



CITY OF SEAL BEACH CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

City of Seal Beach

**Comprehensive Annual Financial Report
For the Year Ended June 30, 2014**



**Prepared by the Finance Department
Victoria L. Beatley, CCMT
Director of Finance/City Treasurer**

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FOR FISCAL YEAR ENDED JUNE 30, 2014

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December 15, 2014

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

City of Seal Beach staff is pleased to submit for your information the Comprehensive Annual Financial Report (CAFR) of the City of Seal Beach (City) for the fiscal year ended June 30, 2014. Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation including all disclosures rests with the City. In our opinion, the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

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

The City's financial statements have been audited by Lance, Soll & Lunghard LLP, a public accounting firm fully licensed and qualified to perform audits of the state and local governments within the State of California. The audit was designed to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Seal Beach's financial statements for the year ended June 30, 2014, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY

The City of Seal Beach is located on the coast of northwestern Orange County California, was incorporated on October 25, 1915. The City charter, which was adopted in 1964, established the form of government, states the powers and duties of the City Council, and establishes various City Offices.

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

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing of all department heads. The City 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 (OCFA). The City also operates water and sewer utilities but contracts for refuse and sanitation treatment services.

The Successor Agency to 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 body of the Successor Agency and the City Manager serves as the Executive Director.

History of Seal Beach

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

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

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

During World War II, the U.S. Navy purchased 5,256 acres of land and established the Naval Ammunition and Net Depot for storage and loading of ammunition for the Pacific Fleet. The Seal Beach National Wildlife Refuge was established in 1972.

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

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

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

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

ECONOMIC CONDITIONS

Local economy. Although the focus of this Comprehensive Annual Financial Report is the financial condition of the City at June 30, 2014, 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 1,000 acre Seal Beach National Wildlife Refuge. The City's one and a half miles of beaches and the public pier attracts more than 2,000,000 visitors each year making recreation an important factor in the local economy. Seal Beach has a variety of local beach front stores at Main Street which include several fine dining establishments. Throughout the year many exciting community events take place in which the residents, and visitors, enjoy and participate.

Long-term financial planning. The City of Seal Beach economy and tax base continue to stay the course and maintain the present package of core services for our residents, businesses, visitors, and protect all essential municipal services that contribute to the high quality of life within the City.

In FY 2013-2014 the tax revenue declined overall, primarily due to the State of California's dissolution of Redevelopment Agencies. Property Tax revenues increased 5% in the General Fund and Sales Tax decreased 10% compared with the projected revenues at the beginning of the FY 2013-2014. The primary reason for the decline in sales tax was a slowdown in the fuel and service stations industry.

For the upcoming fiscal year, property taxes are expected to increase as the result of continued improvement in real estate values. On the other hand, continued declines in sales tax is expected from the on-going decline in the fuel and service stations industry.

The Southern California region continues to show signs of improved economic activity. According to local economic updates, Orange County's unemployment rate will continue to decline and the housing market will continue to show improvement. Consumer spending is expected to increase slightly as well.

Major initiatives. The City of Seal Beach will continue to be a major participant in improving ocean water quality as mandated in the Clean Water Act. The City has a National Pollution Discharge Elimination System Program operated for this purpose.

The City will continue to make improvements to the storm drain system. In November 2008, the City Council approved the update to the Master Plan of Drainage. The 10 years of Master Plan identified \$96.6 million storm drain improvements needed throughout the City. The City has recently completed the Marina Avenue Storm Drain Project, and has acquired property for a future Ironwood Storm Drain Project. Another initiative is management of sand on the City's Beach. Typically the City nourishes sand on our beach every 5-7 years. This was most recently done in 2009 for a cost of \$1.3 million. This year there is predicted to be a large amount of storm activity and placement of sand on the beach is critical. The CIP has funds planned in the amount of \$1.0M for fiscal year 2015-16. Our City is looking for nourishment alternative both to provide short term and long term solutions to this problem.

The City has been aggressively seeking and will continue to search for funding sources from other governmental agencies or use non-recurring or future developmental revenues to maintain and improve its infrastructure. The City completed several capital projects throughout the fiscal year, including the completion of Lampson Avenue Medians, Ocean Avenue Alley Rehabilitation, Golden Rain Road and Seal Beach Boulevard Intersection Improvements, Citywide Sewer Improvements, Annual Concrete, Slurry Seal & Paving Projects, Bridgeport/Marina Storm Drain Improvements, and the Pier Storage Area Rehabilitation.

FINANCIAL POLICIES AND PROCEDURES

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

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

Budgetary controls. The annual budget serves as the foundation for the City of Seal Beach's financial planning and control. The City Council adopts an annual budget and appropriates the funds necessary to provide the services and operations for the fiscal year. The City Manager may make appropriation transfers within and between departments which do not result in an increase in appropriations. The City of Seal Beach City Council must approve all appropriation changes that results in an increase in appropriations.

AWARDS

GFOA Award Program – Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seal Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the fifteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Victoria L. Beatley
Director of Finance/City Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

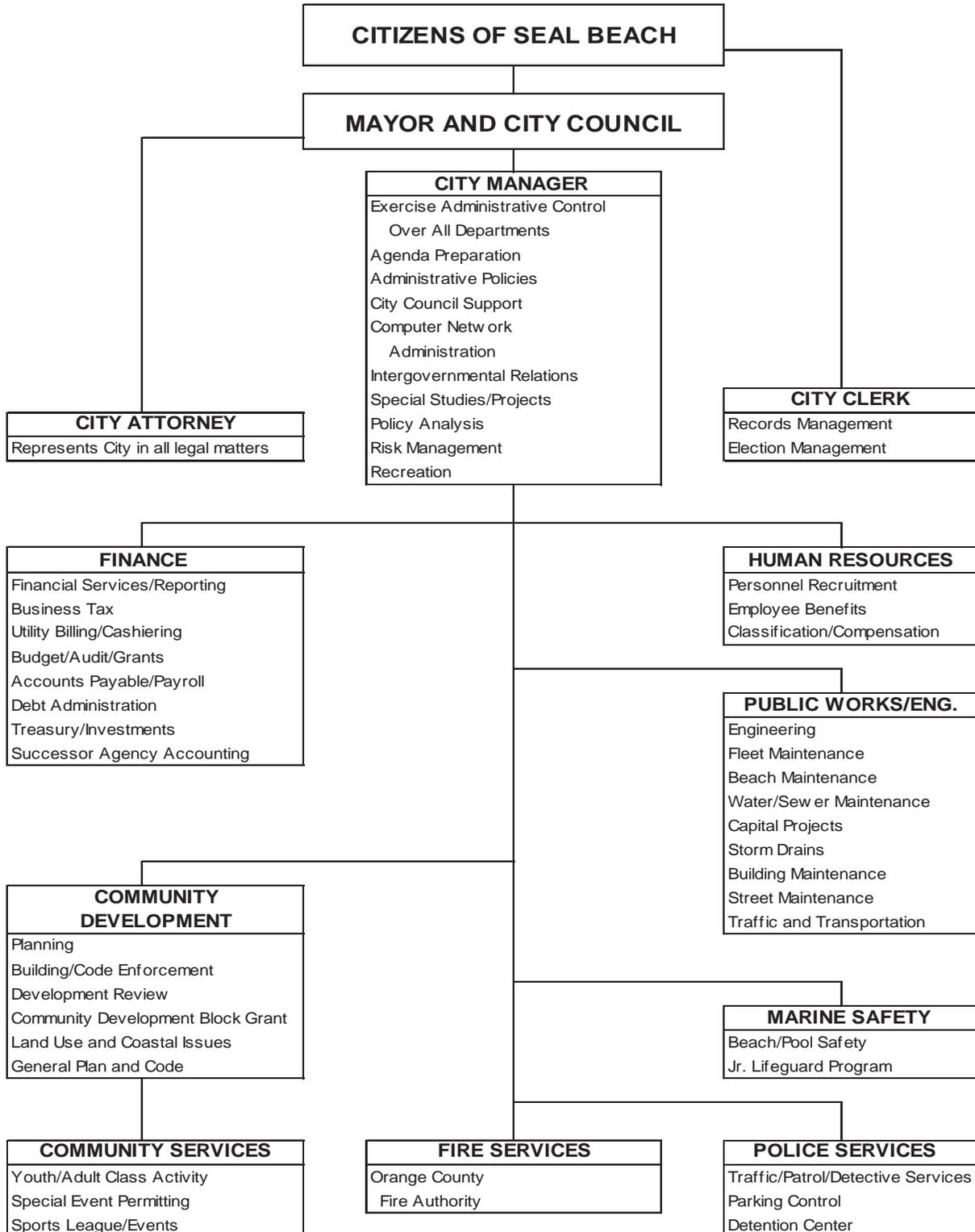
**City of Seal Beach
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

City of Seal Beach Organizational Chart



CITY OF SEAL BEACH CALIFORNIA

Principal Officers

City Council

Ellery Deaton, Mayor
David Sloan, Mayor Pro Tem
Mike Levitt, Council Member
Gary Miller, Council Member
Gordon Shanks, Council Member

Executive Officers

Jill R. Ingram, City Manager
Quinn Barrow, City Attorney

Administrative Personnel

Joe Bailey, Marine Safety Chief
Jim Basham, Director of Community Development
Victoria L. Beatley, Director of Finance/City Treasurer
Sean Crumby, Director of Public Works
Linda Devine, City Clerk
Patrick Gallegos, Assistant City Manager
Joseph Stilinovich, Chief of Police

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Seal Beach, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by 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 from material misstatement.

