</u>	<u>133,924,327</u>

CITY OF SEAL BEACH
Governmental Funds
Balance Sheet
June 30, 2009
(With comparative data for 2008)

	General Fund	Capital Projects		Totals	
		Capital Projects and Equipment	Non-Major Governmental Funds	2009	2008
<u>Assets</u>					
Cash and investments	\$ 30,565,082	966,901	8,801,599	40,333,582	38,676,680
Receivables:					
Accounts	457,144	-	92,445	549,589	751,374
Taxes	1,303,972	-	14,614	1,318,586	2,426,706
Accrued receivables	209,639	-	-	209,639	389,455
Loans (note 4)	-	-	1,783,229	1,783,229	1,861,571
Due from other funds (note 3)	13,393	-	-	13,393	300,524
Due from other governments	-	-	76,723	76,723	205,885
Restricted assets:					
Cash and investments with fiscal agent	5,211,011	86,542	1,495,660	6,793,213	883,611
Total assets	<u>\$ 37,760,241</u>	<u>1,053,443</u>	<u>12,264,270</u>	<u>51,077,954</u>	<u>45,495,806</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 811,968	773,581	76,465	1,662,014	1,236,512
Accrued liabilities	365,813	-	66,181	431,994	88,225
Due to other funds (note 3)	-	-	13,393	13,393	300,524
Deferred revenue	-	-	4,060	4,060	202,565
Retentions payable	-	87,453	-	87,453	245,828
Deposits payable	117,333	-	-	117,333	292,313
Total liabilities	<u>1,295,114</u>	<u>861,034</u>	<u>160,099</u>	<u>2,316,247</u>	<u>2,365,967</u>
Fund balances (note 27):					
Reserved:					
Encumbrances	211,000	105,000	-	316,000	447,500
Loans receivable	-	-	1,783,229	1,783,229	1,861,571
Unreserved:					
Designated, reported in:					
General fund	33,111,042	-	-	33,111,042	12,183,642
Special revenues funds	-	-	1,699,688	1,699,688	1,538,662
Debt service funds	-	-	2,108,727	2,108,727	1,363,543
Unreserved, reported in:					
General fund	3,143,085	-	-	3,143,085	21,078,668
Special revenue funds	-	-	2,397,828	2,397,828	2,087,018
Capital projects funds	-	87,409	4,114,699	4,202,108	2,569,235
Total fund balances	<u>36,465,127</u>	<u>192,409</u>	<u>12,104,171</u>	<u>48,761,707</u>	<u>43,129,839</u>
Total liabilities and fund balances	<u>\$ 37,760,241</u>	<u>1,053,443</u>	<u>12,264,270</u>	<u>51,077,954</u>	<u>45,495,806</u>

See accompanying notes to basic financial statements.

CITY OF SEAL BEACH
 Governmental Funds
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2009

Fund balances of governmental funds	\$ 48,761,707
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets have not been included as financial resources in governmental fund activity:	
Capital assets	90,991,741
Accumulated depreciation	(25,158,212)
Long-term debt and compensated absences that have not been included in governmental fund activity:	
Bonds payable	(22,824,000)
Capital lease obligations	(869,444)
Claims payable	(515,377)
Compensated absences	(724,284)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(163,592)
Internal service funds are used by management to charge the costs of certain activities, such as vehicle replacement, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets:	
Cash and investments	2,000,000
Pension benefit contributions funded by the 2008 Taxable Pension Obligation Bonds recorded as expenditures in governmental funds are reported on the statement of net assets as prepaid assets.	10,219,000
In accordance with GASB 45, a net OPEB asset has been established for the government wide statements, as these assets do not impact current financial resources and are therefore not reported in governmental funds.	117,686
Revenues that are measurable but not available are recorded as deferred revenue under the modified accrual basis of accounting.	<u>4,060</u>
Net assets of governmental activities	<u>\$ 101,839,285</u>

See accompanying notes to basic financial statements.

CITY OF SEAL BEACH
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2009
(With comparative data for 2008)

	General Fund	Capital Projects		Totals	
		Capital Projects and Equipment	Non-Major Governmental Funds	2009	2008
Revenues:					
Taxes	\$ 20,226,346	-	3,172,857	23,399,203	24,051,063
Licenses and permits	1,527,024	-	-	1,527,024	1,903,316
Intergovernmental	-	-	1,572,675	1,572,675	1,417,738
Charges for services	3,697,865	479	484,674	4,183,018	3,821,352
Uses of money and property	703,217	200	190,462	893,879	1,594,900
Fines and forfeitures	944,950	-	-	944,950	1,005,130
Miscellaneous	76,510	-	-	76,510	364,746
Total revenues	27,175,912	679	5,420,668	32,597,259	34,158,245
Expenditures					
Current:					
General government	5,375,833	-	235,271	5,611,104	5,968,260
Public safety	11,469,844	-	1,015,952	12,485,796	24,267,574
Community development	770,328	-	1,179,097	1,949,425	2,272,462
Parks and recreation	908,708	-	-	908,708	958,757
Public works	2,272,039	1,258,102	27,563	3,557,704	2,214,002
Capital outlay	182,926	4,542,422	-	4,725,348	5,192,028
Debt service:					
Principal retirement	176,423	-	1,241,807	1,418,230	570,036
Interest and fiscal charges	123,951	-	924,075	1,048,026	421,528
Bond issuance costs	1,316	-	-	1,316	91,510
Total expenditures	21,281,368	5,800,524	4,623,765	31,705,657	41,956,157
Excess (deficiency) of revenues over (under) expenditures	5,894,544	(5,799,845)	796,903	891,602	(7,797,912)
Other financing sources (uses):					
Transfers in (note 18)	347,000	5,800,399	5,033,101	11,180,500	7,029,205
Transfers out (note 18)	(9,715,665)	-	(3,464,835)	(13,180,500)	(7,029,205)
Issuance of debt	6,300,000	-	-	6,300,000	10,945,000
Total other financing sources (uses)	(3,068,665)	5,800,399	1,568,266	4,300,000	10,945,000
Net change in fund balances	2,825,879	554	2,365,169	5,191,602	3,147,088
Fund balances at beginning of year, as restated (note 29)	33,639,248	191,855	9,739,002	43,570,105	39,982,751
Fund balances at end of year	\$ 36,465,127	192,409	12,104,171	48,761,707	43,129,839

See accompanying notes to basic financial statements.

CITY OF SEAL BEACH
 Governmental Funds
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement Activities
 Year Ended June 30, 2009

Changes in fund balances of governmental funds	\$ 5,191,602
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>	
Capital outlay	4,725,348
Depreciation expense	(2,129,137)
Disposal of capital assets	(62,453)
Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,584,313
Issuance of debt increases liabilities in the statement of net assets and do not result in a revenue in the Statement of Activities:	
Debt issued	(6,300,000)
Accrued interest expense related to the long-term liabilities. This amount is the difference between the amount of interest paid and the amount of interest incurred on long-term liabilities.	(33,721)
To record as a revenue the net change in compensated absences in the statement of activities.	(86,803)
Revenues that are measurable but not available are recorded as deferred revenue under the modified accrual basis of accounting.	(198,505)
Pension benefit contributions funded by the 2008 Taxable Pension Obligation Bonds are recorded as expenditures in the government wide statements as the principal on the liability becomes due.	(726,000)
In accordance with GASB 45, a net OPEB asset has been established for the government wide statements, as these assets do not impact current financial resources and are therefore not reported in governmental funds.	117,686
Internal service funds are used by management to charge the costs of certain activities, such as vehicle replacement, to individual funds. The net revenues (expenses) of the internal services funds is reported with governmental activities.	<u>2,000,000</u>
Changes in net assets of governmental activities	<u>\$ 4,082,330</u>

See accompanying notes to basic financial statements.

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CITY OF SEAL BEACH
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Year ended June 30, 2009
(With comparative data for 2008)

	Budget		Actual	Variance with Final Budget	Prior Year
	Original	Final		Positive (Negative)	Actual
Source:					
Taxes	\$ 18,406,000	18,968,000	20,226,346	1,258,346	20,813,950
Licenses and permits	1,166,000	1,268,000	1,527,024	259,024	1,903,316
Charges for service	1,685,000	3,017,800	3,697,865	680,065	3,161,216
Use of money and property	1,595,200	972,000	703,217	(268,783)	1,254,048
Fines and forfeitures	883,500	903,500	944,950	41,450	1,005,130
Miscellaneous	144,200	873,569	76,510	(797,059)	353,751
Issuance of debt	-	6,300,000	6,300,000	-	10,945,000
Transfers from other funds (note 18)	725,500	347,000	347,000	-	347,000
Total sources	<u>24,605,400</u>	<u>32,649,869</u>	<u>33,822,912</u>	<u>1,173,043</u>	<u>39,783,411</u>
Appropriations:					
Mayor and council	89,380	101,780	84,078	17,702	60,710
City manager	654,120	689,820	736,294	(46,474)	700,454
City clerk	291,170	263,334	242,260	21,074	238,480
Elections	77,500	76,336	48,685	27,651	-
City attorney	437,000	457,000	559,554	(102,554)	692,681
Administrative services	843,300	865,975	619,325	246,650	800,000
Risk management	1,085,000	1,085,000	719,893	365,107	1,013,937
Nondepartmental	704,200	1,696,700	1,365,619	331,081	1,288,246
Police department and field services	4,689,150	4,823,650	4,780,329	43,321	14,155,546
Police department support	1,542,422	2,512,422	2,507,571	4,851	2,288,546
Jail operations	10,000	746,700	568,657	178,043	417,111
Fire/paramedic	3,423,700	3,628,600	3,613,287	15,313	6,156,356
Planning	406,620	463,320	412,351	50,969	384,870
Building/safety	390,300	420,800	357,977	62,823	572,370
Engineering	87,900	89,700	167,689	(77,989)	105,660
Storm drains	368,270	397,570	316,198	81,372	267,475
Street maintenance	1,014,700	1,014,700	799,328	215,372	855,605
Landscape maintenance	315,600	315,600	229,365	86,235	237,121
Auto maintenance	309,650	334,650	283,420	51,230	283,876
Trash collection	910,000	910,000	1,000,125	(90,125)	973,056
Building maintenance	507,300	507,300	476,039	31,261	437,497
Recreation administration	333,700	330,700	298,695	32,005	351,263
Sports programs	158,710	58,710	32,821	25,889	160,174
Leisure classes	279,150	279,150	274,580	4,570	296,134
Aquatics	174,050	174,050	138,653	35,397	151,186
Tennis center	-	208,800	163,959	44,841	-
Transfers out (note 18)	2,861,150	9,812,272	9,715,665	96,607	2,395,712
Principal retirement	176,425	176,425	176,423	2	165,566
Interest and fiscal charges	146,300	146,300	123,951	22,349	57,041
Bond issuance costs	1,350	1,350	1,316	34	91,510
Capital outlay	185,000	185,000	182,926	2,074	439,235
Total appropriations	<u>22,473,117</u>	<u>32,773,714</u>	<u>30,997,033</u>	<u>1,776,681</u>	<u>36,037,418</u>
Net change in Fund Balance	2,132,283	(123,845)	2,825,879	2,949,724	3,745,993
Fund balances at beginning of year as restated (note 29)	<u>33,639,248</u>	<u>33,639,248</u>	<u>33,639,248</u>	<u>-</u>	<u>29,698,817</u>
Fund balances at end of year	<u>\$ 35,771,531</u>	<u>33,515,403</u>	<u>36,465,127</u>	<u>2,949,724</u>	<u>33,444,810</u>

See accompanying notes to basic financial statements.

CITY OF SEAL BEACH
Proprietary Funds
Statement of Net Assets
June 30, 2009
(With comparative data for 2008)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Vehicle Replacement Internal Service Fund	
	Water Utility	Sewer Utility	2009	2008	2009	2008
Assets:						
Current assets:						
Cash and investments	\$10,091,504	2,907,224	12,998,728	12,377,093	2,000,000	-
Cash and investments with fiscal agent	-	396,321	396,321	391,714	-	-
Accounts receivable	776,611	296,479	1,073,090	862,841	-	-
Prepaid items	17,074	-	17,074	-	-	-
Total current assets	10,885,189	3,600,024	14,485,213	13,631,648	2,000,000	-
Noncurrent assets:						
Deferred charges	-	161,051	161,051	168,720	-	-
Capital assets (note 5):						
Buildings and improvements	73,284	-	73,284	73,284	-	-
Machinery and equipment	531,044	785,802	1,316,846	1,316,846	-	-
Vehicles	237,959	109,303	347,262	328,899	-	-
Infrastructure	22,467,960	27,027,007	49,494,967	46,211,119	-	-
Construction in progress	2,742,713	1,370,339	4,113,052	3,706,461	-	-
Accumulated depreciation	(13,558,387)	(11,498,537)	(25,056,924)	(24,114,661)	-	-
Total capital assets (net of accumulated depreciation)	12,494,573	17,793,914	30,288,487	27,521,948	-	-
Total noncurrent assets	12,494,573	17,954,965	30,449,538	27,690,668	-	-
Total assets	23,379,762	21,554,989	44,934,751	41,322,316	2,000,000	-
Liabilities:						
Current liabilities:						
Accounts payable	774,686	325,365	1,100,051	629,146	-	-
Accrued liabilities	39,026	13,067	52,093	5,344	-	-
Deposits	93,210	1,444	94,654	90,851	-	-
Retention payable	158,081	-	158,081	85,404	-	-
Long-term liabilities, portion due within one year (notes 13 to 15)	16,773	97,773	114,546	109,024	-	-
Total current liabilities	1,081,776	437,649	1,519,425	919,769	-	-
Noncurrent liabilities:						
Long-term liabilities, portion due within more than one year (notes 13 to 15)	203,798	3,492,773	3,696,571	3,794,909	-	-
Total liabilities	1,285,574	3,930,422	5,215,996	4,714,678	-	-
Net assets:						
Invested in capital assets, net of related debt	12,372,610	14,635,235	27,007,845	23,744,560	-	-
Restricted for debt service	-	396,321	396,321	391,714	-	-
Unrestricted	9,721,578	2,593,011	12,314,589	12,471,364	2,000,000	-
Total net assets	\$22,094,188	17,624,567	39,718,755	36,607,638	2,000,000	-

See accompanying notes to basic financial statements.

CITY OF SEAL BEACH
Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Assets

Year Ended June 30, 2009

(With comparative data for 2008)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Vehicle Replacement Internal Service Funds	
	Water Utility	Sewer Utility	2009	2008	2009	2008
Operating revenues:						
Charges for services	\$ 5,818,135	2,075,431	7,893,566	7,685,075	-	-
Miscellaneous	800	-	800	503	-	-
Total operating revenues	<u>5,818,935</u>	<u>2,075,431</u>	<u>7,894,366</u>	<u>7,685,578</u>	<u>-</u>	<u>-</u>
Operating expenses:						
Pumping	-	3,535	3,535	2,035	-	-
Administration and general	3,388,481	597,911	3,986,392	3,912,992	-	-
Amortization	-	7,669	7,669	7,669	-	-
Depreciation	<u>420,669</u>	<u>521,594</u>	<u>942,263</u>	<u>891,136</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>3,809,150</u>	<u>1,130,709</u>	<u>4,939,859</u>	<u>4,813,832</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>2,009,785</u>	<u>944,722</u>	<u>2,954,507</u>	<u>2,871,746</u>	<u>-</u>	<u>-</u>
Nonoperating revenues (expenses):						
Investment income	213,177	65,577	278,754	507,453	-	-
Interest expense	<u>(6,648)</u>	<u>(200,901)</u>	<u>(207,549)</u>	<u>(7,145)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>206,529</u>	<u>(135,324)</u>	<u>71,205</u>	<u>500,308</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers and capital contributions	2,216,314	809,398	3,025,712	3,372,054	-	-
Interfund transfers and capital contributions:						
Transfers in (note 18)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Changes in net assets	2,216,314	809,398	3,025,712	3,372,054	2,000,000	-
Net assets at beginning of year as restated (note 29)	<u>19,877,874</u>	<u>16,815,169</u>	<u>36,693,043</u>	<u>33,235,584</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 22,094,188</u>	<u>17,624,567</u>	<u>39,718,755</u>	<u>36,607,638</u>	<u>2,000,000</u>	<u>-</u>

See accompanying notes to basic financial statements.

CITY OF SEAL BEACH

Proprietary Funds

Statement of Cash Flows

Year Ended June 30, 2009

(With comparative data for 2008)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Water Utility	Sewer Utility	2009	2008	2009	2008
Cash flows from operating activities:						
Cash received from customers and users	\$ 5,647,554	2,069,329	7,716,883	7,746,778	-	-
Cash payments to employees for services	(1,082,485)	(336,097)	(1,418,582)	(1,327,256)	-	-
Cash payments to suppliers for goods and services	(1,934,036)	-	(1,934,036)	(3,614,135)	-	-
Net cash provided by (used for) operating activities	<u>2,631,033</u>	<u>1,733,232</u>	<u>4,364,265</u>	<u>2,805,387</u>	<u>-</u>	<u>-</u>
Cash flows from non-capital and related financing activities:						
Cash received from other funds	-	-	-	-	2,000,000	-
Net cash provided by (used for) non-capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Cash flows from capital and related activities:						
Acquisition of capital assets	(2,487,563)	(1,221,239)	(3,708,802)	(1,954,216)	-	-
Interest payments on capital debt	(6,648)	(200,901)	(207,549)	(14,814)	-	-
Principal payments on capital debt	(10,426)	(90,000)	(100,426)	(94,929)	-	-
Net cash provided by (used for) capital and related financing activities	<u>(2,504,637)</u>	<u>(1,512,140)</u>	<u>(4,016,777)</u>	<u>(2,063,959)</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:						
Interest received on investments	<u>213,177</u>	<u>65,577</u>	<u>278,754</u>	<u>515,122</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>213,177</u>	<u>65,577</u>	<u>278,754</u>	<u>515,122</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	339,573	286,669	626,242	1,256,550	2,000,000	-
Cash and cash equivalents at beginning of year	<u>9,751,931</u>	<u>3,016,876</u>	<u>12,768,807</u>	<u>11,512,257</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 10,091,504</u>	<u>3,303,545</u>	<u>13,395,049</u>	<u>12,768,807</u>	<u>2,000,000</u>	<u>-</u>

(Continued)

See accompanying notes to basic financial statements

CITY OF SEAL BEACH

Proprietary Funds

Statement of Cash Flows

(Continued)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Water Utility	Sewer Utility	2009	2008	2009	2008
Reconciliation of amounts reported on the Statement of Net Assets:						
Reported on the Statement of Net Assets:						
Cash and investments	\$ 10,091,504	2,907,224	12,998,728	12,377,093	2,000,000	-
Cash and investments with fiscal agent	<u>-</u>	<u>396,321</u>	<u>396,321</u>	<u>391,714</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 10,091,504</u>	<u>3,303,545</u>	<u>13,395,049</u>	<u>12,768,807</u>	<u>2,000,000</u>	<u>-</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 2,009,785	944,722	2,954,507	2,871,746	-	-
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	420,669	529,263	949,932	898,805	-	-
(Increase) decrease in accounts receivable	(175,184)	(35,065)	(210,249)	57,499	-	-
(Increase) decrease in prepaid items	(17,074)	-	(17,074)	17,074	-	-
Increase (decrease) in accounts payable	187,280	283,625	470,905	(736,045)	-	-
Increase (decrease) in accrued liabilities	34,950	11,799	46,749	(38,714)	-	-
Increase (decrease) in deposits	3,803	-	3,803	3,701	-	-
Increase (decrease) in retentions payable	158,082	-	158,082	(248,365)	-	-
Increase (decrease) in compensated absences	<u>8,722</u>	<u>(1,112)</u>	<u>7,610</u>	<u>(20,314)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used for) operating activities	<u>\$ 2,631,033</u>	<u>1,733,232</u>	<u>4,364,265</u>	<u>2,805,387</u>	<u>-</u>	<u>-</u>

Non-cash investing, capital and related financing activities:

There were no significant noncash financing or investing activities for the year ended June 30, 2009.

CITY OF SEAL BEACH
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2009
(With comparative data for 2008)

	2009	2008
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Assets		
Cash and investments (note 2)	\$ 892,996	834,942
Cash and investments with fiscal agent (note 2)	1,445,166	1,437,923
Accounts receivable	31,259	13,852
Total assets	\$ 2,369,421	2,286,717
 <hr style="border: none; border-top: 1px solid black; margin-top: 20px;"/>		
Liabilities		
Accounts payable	\$ 3,232	53,138
Deposits payable	331,696	306,922
Due to bondholders	2,034,493	1,926,657
Total liabilities	\$ 2,369,421	2,286,717

See accompanying notes to basic financial statements.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

Year Ended June 30, 2009

(1) Organization and Summary of Significant Accounting Policies

The basic financial statements of the City of Seal Beach, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to Government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

(a) Description of the Reporting Entity

The City Seal Beach (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 board. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Seal Beach (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 of Seal Beach.

Blended Component Units

The Seal Beach Redevelopment Agency (Agency) was formed in 1967 pursuant to Section 33000 of the California Health and Safety Code for the purpose of preparing and carrying out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Seal Beach. The Agency is governed by a five-member board that is the City Council of the City of Seal Beach,

The Agency has established two redevelopment project areas. The first area is known as the Riverfront Redevelopment Project, and the second area is known as the Surfside Redevelopment Project. The Surfside Redevelopment Project was established to build a seawall to prevent beach erosion and protect dwellings from water damage. The Surfside Redevelopment Project area is currently inactive.

The Seal Beach Public Financing Authority (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 of Seal Beach and the Seal Beach Redevelopment Agency. The City Council of the City of Seal Beach is the governing board. The Authority was formed to undertake the financing of public capital improvements.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(1) Organization and Summary of Significant Accounting Policies, (Continued)

The criteria used in determining the scope of the reporting entity are based on the provisions of Statement 14 of the Governmental Accounting Standards Board (GASB). The City of Seal Beach is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for the Agency and the Authority as "blended" component units. Despite being legally separate, the Agency and the Authority are so intertwined with the City that they are, in substance, part of the City's operations. Balances for the Agency are reported as separate funds in the Debt Service and Capital Projects Funds. The Authority has not had any activity for the year ended June 30, 2009.

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(1) Organization and Summary of Significant Accounting Policies, (Continued)

(c) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Agency funds, however, are unlike all other types of funds, reporting only assets and liabilities. Therefore, the Agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

(d) Fund Classifications

The City reports the following major governmental funds:

General Fund - This fund is used to account for most of the day-to-day operations of the City, which are financed from property taxes, utility user taxes, sales tax and other general revenues. Activities financed by the General Fund include police services, fire services, general administration, engineering, and planning.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(1) Organization and Summary of Significant Accounting Policies, (Continued)

Capital Projects and Equipment Fund – This fund accounts for financial transactions of general capital improvements.

The City reports the following major proprietary funds:

Water Utility Enterprise Fund – This fund accounts for the 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.

Additionally, the City reports the following fund types:

Special Revenue Funds – These funds are used to account for proceeds of specific revenue source that are legally restricted or otherwise designated for specific purposes.

Debt Service Funds – These funds account for the servicing of the long-term debt not being financed by proprietary or nonexpendable trust funds.

Internal Service Fund – This fund accounts for vehicle replacements. Departments of the City are charged for services provided or benefits received from these funds.

Agency Funds – These funds are used to account for money and property held by the City as trustee or custodian. They are also used to account for various assessment districts for which the City acts as an agent for debt service activity.

Private-sector standards of accounting and financial reporting issued prior to December 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(1) Organization and Summary of Significant Accounting Policies, (Continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

(e) Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the proprietary funds.

Investments for the City, as well as for its component units, are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

(f) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between Funds are reported as "due to/from other Funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(1) Organization and Summary of Significant Accounting Policies, (Continued)

(f) Receivables and Payables, (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectible. Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

(g) Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

General government includes legislative activities, which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area.

Public safety includes those activities which involve the protection of people and property.

Community development includes those activities which involve the enhancing of the general quality of life.

Parks and recreation includes those activities which involve the community cultural and leisure activities.

Public works includes those activities which involve the maintenance and improvement of City streets and roads, and park department development and maintenance.

(h) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These payments are recorded as expenditures when consumed rather than when purchased. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(1) Organization and Summary of Significant Accounting Policies, (Continued)

(i) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are public domain (infrastructure) consisting of certain improvements including roads, bridges, curbs, gutters, streets and sidewalks, medians, sewer and storm drains.

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. 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.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	20 - 99
Machinery and Equipment	5 - 25
Vehicles	4 - 10
Infrastructure	20 - 60

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(1) Organization and Summary of Significant Accounting Policies, (Continued)

(j) Compensated Absences

Leave time accrued, which includes vacation and sick time for those employees who qualify under their memorandum of understanding with the City (public safety employees), is transferable from one year to the next. Leave time is accruable up to a maximum of 448 to 620 hours, depending on the employee's length of service. Not more than once in each calendar year, an employee who has completed at least one year of continuous service shall, upon request, receive compensation for up to 50 hours of accrued leave time provided that the employee has taken an equal amount of vacation time off within that calendar year. Upon termination of employment with the City, all leave hours will be paid to the employee at the employee's base rate of pay.

(k) Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(l) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(1) Organization and Summary of Significant Accounting Policies, (Continued)

(m) General Budget Policies

Budgets for the general, special revenue, debt service, and capital projects funds (for which annual budgets are adopted) are adopted on a basis consistent with generally accepted accounting principles (GAAP). The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council.

Supplemental appropriations, where required during the period, are also approved by the Council. The City Manager may make transfers of appropriations within and between functions and programs, in accordance with Fiscal Policy, as long as such transfers do not increase the adopted annual budget appropriations. Budget amendments which exceed total adopted appropriations require the approval of the City Council. The legal level of budgetary control is at the function level. During the year, several supplemental appropriations were necessary. At fiscal year-end, all operating budget appropriations lapse.

The City does not budget for the Grants or Heron Pointe Special Revenue Funds.

(n) Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the general, special revenue, and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of expenditures ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(1) Organization and Summary of Significant Accounting Policies, (Continued)

(o) Property Taxes

Under California law, property taxes are assessed and collected by the counties 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. Accordingly, the City recognizes as revenue only those taxes which are received within 60 days after year end.

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 10 Second Installment – April 10

(p) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

(q) Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 55,332,310
Restricted:	
Cash and investments with fiscal agent	7,189,534
Fiduciary Funds:	
Statement of Assets and Liabilities:	
Cash and investments	892,996
Cash and investments with fiscal agent	<u>1,445,166</u>
Total cash and investments	<u>\$ 64,860,006</u>

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 2,491
Deposits with financial institutions	460,341
Investments	<u>64,397,174</u>
Total cash and investments	<u>\$ 64,860,006</u>

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

The table below identifies the *investment types* that are authorized for the City by the California Government Code Section 53601 or the City's investment policy, where more restrictive. 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 trustees 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.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

<u>Authorized Investment Type</u>	<u>Maximum* Maturity</u>	<u>Maximum* Percentage of Portfolio</u>	<u>Maximum* Investment in One Issuer</u>
U S Treasury Securities	5 years	100%	None
U S Agency Securities	5 years	100%	None
Bankers' Acceptance	180 days	40%	30%
Commercial Paper	180 days	25%	10%
Negotiable CDs	5 years	30%	None
Repurchase Agreements	90 days	100%	None
Medium Term Notes	5 years	30%	None
Money Market Mutual Funds	89 days	15%	10%
Local Agency Investment Fund (LAIF)	None	100%	None

* Based on state law requirements or investment policy requirements whichever is more restrictive.

Investments Authorized by Debt Agreements

Investment 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 below identifies the *investment types* that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address *interest rate risk*, *credit risk*, and *concentration of credit risk*.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U S Treasury Securities	None	None	None
U S Agency 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)

(2) Cash and Investments, (Continued)

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, the greater the sensitivity of its fair value is 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.

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
Certificates of Deposit	\$ 876,357	498,000	378,357	-
State Investment Pool	54,914,031	54,914,031	-	-
Held by Fiscal Agent:				
Money Market Mutual				
Funds	<u>8,606,786</u>	<u>8,606,786</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 64,397,174</u>	<u>64,018,817</u>	<u>378,357</u>	<u>-</u>

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 the year-end for each investment type:

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

<u>Investment Type</u>	Minimum Legal <u>Rating</u>	<u>Total</u>	<u>Remaining as of Year End</u>		
			<u>AAA</u>	<u>AA</u>	<u>Unrated</u>
Certificates of Deposit	N/A	\$ 876,357	-	-	876,357
State Investment Pool	N/A	54,914,031	-	-	54,914,031
Held by Fiscal Agent:					
Money Market					
Mutual Funds	N/A	<u>8,606,786</u>	<u>-</u>	<u>-</u>	<u>8,606,786</u>
Total		<u>\$ 64,397,174</u>	<u>-</u>	<u>-</u>	<u>64,397,174</u>

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 what is stipulated by the California Government Code. The City did not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more 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 governmental 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the City. 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 City deposits.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments held by a bond trustee are selected under the terms of the applicable trust agreement. The trustee acquires the investment and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

(3) Due From and To Other Funds

The composition of interfund balances as of June 30, 2009 was as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 13,393 (a)

(a) These interfund balances are a result of short-term borrowings to cover deficit cash balances in the Police Grants Fund and Community Development Block Grant Fund at June 30, 2009.

(4) Loans Receivable

As of June 30, 2009, the following loans receivable were outstanding:

Housing rehabilitation	<u>\$ 1,783,229</u>
------------------------	---------------------

The City has made several housing rehabilitation loans totaling \$1,783,229 to qualified applicants using housing set-aside funds.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Balance at</u> <u>June 30, 2008*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2009</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 10,519,847	-	-	10,519,847
Construction-in-progress	<u>4,756,129</u>	<u>4,178,912</u>	<u>(2,028,599)</u>	<u>6,906,442</u>
Total capital assets, not being depreciated	<u>15,275,976</u>	<u>4,178,912</u>	<u>(2,028,599)</u>	<u>17,426,289</u>
Capital assets, being depreciated:				
Building and improvements	7,260,671	412,134	-	7,672,805
Machinery and equipment	2,188,589	24,903	(45,516)	2,167,976
Vehicles	1,570,859	185,644	(215,579)	1,540,924
Infrastructure	<u>60,231,393</u>	<u>1,952,354</u>	<u>-</u>	<u>62,183,747</u>
Total capital assets, being depreciated	<u>71,251,512</u>	<u>2,575,035</u>	<u>(261,095)</u>	<u>73,565,452</u>
Less accumulated depreciation:				
Building and improvements	(3,319,850)	(210,854)	-	(3,530,704)
Machinery and equipment	(1,209,490)	(127,201)	45,516	(1,291,175)
Vehicles	(908,381)	(127,689)	153,126	(882,944)
Infrastructure	<u>(17,789,996)</u>	<u>(1,663,393)</u>	<u>-</u>	<u>(19,453,389)</u>
Total accumulated depreciation	<u>(23,227,717)</u>	<u>(2,129,137)</u>	<u>198,642</u>	<u>(25,158,212)</u>
Total capital assets, being depreciated, net	<u>48,023,795</u>	<u>445,898</u>	<u>(62,453)</u>	<u>48,407,240</u>
Governmental activities capital assets, net	<u>\$ 63,299,771</u>	<u>4,624,810</u>	<u>(2,091,052)</u>	<u>65,833,529</u>

*Reclassifications were made to the beginning balances of certain capital asset categories.
No cumulative changes occurred to prior year balances.

Depreciation expense was charged in the following functions in the Statement of Activities for the year ended June 30, 2009 as follows:

General government	\$ 137,669
Public safety	147,208
Public works	1,762,832
Community development	6,934
Parks and recreation	<u>74,494</u>
Total governmental activities	<u>\$ 2,129,137</u>

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(5) Capital Assets, (Continued)

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Construction-in-progress - water	\$ 3,553,493	2,469,201	(3,279,981)	2,742,713
Construction-in-progress - sewer	<u>152,968</u>	<u>1,217,371</u>	<u>-</u>	<u>1,370,339</u>
Total capital assets, not being depreciated	<u>3,706,461</u>	<u>3,686,572</u>	<u>(3,279,981)</u>	<u>4,113,052</u>
Capital assets, being depreciated:				
Building and improvements - water	73,284	-	-	73,284
Machinery and equipment - water	531,044	-	-	531,044
Machinery and equipment – sewer	785,802	-	-	785,802
Vehicles – water	219,596	18,363	-	237,959
Vehicles - sewer	109,303	-	-	109,303
Infrastructure – water	19,187,980	3,279,980	-	22,467,960
Infrastructure - sewer	<u>27,023,139</u>	<u>3,868</u>	<u>-</u>	<u>27,027,007</u>
Total capital assets, being depreciated	<u>47,930,148</u>	<u>3,302,211</u>	<u>-</u>	<u>51,232,359</u>
Less accumulated depreciation:				
Building and improvements - water	(66,874)	(675)	-	(67,549)
Machinery and equipment - water	(346,783)	(30,760)	-	(377,543)
Machinery and equipment – sewer	(95,633)	(16,148)	-	(111,781)
Vehicles - water	(136,057)	(15,345)	-	(151,402)
Vehicles - sewer	(49,459)	(8,919)	-	(58,378)
Infrastructure - water	(12,588,005)	(373,888)	-	(12,961,893)
Infrastructure - sewer	<u>(10,831,850)</u>	<u>(496,528)</u>	<u>-</u>	<u>(11,328,378)</u>
Total accumulated depreciation	<u>(24,114,661)</u>	<u>(942,263)</u>	<u>-</u>	<u>(25,056,924)</u>
Total capital assets, being depreciated, net	<u>23,815,487</u>	<u>2,359,948</u>	<u>-</u>	<u>26,175,435</u>
Business-type activities capital assets, net	<u>\$ 27,521,948</u>	<u>6,046,520</u>	<u>(3,279,981)</u>	<u>30,288,487</u>

Depreciation expense was charged in the following programs of the primary government for the year ended June 30, 2009 as follows:

Business-type-activities:	
Water	\$ 420,669
Sewer	<u>521,594</u>
Total business-type-activities	<u>\$ 942,263</u>

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(6) Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One year</u>
<u>Redevelopment Agency:</u>					
Capital property improvement lease	\$ 106,509	-	(15,653)	90,856	17,081
2000 Tax allocation bonds series A	6,300,000	-	(355,000)	5,945,000	370,000
2000 Tax allocation bonds series B	500,000	-	(35,000)	465,000	35,000
<u>Countywide Financing</u>					
<u>Authority:</u>					
CFA lease	435,000	-	(100,000)	335,000	105,000
<u>City:</u>					
2008 Taxable Pension Obligation Bonds, Series A-1	2,170,000	-	(361,000)	1,809,000	420,000
2008 Taxable Pension Obligation Bonds, Series A-2	8,775,000	-	(365,000)	8,410,000	492,000
2009 Lease Revenue Bonds	-	6,300,000	(105,000)	6,195,000	420,000
Capital equipment lease	5,154	-	(5,154)	-	-
Capital property improvement lease	520,011	-	(76,423)	443,588	83,395
Claims payable	681,460	-	(166,083)	515,377	29,939
Compensated absences	<u>637,481</u>	<u>602,459</u>	<u>(515,656)</u>	<u>724,284</u>	<u>324,106</u>
Total	<u>\$ 20,130,615</u>	<u>6,902,459</u>	<u>(2,099,969)</u>	<u>24,933,105</u>	<u>2,296,521</u>

For the governmental activities, claims payable and compensated absences are generally liquidated by the general fund.

(7) Agency 2000 Tax Allocation Refunding Bonds

On December 20, 2000, the Agency issued 2000 Tax Allocation Refunding Bonds for the Riverfront Redevelopment Project in the amounts of \$8,520,000 and \$685,000 for Series A and B, 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.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(7) Agency 2000 Tax Allocation Refunding Bonds, (Continued)

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 balances in the Series A and B bonds outstanding at June 30, 2009 were \$5,945,000 and \$465,000, respectively.