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

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



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

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information for the General Fund and Traffic Relief Grant Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Year Comparative Information

The financial statements include prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2014, from which such partial information was derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Loughard, LLP

Brea, California
December 15, 2014

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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, 2014. 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 \$150,770,931 for the fiscal year ended June 30, 2014, representing an increase of 3.43% in net position from the prior fiscal year. Of this amount, an increase of \$379,510 was due to the increase in capital assets during the fiscal year. In addition, \$41,485,433 (unrestricted net position) of the total net position may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. This amount includes City Council designations of fund balance.
- The City's change in net position was \$5,688,690 more than last fiscal year. The major reason for the increase in the change in net position is attributable to the Net Position being restated to properly reflect the revenues related to the Seal Beach Cable and Trust and Agency Funds at June 30, 2014 in the amount of \$636,399. In addition, there's an increase in revenues for transient occupancy tax of \$220,088, franchise tax of \$198,462, other taxes of \$227,061, use of money and property of \$351,806, other miscellaneous of \$208,976, and public safety expenses increased by \$994,310 for the fiscal year ended June 30, 2014.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36,222,185, representing an increase of 11% from the prior fiscal year. This resulted in an unassigned fund balance of \$21,946,209, or 61% of the total fund balance, after recording all restricted and assigned.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$23,314,838 or 75.5% of total general fund expenditures and transfers out.
- Revenues associated with the City's business-type activities were \$2,653,047 more than the \$6,170,737 in expenses recorded. During the fiscal year ended June 30, 2010, a water rate study was conducted and as a result of that study, water rates were reduced in fiscal year 2009-2010 but increased in fiscal year 2010-2011 and for the next three years. The final approved water rate increase occurred in the fiscal year ended June 30, 2014. The revenues also included a \$1,200,000 advance for a sewer project.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position – Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position were \$150.8 million and \$145.8 million for the years ended June 30, 2014 and June 30, 2013, respectively, as shown in Table 1.

Table 1
 Net Position
 (in Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$ 38,254	\$ 40,742	\$ 14,481	\$ 16,837	\$ 52,735	\$ 57,579
Capital assets	77,284	76,593	38,013	39,083	115,297	115,676
Total assets	115,538	117,335	52,494	55,920	168,032	173,255
Deferred charge on refunding	-	-	193	181	193	181
Long-term liabilities outstanding	11,718	12,364	5,495	7,038	17,213	19,402
Other liabilities	3,284	2,093	1,760	1,170	5,044	3,263
Total liabilities	15,002	14,457	7,255	8,208	22,257	22,665
Net position						
Net investment in capital assets	72,699	72,498	32,646	32,360	105,345	104,858
Restricted	3,562	4,427	-	-	3,562	4,427
Unrestricted	24,275	25,953	12,594	15,532	36,869	41,485
Total net position	\$ 100,536	\$ 102,878	\$ 45,240	\$ 47,892	\$ 145,776	\$ 150,770

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 \$104.9 million, or 70%, of the total \$ 150.8 million net position, a decrease of .5% from the prior fiscal year. The City's capital assets do not represent a financial resource and consequently are not available for future spending.

Unrestricted position represents the second largest portion of the City's net position. The City is required by Council Policy to maintain a minimum of 20% to 25% of operating expenditures to maintain the City's credit worthiness and to meet cash flow requirements. As of June 30, 2014, unrestricted net position increased by 13% to \$41.5 million from \$36.9 million in the prior fiscal year. Restricted net position represent resources that are legally restricted to specific uses. These restrictions are generally enforced by external agencies.

As of June 30, 2014, the City reported positive balances in all three categories of net position for both Governmental and Business-type Activities.

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

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

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
JUNE 30, 2014

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

Development Services 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.

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

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

The following table provides a summary of the City's operations for the years ended June 30, 2014 and 2013.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
 JUNE 30, 2014

Table 2
 Changes in Net Position
 (in Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program Revenues:						
Charges for services	\$ 5,089	\$ 6,225	\$ 7,599	\$ 7,868	\$ 12,688	\$ 14,093
Operating grants and capital contributions	5,837	2,402	-	-	5,837	2,402
Capital grants and contributions	-	10	-	-	-	10
General Revenues:						
Taxes						
Property taxes	9,958	9,498	-	-	9,958	9,498
Sales taxes	5,409	4,743	-	-	5,409	4,743
Transient occupancy taxes	1,289	1,509	-	-	1,289	1,509
Other taxes	6,201	6,536	-	-	6,201	6,536
Use of money and property	373	675	85	134	458	809
Other	331	544	5	1	336	545
Extraordinary gain/(loss) on loan	-	-	-	1,200	-	1,200
Transfers	-	379	-	(379)	-	-
Total revenues	<u>34,487</u>	<u>32,521</u>	<u>7,689</u>	<u>8,824</u>	<u>42,176</u>	<u>41,345</u>
Expenses:						
General government	5,373	5,040	-	-	5,373	5,040
Public safety	15,006	16,000	-	-	15,006	16,000
Community development	1,781	1,307	-	-	1,781	1,307
Community Services	1,273	1,079	-	-	1,273	1,079
Public works	6,212	6,903	-	-	6,212	6,903
Interest on long-term debt	575	487	-	-	575	487
Water	-	-	4,268	4,440	4,268	4,440
Sewer	-	-	1,520	1,731	1,520	1,731
Total expenses	<u>30,220</u>	<u>30,816</u>	<u>5,788</u>	<u>6,171</u>	<u>36,008</u>	<u>36,987</u>
Changes in net position	4,267	1,705	1,901	2,653	6,168	4,358
Net position at beginning of year	103,130	100,536	43,339	45,240	146,469	145,776
Restatement of net position	<u>(6,861)</u>	<u>636</u>	<u>-</u>	<u>-</u>	<u>(6,861)</u>	<u>636</u>
Net position at end of year	<u>\$ 100,536</u>	<u>\$ 102,877</u>	<u>\$ 45,240</u>	<u>\$ 47,893</u>	<u>\$ 145,776</u>	<u>\$ 150,770</u>

Analysis of the City's Operations – The City's Net Position increased by \$5 million during Fiscal Year 2013-2014 or 3.43%, over prior year results.

Governmental Activities experienced an increase of \$2.3 million in net position as of June 30, 2014 compared to a decrease of \$2.6 million at June 30, 2013. The primary reason for the increase in net position is attributable to the Seal Beach Cable and Trust and Agency Funds that is being restated to properly reflect revenues at June 30, 2014 in the amount of \$636,399.

The cost of all governmental activities during the current fiscal year was \$ 30.8 million, slightly higher than last year. As shown on the statement of activities, those who directly benefited from the programs paid \$6.2 million of the cost, and \$2.4 million was financed by contributions and grants received from other governmental organizations. The remainder of the costs of operations, \$22.2 million was subsidized through general City taxes. The largest operating cost was comprised of Public Safety, representing 52% of total governmental expenditures compared to 50% of total governmental expenditures in fiscal year 2012-2013.

Business-type Activities' net position increased \$2.7 million primarily due to planned increases in water and sewer rates and a \$1,200,000 advance from a sewer loan for capital projects.

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, 2014 the City's governmental funds reported combined ending fund balances of \$36.2 million. Approximately \$22.0 million, or 60.8%, of this total amount constitutes unassigned fund balance. The remainder of the fund balance is assigned to indicate that it is not available for new spending because it has already been committed to pay for encumbrances, loans, prepaid expenses, or advances to other funds.

The General Fund ended the fiscal year with a fund balance of \$32.1 million, representing a net increase of \$2.6 million in fund balance compared to the \$1.1 million increase experienced during the prior fiscal year. The primary reason for the increase in fund balance was due to an increase in transient occupancy tax, franchise tax, other taxes, use of money and property and other services. Additionally, general government expenditures decreased by \$.3 million and community development decreased by \$.5 million.

Proprietary funds – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position totaled \$8.7 million and \$6.8 million for the Water and Sewer funds, respectively. The Water fund increased by \$408 thousand in net position due to a planned increase in water rates. The increase of \$2.2 million in the Sewer fund net position resulted from planned increases in sewer operating fees and sewer capital 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 – There were no significant differences between the original and final amended budgeted revenues.

The difference between the original and final amended budget in General Fund expenditures was an increase of \$348 thousand. This difference is due to a variety of budget amendments approved by the City Council during the fiscal year including landscape maintenance services contract, law enforcement services, pier storage repair, and purchase order and CIP carryover from prior fiscal year.

General Fund revenues came in higher than projected in the final budget by approximately \$1.4 million. Actual revenues came in higher than the budgeted revenues were almost entirely due to property tax, franchise tax, other taxes, and use of money and property coming in higher than budgeted.

General Fund expenditures were \$5.1 million less than appropriations. This difference is due to transfers out and budgeted capital projects that were either not started or completed during the fiscal year. These appropriations were carried forward to the FY 2014-2015 fiscal year.

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$115.7 million compared to \$115.3 million (net of accumulated depreciation) for FY 2012-2013. This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress. Total capital assets for governmental activities for the current fiscal year decreased 1% and the City's investment in capital assets for business-type activities for the current fiscal year increased 3%.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land and land easement	\$ 11,017	\$ 11,017	\$ -	\$ -	\$ 11,017	\$ 11,017
Buildings and Improvements	9,719	9,449	3	2	9,722	9,451
Machinery and Equipment	616	523	685	696	1,301	1,219
Vehicles	1,057	949	170	421	1,227	1,370
Infrastructure	51,941	51,627	30,639	30,611	82,580	82,238
Construction-in-progress	<u>2,934</u>	<u>3,028</u>	<u>6,516</u>	<u>7,353</u>	<u>9,450</u>	<u>10,381</u>
Totals	<u>\$ 77,284</u>	<u>\$ 76,593</u>	<u>\$ 38,013</u>	<u>\$ 39,083</u>	<u>\$ 115,297</u>	<u>\$ 115,676</u>

During FY 2013-2014, major capital projects formally completed include:

- Local Street Resurfacing Project No. ST1202 and ST1204: this project consisted of installing pavers, removing and replacing various locations of damaged sidewalk, curb & gutter, and street resurfacing for \$673,119.82.
- Lampson Avenue Medians Project ST1108: This project rehabilitated landscaped medians within Lampson Avenue for \$226,261.13.
- Annual Street Tree Planting Program (FY 2012/13) for \$20,000.
- 2012 Annual Slurry Seal Project No. ST1201: this project slurry seal various streets throughout the City as identified in the Pavement Management Program Report for \$88,726.52.
- Ocean Avenue Alley Rehabilitation (WT1201): this project rehabilitates water and sewer facilities within the Ocean Avenue Alley for \$740,250.
- Emergency Repair of sinkhole at 1300 PCH: this project repaired a sinkhole and failing streets in front of 1300 PCH for a cost of \$44,706.09.
- Golden Rain Road – SBB Intersection Improvements Project No. ST 1107: this project rehabilitated and upgraded the traffic signal located at the intersection of Seal Beach Boulevard and Golden Rain Road for a cost of \$283,936.68.
- Citywide Sewer Improvements Project No. SS0901-2: this project rehabilitated sewer mains throughout the City for a cost of \$1,439,248.78.
- Annual Concrete Program Project No. ST1205: this project repairs, replaces and rehabilitates concrete driveways, sidewalks and curb and gutter throughout the City for \$61,114.75.
- Bridgeport/Marina Storm Drain Improvements Project No. SD1201: this project constructed Storm Drain Improvements within Marina Avenue for a cost of \$1,514,712.32.
- Citywide Tennis Court Resurfacing Project No. PR1301: this project resurfaces Tennis Courts throughout the City for a cost of \$30,000.
- City Hall and Marine Safety Building Remodel Project No. BG1201 & BG 1204: this project remodeled portions of the City Hall and the Marine Safety Building for a cost of \$224,347.34.
- Pier Storage Area Structural Repairs Project No. BP1103: this project repairs structural failure of the Pier Storage Area for a cost of \$55,000.
- Environmental Cleanup Grant (2013) Project No. SD1402: this project replaces storm drain filters throughout the City for a cost of \$50,645.48.

Additional information on the City's capital assets can be found in note 6 in the Financial Section of this report.

DEBT ADMINISTRATION

As of June 30, 2014, the City had bonded debt, notes payable, compensated absences, claims payable, and capital leases totaling \$19.4 million compared to \$17.4 million at the end of FY 2012-2013. The City's governmental activities maintained \$12.4 million in bonds, capital leases, compensated absences, and claims payable versus \$11.7 million last year, representing an increase of approximately \$.7 million from the previous fiscal year. This increase reflects other debt issue and interest and principal payments made during FY 2012-2013.

The City's business-type activities debt increased \$1.4 million from \$5.6 million to \$7.0 million. Debt in the business-type activities consists of Sewer Certificates of Participation Payable to provide funds for improvements to the City's sewer system, a State revolving loan for the sewer capital improvement project, and compensated absences. The increase in outstanding debt was mainly attributable to an increase of \$1.6 million in the State revolving loan.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Compensated absences	\$ 787	\$ 1,123	\$ 128	\$ 134	\$ 915	\$ 1,257
Promissory note	-	-	74	-	74	-
Capital leases	70	1,547	-	-	70	1,547
Revenue bonds	-	-	-	-	-	-
Tax Allocation bonds	-	-	-	-	-	-
Pension Obligation Bonds	6,045	5,270	-	-	6,045	5,270
Lease Revenue Bonds	4,515	4,095	-	-	4,515	4,095
Certificates of participations	-	-	2,965	2,835	2,965	2,835
Sewer Capital Improv. Proj.	-	-	2,521	4,069	2,521	4,069
Self-insured claims payable	301	329	-	-	301	329
Total	\$ 11,718	\$ 12,364	\$ 5,688	\$ 7,038	\$ 17,406	\$ 19,402

Additional information on the City's long-term debt can be found in note 7 in the Financial Section of the report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

In FY 2013-2014 the tax revenue decreased overall as a direct result of the dissolution of redevelopment agencies by the State of California. In the General Fund, Property Tax revenues increased 4% and Sales Tax decreased 22% compared with the projected revenues at the beginning of the FY 2013-2014. The primary reason for the decline in sales tax was a significant decrease in sales related to the fuel and service stations industry.

For the upcoming fiscal year, property tax and sales tax are projected to increase slightly primarily due to the continued improvement in real estate values and retail sales throughout the City.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
JUNE 30, 2014

The Southern California region, as well as the entire country, is continues to show signs of improved economic activity. According to local economic updates, Orange County's unemployment rate will continue to decline and the housing market will continue to show improvement. Consumer spending is expected to increase slightly as well.

The City prepared an annual budget for FY 2013-2014. The one year budget represents a General Fund surplus of operating revenues over operating expenditures (excluding capital projects) in each fiscal year. Expenditures of the City were budgeted at the current level of service with capital improvement projects to be supported primarily by the City's General Fund reserves. The revenue projections for the FY 2013-2014 budget year were very conservative due to the slow improvement in the economy. The City will continue to monitor revenue streams throughout the coming years and will adjust spending levels as deemed necessary.

The most significant issues facing the City are the aged condition of the City's infrastructure. The City has completed and adopted numerous infrastructure planning documents e.g. (Water Master Plan, Sewer Master Plan, Master Plan of Drainage, Facilities Master Plan, and Pavement Management Plan). These plans identify well over \$150 million in needed improvements throughout the City. The City annually adopts a 5 year Capital Improvement Program (CIP) that strategically plans construction of these needed improvements. The FY 2014-15 CIP recommends \$32.2 million in improvements over the next 5 years. The 5 Year Capital Improvement Program identifies needs in the following areas: Beach and Pier (\$2.9m), Buildings and Facilities (\$6.4m), Sewer System (\$3.3m), Storm Drain System (\$700k), Streets and Transportation (\$6.7m) and Water System (\$12.0m). Based upon the list of known projects there is over \$40 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 Finance Department at 211 8th Street, Seal Beach, CA 90740-6379 or call (562) 431-2527.