The annual debt service requirements on the tax allocation bonds as of June 30, 2009 are as follows:

<u>Year Ended June 30,</u>	<u>2000 Tax allocation Refunding Bonds, Series A</u>		<u>2000 Tax Allocation Refunding Bonds, Series B</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 370,000	292,933	35,000	25,122
2011	390,000	272,983	40,000	23,200
2012	410,000	253,315	40,000	21,150
2013	430,000	233,780	40,000	18,975
2014	450,000	212,875	45,000	16,531
2015-2019	2,605,000	694,648	265,000	40,109
2020-2024	<u>1,290,000</u>	<u>128,999</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,945,000</u>	<u>2,089,533</u>	<u>465,000</u>	<u>145,087</u>

(8) Countywide Public Financing Authority Lease

The Countywide Public Financing Authority issued its 1996 Revenue Bonds in the amount of \$27,725,000 in July 1996. The City of Seal Beach received \$1,265,000 of the proceeds for the purpose of financing a portion of its share of the costs of the Orange County Countywide 800 MHZ communications system, financing the refurbishment of beach restrooms, and to provide alternative parking facilities. Rental payments are made which correspond to the debt service payments on the bonds. The City of Seal Beach's rental payments vary from 3.62% to 19.35% of the total debt service on the bonds. Payments are made semi-annually starting February 1, 1997. The interest rate on the bonds varies from 4.10% to 5.75%. The outstanding balance at June 30, 2009 was \$335,000.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(8) Countywide Public Financing Authority Lease, (Continued)

The calculation of the present value of the future lease payments for obligations under the capital lease is as follows:

<u>Year Ended June 30,</u>	<u>Countywide Financing Authority Lease</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 105,000	19,050
2011	110,000	13,170
2012	<u>120,000</u>	<u>6,900</u>
Total	<u>\$ 335,000</u>	<u>39,120</u>

(9) 2008 Taxable Pension Obligation Bonds

On June 1, 2008, the City issued Taxable Pension Obligation Bonds for the purpose of refunding the City's obligations to the California Public Employees' Retirement System for pension benefits accruing for its members in the amounts of \$2,170,000 and \$8,775,000 for Series 2008A-1 and 2008A-2, respectively. Interest rate on the bonds varies from 4.9% to 5.66%. Payments have been presented as expenditures in the fund financial statements and as prepaid assets in the government-wide financial statements.

The balances in the Series 2008A-1 and 2008A-2 bonds at June 30, 2009 were \$1,809,000 and \$8,410,000, respectively.

<u>Year Ended June 30,</u>	<u>2008 Taxable Pension Obligation Bonds, Series A-1</u>		<u>2008 Taxable Pension Obligation Bonds, Series A-2</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 420,000	79,327	492,000	463,417
2011	441,000	58,285	555,000	433,971
2012	462,000	36,215	622,000	400,827
2013	486,000	13,038	696,000	363,735
2014	-	-	775,000	322,299
2015-2019	<u>-</u>	<u>-</u>	<u>5,270,000</u>	<u>816,970</u>
Total	<u>\$ 1,809,000</u>	<u>186,865</u>	<u>8,410,000</u>	<u>2,801,219</u>

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(10) 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 balances of the 2009 Series Lease Revenue bonds at June 30, 2009 were \$6,195,000.

<u>Year Ended June 30,</u>	<u>2009 Series Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 420,000	223,991
2011	420,000	208,409
2012	420,000	192,827
2013	420,000	177,245
2014	420,000	161,663
2015-2019	2,100,000	574,585
2020-2024	<u>1,995,000</u>	<u>185,035</u>
Total	<u>\$ 6,195,000</u>	<u>1,723,755</u>

(11) Capital Property Improvement Lease

The City has entered into a lease agreement for capital improvements for various City facilities that are owned and operated by the City and Agency. Accordingly, a portion of the lease payments have been allocated to the City (representing approximately 83%) and the remainder has been allocated to the Agency (representing approximately 17%). The original cost of the improvements aggregating \$1,493,080 has been capitalized.

The combined balance of this capital improvement lease obligation that is outstanding at June 30, 2009 is \$534,444. The calculation of the present value of the future lease payments for obligations under the capital lease is as follows:

<u>Year Ended June 30,</u>	<u>Capital Improvement Lease - RDA (17%)</u>		<u>Capital Improvement Lease - City (83%)</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 17,081	4,484	83,395	21,894
2011	18,763	3,546	91,610	17,314
2012	20,572	2,516	100,441	12,286
2013	22,516	1,388	109,930	6,777
2014	<u>11,924</u>	<u>238</u>	<u>58,212</u>	<u>1,160</u>
Total	<u>\$ 90,856</u>	<u>12,172</u>	<u>443,588</u>	<u>59,431</u>

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(12) Claims payable

The City is exposed to various risks of loss to its operation, including losses associated with errors and omissions, injuries to employees and members of the public. The claims and judgments reported in the Government-wide financial statements is based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2009, claims payable including estimated claims for incurred but not reported claims, amounted to \$515,377.

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes <u>in Estimates</u>	Claim Payments	Balance at Fiscal <u>Year End</u>
2007-08	\$ 673,092	10,684	(2,316)	681,460
2008-09	681,460	(136,144)	(29,939)	515,377

(13) Proprietary Fund Long-Term Debt

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2009:

	Balance <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2009</u>	Due Within <u>One year</u>
Economic development administration loan	\$ 132,388	-	(10,425)	121,963	10,947
Sewer certificates of participation payable	3,645,000	-	(90,000)	3,555,000	95,000
Compensated absences	<u>126,545</u>	<u>68,149</u>	<u>(60,540)</u>	<u>134,154</u>	<u>8,599</u>
Total	<u>\$3,903,933</u>	<u>68,149</u>	<u>(160,965)</u>	<u>3,811,117</u>	<u>114,546</u>

(14) Economic Development Administration Loan

The City received a loan on September 16, 1977 from the Economic Development Administration for drought relief in the amount of \$288,000. Repayment terms of the loan were to be interest only at the rate of 5% per annum through June 30, 1980.

Thereafter, commencing on July 1, 1980, payments of \$17,074 principal and interest at the rate of 5% per annum were to be made annually through July 1, 2017.

Future debt service requirements on the loan at June 30, 2009 were as follows:

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(14) Economic Development Administration Loan, (Continued)

<u>Year Ended June 30,</u>	<u>Economic Development Administration Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 10,947	6,127
2011	11,494	5,580
2012	12,069	5,005
2013	12,672	4,402
2014	13,306	3,768
2015-2018	<u>61,475</u>	<u>8,079</u>
Total	<u>\$ 121,963</u>	<u>32,961</u>

(15) Sewer Certificates of Participation Payable

The 2000 Sewer System Certificates of Participation were issued on June 13, 2000 to provide funds for improvements to the City's sewer system. Payment of interest and principal is secured by a lien against the net revenues generated from the Sewer Utility Fund.

The Certificates were issued in denominations of \$5,000 each and carry interest ranging from 5.00% to 5.75% with principal payable each June 1. Certificates maturing on or after June 1, 2010 are subject to early redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption and premium. Interest paid on the certificates is capitalized as construction-in-progress in the Sewer Utility Fund. Future debt service requirements on the Certificates at June 30, 2009:

<u>Year Ending June 30,</u>	<u>Sewer Certificates of Participation Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 95,000	196,401
2011	100,000	191,651
2012	105,000	187,051
2013	110,000	181,270
2014	115,000	175,632
2015-2019	680,000	778,022
2020-2024	900,000	565,312
2025-2029	1,175,000	282,936
2030	<u>275,000</u>	<u>15,468</u>
Total	<u>\$ 3,555,000</u>	<u>2,573,743</u>

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(16) Pledged Revenue

The City and its component units have debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Revenue	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Tax increment – Riverfront Project Area	\$ 1,930,720	778,879	40.3%

(17) Debt Issued Without Government Commitment

Surfside Colony Reassessment District No. 2000-1

The Surfside Colony Reassessment District No. 2000-1 was formed to finance improvements within the Surfside Colony and to refund the outstanding unmatured portion of the Assessment District 94-1 (Surfside Colony) limited obligation improvement bonds. The debt service payments on the bonds will be included on property tax bills within the reassessment 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, 2009 was \$770,000.

Special Assessment District No. 94-1

A special assessment district, AD 94-1, was formed to finance construction of public improvements within the Surfside Colony. The assessments could be prepaid by the property owners. For those that did not prepay, bonds were sold in August 1995 in the amount of \$1,655,885. The debt service for the bonds will be included on the property tax bills of those property owners who did not prepay. The City will receive these

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(17) Debt Issued Without Government Commitment, (Continued)

payments and remit them to the paying agent. The City may withdraw from the Reserve Fund enough to cover any delinquent payments of the assessments. The City has no liability for debt service on 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 has the City, county, state, or any political subdivision thereof pledged its full faith and credit for the payment thereof. Since the City has no liability for these bonds, the Reserve Fund and Debt Service monies are reported in the Agency Fund and the debt is not included in the financial statements.

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 has 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, 2009 was \$3,890,000.

Pacific Gateway Business Center Community Facilities District No 2005-01

The Pacific Gateway Business Center community Facilities District No. 2005-01 (District) was formed to finance public facilities within the District. 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 has 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, 2009 was \$8,780,000.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(18) Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$ 347,000 (a)
Capital Projects and Equipment	General Fund	3,908,949 (b)
	Non-Major Governmental Funds	1,891,450 (b)
Vehicle Replacement Internal Service Fund	General Fund	2,000,000 (c)
Non-Major Governmental Funds	Non-Major Governmental Funds	1,226,385 (d)
	General Fund	<u>3,806,716 (e)</u>
Total transfers		<u>\$13,180,500</u>

- (a) Transfers from the State Gas Tax Fund, Landscape District Fund, Heron Pointe Fund, and Pacific Gateway Fund were primarily made to fund various capital improvement projects throughout the City.
- (b) The General Fund and various other non-major special revenue funds transferred \$5,800,399 to the Capital Projects and Equipment Fund for infrastructure projects such as street improvements, development of Fire Station No. 48, and rehabilitation of police and public works facilities.
- (c) Transfers of \$2,000,000 made from the General Fund were for the establishment of the Vehicle Replacement Internal Service Fund which was created during the fiscal year ended June 30, 2009.
- (d) The RDA Debt Service Fund transferred excess tax increment revenues to the RDA Capital Projects Fund for various redevelopment capital improvement projects.
- (e) Transfers of \$3,806,716 made from the General Fund to the Tidelands Beach Fund were for general operating expenses such as beach cleaning and maintenance projects such as maintaining the pier; and provide funding to the City Debt Service Fund for debt service payments.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(19) Retirement Plans

California Public Employees Retirement System (PERS)

The City of Seal Beach contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS 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. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Contributions

Miscellaneous and safety participants are required to contribute 7% and 9%, respectively, of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The City's covered payroll for PERS was \$7,213,972 for the year ended June 30, 2009, while the City's total payroll for all employees was \$9,063,999 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2008 to June 30, 2009.

Three-Year Trend Information

Annual Pension Cost (Safety)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	54.109%	\$ 2,046,158	100%	-
6/30/08	53.732%	2,174,945	100%	-
6/30/09	20.660%	609,389	100%	-

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(19) Retirement Plans, (Continued)

Annual Pension Cost (Miscellaneous)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	6.863%	\$ 217,218	100%	-
6/30/08	6.869%	281,832	100%	-
6/30/09	7.434%	346,169	100%	-

Public Agency Retirement System (PARS)

The City of Seal Beach contributed to the California Public Agency Retirement System (PARS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The system operates independently as a public employer trust, as provided for under the California Government Code and the United States Internal Revenue Code and as a local district plan as provided for under the California Education Code.

PARS is a defined contribution retirement plan in which the City contributes 1.3% and the participants contribute 6.2% of the participant's before tax compensation. All City employees who are not participating in PERS are required to participate in PARS. Employees are 100% vested in employee and City contributions upon enrollment.

The City's contribution to PARS for 2009-2009 was \$11,625 (of covered payroll), and the employees' contributions to PARS were \$55,445 (of covered payroll).

(20) Joint Ventures

Orange County Fire Authority

The City of Seal Beach entered into a joint powers agreement with seventeen other cities and the County of Orange in January 1995, and subsequently amended on September 23, 1999, to create the Orange County Fire Authority (the Authority). Since 1995, other cities within the County have also joined the Authority to bring the total members in the Authority to twenty-two. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, hazardous materials regulation as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through either the property tax roll or with cash contributions based on the Authority's annual budget. The County pays all structural fire fees it collects to the Authority. In 2008-2009 the City of Seal Beach paid \$3,613,286 to the Authority.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(20) Joint Ventures, (Continued)

Orange County Fire Authority, (Continued)

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2009. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. The following audited financial data is presented as of and for the year ended June 30, 2008 (the most recent data available).

Governmental Activities

Total Assets	<u>\$351,457,101</u>
Total Liabilities	<u>\$ 56,245,536</u>
Total Revenues	\$287,677,929
Total Expenses	<u>239,576,051</u>
Changes in Net Assets	48,101,878
Net Assets, Beginning, as restated	<u>247,109,687</u>
Net Assets, Ending	<u>\$295,211,565</u>

Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Irvine, California 92602.

County Public Financing Authority

The Countywide Public Financing Authority was established in accordance with the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), and pursuant to the terms of that certain Joint Exercise of Powers Agreement, dated June 19, 1996, by and among the Members. Under the Act, the Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes, and other obligations of, or making loans to, public entities, including the Members, and to provide financing for the public capital improvements of public entities, including the Members.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(20) Joint Ventures, (Continued)

County Public Financing Authority, (Continued)

The Authority's membership consists of the cities of Brea, Buena Park, Fullerton, Garden Grove, Orange, Santa Ana, Seal Beach, Stanton, and Tustin. The governing body of the Authority consists of nine directors, appointed by the governing bodies of each member. Each director has one vote over budgeting and financial matters. The Authority is a public entity separate from the cities, and is not included in the financial statements of those entities.

The Authority issued its 1996 Revenue Bonds in the amount of \$27,725,000 in July 1996. The bond proceeds will be used to provide financing for the portions of a Countywide communications system within Orange County allocable to the members and to finance other capital projects for certain members within their respective geographical boundaries.

In order to provide for repayment of the bonds, each member has agreed to lease certain real property and improvements to the Authority and lease back said premises from the Authority pursuant to separate lease agreements. Each member will pay installments of rent to the Authority in an amount sufficient to cover the debt service on the bonds.

Separate financial statements are not prepared for the Countywide Public Financing Authority. Financial information is accumulated by U.S. Trust in Los Angeles, California, which is the escrow agent.

See Note 8 for information regarding the City's share of lease payments.

West Communications Financing Authority

The West Communications Financing Authority (Authority) was established December 23, 1996, pursuant to a Joint Exercise of Powers Agreement by the Cities of Seal Beach, Cypress, and Los Alamitos for the purpose of operating a public safety communications center.

The Board of Directors is comprised of three elected officials, one designated by each participating City. Each Director has one vote over budgeting and financial matters. The Authority is a public entity separate from the Cities, and is not included in the financial statements of those entities.

Each City pays a contractual fee to the Authority, which consists of personnel costs, capital expenditures and reserves to fund accrued employee leave and equipment purchases. The contractual fee remains stable from year to year. In 2008-2009 the City of Seal Beach paid \$577,355 to the Authority.

Audited information is not available. Unaudited financial information may be obtained from the City of Cypress.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(21) Liability, Property, and Workers Compensation Protection

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to the California Government Code Section 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 coverage. The Authority's pool 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 9-member Executive Committee.

General Liability Insurance

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on a member's share of losses under \$30,000; (3) losses from \$750,000 to \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby the Authority is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

Property Protection

City of Seal Beach participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City's currently has all-risk property insurance protection in the amount of \$1,478,155. There is a \$5,000 deductible per occurrence, except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(21) Liability, Property, and Workers Compensation Protection, (Continued)

Workers Compensation

The City also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (b) losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (c) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; and (4) losses from \$2,000,000 to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

Environmental Insurance

City of Seal Beach participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 sub-limit during the 3-year term of the policy.

Earthquake and Flood Insurance

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. The City currently has earthquake protection in the amount of \$1,264,025. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance

City of Seal Beach purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(21) Liability, Property, and Workers Compensation Protection, (Continued)

Special Event Tenant User Liability Insurance

City of Seal Beach further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on the City's property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is arranged by the Authority.

Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

(22) Other Post-Employment Benefits Other than Pensions

During the year ended June 30, 2008, the City implemented GASB Statement No. 45 which changed the accounting and financial reporting used by local government employers for postemployment benefits. Previously, the costs of such benefits were generally recognized as expenditures/expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the City are as set forth below.

Plan Descriptions. The City of Seal Beach 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.

Funding Policy and Annual OPEB Cost. The City's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the value of employer promised benefits expected to be earned or allocated for each fiscal year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(22) Other Post-Employment Benefits Other than Pensions, (Continued)

The City uses CalPERS to hold irrevocable employer contributions in a trust restricted for benefits under this program. CalPERS publishes a publically available financial report conforming to GASB Statement No. 43 that includes separately issued financial statements for the CalPERS OPEB Trust. Copies of PERS' annual financial reports for its OPEB Trust may be obtained from its executive office at 400 "Q" Street, Sacramento, California 95811. The City's annual OPEB cost for the current year and the related information for the plan are as follows:

	<u>Retiree Healthcare Plan</u>
Annual required contribution	\$ 600,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	600,000
Contributions made (including premiums paid)	<u>(717,686)</u>
Increase (decrease) in net OPEB obligation	(117,686)
Net OPEB obligation – beginning of year	<u>-</u>
Net OPEB obligation (asset) – end of year	<u>\$ (117,686)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Retiree Healthcare Plan	6/30/07	N/A	N/A	N/A
	6/30/08	600,000	100.0	-
	6/30/09	600,000	119.6	(117,686)

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(22) Other Post-Employment Benefits Other than Pensions, (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

	<u>Retiree Healthcare Plan</u>
Actuarial valuation date	6/30/08
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.75%
Projected salary increases*	3.25%
Healthcare inflation rate*	5%

* Includes an inflation assumption of 3.0%.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(22) Other Post-Employment Benefits Other than Pensions, (Continued)

Schedule of Funding Progress (dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded ration (a/b)	Covered Payroll	UAAL as a Percentage of covered payroll ((b-a)/c)
6/30/07	N/A	N/A	N/A	N/A	N/A	N/A
6/30/08	\$0	\$6,667	\$6,667	0%	\$6,757	98.69%
6/30/09	\$0	\$6,667	\$6,667	0%	\$6,757	98.69%

(23) Utility User Taxes

On September 28, 1995, the California Supreme Court issued a decision which reinstated California’s Proposition 62’s voter-approval requirement of general taxes. As a result of this ruling, questions have arisen regarding the ability of general law cities to continue to assess utility user and other forms of taxes which were not approved by the voters. As of the date of this report, a determination of whether future collection of this tax can continue has not been made by the courts.