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CITY OF SEAL BEACH

STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2014	2013
Assets:				
Cash and investments	\$ 34,650,820	\$ 14,505,413	\$ 49,156,233	\$ 47,465,028
Receivables:				
Accounts	1,055,713	1,124,167	2,179,880	2,022,055
Taxes	1,535,790	-	1,535,790	1,643,157
Accrued interest	11,544	7,345	18,889	30,463
Prepaid costs	1,549,735	-	1,549,735	-
Due from other governments	908,302	-	908,302	549,515
Cash with fiscal agent	734,799	-	734,799	724,445
Advance to Successor Agency	-	1,200,000	1,200,000	-
Net OPEB asset (note 12)	295,009	-	295,009	301,116
Capital assets not being depreciated	14,044,926	7,352,732	21,397,658	20,466,003
Capital assets, net of depreciation	62,548,142	31,730,431	94,278,573	94,830,718
Total Assets	117,334,780	55,920,088	173,254,868	168,032,500
Deferred Outflows of Resources:				
Deferred charge on refunding	-	181,055	181,055	193,125
Total Deferred Outflows of Resources	-	181,055	181,055	193,125
Liabilities:				
Accounts payable	1,397,715	863,164	2,260,879	3,901,515
Accrued liabilities	287,094	32,426	319,520	238,364
Accrued interest	44,149	74,269	118,418	49,863
Unearned revenue	7,338	-	7,338	-
Deposits payable	292,994	11,605	304,599	462,129
Retentions Payable	63,720	188,492	252,212	391,562
Noncurrent liabilities (note 7):				
Due within one year	1,746,305	364,581	2,110,886	1,911,385
Due in more than one year	10,617,278	6,673,862	17,291,140	15,494,860
Total Liabilities	14,456,593	8,208,399	22,664,992	22,449,678
Net Position:				
Net investment in capital assets	72,498,068	32,360,440	104,858,508	105,344,642
Restricted for:				
Community development projects	965,602	-	965,602	772,684
Public safety	33,138	-	33,138	95,481
Community services	399,623	-	399,623	17,973
Public works	2,310,179	-	2,310,179	1,906,011
Debt service	718,448	-	718,448	713,563
General government - grants	-	-	-	56,158
Unrestricted	25,953,129	15,532,304	41,485,433	36,869,435
Total Net Position	\$ 102,878,187	\$ 47,892,744	\$ 150,770,931	\$ 145,775,947

CITY OF SEAL BEACH

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 5,040,070	\$ 1,632,975	\$ 316,961	\$ -
Public safety	15,999,900	1,384,701	144,057	-
Community development	1,306,898	182,021	402,968	-
Community services	1,079,006	1,062,796	-	-
Public works	6,902,521	1,962,242	1,538,504	10,000
Interest on long-term debt	487,221	-	-	-
Total Governmental Activities	30,815,616	6,224,735	2,402,490	10,000
Business-Type Activities:				
Water Utility	4,439,797	5,092,152	-	-
Sewer Utility	1,730,940	2,775,332	-	-
Total Business-Type Activities	6,170,737	7,867,484	-	-
Total Primary Government	\$ 36,986,353	\$ 14,092,219	\$ 2,402,490	\$ 10,000

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Utility users tax

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Extraordinary gain/(loss)

Transfers

**Total General Revenues and
Extraordinary Items**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activities	2014	2013
\$ (3,090,134)	\$ -	\$ (3,090,134)	\$ (1,223,489)
(14,471,142)	-	(14,471,142)	(13,253,600)
(721,909)	-	(721,909)	(1,225,173)
(16,210)	-	(16,210)	(145,651)
(3,391,775)	-	(3,391,775)	(2,871,146)
(487,221)	-	(487,221)	(574,763)
(22,178,391)	-	(22,178,391)	(19,293,822)
-	652,355	652,355	656,269
-	1,044,392	1,044,392	1,154,723
-	1,696,747	1,696,747	1,810,992
(22,178,391)	1,696,747	(20,481,644)	(17,482,830)
9,498,277	-	9,498,277	9,958,198
1,509,095	-	1,509,095	1,289,007
4,742,859	-	4,742,859	5,408,756
1,324,860	-	1,324,860	1,126,398
4,644,218	-	4,644,218	4,732,597
555,804	-	555,804	328,743
11,035	-	11,035	13,333
674,875	133,995	808,870	457,064
544,406	805	545,211	336,235
-	1,200,000	1,200,000	-
378,500	(378,500)	-	-
23,883,929	956,300	24,840,229	23,650,331
1,705,538	2,653,047	4,358,585	6,167,501
100,536,250	45,239,697	145,775,947	146,469,653
636,399	-	636,399	(6,861,207)
\$ 102,878,187	\$ 47,892,744	\$ 150,770,931	\$ 145,775,947

CITY OF SEAL BEACH

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
		<u>Traffic Relief Grant</u>	<u>Capital Projects and Equipment</u>
Assets:			
Pooled cash and investments	\$ 28,860,783	\$ -	\$ 444,461
Receivables:			
Accounts	946,586	-	-
Taxes	1,531,555	-	-
Accrued interest	11,417	-	-
Prepaid costs	1,549,735	-	-
Due from other governments	536,715	289,787	-
Due from other funds	372,986	-	-
Restricted assets:			
Cash and investments with fiscal agents	16,351	-	-
Total Assets	<u>\$ 33,826,128</u>	<u>\$ 289,787</u>	<u>\$ 444,461</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,050,397	\$ -	\$ 310,498
Accrued liabilities	285,806	-	-
Unearned revenues	-	-	-
Deposits payable	292,994	-	-
Due to other funds	-	318,000	-
Retentions Payable	-	-	61,970
Total Liabilities	<u>1,629,197</u>	<u>318,000</u>	<u>372,468</u>
Deferred Inflows of Resources:			
Unavailable revenues	105,100	289,787	-
Total Deferred Inflows of Resources	<u>105,100</u>	<u>289,787</u>	<u>-</u>
Fund Balances:			
Nonspendable:			
Prepaid costs	1,549,735	-	-
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Community services	-	-	-
Public works	-	-	-
Debt service	-	-	-
General government - grants	-	-	-
Assigned to:			
Capital projects	-	-	71,993
Buildings	466,388	-	-
Storm drain	1,590,595	-	-
Street improvements	117,167	-	-
Swimming pool	4,856,780	-	-
City clerk donation	-	-	-
Old town	39,908	-	-
College park east	477,000	-	-
Community services	679,420	-	-
Unassigned	22,314,838	(318,000)	-
Total Fund Balances	<u>32,091,831</u>	<u>(318,000)</u>	<u>71,993</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 33,826,128</u>	<u>\$ 289,787</u>	<u>\$ 444,461</u>

CITY OF SEAL BEACH

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Other Governmental Funds	Totals	
		2014	2013
Assets:			
Pooled cash and investments	\$ 3,598,166	\$ 32,903,410	\$ 32,206,240
Receivables:			
Accounts	109,127	1,055,713	842,067
Taxes	4,235	1,535,790	1,643,157
Accrued interest	127	11,544	30,463
Prepaid costs	-	1,549,735	-
Due from other governments	81,800	908,302	549,515
Due from other funds	-	372,986	396,134
Restricted assets:			
Cash and investments with fiscal agents	718,448	734,799	724,445
Total Assets	\$ 4,511,903	\$ 39,072,279	\$ 36,392,021
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 36,820	\$ 1,397,715	\$ 1,952,157
Accrued liabilities	1,288	287,094	206,706
Unearned revenues	7,338	7,338	-
Deposits payable	-	292,994	454,264
Due to other funds	54,986	372,986	396,134
Retentions Payable	1,750	63,720	122,886
Total Liabilities	102,182	2,421,847	3,132,147
Deferred Inflows of Resources:			
Unavailable revenues	33,360	428,247	504,960
Total Deferred Inflows of Resources	33,360	428,247	504,960
Fund Balances:			
Nonspendable:			
Prepaid costs	-	1,549,735	-
Restricted for:			
Community development projects	965,602	965,602	772,684
Public safety	33,138	33,138	95,481
Community services	399,623	399,623	17,973
Public works	2,310,179	2,310,179	1,906,011
Debt service	718,448	718,448	713,563
General government - grants	-	-	56,158
Assigned to:			
Capital projects	-	71,993	89,004
Buildings	-	466,388	723,650
Storm drain	-	1,590,595	1,616,501
Street improvements	-	117,167	117,167
Swimming pool	-	4,856,780	4,863,701
City clerk donation	-	-	13,680
Old town	-	39,908	490,000
College park east	-	477,000	477,000
Community services	-	679,420	-
Unassigned	(50,629)	21,946,209	20,802,341
Total Fund Balances	4,376,361	36,222,185	32,754,914
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,511,903	\$ 39,072,279	\$ 36,392,021

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CITY OF SEAL BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Fund balances of governmental funds		\$ 36,222,185
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		75,659,797
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Long-term liabilities:		
Bonds payable	\$ (9,365,000)	
Loan	(1,546,931)	
Compensated Absences	(1,122,604)	
Claims and judgments	<u>(329,048)</u>	(12,363,583)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		295,009
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(44,149)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		428,247
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>2,680,681</u>
Net Position of Governmental Activities		<u>\$ 102,878,187</u>

CITY OF SEAL BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General	Special Revenue Funds Traffic Relief Grant	Capital Projects Funds Capital Projects and Equipment
Revenues:			
Taxes	\$ 21,925,784	\$ -	\$ -
Licenses and permits	1,369,275	-	-
Intergovernmental	127,085	-	130,158
Charges for services	3,708,427	-	-
Use of money and property	645,784	-	-
Fines and forfeitures	990,662	-	-
Contributions	341,698	-	-
Miscellaneous	579,125	-	-
Total Revenues	29,687,840	-	130,158
Expenditures:			
Current:			
General government	4,302,895	-	-
Public safety	15,213,003	-	-
Community development	862,307	-	-
Community services	1,048,427	-	-
Public works	4,840,122	-	-
Capital outlay	49,307	-	2,044,813
Debt service:			
Principal retirement	70,135	-	-
Interest and fiscal charges	8,972	-	-
Total Expenditures	26,395,168	-	2,044,813
Excess of Revenues Over Expenditures	3,292,672	-	(1,914,655)
Other Financing Sources (Uses):			
Transfers in (note 4)	729,078	-	1,897,644
Transfers out (note 4)	(3,275,298)	(28,213)	-
Other debts issued	1,546,931	-	-
Total Other Financing Sources (Uses)	(999,289)	(28,213)	1,897,644
Net Change in Fund Balances	2,293,383	(28,213)	(17,011)
Fund Balances, Beginning of Year, as previously reported	29,451,049	(289,787)	89,004
Restatements	347,399	-	-
Fund Balances, Beginning of Year, as restated	29,798,448	(289,787)	89,004
Fund Balances, End of Year	\$ 32,091,831	\$ (318,000)	\$ 71,993

CITY OF SEAL BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Other Governmental Funds	Total	
		2014	2013
Revenues:			
Taxes	\$ 1,550,250	\$ 23,476,034	\$ 23,831,431
Licenses and permits	-	1,369,275	1,247,750
Intergovernmental	612,051	869,294	3,002,321
Charges for services	186,944	3,895,371	4,117,034
Use of money and property	29,091	674,875	372,693
Fines and forfeitures	23,033	1,013,695	1,063,172
Contributions	-	341,698	10,209
Miscellaneous	-	579,125	301,771
Total Revenues	2,401,369	32,219,367	33,946,381
Expenditures:			
Current:			
General government	190,699	4,493,594	5,062,467
Public safety	226,754	15,439,757	14,460,833
Community development	435,764	1,298,071	1,420,065
Community services	-	1,048,427	1,182,716
Public works	31,765	4,871,887	4,156,616
Capital outlay	-	2,094,120	3,316,684
Debt service:			
Principal retirement	1,195,000	1,265,135	1,734,446
Interest and fiscal charges	483,963	492,935	562,184
Total Expenditures	2,563,945	31,003,926	31,896,011
Excess of Revenues Over Expenditures	(162,576)	1,215,441	2,050,370
Other Financing Sources (Uses):			
Transfers in (note 4)	1,737,233	4,363,955	5,825,432
Transfers out (note 4)	(991,944)	(4,295,455)	(6,135,432)
Other debts issued	-	1,546,931	-
Total Other Financing Sources (Uses)	745,289	1,615,431	(310,000)
Net Change in Fund Balances	582,713	2,830,872	1,740,370
Fund Balances, Beginning of Year, as previously reported	3,504,648	32,754,914	30,648,751
Restatements	289,000	636,399	365,793
Fund Balances, Beginning of Year, as restated	3,793,648	33,391,313	31,014,544
Fund Balances, End of Year	\$ 4,376,361	\$ 36,222,185	\$ 32,754,914

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CITY OF SEAL BEACH

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

Net change in fund balances - total governmental funds		\$ 2,830,872
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	\$ 1,816,549	
Depreciation	(2,429,522)	
Gain/(loss) on disposal of capital assets	<u>(16,326)</u>	(629,299)
Debt proceeds is a revenue in the governmental funds, but the proceeds increase long-term liabilities in the statement of net position.		(1,546,931)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayments		1,265,135
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		5,714
Claims and judgment changes reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(28,255)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(335,301)
Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.		(6,107)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		(76,713)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		<u>226,423</u>
Change in net position of governmental activities		<u>\$ 1,705,538</u>

CITY OF SEAL BEACH

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

Business-Type Activities - Enterprise Funds

	Water Utility	Sewer Utility	2014	2013
Assets:				
Current:				
Cash and investments	\$ 8,966,788	\$ 5,538,625	\$ 14,505,413	\$ 13,301,518
Receivables:				
Accounts	750,354	373,813	1,124,167	1,179,988
Accrued interest	-	7,345	7,345	-
Total Current Assets	9,717,142	5,919,783	15,636,925	14,481,506
Noncurrent:				
Advance to Successor Agency	-	1,200,000	1,200,000	-
Capital assets (note 6):				
Buildings and improvements	73,284	-	73,284	73,284
Machinery and equipment	563,747	785,802	1,349,549	1,316,846
Vehicles	228,063	398,359	626,422	412,965
Infrastructure	30,446,882	29,518,703	59,965,585	58,949,703
Construction in progress	1,441,370	5,911,362	7,352,732	6,515,834
Accumulated depreciation	(16,068,142)	(14,216,267)	(30,284,409)	(29,255,941)
Total Noncurrent Assets	16,685,204	23,597,959	40,283,163	38,012,691
Total Assets	26,402,346	29,517,742	55,920,088	52,494,197
Deferred Outflows of Resources:				
Deferred charge on refunding	-	181,055	181,055	193,125
Total Deferred Outflows of Resources	-	181,055	181,055	-
Liabilities:				
Current:				
Accounts payable	778,349	84,815	863,164	1,451,412
Accrued liabilities	21,690	10,736	32,426	31,658
Accrued interest	-	74,269	74,269	-
Deposits payable	11,605	-	11,605	7,865
Retentions Payable	109,657	78,835	188,492	268,676
Accrued compensated absences	44,402	14,712	59,114	73,561
Bonds, notes, and capital leases	-	305,467	305,467	305,115
Total Current Liabilities	965,703	568,834	1,534,537	2,138,287
Noncurrent:				
Accrued compensated absences	40,938	34,613	75,551	54,384
Bonds, notes, and capital leases	-	6,598,311	6,598,311	5,254,954
Total Noncurrent Liabilities	40,938	6,632,924	6,673,862	5,309,338
Total Liabilities	1,006,641	7,201,758	8,208,399	7,447,625
Net Position:				
Net investment in capital assets	16,685,204	15,675,236	32,360,440	32,645,747
Unrestricted	8,710,501	6,821,803	15,532,304	12,593,950
Total Net Position	\$ 25,395,705	\$ 22,497,039	\$ 47,892,744	\$ 45,239,697

CITY OF SEAL BEACH

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2014

	Governmental Activities - Vehicle Replacement Internal Service Fund	
	2014	2013
Assets:		
Current:		
Cash and investments	\$ 1,747,410	\$ 1,957,270
Receivables:		
Accounts	-	-
Accrued interest	-	-
Total Current Assets	1,747,410	1,957,270
Noncurrent:		
Advance to Successor Agency	-	-
Capital assets (note 6):		
Buildings and improvements	-	-
Machinery and equipment	169,204	169,204
Vehicles	978,107	927,127
Infrastructure	-	-
Construction in progress	-	-
Accumulated depreciation	(214,040)	(101,397)
Total Noncurrent Assets	933,271	994,934
Total Assets	2,680,681	2,952,204
Deferred Outflows of Resources:		
Deferred charge on refunding	-	-
Total Deferred Outflows of Resources	-	-
Liabilities:		
Current:		
Accounts payable	-	497,946
Accrued liabilities	-	-
Accrued interest	-	-
Deposits payable	-	-
Retentions Payable	-	-
Accrued compensated absences	-	-
Bonds, notes, and capital leases	-	-
Total Current Liabilities	-	497,946
Noncurrent:		
Accrued compensated absences	-	-
Bonds, notes, and capital leases	-	-
Total Noncurrent Liabilities	-	-
Total Liabilities	-	497,946
Net Position:		
Net investment in capital assets	933,271	994,934
Unrestricted	1,747,410	1,459,324
Total Net Position	\$ 2,680,681	\$ 2,454,258

CITY OF SEAL BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	2014	2013
Operating Revenues:				
Sales and service charges	\$ 5,092,152	\$ 2,775,332	\$ 7,867,484	\$ 7,599,310
Miscellaneous	805	-	805	5,060
Total Operating Revenues	5,092,957	2,775,332	7,868,289	7,604,370
Operating Expenses:				
Administration and general	3,918,021	870,283	4,788,304	4,382,951
Amortization and Depreciation expense	518,037	578,216	1,096,253	1,208,271
Total Operating Expenses	4,436,058	1,448,499	5,884,557	5,591,222
Operating Income (Loss)	656,899	1,326,833	1,983,732	2,013,148
Nonoperating Revenues (Expenses):				
Interest revenue	79,537	54,458	133,995	84,371
Interest expense	(3,739)	(282,441)	(286,180)	(197,096)
Total Nonoperating Revenues (Expenses)	75,798	(227,983)	(152,185)	(112,725)
Income (Loss) Before Transfers and extraordinary items	732,697	1,098,850	1,831,547	1,900,423
Transfers in	-	-	-	-
Transfers out	(324,500)	(54,000)	(378,500)	-
Extraordinary gain/(loss)	-	1,200,000	1,200,000	-
Changes in Net Position	408,197	2,244,850	2,653,047	1,900,423
Net Position:				
Beginning of Year	24,987,508	20,252,189	45,239,697	43,339,274
End of Fiscal Year	\$ 25,395,705	\$ 22,497,039	\$ 47,892,744	\$ 45,239,697