(24) Accumulated Fund Deficits

The following funds had a deficit fund balance as of June 30, 2009:

	<u>Deficit Balance</u>
Special Revenue Funds:	
Police Grants	\$ 4,570
Community Development Block Grant	1,552

Management’s explanations for the resolution of significant accumulated fund deficits are summarized as follows:

Police Grants Fund:

The deficit fund balance of \$4,570 is a result of a timing difference between when expenses were incurred by the fund and when they were reimbursed by various granting agencies.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(24) Accumulated Fund Deficits, (Continued)

Community Services Block Grant Fund:

The deficit fund balance of \$1,552 is a result of a timing difference between when expenses were incurred by the fund and when they were reimbursed by various granting agencies.

(25) Commitments and Contingencies

As of June 30, 2009, budgeted funds committed for major capital projects included the following:

	<u>Project Budget</u>	<u>Expenditures To Date</u>	<u>Unexpended Balance</u>
Seal Beach Blvd/ 405 Overcross Approach Widening	\$ 5,085,250	883,833	4,201,417
Water Reservoir & Booster Station Rehab	1,200,000	207,122	992,878
River's End RMC Bikeway Project	660,000	192,002	467,998
Sewer Capital Improvement Project	2,200,000	541,064	1,658,936
Sewer System Lining Project	500,000	293,808	206,192
Tree Planting	60,000	57,981	2,019
Storm Drain Project Phase 2	2,853,000	864,194	1,988,806
Seal Beach Blvd. Edison Underground Project	20,000	810	19,190
City-wide Park Improvements	48,000	25,297	22,703
Arterial Paving Project	721,662	606,711	114,951
Police Department Renovation	200,000	47,812	152,188
Fire Station	6,300,000	1,743,493	4,556,507
CADD/GIS Program	10,000	2,604	7,396
Pier Structural Safety Assessment	100,000	61,500	38,500
Heather Park Storage Facility	20,000	16,382	3,618
Ten Year Improvement Master Plan	1,100,000	192,645	907,355
Beverly Manor Road Street Improvement	<u>1,000,000</u>	<u>37,675</u>	<u>962,325</u>
Total	<u>\$22,077,912</u>	<u>5,774,933</u>	<u>16,302,979</u>

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(26) State Action to Borrow Local Government Property Tax Funds in Fiscal Year 2009-10

On July 28, 2009, legislation was signed into law that enabled the State of California to borrow a portion of the property tax revenue due to be remitted to local governments in fiscal year 2009-10. This action was taken to replace a portion of the shortfall in state revenues associated with current economic conditions.

The amount to be borrowed in 2009-10 from each local government represents approximately 8% of the general levy property taxes received by that local government in fiscal year 2008-09. The California Constitution requires the State to repay the borrowed property tax funds within three years of the borrowing with interest (an annual rate of 2%). The California Constitution prohibits the State from borrowing additional funds from local governments until the first borrowing has been repaid. No more than two borrowings are permitted within a given ten year period under current state law.

Efforts are being made to develop legislation that would authorize the California Statewide Communities Development Authority (CSCDA), a joint powers agency, to issue debt that would be used to provide to participating local governments funds to replace the property tax revenue borrowed by the state. If such debt is issued, it is anticipated that the State would be responsible for repayment of the bonds.

Under the modified accrual basis of accounting, the re-directed property taxes are not permitted to be recognized as revenue in the fund financial statements until the tax revenues (or the substituted funds provided by the planned CSCDA debt issue) are received by the local government (i.e., collected during that local government's "availability period"). In the government-wide financial statements, the property tax revenues are recognized for the year in which they were levied (fiscal year 2009-10) as a receivable to be collected upon the State's repayment of the withheld property taxes).

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(27) Fund Balances

Reserved fund balances and designated fund balances at June 30, 2009 were as follows:

	General Fund	Capital Projects and Equipment	Non-Major Governmental Funds	Total
Reserved for:				
Encumbrances	\$ 211,000	105,000	-	316,000
Loans receivable	<u>-</u>	<u>-</u>	<u>1,783,229</u>	<u>1,783,229</u>
Subtotal	<u>211,000</u>	<u>105,000</u>	<u>1,783,229</u>	<u>2,099,229</u>
Unreserved:				
Designated for:				
Fiscal policy	5,985,800	-	-	5,985,800
City clerk	79,160	-	-	79,160
Traffic impact fees	3,172,982	-	-	3,172,982
College Park East	477,000	-	-	477,000
Economic condition	1,750,000	-	-	1,750,000
Swimming pool	5,000,000	-	-	5,000,000
Street improvements	4,043,500	-	-	4,043,500
Storm drains	4,735,000	-	-	4,735,000
Buildings	1,960,200	-	-	1,960,200
Compensated absences	724,300	-	-	724,300
Capital projects reserves	5,183,100	-	-	5,183,100
Low and moderate housing	-	-	1,699,688	1,699,688
Debt service	<u>-</u>	<u>-</u>	<u>2,108,727</u>	<u>2,108,727</u>
Subtotal	<u>33,111,042</u>	<u>-</u>	<u>3,808,415</u>	<u>36,919,457</u>
Undesignated	<u>3,143,085</u>	<u>87,409</u>	<u>6,512,527</u>	<u>9,743,021</u>
Total	<u>\$ 36,465,127</u>	<u>192,409</u>	<u>12,104,171</u>	<u>48,761,707</u>

The reserves for encumbrances and loans receivable are established to show that certain assets are already committed to other purposes and are not available for discretionary expenditures.

Unreserved-undesignated represents the fund balance remaining after reduction for reserved and designated fund balances.

CITY OF SEAL BEACH

Notes to the Basic Financial Statements

(Continued)

(28) Expenditures in Excess of Appropriations

Expenditures for the year ended June 30, 2009 exceeded the appropriations of the following funds:

<u>Fund/Function</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
State Gasoline Tax	\$ 736	-	(736)
Street Lighting	187,483	160,000	(27,483)
CLEEP Grant	4,061	-	(4,061)
Community Development Block Grant	201,472	-	(201,472)
Capital Projects Funds:			
Capital Projects and Equipment	5,800,524	4,429,300	(1,371,224)
RDA Capital Projects	62,604	42,050	(20,554)

(29) Restatement of Net Assets/Fund Balance

The June 30, 2009 fund balances in the fund financial statements have been restated as follows:

	<u>General Fund</u>	<u>Capital Projects and Equipment Fund</u>	<u>Water Utility Fund</u>
Fund balance at the beginning of the year, as previously reported	\$ 33,444,810	(53,973)	19,792,469
To reduce expenses in the prior year for amounts that were accrued twice.	-	245,828	85,405
To remove engineering inspection deposits and other miscellaneous deposits as liabilities and reflect them as revenues earned in prior years	<u>194,438</u>	<u>-</u>	<u>-</u>
Fund balance at the beginning of the year, as restated	<u>\$ 33,639,248</u>	<u>191,855</u>	<u>19,877,874</u>

The June 30, 2009 net assets in the government-wide financial statements have been restated as follows:

Net assets at the beginning of the year, as previously reported	\$ 133,924,327
To reflect restatements in the fund financial statements	<u>525,671</u>
Net assets at the end of the year, as restated	<u>\$ 134,449,998</u>

SUPPLEMENTARY SCHEDULES

CITY OF SEAL BEACH
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009
(With comparative data for 2008)

	Special Revenue Funds	Debt Service Funds	RDA Capital Projects	Totals	
				2009	2008
<u>Assets</u>					
Cash and investments	\$ 4,075,247	600,048	4,126,304	8,801,599	7,249,045
Receivables:					
Accounts	92,445	-	-	92,445	152,379
Taxes	1,525	13,089	-	14,614	161,753
Loans	1,783,229	-	-	1,783,229	1,861,571
Due from other governments	76,723	-	-	76,723	205,885
Restricted assets:					
Cash and investments					
with fiscal agent	-	1,495,660	-	1,495,660	761,273
Total assets	<u>\$ 6,029,169</u>	<u>2,108,797</u>	<u>4,126,304</u>	<u>12,264,270</u>	<u>10,391,906</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 64,790	70	11,605	76,465	140,980
Accrued liabilities	66,181	-	-	66,181	8,835
Due to other funds	13,393	-	-	13,393	300,524
Deferred revenue	4,060	-	-	4,060	202,565
Total liabilities	<u>148,424</u>	<u>70</u>	<u>11,605</u>	<u>160,099</u>	<u>652,904</u>
Fund balances:					
Reserved:					
Loans receivable	1,783,229	-	-	1,783,229	1,861,571
Unreserved:					
Designated for:					
Low and moderate housing	1,699,688	-	-	1,699,688	1,538,662
Debt service	-	2,108,727	-	2,108,727	1,363,543
Unreserved, reported in:					
Special revenue funds	2,397,828	-	-	2,397,828	2,087,018
Capital projects funds	-	-	4,114,699	4,114,699	2,888,208
Total fund balances	<u>5,880,745</u>	<u>2,108,727</u>	<u>4,114,699</u>	<u>12,104,171</u>	<u>9,739,002</u>
Total liabilities and fund balances	<u>\$ 6,029,169</u>	<u>2,108,797</u>	<u>4,126,304</u>	<u>12,264,270</u>	<u>10,391,906</u>

CITY OF SEAL BEACH
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

Year Ended June 30, 2009

(With comparative data for 2008)

	Special Revenue Funds	Debt Service Funds	RDA Capital Projects	Totals	
				2009	2008
Revenues:					
Taxes	\$ 1,242,138	1,930,719	-	3,172,857	3,237,113
Intergovernmental	1,572,675	-	-	1,572,675	1,417,738
Charges for services	484,674	-	-	484,674	510,432
Uses of money and property	86,603	40,554	63,305	190,462	338,024
Miscellaneous	-	-	-	-	10,995
Total revenues	<u>3,386,090</u>	<u>1,971,273</u>	<u>63,305</u>	<u>5,420,668</u>	<u>5,514,302</u>
Expenditures					
Current:					
General government	187,483	6,177	41,611	235,271	200,696
Public safety	1,015,952	-	-	1,015,952	1,250,015
Community development	1,159,527	19,570	-	1,179,097	1,315,222
Public works	27,563	-	-	27,563	26,768
Capital outlay	-	-	-	-	63,787
Debt service:					
Principal retirement	5,154	1,221,000	15,653	1,241,807	404,470
Interest and fiscal charges	61	918,674	5,340	924,075	364,487
Total expenditures	<u>2,395,740</u>	<u>2,165,421</u>	<u>62,604</u>	<u>4,623,765</u>	<u>3,625,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>990,350</u>	<u>(194,148)</u>	<u>701</u>	<u>796,903</u>	<u>1,888,857</u>
Other financing sources (uses):					
Transfers in	1,640,999	2,165,717	1,226,385	5,033,101	2,395,277
Transfers out	<u>(2,237,855)</u>	<u>(1,226,385)</u>	<u>(595)</u>	<u>(3,464,835)</u>	<u>(4,633,493)</u>
Total other financing sources (uses)	<u>(596,856)</u>	<u>939,332</u>	<u>1,225,790</u>	<u>1,568,266</u>	<u>(2,238,216)</u>
Net change in fund balances	393,494	745,184	1,226,491	2,365,169	(349,359)
Fund balances at beginning of year	<u>5,487,251</u>	<u>1,363,543</u>	<u>2,888,208</u>	<u>9,739,002</u>	<u>10,088,361</u>
Fund balances at end of year	<u>\$ 5,880,745</u>	<u>2,108,727</u>	<u>4,114,699</u>	<u>12,104,171</u>	<u>9,739,002</u>

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SUPPLEMENTARY INFORMATION

NON-MAJOR SPECIAL REVENUE FUND

Special Revenue Funds are used to account for specific revenues that are legally restricted to be spent for particular purposes.

The City of Seal Beach has the following Non-Major Special Revenue Funds:

State Gasoline Tax Fund – This fund accounts for State collected, locally shared gas tax monies. Expenditures are limited to repair, construction, maintenance and right-of-way acquisitions relating to streets and highways.

Air Quality Improvement Fund – This fund 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 limited to programs that will reduce air pollution by reducing, directly or indirectly, mobile source emission pollutants.

Measure M Fund – This fund accounts for “Local Turnback” funds established as part of the one-half sales tax increase initially approved November 6, 1990 and extended through 2041 by the voters of Orange County in November 2006. “Local Turnback” revenues can only be expended on street and highway improvements.

Police Asset Forfeiture Fund – This fund accounts for revenues derived from monies and property seized in drug-related incidents.

Parks and Recreation Fund – This fund was established to account for the Quimby Act Fees received by developers. The fees collected are only to be used to improve parks and recreation facilities.

Tidelands Beach Fund – This fund is required by the State of California and is used to account for all revenues derived from beach and pier operations in the City. Expenditures are limited to lifeguard, pier, and beach operations.

Supplemental Law Enforcement Fund – This fund accounts 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.

Police Grants Fund – This fund accounts for various grants including the *Urban Area Security Initiative* grant for Homeland Security appropriations, the *Emergency Response to Terrorism Incidents for First Responders* grant and the *Command Officers’ Response to Terrorism* grant for emergency response training, the *Office of Traffic Safety* grant for DUI enforcement, and the *Bullet Proof Vest Protection* grant which provides matching funds for the purchase of bullet-resistant vests.

Grants Fund – This fund accounts for various Federal, State, and local police grants that are restricted to expenditures for specific public safety programs and projects.

NON-MAJOR SPECIAL REVENUE FUND (CONTINUED)

Street Lighting Fund – This fund accounts for the Seal Beach Street Lighting Assessment District which was formed under the Street Lighting Act of 1919 to finance the maintenance of streetlights and to finance the electricity used by the streetlights by special assessments.

Detention Center Fund – This fund accounts for the pay to stay revenues and expenses relating to City's detention center.

CLEEP Grant Fund – This fund accounts for funds received from the State under the California Law Enforcement Equipment Program. The funds received are to be expended on high technology law enforcement equipment.

Traffic Relief Grant Fund – The State established the Traffic Congestion Improvement Act funded by the passage of Prop 42 which mandated that revenues resulting from the state sales and use taxes on the sale of motor vehicle fuel be used for transportation purposes. In November 2006, the voters approved the sale of General Obligation Bonds by the State to fund state and local transportation projects to relieve congestion, improve movement of goods, improve air quality and enhance safety and security of the transportation system.

Landscape District Fund – This fund was formed for the Community Facilities District No. 2002-02 under the Mello-Roos Community Facilities Act of 1982 to provide financing for the City's Maintenance of landscaping facilities installed within in the public right-of-way as part of the Bixby Old Ranch Town Center and Country Club developments.

Community Development Block Grant Fund – This fund provides communities with resources for a wide variety of unique community development needs.

Heron Pointe Fund – This fund was formed for the Community Facilities District No. 2002-01 under the Mello-Roos Community Facilities Act of 1982, as amended, to provide financing for the construction and acquisition of certain public street improvements, water and sanitary sewer improvements, dry utility improvements, park and landscaping improvements which will service the construction of the Community Facility District (Heron Pointe).

Pacific Gateway Fund – This fund was formed for the Community Facilities District No. 2005-01 under the Mello-Roos Community Facilities Act of 1982, as amended. Special Tax B will satisfy costs related to maintenance of parks, parkways and open space within the District.

Parking In-Lieu Fund – This fund accounts for the maintenance of existing public parking areas within the Main Street area and to increase the number of spaces available as the funds may permit.

Roberti-Z'berg Harris Urban Open Space Fund – This fund provides funds to be used to improve open space areas such as parks

RDA Low/Mod Fund – This fund accounts for the Riverfront Low and Moderate Income Housing funds for preserving and expanding the City's affordable housing stock and the collection of property tax revenues and rental income from property within the Redevelopment Project Area.