CITY OF SEAL BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Governmental Activities - Vehicle Replacement Internal Service Fund	
	2014	2013
Operating Revenues:		
Sales and service charges	\$ -	\$ -
Miscellaneous	30,709	35,654
Total Operating Revenues	30,709	35,654
Operating Expenses:		
Administration and general	1,643	5,520
Amortization and Depreciation expense	112,643	33,768
Total Operating Expenses	114,286	39,288
Operating Income (Loss)	(83,577)	(3,634)
Nonoperating Revenues (Expenses):		
Interest revenue	-	-
Interest expense	-	-
Total Nonoperating Revenues (Expenses)	-	-
Income (Loss) Before Transfers and extraordinary items	(83,577)	(3,634)
Transfers in	310,000	310,000
Transfers out	-	-
Extraordinary gain/(loss)	-	-
Changes in Net Position	226,423	306,366
Net Position:		
Beginning of Year	2,454,258	2,147,892
End of Fiscal Year	\$ 2,680,681	2,454,258

CITY OF SEAL BEACH

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2014**

	Business-Type Activities - Enterprise Funds			Governmental Activities- Vehicle Replacement Internal Service Fund
	Water Utility	Sewer Utility	Totals	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 5,125,869	\$ 2,801,981	\$ 7,927,850	\$ 30,709
Cash paid to suppliers for goods and services	(317,971)	(774,533)	(1,092,504)	(499,589)
Cash paid to employees for services	(3,555,096)	(801,648)	(4,356,744)	-
Net Cash Provided (Used) by Operating Activities	1,252,802	1,225,800	2,478,602	(468,880)
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital debt	-	1,652,742	1,652,742	-
Acquisition and construction of capital assets	(968,053)	(1,186,603)	(2,154,656)	(50,980)
Principal paid on capital debt	(74,780)	(234,253)	(309,033)	-
Interest paid on capital debt	(3,739)	(208,172)	(211,911)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,046,572)	23,714	(1,022,858)	(50,980)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(324,500)	(54,000)	(378,500)	310,000
Net Cash Provided (Used) by Non-Capital Financing Activities	(324,500)	(54,000)	(378,500)	310,000
Cash Flows from Investing Activities:				
Interest received	79,537	47,114	126,651	-
Net Cash Provided (Used) by Investing Activities	79,537	47,114	126,651	-
Net Increase (Decrease) in Cash and Cash Equivalents	(38,733)	1,242,628	1,203,895	(209,860)
Cash and Cash Equivalents at Beginning of Year	9,005,521	4,295,997	13,301,518	1,957,270
Cash and Cash Equivalents at End of Year	\$ 8,966,788	\$ 5,538,625	\$ 14,505,413	\$ 1,747,410
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 656,899	\$ 1,326,833	\$ 1,983,732	\$ (83,577)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation and amortization	518,037	578,216	1,096,253	112,643
(Increase) decrease in accounts receivable	29,172	26,649	55,821	-
Increase (decrease) in accounts payable	10,796	(599,044)	(588,248)	(497,946)
Increase (decrease) in retentions payable	35,841	(116,025)	(80,184)	-
Increase (decrease) in deposits payable	3,740	-	3,740	-
Increase (decrease) in accrued liabilities	(139)	907	768	-
Increase (decrease) in compensated absences	(1,544)	8,264	6,720	-
Total Adjustments	595,903	(101,033)	494,870	(385,303)
Net Cash Provided (Used) by Operating Activities	\$ 1,252,802	\$ 1,225,800	\$ 2,478,602	\$ (468,880)
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond discount	\$ -	\$ 12,070	\$ 12,070	\$ -
Extraordinary gain on Advances to other funds	-	1,200,000	1,200,000	-

CITY OF SEAL BEACH

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014

	Agency Funds		Private-Purpose Trust Fund Successor Agency of the Former RDA	
	2014	2013	2014	2013
Assets:				
Pooled cash and investments	\$ 344,610	\$ 697,650	\$ 1,005,494	\$ 776,449
Receivables:				
Accounts	52,716	22,631	-	-
Notes and loans	-	-	-	18,085
Accrued interest	-	-	151	438
Restricted assets:				
Cash and investments with fiscal agents	1,306,640	1,300,214	740,684	740,768
Capital assets:				
Capital assets, not being depreciated	-	-	403,192	403,192
Capital assets, net of accumulated depreciation	-	-	355,834	387,865
Total Assets	\$ 1,703,966	\$ 2,020,495	2,505,355	2,326,797
Liabilities:				
Accounts payable	\$ 14,877	\$ 1,166	2,206	-
Accrued liabilities	-	-	-	77,929
Accrued interest	-	-	77,534	-
Deposits payable	11,301	373,641	-	-
Advances from the City's Sewer Fund	-	-	1,200,000	-
Due to bondholders	1,677,788	1,645,688	-	-
Long-term liabilities:				
Due in one year	-	-	515,000	495,000
Due in more than one year	-	-	3,645,000	4,160,000
Total Liabilities	\$ 1,703,966	\$ 2,020,495	5,439,740	4,732,929
Net Position:				
Held in trust for other purposes			(2,934,385)	(2,406,132)
Total Net Position			\$ (2,934,385)	\$ (2,406,132)

CITY OF SEAL BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2014

	<u>Private-Purpose Trust Fund</u> <u>Successor Agency of the</u> <u>Former RDA</u>	
	<u>2014</u>	<u>2013</u>
Additions:		
Taxes	\$ 1,222,425	\$ 1,357,253
Interest and change in fair value of investments	714	(25)
Total Additions	<u>1,223,139</u>	<u>1,357,228</u>
Deductions:		
Administrative expenses	90,614	1,365,122
Contractual services	180,000	10,327
Interest expense	229,011	330,684
Depreciation expense	32,031	32,048
Reimbursement of prior taxes to County	19,736	6,134,200
Total Deductions	<u>551,392</u>	<u>7,872,381</u>
Extraordinary gain/(loss)	(1,200,000)	-
Changes in Net Position	<u>(528,253)</u>	<u>(6,515,153)</u>
Net Position - Beginning of the Year	<u>(2,406,132)</u>	<u>4,109,021</u>
Net Position - End of the Year	<u><u>\$ (2,934,385)</u></u>	<u><u>\$ (2,406,132)</u></u>

I. SIGNIFICANT ACCOUNTING POLICIES

Note 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 in the following pages:

a. Description of the Reporting Entity

The City of 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 council. 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 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 former 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.

The City has accounted for the Authority as "blended" component unit. Despite being legally separate, the Authority is so intertwined with the City that it is, in substance, part of the City's operations. The Authority has not had any activity for the year ended June 30, 2014.

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

The City has accounted for the Foundation as "blended" component unit. Despite being legally separate, the Foundation is so intertwined with the City that it is, in substance, part of the City's operations. The Foundation is included in the City's budget.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. 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.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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 are properly not included among program revenues are reported instead as general revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. 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.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 fees, 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

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

d. Fund Classification

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, community services, general administration, engineering, and planning.

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.

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 the 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. For the current year, departments were not charged for services.

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.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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

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.

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. Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Equity

1. Deposits 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.

2. 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 "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

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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”.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. 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.

3. 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.

Community services include 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.

4. 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 classified as nonspendable for amounts equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

5. 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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	5-50
Vehicles	4-10
Infrastructure	20-60

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and proprietary fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The City funds report unavailable revenues from two sources: property taxes and grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Compensated Absences

In accordance with GASB Statement No. 16, a liability is recorded for compensated absences (unpaid vacation, sick leave and compensatory time) since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16 a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated according to the Memorandum of Understanding for each employee bargaining group. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

10. 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

11. Fund Equity

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager, and/or the Director of Finance are authorized to assign amounts to a specific purpose, which was established by the governing body in a minute action.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (assigned or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. The following non-major funds had a deficit fund balance as of June 30, 2014:

Fund	Amount
Special Revenue Funds:	
Community Development Block Grant	\$ 2,408
Police Grants	48,221

b. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Stewardship, Compliance and Accountability (Continued)

The property tax calendar is as follows:

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

c. 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.

d. 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.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 49,156,233
Restricted:	
Cash and investments with fiscal agent	734,799
Statement of Fiduciary Net Assets:	
Cash and investments	1,350,104
Restricted:	
Cash and investments with fiscal agent	<u>2,047,324</u>
Total cash and investments	<u>\$ 53,288,460</u>

Cash and investments as of June 30, 2014, consist of the following:

Cash on hand	\$ 7,214
Deposits with financial institutions	412,311
Investments	<u>52,868,935</u>
Total cash and investments	<u>\$ 53,288,460</u>

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

The following table 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.

The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 3: Cash and Investments (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
U S treasury securities	5 years	100%	None
U S agency securities	5 years	20%	None
Obligations of the State of California or any local agency	5 years	100%	None
Registered treasury notes or bonds of any of the 49 states in addition to California	5 years	100%	None
Bankers' acceptance	180 days	40%	5%
Commercial paper	270 days	25%	10%
Non-negotiable CDs	5 years	100%	None
Negotiable CDs	5 years	30%	None
Medium term notes	5 years	30%	None
Money market mutual funds	89 days	15%	10%
Local Agency Investment Fund (LAIF)	None	100%	\$50 Million per account

*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 following table 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
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

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

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

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3: Cash and Investments (Continued)

ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investment Type	Total	6 months or less	6 months to 1 year	1 year to 3 years	3 years to 5 years
U.S. Agency Securities	\$ 12,094,494	\$ -	\$ -	\$ 7,117,480	\$ 4,977,014
U.S. Treasury Securities	3,753,084	-	-	1,946,877	1,806,207
Corporate Note	6,151,955	-	-	5,448,700	703,255
Commercial Paper	219,093	219,093	-	-	-
Certificates of Deposit	4,170,293	496,090	-	3,674,203	-
Local Agency Investment Fund (LAIF)	23,713,962	23,713,962	-	-	-
Held by Fiscal Agent:					
Money Market Mutual Funds	2,766,054	2,766,054	-	-	-
Total	\$ 52,868,935	\$ 27,195,199	\$ -	\$ 18,187,260	\$ 7,486,476

Credit Risk

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

Investment Type	Minimum Legal Rating	Total	Remaining as of Year End			
			AA- to AA+	A to A+	A-	Unrated
U.S. Agency Securities	A	\$ 12,094,494	\$ 11,831,803	\$ 262,691	\$ -	\$ -
U.S. Treasury Securities	A	3,753,084	3,753,084	-	-	-
Corporate Note	N/A	6,151,955	4,229,981	1,472,577	449,397	-
Commercial Paper	N/A	219,093	-	-	-	219,093
Certificates of Deposit	N/A	4,170,293	-	-	-	4,170,293
Local Agency Investment Fund (LAIF)	N/A	23,713,962	-	-	-	23,713,962
Held by Fiscal Agent:						
Money Market Mutual Fund:	N/A	2,766,054	-	-	-	2,766,054
Total		\$ 52,868,935	\$ 19,814,868	\$ 1,735,268	\$ 449,397	\$ 30,869,402

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 3: Cash and Investments (Continued)

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. 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.

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 Certificates of Deposit, mutual funds, and external investment pools) that represents 5% or more of total City investments.

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.

Note 4: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due From and To Other Funds

Funds	Due to Other Funds:		
	Traffic Relief Grant	Nonmajor Governmental	Total
Due From Other Funds:			
General fund	\$ 318,000	\$ 54,986	\$ 372,986

These interfund balances are a result of short-term borrowings to cover deficit cash balances in the Traffic Relief Grant Fund, Community Development Block Grant Fund, and Police Grants Fund at June 30, 2014.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 4: Interfund Receivable, Payable and Transfers (Continued)

Interfund Transfers

Transfers in:	Transfers Out:					Total
	General Fund	Traffic Relief Grant	Water Utility	Sewer Utility	Nonmajor Governmental Funds	
Fund						
General Fund	\$ -	\$ -	\$ 324,500	\$ 54,000	\$ 350,578	\$ 729,078
Capital Projects and Equipment Fund	1,228,065	28,213	-	-	641,366	1,897,644
Nonmajor Governmental Funds	1,737,233	-	-	-	-	1,737,233
Internal Service Fund	310,000	-	-	-	-	310,000
Total	\$ 3,275,298	\$ 28,213	\$ 324,500	\$ 54,000	\$ 991,944	\$ 4,673,955

Transfers totaling \$729,078 from the Water Utility Fund, Sewer Utility Fund and various nonmajor governmental funds were made to the General Fund primarily to reimburse the General Fund for certain administrative costs.

The General Fund, Traffic Relief Grant, and various other non-major governmental funds transferred \$1,897,644 to the Capital Projects and Equipment Fund for infrastructure projects such as street improvements, public work facilities, and storm drain improvements.

The General Fund transferred \$1,737,233 to various nonmajor governmental funds to pay for debt service and to cover other budgeted amounts.

The General Fund transferred \$310,000 to the Internal Service Fund to reimburse the fund for vehicle and equipment purchases.

Note 5: Advance to Successor Agency

In 2012, the sewer fund advanced \$1,200,000 to the former redevelopment agency. This was subsequently denied by the Department of Finance (DOF). The City appealed the DOF decision and, in 2014, this advance was approved. Interest on the advance is consistent Local Agency Investment Fund (LAIF) interest rate at the time the Oversight Board made the finding that the advance was for legitimate redevelopment purposes, which is at 0.00367%. The balance of the advance at June 30, 2014 was \$1,200,000. This is included as an extraordinary gain during the year ended June 30, 2014.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Transfers of CIP	Additions	Deletions	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 10,116,655	\$ -	\$ -	\$ -	\$ 10,116,655
Intangible asset - land easement	900,000	-	-	-	900,000
Construction-in-progress	<u>2,933,514</u>	<u>(1,357,070)</u>	<u>1,451,827</u>	<u>-</u>	<u>3,028,271</u>
Total Capital Assets, Not Being Depreciated	<u>13,950,169</u>	<u>(1,357,070)</u>	<u>1,451,827</u>	<u>-</u>	<u>14,044,926</u>
Capital assets, being depreciated:					
Buildings and improvements	13,221,323	-	68,157	-	13,289,480
Machinery and equipment	2,231,012	-	-	-	2,231,012
Vehicles	2,047,942	-	50,980	151,354	1,947,568
Infrastructure	<u>75,361,292</u>	<u>1,357,070</u>	<u>296,565</u>	<u>-</u>	<u>77,014,927</u>
Total Capital Assets, Being Depreciated	<u>92,861,569</u>	<u>1,357,070</u>	<u>415,702</u>	<u>151,354</u>	<u>94,482,987</u>
Less accumulated depreciation:					
Buildings and improvements	3,502,562	-	337,733	-	3,840,295
Machinery and equipment	1,614,542	-	93,719	-	1,708,261
Vehicles	990,533	-	142,919	135,028	998,424
Infrastructure	<u>23,420,071</u>	<u>-</u>	<u>1,967,794</u>	<u>-</u>	<u>25,387,865</u>
Total Accumulated Depreciation	<u>29,527,708</u>	<u>-</u>	<u>2,542,165</u>	<u>135,028</u>	<u>31,934,845</u>
Total Capital Assets, Being Depreciated, Net	<u>63,333,861</u>	<u>1,357,070</u>	<u>(2,126,463)</u>	<u>16,326</u>	<u>62,548,142</u>
Governmental Activities Capital Assets, Net	<u>\$ 77,284,030</u>	<u>\$ -</u>	<u>\$ (674,636)</u>	<u>\$ 16,326</u>	<u>\$ 76,593,068</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6: Capital Assets (Continued)

Depreciation expense was charged in the following functions in the Statement of Activities for the year ended June 30, 2014, as follows:

Governmental Activities:	
General Government	\$ 201,624
Public safety	212,267
Public works	1,987,558
Community development	2,201
Community services	25,872
Internal Service funds	112,643
	<u>112,643</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,542,165</u>