CITY OF SEAL BEACH
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2009
(With comparative data for 2008)

	<u>State Gasoline Tax</u>	<u>Air Quality Improvement</u>	<u>Measure M</u>	<u>Police Asset Forfeiture</u>	<u>Parks and Recreation</u>
<u>Assets</u>					
Cash and investments	\$ 208,650	37,548	513,269	13,540	206,100
Receivables:					
Accounts	-	-	43,505	-	-
Taxes	-	-	-	-	-
Loans	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 208,650</u>	<u>37,548</u>	<u>556,774</u>	<u>13,540</u>	<u>206,100</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	5,256	-	4,570	-
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>5,256</u>	<u>-</u>	<u>4,570</u>	<u>-</u>
Fund balances:					
Reserved:					
Loans receivable	-	-	-	-	-
Unreserved:					
Designated for:					
Low and moderate housing	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	<u>208,650</u>	<u>32,292</u>	<u>556,774</u>	<u>8,970</u>	<u>206,100</u>
Total fund balances (deficits)	<u>208,650</u>	<u>32,292</u>	<u>556,774</u>	<u>8,970</u>	<u>206,100</u>
Total liabilities and fund balances	<u>\$ 208,650</u>	<u>37,548</u>	<u>556,774</u>	<u>13,540</u>	<u>206,100</u>

Tidelands Beach	Supplemental Law Enforcement	Police Grants	Grants	Street Lighting	Detention Center
76,268	85,565	-	56,161	68,199	10,776
8,438	-	-	-	-	-
-	-	-	-	1,525	-
-	-	-	-	-	-
-	15,760	8,743	-	-	-
<u>84,706</u>	<u>101,325</u>	<u>8,743</u>	<u>56,161</u>	<u>69,724</u>	<u>10,776</u>
22,298	-	-	-	15,972	-
62,408	3,773	-	-	-	-
-	-	13,313	-	-	-
-	-	-	-	-	-
<u>84,706</u>	<u>3,773</u>	<u>13,313</u>	<u>-</u>	<u>15,972</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	97,552	(4,570)	56,161	53,752	10,776
-	97,552	(4,570)	56,161	53,752	10,776
<u>84,706</u>	<u>101,325</u>	<u>8,743</u>	<u>56,161</u>	<u>69,724</u>	<u>10,776</u>

(Continued)

CITY OF SEAL BEACH
Combining Balance Sheet

Non-Major Special Revenue Funds

(Continued)

	CLEEP Grant	Traffic Relief Grant	Landscape District	Community Development Block Grant	Heron Pointe
<u>Assets</u>					
Cash and investments	\$ 4,140	559,335	235,201	-	22,041
Receivables:					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Loans	-	-	-	-	-
Due from other governments	-	52,220	-	-	-
Total assets	\$ 4,140	611,555	235,201	-	22,041
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ -	-	4,911	1,472	144
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	80	-
Deferred revenue	4,060	-	-	-	-
Total liabilities	4,060	-	4,911	1,552	144
Fund balances:					
Reserved:					
Loans receivable	-	-	-	-	-
Unreserved:					
Designated for:					
Low and moderate housing	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	80	611,555	230,290	(1,552)	21,897
Total fund balances (deficits)	80	611,555	230,290	(1,552)	21,897
Total liabilities and fund balances	\$ 4,140	611,555	235,201	-	22,041

Pacific Gateway	Parking In-Lieu	Roberti-Z'berg Harris Urban Open Space	RDA Low/Mod	Totals	
				2009	2008
164,546	107,516	1,389	1,705,003	4,075,247	3,765,478
-	37,900	-	2,602	92,445	147,690
-	-	-	-	1,525	159,531
-	-	-	1,783,229	1,783,229	1,861,571
-	-	-	-	76,723	205,885
<u>164,546</u>	<u>145,416</u>	<u>1,389</u>	<u>3,490,834</u>	<u>6,029,169</u>	<u>6,140,155</u>
2,250	-	-	7,917	64,790	140,980
-	-	-	-	66,181	8,835
-	-	-	-	13,393	300,524
-	-	-	-	4,060	202,565
<u>2,250</u>	<u>-</u>	<u>-</u>	<u>7,917</u>	<u>148,424</u>	<u>652,904</u>
-	-	-	1,783,229	1,783,229	1,861,571
-	-	-	1,699,688	1,699,688	1,538,662
<u>162,296</u>	<u>145,416</u>	<u>1,389</u>	<u>-</u>	<u>2,397,828</u>	<u>2,087,018</u>
<u>162,296</u>	<u>145,416</u>	<u>1,389</u>	<u>3,482,917</u>	<u>5,880,745</u>	<u>5,487,251</u>
<u>164,546</u>	<u>145,416</u>	<u>1,389</u>	<u>3,490,834</u>	<u>6,029,169</u>	<u>6,140,155</u>

CITY OF SEAL BEACH
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended June 30, 2009
(With comparative data for 2008)

	State Gasoline Tax	Air Quality Improvement	Measure M	Police Asset Forfeiture	Parks and Recreation
Revenues:					
Taxes	\$ 381,466	-	-	-	-
Intergovernmental	-	29,650	294,864	15,984	-
Charges for services	-	-	-	-	10,000
Uses of money and property	5,205	731	19,400	239	4,304
Miscellaneous	-	-	-	-	-
Total revenues	<u>386,671</u>	<u>30,381</u>	<u>314,264</u>	<u>16,223</u>	<u>14,304</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	8,754	-
Community development	-	-	-	-	-
Public works	736	26,827	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>736</u>	<u>26,827</u>	<u>-</u>	<u>8,754</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>385,935</u>	<u>3,554</u>	<u>314,264</u>	<u>7,469</u>	<u>14,304</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(517,121)	-	(800,980)	-	-
Total other financing sources (uses)	<u>(517,121)</u>	<u>-</u>	<u>(800,980)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(131,186)	3,554	(486,716)	7,469	14,304
Fund balances (deficits) at beginning of year, as restated	<u>339,836</u>	<u>28,738</u>	<u>1,043,490</u>	<u>1,501</u>	<u>191,796</u>
Fund balances (deficits) at end of year	<u>\$ 208,650</u>	<u>32,292</u>	<u>556,774</u>	<u>8,970</u>	<u>206,100</u>

Tidelands Beach	Supplemental Law Enforcement	Police Grants	Grants	Street Lighting	Detention Center
-	-	-	-	141,462	-
95,439	83,537	15,756	6,811	-	-
451,085	-	-	-	-	29
-	2,207	-	-	1,704	-
-	-	-	-	-	-
<u>546,524</u>	<u>85,744</u>	<u>15,756</u>	<u>6,811</u>	<u>143,166</u>	<u>29</u>
-	-	-	-	187,483	-
887,926	110,964	4,247	-	-	-
374,363	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,154	-	-	-	-	-
61	-	-	-	-	-
<u>1,267,504</u>	<u>110,964</u>	<u>4,247</u>	<u>-</u>	<u>187,483</u>	<u>-</u>
<u>(720,980)</u>	<u>(25,220)</u>	<u>11,509</u>	<u>6,811</u>	<u>(44,317)</u>	<u>29</u>
1,640,999	-	-	-	-	-
<u>(872,754)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>768,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
47,265	(25,220)	11,509	6,811	(44,317)	29
<u>(47,265)</u>	<u>122,772</u>	<u>(16,079)</u>	<u>49,350</u>	<u>98,069</u>	<u>10,747</u>
<u>-</u>	<u>97,552</u>	<u>(4,570)</u>	<u>56,161</u>	<u>53,752</u>	<u>10,776</u>

(Continued)

CITY OF SEAL BEACH
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances

Non-Major Special Revenue Funds

(Continued)

	CLEEP Grant	Traffic Relief Grant	Landscape District	Community Development Block Grant	Heron Pointe
Revenues:					
Taxes	\$ -	-	140,600	-	-
Intergovernmental	-	605,686	-	225,707	-
Charges for services	-	-	-	-	-
Uses of money and property	156	5,869	4,022	-	611
Miscellaneous	-	-	-	-	-
	<u>156</u>	<u>611,555</u>	<u>144,622</u>	<u>225,707</u>	<u>611</u>
Total revenues					
	<u>156</u>	<u>611,555</u>	<u>144,622</u>	<u>225,707</u>	<u>611</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	4,061	-	-	-	-
Community development	-	-	89,213	201,472	10,696
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
	<u>4,061</u>	<u>-</u>	<u>89,213</u>	<u>201,472</u>	<u>10,696</u>
Total expenditures					
	<u>4,061</u>	<u>-</u>	<u>89,213</u>	<u>201,472</u>	<u>10,696</u>
Excess (deficiency) of revenues over (under) expenditures					
	<u>(3,905)</u>	<u>611,555</u>	<u>55,409</u>	<u>24,235</u>	<u>(10,085)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(10,000)	-	(11,000)
	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>(11,000)</u>
Total other financing sources (uses)					
	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>(11,000)</u>
Net change in fund balances					
	<u>(3,905)</u>	<u>611,555</u>	<u>45,409</u>	<u>24,235</u>	<u>(21,085)</u>
Fund balances (deficits) at beginning of year, as restated					
	<u>3,985</u>	<u>-</u>	<u>184,881</u>	<u>(25,787)</u>	<u>42,982</u>
Fund balances (deficits) at end of year					
	<u>\$ 80</u>	<u>611,555</u>	<u>230,290</u>	<u>(1,552)</u>	<u>21,897</u>

Pacific Gateway	Parking In-Lieu	Roberti-Z'berg Harris Urban Open Space	RDA Low/Mod	Totals	
				2009	2008
93,868	-	-	484,742	1,242,138	1,304,071
-	-	199,241	-	1,572,675	1,417,738
-	23,560	-	-	484,674	510,432
2,828	-	-	39,327	86,603	163,555
-	-	-	-	-	10,995
<u>96,696</u>	<u>23,560</u>	<u>199,241</u>	<u>524,069</u>	<u>3,386,090</u>	<u>3,406,791</u>
-	-	-	-	187,483	175,226
-	-	-	-	1,015,952	1,250,015
42,398	-	-	441,385	1,159,527	1,287,790
-	-	-	-	27,563	26,768
-	-	-	-	-	63,787
-	-	-	-	5,154	20,016
-	-	-	-	61	843
<u>42,398</u>	<u>-</u>	<u>-</u>	<u>441,385</u>	<u>2,395,740</u>	<u>2,824,445</u>
<u>54,298</u>	<u>23,560</u>	<u>199,241</u>	<u>82,684</u>	<u>990,350</u>	<u>582,346</u>
-	-	-	-	1,640,999	1,137,315
<u>(26,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,237,855)</u>	<u>(1,645,195)</u>
<u>(26,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(596,856)</u>	<u>(507,880)</u>
28,298	23,560	199,241	82,684	393,494	74,466
<u>133,998</u>	<u>121,856</u>	<u>(197,852)</u>	<u>3,400,233</u>	<u>5,487,251</u>	<u>5,412,785</u>
<u>162,296</u>	<u>145,416</u>	<u>1,389</u>	<u>3,482,917</u>	<u>5,880,745</u>	<u>5,487,251</u>

CITY OF SEAL BEACH
State Gasoline Tax Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 465,000	381,466	(83,534)	466,536
Uses of money and property	<u>8,000</u>	<u>5,205</u>	<u>(2,795)</u>	<u>6,557</u>
Total revenues	<u>473,000</u>	<u>386,671</u>	<u>(86,329)</u>	<u>473,093</u>
Expenditures				
Current:				
Public works	<u>-</u>	<u>736</u>	<u>(736)</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>736</u>	<u>(736)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>473,000</u>	<u>385,935</u>	<u>(87,065)</u>	<u>473,093</u>
Other financing sources (uses):				
Transfers out	<u>(579,983)</u>	<u>(517,121)</u>	<u>62,862</u>	<u>(316,510)</u>
Total other financing sources (uses)	<u>(579,983)</u>	<u>(517,121)</u>	<u>62,862</u>	<u>(316,510)</u>
Net change in fund balance	(106,983)	(131,186)	(24,203)	156,583
Fund balances at beginning of year	<u>339,836</u>	<u>339,836</u>	<u>-</u>	<u>183,253</u>
Fund balances at end of year	<u>\$ 232,853</u>	<u>208,650</u>	<u>(24,203)</u>	<u>339,836</u>

CITY OF SEAL BEACH
 Air Quality Improvement Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 30,000	29,650	(350)	22,905
Uses of money and property	<u>1,000</u>	<u>731</u>	<u>(269)</u>	<u>1,269</u>
Total revenues	<u>31,000</u>	<u>30,381</u>	<u>(619)</u>	<u>24,174</u>
Expenditures				
Current:				
Public works	<u>31,850</u>	<u>26,827</u>	<u>5,023</u>	<u>26,768</u>
Total expenditures	<u>31,850</u>	<u>26,827</u>	<u>5,023</u>	<u>26,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(850)</u>	<u>3,554</u>	<u>4,404</u>	<u>(2,594)</u>
Net change in fund balance	(850)	3,554	4,404	(2,594)
Fund balances at beginning of year	<u>28,738</u>	<u>28,738</u>	<u>-</u>	<u>31,332</u>
Fund balances at end of year	<u>\$ 27,888</u>	<u>32,292</u>	<u>4,404</u>	<u>28,738</u>

CITY OF SEAL BEACH
Measure M Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 337,700	294,864	(42,836)	377,273
Uses of money and property	<u>44,000</u>	<u>19,400</u>	<u>(24,600)</u>	<u>37,887</u>
Total revenues	<u>381,700</u>	<u>314,264</u>	<u>(67,436)</u>	<u>415,160</u>
Other financing sources (uses):				
Transfers out	<u>(400,000)</u>	<u>(800,980)</u>	<u>(400,980)</u>	<u>(135,756)</u>
Total other financing sources (uses)	<u>(400,000)</u>	<u>(800,980)</u>	<u>(400,980)</u>	<u>(135,756)</u>
Net change in fund balance	(18,300)	(486,716)	(468,416)	279,404
Fund balances at beginning of year	<u>1,043,490</u>	<u>1,043,490</u>	<u>-</u>	<u>764,086</u>
Fund balances at end of year	<u>\$ 1,025,190</u>	<u>556,774</u>	<u>(468,416)</u>	<u>1,043,490</u>

CITY OF SEAL BEACH
Police Asset Forfeiture Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 16,000	15,984	(16)	3,496
Uses of money and property	<u>-</u>	<u>239</u>	<u>239</u>	<u>477</u>
Total revenues	<u>16,000</u>	<u>16,223</u>	<u>223</u>	<u>3,973</u>
Expenditures				
Current:				
Public safety	<u>12,500</u>	<u>8,754</u>	<u>3,746</u>	<u>24,249</u>
Total expenditures	<u>12,500</u>	<u>8,754</u>	<u>3,746</u>	<u>24,249</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,500</u>	<u>7,469</u>	<u>3,969</u>	<u>(20,276)</u>
Net change in fund balance	3,500	7,469	3,969	(20,276)
Fund balances at beginning of year	<u>1,501</u>	<u>1,501</u>	<u>-</u>	<u>21,777</u>
Fund balances at end of year	<u>\$ 5,001</u>	<u>8,970</u>	<u>3,969</u>	<u>1,501</u>

CITY OF SEAL BEACH
Parks and Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Charges for services	\$ 20,000	10,000	(10,000)	-
Uses of money and property	<u>14,000</u>	<u>4,304</u>	<u>(9,696)</u>	<u>10,165</u>
 Total revenues	 <u>34,000</u>	 <u>14,304</u>	 <u>(19,696)</u>	 <u>10,165</u>
 Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,233)</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>(50,233)</u>
 Net change in fund balance	 34,000	 14,304	 (19,696)	 (40,068)
 Fund balances at beginning of year	 <u>191,796</u>	 <u>191,796</u>	 <u>-</u>	 <u>231,864</u>
 Fund balances at end of year	 <u>\$ 225,796</u>	 <u>206,100</u>	 <u>(19,696)</u>	 <u>191,796</u>

CITY OF SEAL BEACH
Tidelands Beach Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 31,500	95,439	63,939	78,541
Charges for services	522,000	451,085	(70,915)	485,751
Uses of money and property	<u>-</u>	<u>-</u>	<u>-</u>	<u>88</u>
 Total revenues	 <u>553,500</u>	 <u>546,524</u>	 <u>(6,976)</u>	 <u>564,380</u>
 Expenditures				
Current:				
Public safety	939,700	887,926	51,774	888,765
Community development	355,975	374,363	(18,388)	393,877
Capital outlay	-	-	-	13,866
Debt service:				
Principal retirement	10,400	5,154	5,246	20,016
Interest and fiscal charges	<u>100</u>	<u>61</u>	<u>39</u>	<u>843</u>
 Total expenditures	 <u>1,306,175</u>	 <u>1,267,504</u>	 <u>38,671</u>	 <u>1,317,367</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(752,675)</u>	 <u>(720,980)</u>	 <u>31,695</u>	 <u>(752,987)</u>
 Other financing sources (uses):				
Transfers in	1,100,150	1,640,999	540,849	1,002,045
Transfers out	<u>(350,000)</u>	<u>(872,754)</u>	<u>(522,754)</u>	<u>(296,323)</u>
 Total other financing sources (uses)	 <u>750,150</u>	 <u>768,245</u>	 <u>18,095</u>	 <u>705,722</u>
 Net change in fund balance	 (2,525)	 47,265	 49,790	 (47,265)
 Fund balances (deficits) at beginning of year	 <u>(47,265)</u>	 <u>(47,265)</u>	 <u>-</u>	 <u>-</u>
 Fund balances (deficits) at end of year	 <u>\$ (49,790)</u>	 <u>-</u>	 <u>49,790</u>	 <u>(47,265)</u>

CITY OF SEAL BEACH
Supplemental Law Enforcement Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 100,000	83,537	(16,463)	100,117
Uses of money and property	<u>12,000</u>	<u>2,207</u>	<u>(9,793)</u>	<u>10,087</u>
Total revenues	<u>112,000</u>	<u>85,744</u>	<u>(26,256)</u>	<u>110,204</u>
Expenditures				
Current:				
Public safety	<u>183,450</u>	<u>110,964</u>	<u>72,486</u>	<u>217,558</u>
Total expenditures	<u>183,450</u>	<u>110,964</u>	<u>72,486</u>	<u>217,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,450)</u>	<u>(25,220)</u>	<u>46,230</u>	<u>(107,354)</u>
Net change in fund balance	(71,450)	(25,220)	46,230	(107,354)
Fund balances at beginning of year	<u>122,772</u>	<u>122,772</u>	<u>-</u>	<u>230,126</u>
Fund balances at end of year	<u>\$ 51,322</u>	<u>97,552</u>	<u>46,230</u>	<u>122,772</u>

CITY OF SEAL BEACH
 Police Grants Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 43,434	15,756	(27,678)	129,305
Total revenues	<u>43,434</u>	<u>15,756</u>	<u>(27,678)</u>	<u>129,305</u>
Expenditures				
Current:				
Public safety	47,134	4,247	42,887	117,096
Total expenditures	<u>47,134</u>	<u>4,247</u>	<u>42,887</u>	<u>117,096</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,700)</u>	<u>11,509</u>	<u>15,209</u>	<u>12,209</u>
Net change in fund balance	(3,700)	11,509	15,209	12,209
Fund balances (deficits) at beginning of year	<u>(16,079)</u>	<u>(16,079)</u>	<u>-</u>	<u>(28,288)</u>
Fund balances (deficits) at end of year	<u>\$ (19,779)</u>	<u>(4,570)</u>	<u>15,209</u>	<u>(16,079)</u>

CITY OF SEAL BEACH
 Grants Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ -	6,811	6,811	11,848
Uses of money and property	<u>-</u>	<u>-</u>	<u>-</u>	<u>94</u>
Total revenues	<u>-</u>	<u>6,811</u>	<u>6,811</u>	<u>11,942</u>
Expenditures				
Current:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>6,811</u>	<u>6,811</u>	<u>11,942</u>
Net change in fund balance	-	6,811	6,811	11,942
Fund balances at beginning of year	<u>49,350</u>	<u>49,350</u>	<u>-</u>	<u>37,408</u>
Fund balances at end of year	<u>\$ 49,350</u>	<u>56,161</u>	<u>6,811</u>	<u>49,350</u>

CITY OF SEAL BEACH
Street Lighting Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 144,300	141,462	(2,838)	126,486
Uses of money and property	<u>6,000</u>	<u>1,704</u>	<u>(4,296)</u>	<u>5,339</u>
Total revenues	<u>150,300</u>	<u>143,166</u>	<u>(7,134)</u>	<u>131,825</u>
Expenditures				
Current:				
General government	<u>160,000</u>	<u>187,483</u>	<u>(27,483)</u>	<u>175,226</u>
Total expenditures	<u>160,000</u>	<u>187,483</u>	<u>(27,483)</u>	<u>175,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,700)</u>	<u>(44,317)</u>	<u>(34,617)</u>	<u>(43,401)</u>
Net change in fund balance	(9,700)	(44,317)	(34,617)	(43,401)
Fund balances at beginning of year	<u>98,069</u>	<u>98,069</u>	<u>-</u>	<u>141,470</u>
Fund balances at end of year	<u>\$ 88,369</u>	<u>53,752</u>	<u>(34,617)</u>	<u>98,069</u>

CITY OF SEAL BEACH
 Detention Center Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Charges for services	\$ -	29	29	242
Uses of money and property	-	-	-	124
Miscellaneous	-	-	-	10,920
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,920</u>
Total revenues	<u>-</u>	<u>29</u>	<u>29</u>	<u>11,286</u>
Expenditures				
Current:				
Public safety	-	-	-	539
	<u>-</u>	<u>-</u>	<u>-</u>	<u>539</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>29</u>	<u>29</u>	<u>10,747</u>
Net change in fund balance	-	29	29	10,747
Fund balances at beginning of year	<u>10,747</u>	<u>10,747</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 10,747</u>	<u>10,776</u>	<u>29</u>	<u>10,747</u>

CITY OF SEAL BEACH
CLEEP Grant Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Uses of money and property	\$ -	156	156	1,709
Total revenues	<u>-</u>	<u>156</u>	<u>156</u>	<u>1,709</u>
Expenditures				
Current:				
Public safety	-	4,061	(4,061)	1,808
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,921</u>
Total expenditures	<u>-</u>	<u>4,061</u>	<u>(4,061)</u>	<u>51,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(3,905)</u>	<u>(3,905)</u>	<u>(50,020)</u>
Net change in fund balance	-	(3,905)	(3,905)	(50,020)
Fund balances at beginning of year	<u>3,985</u>	<u>3,985</u>	<u>-</u>	<u>54,005</u>
Fund balances at end of year	<u>\$ 3,985</u>	<u>80</u>	<u>(3,905)</u>	<u>3,985</u>

CITY OF SEAL BEACH
Traffic Relief Grant Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 380,000	605,686	225,686	417,581
Uses of money and property	<u>1,700</u>	<u>5,869</u>	<u>4,169</u>	<u>1,279</u>
Total revenues	<u>381,700</u>	<u>611,555</u>	<u>229,855</u>	<u>418,860</u>
Other financing sources (uses):				
Transfers out	<u>(350,000)</u>	<u>-</u>	<u>350,000</u>	<u>(548,544)</u>
Total other financing sources (uses)	<u>(350,000)</u>	<u>-</u>	<u>350,000</u>	<u>(548,544)</u>
Net change in fund balance	31,700	611,555	579,855	(129,684)
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,684</u>
Fund balances at end of year	<u>\$ 31,700</u>	<u>611,555</u>	<u>579,855</u>	<u>-</u>

CITY OF SEAL BEACH
Landscape District Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 138,000	140,600	2,600	142,427
Charges for services	-	-	-	6,339
Uses of money and property	<u>5,000</u>	<u>4,022</u>	<u>(978)</u>	<u>-</u>
 Total revenues	 <u>143,000</u>	 <u>144,622</u>	 <u>1,622</u>	 <u>148,766</u>
Expenditures				
Current:				
Community development	<u>133,000</u>	<u>89,213</u>	<u>43,787</u>	<u>93,913</u>
 Total expenditures	 <u>133,000</u>	 <u>89,213</u>	 <u>43,787</u>	 <u>93,913</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>10,000</u>	 <u>55,409</u>	 <u>45,409</u>	 <u>54,853</u>
Other financing sources (uses):				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
 Total other financing sources (uses)	 <u>(10,000)</u>	 <u>(10,000)</u>	 <u>-</u>	 <u>(10,000)</u>
 Net change in fund balance	 -	 45,409	 45,409	 44,853
 Fund balances at beginning of year	 <u>184,881</u>	 <u>184,881</u>	 <u>-</u>	 <u>140,028</u>
 Fund balances at end of year	 <u>\$ 184,881</u>	 <u>230,290</u>	 <u>45,409</u>	 <u>184,881</u>

CITY OF SEAL BEACH
Community Development Block Grant Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ -	225,707	225,707	174,293
Total revenues	<u>-</u>	<u>225,707</u>	<u>225,707</u>	<u>174,293</u>
Expenditures				
Current:				
Community development	-	201,472	(201,472)	200,080
Total expenditures	<u>-</u>	<u>201,472</u>	<u>(201,472)</u>	<u>200,080</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>24,235</u>	<u>24,235</u>	<u>(25,787)</u>
Net change in fund balance	-	24,235	24,235	(25,787)
Fund balances (deficits) at beginning of year	<u>(25,787)</u>	<u>(25,787)</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ (25,787)</u>	<u>(1,552)</u>	<u>24,235</u>	<u>(25,787)</u>

CITY OF SEAL BEACH
Heron Pointe Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ 25,000	-	(25,000)	41,620
Uses of money and property	<u>-</u>	<u>611</u>	<u>611</u>	<u>1,645</u>
Total revenues	<u>25,000</u>	<u>611</u>	<u>(24,389)</u>	<u>43,265</u>
Expenditures				
Current:				
Community development	<u>14,000</u>	<u>10,696</u>	<u>3,304</u>	<u>6,550</u>
Total expenditures	<u>14,000</u>	<u>10,696</u>	<u>3,304</u>	<u>6,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,000</u>	<u>(10,085)</u>	<u>(21,085)</u>	<u>36,715</u>
Other financing sources (uses):				
Transfers out	<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>	<u>(11,000)</u>
Total other financing sources (uses)	<u>(11,000)</u>	<u>(11,000)</u>	<u>-</u>	<u>(11,000)</u>
Net change in fund balance	-	(21,085)	(21,085)	25,715
Fund balances at beginning of year	<u>42,982</u>	<u>42,982</u>	<u>-</u>	<u>17,267</u>
Fund balances at end of year	<u>\$ 42,982</u>	<u>21,897</u>	<u>(21,085)</u>	<u>42,982</u>

CITY OF SEAL BEACH
Pacific Gateway Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 85,000	93,868	8,868	84,687
Intergovernmental	25,000	-	(25,000)	37,500
Uses of money and property	<u>-</u>	<u>2,828</u>	<u>2,828</u>	<u>3,915</u>
 Total revenues	 <u>110,000</u>	 <u>96,696</u>	 <u>(13,304)</u>	 <u>126,102</u>
 Expenditures				
Current:				
Community development	<u>84,000</u>	<u>42,398</u>	<u>41,602</u>	<u>39,799</u>
 Total expenditures	 <u>84,000</u>	 <u>42,398</u>	 <u>41,602</u>	 <u>39,799</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>26,000</u>	 <u>54,298</u>	 <u>28,298</u>	 <u>86,303</u>
 Other financing sources (uses):				
Transfers out	<u>(26,000)</u>	<u>(26,000)</u>	<u>-</u>	<u>(26,000)</u>
 Total other financing sources (uses)	 <u>(26,000)</u>	 <u>(26,000)</u>	 <u>-</u>	 <u>(26,000)</u>
 Net change in fund balance	 -	 28,298	 28,298	 60,303
 Fund balances at beginning of year	 <u>133,998</u>	 <u>133,998</u>	 <u>-</u>	 <u>73,695</u>
 Fund balances at end of year	 <u>\$ 133,998</u>	 <u>162,296</u>	 <u>28,298</u>	 <u>133,998</u>

CITY OF SEAL BEACH
 Parking In-Lieu Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Charges for services	\$ -	23,560	23,560	18,100
Uses of money and property	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,307</u>
 Total revenues	 <u>-</u>	 <u>23,560</u>	 <u>23,560</u>	 <u>22,407</u>
Other financing sources (uses):				
Transfers in	-	-	-	135,270
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,821)</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>99,449</u>
 Net change in fund balance	 -	 23,560	 23,560	 121,856
 Fund balances at beginning of year	 <u>121,856</u>	 <u>121,856</u>	 <u>-</u>	 <u>-</u>
 Fund balances at end of year	 <u>\$ 121,856</u>	 <u>145,416</u>	 <u>23,560</u>	 <u>121,856</u>

CITY OF SEAL BEACH
 Roberti-Z'berg Harris Urban Open Space Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Intergovernmental	\$ -	199,241	199,241	23,259
Uses of money and property	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>
Total revenues	<u>1,000</u>	<u>199,241</u>	<u>198,241</u>	<u>23,259</u>
Other financing sources (uses):				
Transfers out (note 17)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215,008)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215,008)</u>
Net change in fund balance	1,000	199,241	198,241	(191,749)
Fund balances (deficits) at beginning of year	<u>(197,852)</u>	<u>(197,852)</u>	<u>-</u>	<u>(6,103)</u>
Fund balances (deficits) at end of year	<u><u>\$ (196,852)</u></u>	<u><u>1,389</u></u>	<u><u>198,241</u></u>	<u><u>(197,852)</u></u>

CITY OF SEAL BEACH
RDA Low/Mod Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Taxes	\$ 331,000	484,742	153,742	483,935
Uses of money and property	45,000	39,327	(5,673)	78,613
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>
Total revenues	<u>376,000</u>	<u>524,069</u>	<u>148,069</u>	<u>562,623</u>
Expenditures				
Current:				
General government	20,000	-	20,000	-
Community development	<u>1,052,500</u>	<u>441,385</u>	<u>611,115</u>	<u>553,571</u>
Total expenditures	<u>1,072,500</u>	<u>441,385</u>	<u>631,115</u>	<u>553,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(696,500)</u>	<u>82,684</u>	<u>779,184</u>	<u>9,052</u>
Net change in fund balance	(696,500)	82,684	779,184	9,052
Fund balances at beginning of year as restated	<u>3,400,233</u>	<u>3,400,233</u>	<u>-</u>	<u>3,391,181</u>
Fund balances at end of year	<u>\$ 2,703,733</u>	<u>3,482,917</u>	<u>779,184</u>	<u>3,400,233</u>

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NON-MAJOR DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest.

The City of Seal Beach has the following Non-Major Debt Service Funds:

City Debt Service Fund – This fund accounts for the payment of principal and interest on long-term debt of the City.

RDA Debt Service Fund – This fund accounts for the payment of principal and interest on long-term debt of the Redevelopment Agency.

CITY OF SEAL BEACH
Combining Balance Sheet

Non-Major Debt Service Funds

June 30, 2009

(With comparative data for 2008)

	City Debt Service	RDA Debt Service	Totals	
			2009	2008
<u>Assets</u>				
Cash and investments	\$ -	600,048	600,048	600,048
Receivables:				
Taxes	-	13,089	13,089	2,222
Restricted assets:				
Cash and investments with fiscal agent	754,922	740,738	1,495,660	761,273
Total assets	\$ 754,922	1,353,875	2,108,797	1,363,543
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	70	70	-
Total liabilities	-	70	70	-
Fund balances:				
Reserved:				
Debt service	754,922	1,353,805	2,108,727	1,363,543
Total fund balances	754,922	1,353,805	2,108,727	1,363,543
Total liabilities and fund balances	\$ 754,922	1,353,875	2,108,797	1,363,543

CITY OF SEAL BEACH
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Debt Service Funds

Year Ended June 30, 2009

(With comparative data for 2008)

	City Debt Service	RDA Debt Service	Totals	
			2009	2008
Revenues:				
Taxes	\$ -	1,930,719	1,930,719	1,933,042
Uses of money and property	-	40,554	40,554	81,747
Total revenues	-	1,971,273	1,971,273	2,014,789
Expenditures:				
Current:				
General government	-	6,177	6,177	4,175
Community development	-	19,570	19,570	27,432
Debt service:				
Principal	831,000	390,000	1,221,000	370,000
Interest and other charges	579,795	338,879	918,674	357,514
Total expenditures	1,410,795	754,626	2,165,421	759,121
Excess (deficiency) of revenues over (under) expenditures	(1,410,795)	1,216,647	(194,148)	1,255,668
Other financing sources (uses):				
Transfers in	2,165,717	-	2,165,717	-
Transfers out	-	(1,226,385)	(1,226,385)	(1,257,962)
Total other financing sources (uses)	2,165,717	(1,226,385)	939,332	(1,257,962)
Net change in fund balance	754,922	(9,738)	745,184	(2,294)
Fund balances at beginning of year	-	1,363,543	1,363,543	1,365,837
Fund balances at end of year	\$ 754,922	1,353,805	2,108,727	1,363,543

CITY OF SEAL BEACH
City Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Expenditures				
Debt service:				
Principal retirement	\$ 831,000	831,000	-	-
Interest and fiscal charges	<u>579,795</u>	<u>579,795</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,410,795</u>	<u>1,410,795</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,410,795)</u>	<u>(1,410,795)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	<u>2,165,717</u>	<u>2,165,717</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,165,717</u>	<u>2,165,717</u>	<u>-</u>	<u>-</u>
Net change in fund balance	754,922	754,922	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ 754,922</u>	<u>754,922</u>	<u>-</u>	<u>-</u>

CITY OF SEAL BEACH
 RDA Debt Service Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With comparative data for 2008)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	\$ 1,315,500	1,930,719	615,219	1,933,042
Uses of money and property	-	40,554	40,554	81,747
Total revenues	<u>1,315,500</u>	<u>1,971,273</u>	<u>655,773</u>	<u>2,014,789</u>
Expenditures				
Current:				
General government	6,500	6,177	323	4,175
Community development	263,300	19,570	243,730	27,432
Debt service:				
Principal retirement	390,000	390,000	-	370,000
Interest and fiscal charges	338,900	338,879	21	357,514
Total expenditures	<u>998,700</u>	<u>754,626</u>	<u>244,074</u>	<u>759,121</u>
Excess (deficiency) of revenues over (under) expenditures	<u>316,800</u>	<u>1,216,647</u>	<u>899,847</u>	<u>1,255,668</u>
Other financing sources (uses):				
Transfers out	(560,000)	(1,226,385)	(666,385)	(1,257,962)
Total other financing sources (uses)	<u>(560,000)</u>	<u>(1,226,385)</u>	<u>(666,385)</u>	<u>(1,257,962)</u>
Net change in fund balance	(243,200)	(9,738)	233,462	(2,294)
Fund balances at beginning of year	<u>1,363,543</u>	<u>1,363,543</u>	<u>-</u>	<u>1,365,837</u>
Fund balances at end of year	<u>\$ 1,120,343</u>	<u>1,353,805</u>	<u>233,462</u>	<u>1,363,543</u>

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MAJOR AND NON-MAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financing by Proprietary Funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment and other relatively minor or comparatively short-live capital assets.

The City of Seal Beach has the following Major Capital Projects Fund:

Capital Projects and Equipment Fund – This fund accounts for all capital expenditures not being accounted for in the capital projects described below, or in other fund types.

The City of Seal Beach has the following Non-Major Capital Projects Fund:

RDA Capital Projects Fund – This fund accounts for the financial resources to be used for property acquisition, improvement, and rehabilitation within project areas authorized under provisions of the California Community Redevelopment Law.

CITY OF SEAL BEACH
Capital Projects and Equipment Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2009
(With comparative data for 2008)

	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Prior Year Actual
Revenues:				
Charges for services	\$ 160,000	479	(159,521)	149,704
Uses of money and property	<u>-</u>	<u>200</u>	<u>200</u>	<u>2,828</u>
Total revenues	<u>160,000</u>	<u>679</u>	<u>(159,321)</u>	<u>152,532</u>
Expenditures				
Current:				
Public works	-	1,258,102	(1,258,102)	-
Capital outlay	<u>4,429,300</u>	<u>4,542,422</u>	<u>(113,122)</u>	<u>4,689,006</u>
Total expenditures	<u>4,429,300</u>	<u>5,800,524</u>	<u>(1,371,224)</u>	<u>4,689,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,269,300)</u>	<u>(5,799,845)</u>	<u>(1,530,545)</u>	<u>(4,536,474)</u>
Other financing sources (uses):				
Transfers in	<u>4,269,200</u>	<u>5,800,399</u>	<u>1,531,199</u>	<u>4,286,928</u>
Total other financing sources (uses)	<u>4,269,200</u>	<u>5,800,399</u>	<u>1,531,199</u>	<u>4,286,928</u>
Net change in fund balance	(100)	554	654	(249,546)
Fund balances at beginning of year, as restated	<u>191,855</u>	<u>191,855</u>	<u>-</u>	<u>195,573</u>
Fund balances (deficits) at end of year	<u>\$ 191,755</u>	<u>192,409</u>	<u>654</u>	<u>(53,973)</u>

CITY OF SEAL BEACH
 RDA Capital Projects Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Year Ended June 30, 2009
 (With comparative data for 2008)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>Prior Year Actual</u>
Revenues:				
Uses of money and property	\$ 125,000	63,305	(61,695)	92,722
Total revenues	<u>125,000</u>	<u>63,305</u>	<u>(61,695)</u>	<u>92,722</u>
Expenditures				
Current:				
General government	20,950	41,611	(20,661)	21,295
Debt service:				
Principal retirement	15,700	15,653	47	14,454
Interest and fiscal charges	<u>5,400</u>	<u>5,340</u>	<u>60</u>	<u>6,130</u>
Total expenditures	<u>42,050</u>	<u>62,604</u>	<u>(20,554)</u>	<u>41,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>82,950</u>	<u>701</u>	<u>(82,249)</u>	<u>50,843</u>
Other financing sources (uses):				
Transfers in	560,000	1,226,385	666,385	1,257,962
Transfers out	<u>-</u>	<u>(595)</u>	<u>(595)</u>	<u>(1,730,336)</u>
Total other financing sources (uses)	<u>560,000</u>	<u>1,225,790</u>	<u>665,790</u>	<u>(472,374)</u>
Net change in fund balance	642,950	1,226,491	583,541	(421,531)
Fund balances at beginning of year	<u>2,888,208</u>	<u>2,888,208</u>	<u>-</u>	<u>3,309,739</u>
Fund balances at end of year	<u>\$ 3,531,158</u>	<u>4,114,699</u>	<u>583,541</u>	<u>2,888,208</u>

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CITY OF SEAL BEACH
Agency Funds

Combining Statement of Assets and Liabilities

June 30, 2009

(With comparative data for 2008)

	Assessment District 94-1 and 2000-1	Deposits	Seal Beach Cable	Community Facilities District 2002-01	Community Facilities District 2005-01	Totals	
						2009	2008
Assets:							
Cash and investments	\$ 45,473	136,280	162,572	204,200	344,471	892,996	834,942
Cash and investments with fiscal agent	197,491	-	-	437,398	810,277	1,445,166	1,437,923
Accounts receivable	<u>4,899</u>	<u>-</u>	<u>21,916</u>	<u>4,444</u>	<u>-</u>	<u>31,259</u>	<u>13,852</u>
Total assets	<u>\$ 247,863</u>	<u>136,280</u>	<u>184,488</u>	<u>646,042</u>	<u>1,154,748</u>	<u>2,369,421</u>	<u>2,286,717</u>
Liabilities:							
Accounts payable	\$ 129	3,103	-	-	-	3,232	53,138
Due to bondholders	233,703	-	-	646,042	1,154,748	2,034,493	1,926,657
Deposits payable	<u>14,031</u>	<u>133,177</u>	<u>184,488</u>	<u>-</u>	<u>-</u>	<u>331,696</u>	<u>306,922</u>
Total liabilities	<u>\$ 247,863</u>	<u>136,280</u>	<u>184,488</u>	<u>646,042</u>	<u>1,154,748</u>	<u>2,369,421</u>	<u>2,286,717</u>

CITY OF SEAL BEACH
Agency Funds

Combining Statement of Changes in Assets and Liabilities

June 30, 2009

	<u>Balance at</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2009</u>
<u>Assessment District 94-1 and 2000-1</u>				
Assets:				
Cash and investments	\$ 42,706	147,326	(144,559)	45,473
Cash and investments with fiscal agent	194,529	4,099	(1,137)	197,491
Accounts receivable	<u>1,958</u>	<u>4,899</u>	<u>(1,958)</u>	<u>4,899</u>
Total assets	<u>\$ 239,193</u>	<u>156,324</u>	<u>(147,654)</u>	<u>247,863</u>
Liabilities:				
Accounts payable	\$ 53,138	129	(53,138)	129
Due to bondholders	172,357	162,234	(100,888)	233,703
Deposits payable	<u>13,698</u>	<u>333</u>	<u>-</u>	<u>14,031</u>
Total liabilities	<u>\$ 239,193</u>	<u>162,696</u>	<u>(154,026)</u>	<u>247,863</u>
<u>Deposits</u>				
Assets:				
Cash and investments	\$ 123,289	43,436	(30,445)	136,280
Total assets	<u>\$ 123,289</u>	<u>43,436</u>	<u>(30,445)</u>	<u>136,280</u>
Liabilities:				
Accounts payable	\$ -	32,248	(29,145)	3,103
Deposits payable	<u>123,289</u>	<u>43,600</u>	<u>(33,712)</u>	<u>133,177</u>
Total liabilities	<u>\$ 123,289</u>	<u>75,848</u>	<u>(62,857)</u>	<u>136,280</u>
<u>Seal Beach Cable</u>				
Assets:				
Cash and investments	\$ 169,935	87,522	(94,885)	162,572
Accounts receivable	<u>-</u>	<u>21,916</u>	<u>-</u>	<u>21,916</u>
Total assets	<u>\$ 169,935</u>	<u>109,438</u>	<u>(94,885)</u>	<u>184,488</u>
<u>Liabilities</u>				
Accounts payable	\$ -	94,886	(94,886)	-
Deposits payable	<u>169,935</u>	<u>14,553</u>	<u>-</u>	<u>184,488</u>
Total liabilities	<u>\$ 169,935</u>	<u>109,439</u>	<u>(94,886)</u>	<u>184,488</u>

(Continued)

CITY OF SEAL BEACH
Agency Funds

Combining Statement of Changes in Assets and Liabilities

(Continued)

	<u>Balance at</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2009</u>
<u>Community Facilities District 2002-01</u>				
Assets:				
Cash and investments	\$ 190,376	253,510	(239,686)	204,200
Cash and investments with fiscal agent	435,773	2,984	(1,359)	437,398
Accounts receivable	<u>8,862</u>	<u>4,444</u>	<u>(8,862)</u>	<u>4,444</u>
Total assets	<u>\$ 635,011</u>	<u>260,938</u>	<u>(249,907)</u>	<u>646,042</u>
Liabilities:				
Accounts payable	\$ -	239,686	(239,686)	-
Due to bondholders	<u>635,011</u>	<u>263,803</u>	<u>(252,772)</u>	<u>646,042</u>
Total liabilities	<u>\$ 635,011</u>	<u>503,489</u>	<u>(492,458)</u>	<u>646,042</u>
<u>Community Facilities District 2005-01</u>				
Assets:				
Cash and investments	\$ 308,636	515,288	(479,453)	344,471
Cash and investments with fiscal agent	807,621	12,561	(9,905)	810,277
Accounts receivable	<u>3,032</u>	<u>8,715</u>	<u>(11,747)</u>	<u>-</u>
Total assets	<u>\$ 1,119,289</u>	<u>536,564</u>	<u>(501,105)</u>	<u>1,154,748</u>
Liabilities:				
Accounts payable	\$ -	479,453	(479,453)	-
Due to bondholders	<u>1,119,289</u>	<u>526,812</u>	<u>(491,353)</u>	<u>1,154,748</u>
Total liabilities	<u>\$ 1,119,289</u>	<u>1,006,265</u>	<u>(970,806)</u>	<u>1,154,748</u>

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CITY OF SEAL BEACH
Comprehensive Annual Financial Report
Year Ended June 30, 2009
STATISTICAL SECTION

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.

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CITY OF SEAL BEACH
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)

	2004	2005	2006
Governmental activities:			
Invested in capital assets, net of related debt	\$ 14,783,027	\$ 25,851,629	\$ 33,739,073
Restricted	3,139,244	8,678,624	9,936,453
Unrestricted	10,070,449	13,109,461	15,966,882
Total governmental activities net assets	<u>27,992,720</u>	<u>47,639,714</u>	<u>59,642,408</u>
Business-type activities:			
Invested in capital assets, net of related debt	9,004,042	9,297,434	10,210,695
Restricted	644,515	369,415	363,315
Unrestricted	5,789,917	7,520,372	9,344,222
Total business-type activities net assets	<u>15,438,474</u>	<u>17,187,221</u>	<u>19,918,232</u>
Primary government:			
Invested in capital assets, net of related debt	23,787,069	35,149,063	43,949,768
Restricted	3,783,759	9,048,039	10,299,768
Unrestricted	15,860,366	20,629,833	25,311,104
Total primary government net assets	<u>\$ 43,431,194</u>	<u>\$ 64,826,935</u>	<u>\$ 79,560,640</u>

*The City of Seal Beach implemented GASB 34 for the fiscal year ended June 30, 2003.
The City has elected to show only six years of data for this schedule.*

Source: Administrative Services Department, City of Seal Beach.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 58,919,775	\$ 62,319,804	\$ 64,630,230
8,845,953	4,725,123	5,004,891
<u>19,200,089</u>	<u>30,271,762</u>	<u>32,204,289</u>
<u>86,965,817</u>	<u>97,316,689</u>	<u>101,839,410</u>
22,586,551	24,136,274	27,007,845
380,669	-	396,321
<u>10,268,364</u>	<u>12,471,364</u>	<u>12,314,589</u>
<u>33,235,584</u>	<u>36,607,638</u>	<u>39,718,755</u>
81,886,995	86,456,078	91,638,075
5,468,213	4,725,123	5,401,212
<u>32,846,193</u>	<u>42,743,126</u>	<u>44,518,878</u>
<u>\$ 120,201,401</u>	<u>\$ 133,924,327</u>	<u>\$ 141,558,165</u>

CITY OF SEAL BEACH
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
Expenses:			
Governmental activities:			
General government	\$ 4,256,046	\$ 5,538,286	\$ 4,498,204
Public safety	11,006,449	10,676,633	9,988,768
Community development	1,890,036	1,414,738	1,811,381
Parks and Recreation	966,467	806,193	897,967
Public works	2,150,897	2,284,377	2,668,879
Interest on long-term debt	596,494	656,124	536,868
Total governmental activities expenses	<u>20,866,389</u>	<u>21,376,351</u>	<u>20,402,067</u>
Business-type activities:			
Water utility	2,848,523	2,926,019	3,275,444
Sewer utility	603,155	855,889	842,588
Total business-type activities expenses	<u>3,451,678</u>	<u>3,781,908</u>	<u>4,118,032</u>
Total primary government expenses	<u>24,318,067</u>	<u>25,158,259</u>	<u>24,520,099</u>
Program revenues:			
Governmental activities:			
Charges for services:			
General government	3,231,306	2,783,203	3,060,286
Public safety	1,765,808	1,599,352	1,507,372
Community Development	629,933	668,756	1,002,351
Parks and Recreation	473,617	489,425	496,873
Public works	1,219,972	1,262,793	1,476,967
Operating contributions and grants	995,190	951,270	1,087,239
Capital grants and contributions	6,034,896	3,174,431	2,306,791
Total governmental activities program revenues	<u>14,350,722</u>	<u>10,929,230</u>	<u>10,937,879</u>
Business-type activities:			
Charges for services:			
Water utility	3,854,843	4,353,645	5,440,216
Sewer utility	1,180,201	1,149,147	1,534,440
Operating grants and contributions	203,646	-	-
Total business-type activities program revenues	<u>5,238,690</u>	<u>5,502,792</u>	<u>6,974,656</u>
Total primary government program revenues	<u>19,589,412</u>	<u>16,432,022</u>	<u>17,912,535</u>
Net revenues (expenses):			
Governmental activities	(6,515,667)	(10,447,121)	(9,464,188)
Business-type activities	1,787,012	1,720,884	2,856,624
Total net revenues (expenses)	<u>\$ (4,728,655)</u>	<u>\$ (8,726,237)</u>	<u>\$ (6,607,564)</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 5,252,803	\$ 6,099,316	\$ 5,713,338
12,155,295	13,477,966	13,191,707
1,988,868	2,279,543	1,979,889
888,007	1,033,362	978,504
3,929,349	3,889,902	5,307,470
439,217	525,974	1,083,063
<u>24,653,539</u>	<u>27,306,063</u>	<u>28,253,971</u>
3,644,561	3,770,266	3,815,798
1,095,827	1,050,711	1,331,610
<u>4,740,388</u>	<u>4,820,977</u>	<u>5,147,408</u>
<u>29,393,927</u>	<u>32,127,040</u>	<u>33,401,379</u>
2,427,303	2,515,890	2,506,070
1,461,110	1,265,791	1,424,996
883,928	71,084	95,824
569,657	564,504	619,334
1,396,895	2,159,284	1,909,011
1,021,226	1,484,287	1,604,904
1,759,424	642,433	224,264
<u>9,519,543</u>	<u>8,703,273</u>	<u>8,384,403</u>
5,754,606	5,783,125	5,818,135
1,872,906	1,901,950	2,075,431
<u>-</u>	<u>-</u>	<u>-</u>
<u>7,627,512</u>	<u>7,685,075</u>	<u>7,893,566</u>
17,147,055	16,388,348	16,277,969
(15,133,996)	(18,602,790)	(19,869,568)
2,887,124	2,864,098	2,746,158
<u>\$(12,246,872)</u>	<u>\$(15,738,692)</u>	<u>\$(17,123,410)</u>

(Continued)

CITY OF SEAL BEACH
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
General revenues and other changes in net assets:			
Governmental activities:			
Taxes:			
Property taxes	\$ 5,655,637	\$ 7,108,677	\$ 7,887,186
Transient occupancy taxes	608,487	623,836	669,229
Sales tax	3,214,275	3,866,138	3,618,456
Franchise taxes	763,455	812,675	772,348
Utility users taxes	-	4,546,007	4,749,038
Other taxes	4,783,648	253,508	442,700
Motor vehicle in lieu, unrestricted	1,114,482	707,861	155,846
Use of money and property	127,128	681,647	1,015,768
Other	-	1,770,848	30,938
Loss on disposal of asset	-	(20,793)	1,737,859
Transfers	-	-	387,514
Total governmental activities	<u>16,267,112</u>	<u>20,350,404</u>	<u>21,466,882</u>
Business-type activities:			
Use of money and property	39,379	136,137	261,601
Other	552	400	300
Total business-type activities	<u>39,931</u>	<u>136,537</u>	<u>261,901</u>
Total primary government	<u>16,307,043</u>	<u>20,486,941</u>	<u>21,728,783</u>
Changes in net assets:			
Governmental activities	9,751,445	19,550,656	12,002,694
Business-type activities	1,826,943	1,857,421	3,118,525
Total primary government	<u>\$ 11,578,388</u>	<u>\$ 21,408,077</u>	<u>\$ 15,121,219</u>

*The City of Seal Beach implemented GASB 34 for the fiscal year ended June 30, 2003.
The City has elected to show only six years of data for this schedule.*

Source: Administrative Services Department, City of Seal Beach.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 10,329,372	\$ 10,304,847	\$ 11,054,451
894,784	1,065,996	1,198,376
3,746,801	5,127,969	3,974,341
941,702	1,053,907	980,148
5,131,264	5,599,065	5,326,486
569,412	355,169	393,570
156,603	115,074	88,304
1,789,051	1,576,333	892,341
178,582	441,440	44,006
-	-	-
-	-	-
<u>23,737,571</u>	<u>25,639,800</u>	<u>23,952,023</u>
533,847	507,453	278,754
600	503	800
<u>534,447</u>	<u>507,956</u>	<u>279,554</u>
<u>24,272,018</u>	<u>26,147,756</u>	<u>24,231,577</u>
8,603,575	7,037,010	4,082,455
3,421,571	3,372,054	3,025,712
<u>\$ 12,025,146</u>	<u>\$ 10,409,064</u>	<u>\$ 7,108,167</u>

CITY OF SEAL BEACH
Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
General fund:				
Reserved	\$ 4,964,691	\$ 492,152	\$ 772,053	\$ 677,599
Unreserved	11,212,112	20,735,249	22,185,704	24,854,264
Total general fund	<u>16,176,803</u>	<u>21,227,401</u>	<u>22,957,757</u>	<u>25,531,863</u>
All other governmental funds:				
Reserved	2,734,605	2,548,469	2,026,130	1,738,667
Unreserved, reported in:				
Low and moderate housing	-	-	-	1,832,513
Special revenue funds	2,556,308	2,442,139	2,060,453	1,930,642
Debt service funds	969,151	1,010,430	1,401,913	1,456,799
Capital project funds	<u>3,046,167</u>	<u>2,733,516</u>	<u>5,212,313</u>	<u>3,505,313</u>
Total all other governmental funds	<u>\$ 9,306,231</u>	<u>\$ 8,734,554</u>	<u>\$ 10,700,809</u>	<u>\$ 10,463,934</u>

The City of Seal Beach has elected to show only six years of data for this schedule.

Source: Administrative Services Department, City of Seal Beach.

<u>2008</u>	<u>2009</u>
\$ 182,500	\$ 211,000
33,262,310	36,254,252
<u>33,444,810</u>	<u>36,465,252</u>
2,126,571	1,888,229
1,538,662	1,699,688
2,087,018	2,397,828
1,363,543	2,108,727
<u>2,569,235</u>	<u>4,202,108</u>
<u>\$ 9,685,029</u>	<u>\$ 12,296,580</u>

CITY OF SEAL BEACH
Changes in Fund Balances of Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 16,868,192	\$ 18,666,583	\$ 19,173,642	\$ 22,637,028
Licenses and permits	2,001,374	2,151,459	2,322,072	1,766,907
Intergovernmental	6,251,344	3,321,721	2,576,224	2,567,415
Charges for services	3,732,045	3,181,714	3,963,495	3,801,832
Use of money and property	127,128	901,298	1,007,514	1,779,370
Fines and forfeitures	1,421,034	1,196,161	1,218,261	1,113,813
Miscellaneous	216,717	1,066,111	106,605	148,851
Total revenues	<u>30,617,834</u>	<u>30,485,047</u>	<u>30,367,813</u>	<u>33,815,216</u>
Expenditures				
Current:				
General government	4,173,192	4,479,987	4,359,784	5,034,026
Public safety	10,348,113	10,537,323	11,071,935	12,064,298
Community development	1,874,580	1,410,467	1,903,662	1,980,898
Parks and recreation	677,971	732,713	825,565	810,916
Public works	1,591,603	2,019,489	2,126,095	2,315,399
Capital outlay	7,013,614	6,082,861	7,978,443	8,198,781
Debt service:				
Principal retirement	680,894	765,720	1,943,186	622,965
Interest and fiscal charges	618,815	626,711	588,050	450,702
Bond issuance costs	-	-	-	-
Total expenditures	<u>26,978,782</u>	<u>26,655,271</u>	<u>30,796,720</u>	<u>31,477,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,639,052</u>	<u>3,829,776</u>	<u>(428,907)</u>	<u>2,337,231</u>
Other financing sources (uses):				
Transfers in	3,168,302	2,986,795	9,970,170	10,484,425
Transfers out	(3,168,302)	(2,986,795)	(9,582,656)	(10,484,425)
Debt issuance	-	38,700	-	-
Proceeds on sale of land	-	-	3,680,000	-
Proceeds of debt	-	-	-	-
Capital leases issued	54,000	216,113	58,004	-
Total other financing sources (uses)	<u>54,000</u>	<u>254,813</u>	<u>4,125,518</u>	<u>-</u>
Net change in fund balances	<u>\$ 3,693,052</u>	<u>\$ 4,084,589</u>	<u>\$ 3,696,611</u>	<u>\$ 2,337,231</u>
Debt service as a percentage of noncapital expenditures	6.1%	6.8%	11.8%	4.8%

The City of Seal Beach has elected to show only six years of data for this schedule.

Source: Administrative Services Department, City of Seal Beach

2008	2009
\$ 24,051,063	\$ 23,399,203
1,903,316	1,527,024
1,417,738	1,572,675
3,821,352	4,183,018
1,594,900	893,879
1,005,130	944,950
364,746	76,635
<u>34,158,245</u>	<u>32,597,384</u>

5,968,260	5,562,419
24,267,574	12,485,796
2,272,462	1,998,110
958,757	908,708
2,214,002	3,557,704
5,192,028	4,725,348

570,036	1,418,230
421,528	1,048,026
91,510	1,316
<u>41,956,157</u>	<u>31,705,657</u>

<u>(7,797,912)</u>	<u>891,727</u>
--------------------	----------------

7,029,205	11,180,500
(7,029,205)	(13,180,500)
-	6,300,000
-	-
10,945,000	-
-	-

<u>10,945,000</u>	<u>4,300,000</u>
<u>\$ 3,147,088</u>	<u>\$ 5,191,727</u>

2.9%

9.2%

CITY OF SEAL BEACH
Assessed Value and Estimated Actual Value of Taxable Property
Last Eight Fiscal Years

Fiscal Year Ended June 30	City		Taxable Assessed Value
	Secured	Unsecured	
2002	\$2,221,360,164	\$80,381,355	\$2,301,741,519
2003	2,446,973,371	114,401,105	2,561,374,476
2004	2,619,962,658	141,792,348	2,761,755,006
2005	2,793,482,456	175,371,171	2,968,853,627
2006	3,018,869,834	171,000,511	3,189,870,345
2007	3,373,750,311	211,551,053	3,585,301,364
2008	3,691,176,766	184,725,523	3,875,902,289
2009	4,031,469,067	225,415,156	4,256,884,223

The City of Seal Beach has elected to show only eight years of data for this schedule.

¹ Beginning with the fiscal year ended June 30, 2002, 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 that 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

Redevelopment Agency

Secured	Unsecured	Taxable Assessed Value	Total Direct Tax Rate
\$ 226,010,385	\$ 2,413,698	\$228,424,083	1.00%
239,503,990	2,633,649	242,137,639	1.00%
255,392,811	3,474,244	258,867,055	1.00%
277,264,510	3,656,768	280,921,278	1.00%
291,579,619	2,720,275	294,299,894	1.00%
391,953,993	37,126,974	429,080,967	1.00%
415,609,878	7,010,892	422,620,770	1.00%
427,188,898	5,536,607	432,725,505	1.00%

CITY OF SEAL BEACH
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years

	Fiscal Year				
	2000	2001	2002	2003	2004
City Direct Rates:					
City Direct Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:					
Orange County Bonds	0.00000	0.00000	0.00000	0.01573	0.01383
Metropolitan Water District	0.00890	0.00880	0.00770	0.00670	0.00580
Other Districts	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.01371</u>
Total Direct Rate	<u><u>1.00890</u></u>	<u><u>1.00880</u></u>	<u><u>1.00770</u></u>	<u><u>1.02243</u></u>	<u><u>1.03334</u></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

Fiscal Year				
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1.00000	1.00000	1.00000	1.00000	1.00000
0.01383	0.01545	0.01599	0.01501	0.01673
0.00580	0.00520	0.00470	0.00450	0.00430
<u>0.01371</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.19950</u>
<u><u>1.03334</u></u>	<u><u>1.02065</u></u>	<u><u>1.02069</u></u>	<u><u>1.01951</u></u>	<u><u>1.22053</u></u>

CITY OF SEAL BEACH
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2009		2000	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Seal Beach Mutual	\$ 656,751,714	15.42%	\$ 350,836,008	17.38%
Rossmoor Shops LLC	142,839,149	3.35%	-	-
Bixbybit - Bixby Office Park LLC	127,500,000	2.99%	47,445,700	2.35%
Boeing North American	119,666,567	2.81%	44,380,707	2.20%
ASN Long Beach LLC	81,964,792	1.92%	-	-
Al United States Seal Beach Senior Housing	44,906,682	1.05%	-	-
DCOR LLC	40,981,013	0.96%	-	-
Ranch Town Center LLC	40,086,501	0.94%	-	-
OXY Long Beach Inc	38,000,000	0.89%	-	-
Columbia Regency Retail Partners LLC	37,422,519	0.88%	-	-
Rockwell International Corporation	-	-	144,106,066	7.14%
Century National Properties	-	-	23,997,675	1.19%
Nuevo Energy Company	-	-	19,659,900	0.97%
Ayres Family Limited Partnership	-	-	12,959,489	0.64%
Golden Rain Foundation	-	-	12,685,791	0.63%
Seal Beach Country Club Apartments	-	-	10,979,056	0.54%
Hellman Properties	-	-	8,951,765	0.44%
	<u>\$ 1,330,118,937</u>	<u>31.23%</u>	<u>\$ 676,002,157</u>	<u>29.76%</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
2000	\$ 4,074,414	\$4,016,841	98.59%	\$ 59,886	\$ 4,076,727	100.06%
2001	4,348,391	4,278,887	98.40%	55,061	4,333,948	99.67%
2002	4,732,736	4,652,300	98.30%	58,258	4,710,558	99.53%
2003	5,115,649	5,040,493	98.53%	95,233	5,135,726	100.39%
2004	5,463,989	5,469,398	100.10%	63,561	5,532,959	101.26%
2005	5,982,450	5,480,672	91.61%	63,301	5,543,973	92.67%
2006	6,318,985	6,154,444	97.40%	91,264	6,245,708	98.84%
2007	8,332,294	8,055,355	96.68%	91,659	8,147,014	97.78%
2008	8,102,060	7,854,441	96.94%	151,578	8,006,019	98.81%
2009	8,567,293	8,285,120	96.71%	107,676	8,392,796	97.96%

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.

Source: Orange County Tax Ledger

CITY OF SEAL BEACH
Ratios of Outstanding Debt by Type
Last Seven Fiscal Years

Government-wide Activities							
Fiscal Year Ended June 30	Capital Lease	Countrywide Financing Auth. Lease	Tax Allocation Bonds	Pension Obligation Bonds	Fire Station Bonds	Promissory Note	Total Governmental Activities
2003	\$2,073,948	\$ 865,000	\$8,495,000	\$ -	\$ -	\$687,014	\$12,120,962
2004	1,918,387	785,000	8,180,000	-	-	610,680	11,494,067
2005	1,845,323	705,000	7,860,000	-	-	534,346	10,944,669
2006	914,675	620,000	7,525,000	-	-	-	9,059,675
2007	736,710	530,000	7,170,000	-	-	-	8,436,710
2008	631,674	435,000	6,800,000	10,945,000	-	-	18,811,674
2009	534,445	335,000	6,410,000	10,219,000	6,195,000	-	23,693,445

The City of Seal Beach has elected to show only seven years of data for this schedule.

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

¹See the schedule of Demographic and Economic Statistics on page 125 for personal income and population data.

*Data not readily available.

Source: Administrative Services Department, City of Seal Beach

CITY OF SEAL BEACH
Ratios of Outstanding Debt by Type
Last Seven Fiscal Years

Business-type Activities						
Economic Development Administration Loan	Capital Equipment Lease	Sewer Certificates of Participation	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
\$ 177,035	\$ -	\$ 4,040,000	\$ 4,217,035	\$16,337,997	1.67%	\$ 656
169,356	45,514	3,970,000	4,184,870	15,678,937	1.50%	629
160,779	27,883	3,895,000	4,083,662	15,028,331	1.34%	595
151,773	9,492	3,815,000	3,976,265	13,035,940	*	515
142,317	-	3,730,000	3,872,317	12,309,027	*	474
132,388	-	3,645,000	3,777,388	22,589,062	*	869
121,962	-	3,555,000	3,676,962	27,370,407	*	1,056

CITY OF SEAL BEACH
Ratio of General Bonded Debt Outstanding
Last Seven Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds	Percent of Assessed Value ¹	Per Capita
2003	\$ 8,495,000	0.30%	\$ 340.88
2004	8,180,000	0.27%	327.99
2005	7,860,000	0.24%	311.36
2006	7,525,000	0.22%	297.45
2007	7,170,000	0.18%	276.17
2008	6,800,000	0.16%	261.68
2009	22,824,000	0.49%	880.79

The City of Seal Beach has elected to show only seven years of data for this schedule.

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

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

Source: Administrative Services Department, City of Seal Beach

CITY OF SEAL BEACH
Schedule of Direct and Overlapping Debt
June 30, 2009

2008-09 Assessed Valuation:	\$4,256,884,223
Redevelopment Incremental Valuation:	<u>399,294,816</u>
Adjusted Assessed Valuation:	<u><u>\$3,857,589,407</u></u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	% Applicable ⁽¹⁾	Total Debt 6/30/2009	City's Share of Debt 6/30/09
Metropolitan Water District	0.209 %	\$ 293,425,000	\$ 613,258
Coast Community College District	2.929	341,668,867	10,007,481
North Orange Jt. Community College District	1.639	227,859,001	3,734,609
Los Alamitos Unified School District School Facilities Imp District No.1	53.877	27,000,000	4,711,544
Los Alamitos Unified School District Community Facilities District No. 90-1	53.877	8,745,000	14,546,790
Huntington Beach Union High School District	0.0002	231,234,998	462
City of Seal Beach Community Facilities District No. 2002-1	100	3,890,000	3,890,000
City of Seal Beach Community Facilities District No. 2005-1	100	8,780,000	8,780,000
City of Seal Beach 1915 Act Bonds	100	<u>765,000</u>	<u>765,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u><u>47,049,144</u></u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>	% Applicable ⁽¹⁾	Total Debt	City's Share of
Orange County General Fund Obligations	1.017 %	\$ 462,152,000	4,700,086
Orange County Pension Obligations	1.017	69,713,001	708,981
Orange County Board of Education Certificates of Participation	1.017	19,430,000	197,603
Municipal Water District of Orange County Water Facilities Corporation	2.208	17,685,000	213,635
Orange County Fire Authority	1.978	7,040,000	139,251
North Orange County Regional Occupation Program Certificates of Participa	5.011	11,680,000	585,285
Los Alamitos Unified School District Certificates of Participation	53.87	20,320,651	10,948,157
Huntington Beach Union High School District Certificates of Participation	0.0002	52,021,090	104
Ocean View School District General Fund Obligations	0.001	7,755,001	78
City of Seal Beach General Fund Obligations	100.00	335,000	335,000
City of Seal Beach Taxable Pension Obligations	100.00	10,219,000	10,219,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>17,828,180</u>
Less: MWDOC Water Facilities Corporation (100% self-supporting)			<u>213,635</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u><u>17,614,545</u></u>

GROSS COMBINED TOTAL DEBT	<u><u>75,096,324</u></u> ⁽²⁾
NET COMBINED TOTAL DEBT	<u><u>\$ 64,663,689</u></u>

(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.

Ratios to 2008-09 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.11%
--	-------

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$10,554,000)	0.27%
Gross Combined Total Debt.....	1.95%
Net Combined Total Debt.....	1.94%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/09: \$0

Source: California Municipal Statistics, Inc.

CITY OF SEAL BEACH
 Legal Debt Margin Information
 Last Eight Years

	Fiscal Year			
	2002	2003	2004	2005
Debit limit	\$ 379,524,840	\$ 420,526,817	\$ 453,093,309	\$ 487,466,236
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 379,524,840</u>	<u>\$ 420,526,817</u>	<u>\$ 453,093,309</u>	<u>\$ 487,466,236</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Valuation	\$4,689,609,728
Debt percentage ¹	<u>15%</u>
Debt limit	\$ 703,441,459
Debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 703,441,459</u>

The City has elected to show only eight years of data for this schedule.

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
 Last Eight Years

Fiscal Year			
2006	2007	2008	2009
\$ 522,625,536	\$ 602,157,350	\$ 644,778,459	\$ 703,441,459
-	-	-	-
\$ 522,625,536	\$ 602,157,350	\$ 644,778,459	\$ 703,441,459
0.0%	0.0%	0.0%	0.0%

CITY OF SEAL BEACH
Pledged-Revenue Coverage
Last Six Fiscal Years

2000 Tax Allocation Refunding Bonds				
Fiscal Year	Tax	Debt Service		Coverage
Ended June 30	Increment	Principal	Interest	
2004	\$ 1,051,089	\$ 315,000	\$ 424,135	1.42
2005	888,015	320,000	403,755	1.23
2006	1,138,441	335,000	389,316	1.57
2007	2,426,176	355,000	373,933	3.33
2008	1,933,042	370,000	357,514	2.66
2009	1,930,719	390,000	338,879	2.65

The City has elected to show only six years of data for this schedule.

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

Source: Administrative Services Department, City of Seal Beach

CITY OF SEAL BEACH
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income ² (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate ¹ (3)
1999	27,321	\$ 934,214	\$ 34,194	2.7%
2000	27,412	1,017,067	37,103	2.4%
2001	24,298	914,698	37,645	2.7%
2002	24,610	934,712	37,981	3.4%
2003	24,921	978,598	39,268	3.3%
2004	24,940	1,044,188	41,868	3.0%
2005	25,244	1,122,172	44,453	2.6%
2006	25,298	*	*	2.5%
2007	25,962	*	*	3.0%
2008	25,986	*	*	4.2%
2009	25,913	*	*	7.1%

Note: ¹Unemployment Rate data for 1999 is shown for Orange County.
Data for 2000-2008 is shown for the City.

² Personal income has been restated from disclosing county's personal income to disclosing city's personal income.

* Data not readily available.

Sources: (1) State of California, Department of Finance
(2) U.S. Department of Commerce, Bureau of Economic Analysis
(data shown is for Orange County)
(3) State of California Employment Development Department

CITY OF SEAL BEACH

Principal Employers

Current Year

Employer	2009		2000**	
	Number of Employees	Percent of Total Employment*	Number of Employees	Percent of Total Employment
Boeing Co.	1,000	9.01%		
Bakercorp	71	0.64%		
Autism Partnership, Inc.	95	0.86%		
Target Corp	200	1.80%		
P2F Holdings	85	0.77%		
First Team Real Estate	150	1.35%		
Farmers & Merchants Bank	150	1.35%		
Bixby Rance Co, A California	135	1.22%		
Kohl's Department Stores Inc	121	1.09%		
Spaghetini, A California LP	105	0.95%		
New Albertson's Inc	100	0.90%		
Original Parts Group	75	0.68%		
Custom Building Products Inc	96	0.86%		
Siemens Medical Solutions	200	1.80%		
Healthnet California, Inc.	75	0.68%		
Total	<u>2,658</u>	<u>23.95%</u>		

*Based upon Employment Development Department's estimate of 10,600 residents employed

**Information not available

Source: State Department of Commerce
City of Seal Beach

CITY OF SEAL BEACH
 Full-time and Part-time City Employees
 by Function
 Last Four Fiscal Years

<u>Function</u>	<u>Full-Time and Part-Time Employees as of June 30,</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	11.50	13.58	13.09	13.12
Public safety	57.00	55.70	58.94	59.07
Public works	16.25	14.21	14.76	14.76
Community				
development	17.40	12.82	13.36	13.70
Water	10.60	12.69	13.00	13.00
Sewer	3.45	3.89	3.95	3.95
Total	<u>116.20</u>	<u>112.89</u>	<u>117.10</u>	<u>117.60</u>

The City of Seal Beach has elected to show only the previous four years of data for this schedule.

Source: City Budget Office

CITY OF SEAL BEACH
 Operating Indicators
 by Function
 Last Four Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Police:				
Arrests	447	555	734	851
Parking citations issued	20,147	14,135	18,181	18,464
Public works:				
Street centerline miles resurfaced	3	1	1	-
Number of public right of way permits issued	232	210	194	208
Number of street related service requests	132	154	298	282
Parks and recreation:				
Number of recreation classes	827	885	552	423
Number of facility rentals	279	476	371	342
Water:				
Number of water meters replaced	310	210	250	172
Acre feet of water used	3,922	4,303	4,025	3,900
Sewer:				
Number of feet of sewer cleaned	204,297	225,384	209,400	158,400
Number of catch basins cleaned	384	422	429	400

The City of Seal Beach has elected to show only the previous four years of data for this schedule.

Source: City of Seal Beach

CITY OF SEAL BEACH
 Capital Asset Statistics
 by Function
 Last Four Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Police:				
Stations	2	2	2	2
Patrol units	31	31	37	35
Public works:				
Streets (center line miles)	43	43	43	43
Sidewalk (miles)	86	86	86	86
Signalized intersections	23	23	23	23
Parks and recreation:				
Parks	10	10	10	10
Community centers	3	3	3	3
Water:				
Water pipe (miles)	72	72	72	72
Reservoirs	2	2	2	2
Sewer				
Sanitary sewers (miles)	37	37	37	37
Storm sewers (miles)	4	4	4	4
Sewer lift/pump stations	7	7	7	7

The City of Seal Beach has elected to show only the previous four years of data for this schedule.

Source: City of Seal Beach