	Beginning Balance	Transfers of CIP	Increases	Decreases	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Construction-in-progress - water	\$ 1,077,123	\$ (567,958)	\$ 932,205	-	\$ 1,441,370
Construction-in-progress - sewer	5,438,711	(447,924)	920,575	-	5,911,362
	<u>6,515,834</u>	<u>(1,015,882)</u>	<u>1,852,780</u>	<u>-</u>	<u>7,352,732</u>
Total Capital Assets, Not Being Depreciated					
Capital assets, being depreciated:					
Building and improvements - water	73,284	-	-	-	73,284
Machinery and equipment - water	531,044	-	32,703	-	563,747
Machinery and equipment - sewer	785,802	-	-	-	785,802
Vehicles - water	280,634	-	3,145	(55,716)	228,063
Vehicles - sewer	132,331	-	266,028	-	398,359
Infrastructure - water	29,878,924	567,958	-	-	30,446,882
Infrastructure - sewer	29,070,779	447,924	-	-	29,518,703
	<u>60,752,798</u>	<u>1,015,882</u>	<u>301,876</u>	<u>(55,716)</u>	<u>62,014,840</u>
Total Capital Assets, Being Depreciated					
Less accumulated depreciation:					
Building and improvements - water	70,246	-	676	-	70,922
Machinery and equipment - water	455,646	-	6,216	-	461,862
Machinery and equipment - sewer	176,371	-	14,928	-	191,299
Vehicles - water	187,863	-	10,761	(55,716)	142,908
Vehicles - sewer	55,556	-	6,722	-	62,278
Infrastructure - water	14,892,066	-	500,385	-	15,392,451
Infrastructure - sewer	13,418,193	-	544,496	-	13,962,689
	<u>29,255,941</u>	<u>-</u>	<u>1,084,184</u>	<u>(55,716)</u>	<u>30,284,409</u>
Total Accumulated Depreciation					
Total Capital Assets, Being Depreciated, Net	<u>31,496,857</u>	<u>1,015,882</u>	<u>(782,308)</u>	<u>-</u>	<u>31,730,431</u>
Business-type Activities Capital Assets, Net					
	<u>\$ 38,012,691</u>	<u>\$ -</u>	<u>\$ 1,070,472</u>	<u>\$ -</u>	<u>\$ 39,083,163</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 6: Capital Assets (Continued)

Depreciation expense was charged in the following programs of the primary government for the year ended June 30, 2014, as follows:

Business-type Activities:	
Water	\$ 518,037
Sewer	<u>566,147</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 1,084,184</u>

Note 7: Long-Term Debt

The following is a schedule of changes in long-term debt of the City for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
2008 Taxable Pension Obligation Bonds, Series A-2	\$ 6,045,000	\$ -	\$ 775,000	\$ 5,270,000	\$ 859,000
2009 Lease Revenue Bonds	4,515,000	-	420,000	4,095,000	420,000
Capital Property improvement lease	70,135	-	70,135	-	-
Municipal Finance Corporation	-	1,546,931	-	1,546,931	58,573
Claims payable	300,793	32,371	4,116	329,048	4,116
Compensated absences	787,303	983,117	647,816	1,122,604	404,616
Total	<u>\$ 11,718,231</u>	<u>\$ 2,562,419</u>	<u>\$ 1,917,067</u>	<u>\$ 12,363,583</u>	<u>\$ 1,746,305</u>

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 balance in the Series 2008A-1 has been paid off as of June 30, 2014. The balance in the 2008A-2 bonds at June 30, 2014, was \$5,270,000.

Year Ending June 30,	2008 Taxable Pension Obligation Bonds, Series A-2	
	Principal	Interest
2015	\$ 859,000	\$ 276,307
2016	950,000	225,320
2017	1,047,000	169,059
2018	1,151,000	107,153
2019	1,263,000	39,129
Total	<u>\$ 5,270,000</u>	<u>\$ 816,968</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 7: Long-Term Debt (Continued)

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, 2014, were \$4,095,000.

Year Ending June 30,	2009 Series Lease Revenue Bonds	
	Principal	Interest
2015	\$ 420,000	\$ 146,081
2016	420,000	130,499
2017	420,000	114,917
2018	420,000	99,335
2019	2,100,000	262,946
2020-2024	315,000	5,843
Total	<u>\$ 4,095,000</u>	<u>\$ 759,621</u>

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. Due to the dissolution of the Agency, the State disallowed the Agency's portion of the debt as an enforceable obligation. Therefore, the City will take over all current and future lease payments.

The capital improvement lease obligation was paid off during the year ended June 30, 2014.

Municipal Finance Corporation Loan

On May 8, 2014, the City entered into a Lease with Option to Purchase agreement with Municipal Finance Corporation relating to a capital project to be performed by Climatec LLC in the amount of \$1,546,931. Interest rate on the loan is 1.68%.

The balance of the Municipal Finance Corporation Loan at June 30, 2014, was \$1,546,931.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 7: Long-Term Debt (Continued)

Year Ending June 30,	Municipal Finance Corporation Loan	
	Principal	Interest
2015	\$ 58,573	\$ 26,298
2016	120,150	49,591
2017	124,270	45,472
2018	128,531	41,211
2019	132,938	36,803
2020-2024	736,275	112,434
2025-2026	246,194	8,418
Total	<u>\$ 1,546,931</u>	<u>\$ 320,227</u>

Compensated Absences Payable

The City's policy relating to compensated absences is described in Note 1 of the Notes to Financial Statements. This liability will be paid in future years from future resources. The outstanding liability for compensated absences earned was \$1,122,604 governmental and \$134,665 business-type totaling \$257,269.

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, 2014, claims payable including estimated claims for incurred but not reported claims, amounted to \$329,048.

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2012-13	\$ 342,048	\$ -	\$ (41,255)	\$ 300,793
2013-14	\$ 300,793	\$ 32,371	\$ (4,116)	\$ 329,048

CITY OF SEAL BEACH

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Note 7: Long-Term Debt (Continued)

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Economic development administration loan	\$ 74,780	\$ -	\$ 74,780	\$ -	\$ -
2011 Sewer Revenue Refunding Bonds	2,965,000	-	130,000	2,835,000	130,000
Sewer Capital Improvement Project #1	2,520,289	-	104,253	2,416,036	106,963
Sewer Capital Improvement Project #2	-	1,652,742	-	1,652,742	68,504
Compensated absences	127,945	119,001	112,281	134,665	59,114
Total	\$ 5,688,014	\$ 1,771,743	\$ 421,314	7,038,443	\$ 364,581

A description of Proprietary Fund long-term debt outstanding as of June 30, 2014, follows:

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.

The economic development administration loan was paid off during the year ended June 30, 2014.

2011 Sewer System Revenue Refunding Bonds

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

Interest rate on the 2011 Sewer System Revenue Refunding Bonds is 4.8%, and the balance of the 2011 Sewer System Revenue Refunding Bonds at June 30, 2014, was \$2,835,000.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 7: Long-Term Debt (Continued)

Year Ending June 30,	2011 Sewer System Revenue Refunding Bonds	
	Principal	Interest
2015	\$ 130,000	\$ 134,520
2016	140,000	128,160
2017	145,000	121,440
2018	150,000	114,360
2019	160,000	107,040
2020-2024	930,000	410,520
2025-2029	1,180,000	161,280
Total	<u>\$ 2,835,000</u>	<u>\$ 1,177,320</u>

Sewer Capital Improvement Project Loan #1

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,644,356 or the eligible costs of the project, whichever is less. At June 30, 2014, the State Water Resources Control Board had disbursed \$2,644,015. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2014, is \$2,416,036.

Year Ending June 30,	Sewer Capital Improvement Project Loan #1	
	Principal	Interest
2015	\$ 106,963	\$ 62,817
2016	109,744	60,036
2017	112,598	57,183
2018	115,525	54,255
2019	118,529	51,251
2020-2024	640,505	208,397
2025-2029	728,215	120,688
2030-2031	483,957	25,381
Total	<u>\$ 2,416,036</u>	<u>\$ 640,008</u>

Sewer Capital Improvement Project Loan #2

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,125,112 or the eligible costs of the project, whichever is less. At June 30, 2014, the State Water Resources Control Board had disbursed \$1,652,742. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2014, is \$1,652,742.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 7: Long-Term Debt (Continued)

Year Ending June 30,	Sewer Capital Improvement Project Loan #2	
	Principal	Interest
2015	\$ 68,504	\$ 38,219
2016	65,533	41,190
2017	67,236	39,486
2018	68,985	37,738
2019	70,778	35,945
2020-2024	382,469	151,143
2025-2029	434,845	98,769
2030-2034	494,392	39,222
Total	<u>\$ 1,652,742</u>	<u>\$ 481,712</u>

Note 8: 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, 2014, was \$245,000.

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, 2014, was \$3,520,000.

Note 8: Debt Issued Without Government Commitment (Continued)

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, 2014, was \$8,520,000.

Note 9: Retirement Plans

California Public Employees Retirement System (PERS) - Plan Description

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 is required to contribute at an actuarially determined rate. The rates for the year ended June 30, 2014, are 9.874% and 26.786% for miscellaneous and safety participant respectively, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by City Council in conjunction with applicable labor contracts.

Required Contribution

For the year ended June 30, 2014, the City's contribution to the miscellaneous plan of \$425,415 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected annual salary increases that range from 3.55% to 14.45% depending on age, service, and type of employment. Both (a) and (b) include an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012, was 16 years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9: Retirement Plans (Continued)

Three-Year Trend Information of PERS		
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2012	\$ 435,101	100%
6/30/2013	395,817	100%
6/30/2014	425,415	100%

For the year ended June 30, 2014, the City's contribution to the safety plan of \$1,146,220 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected annual salary increases that range from 3.55% to 14.45% depending on age, service, and type of employment. Both (a) and (b) include an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012, was 16 years.

Three-Year Trend Information of PERS		
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2012	\$ 914,022	100%
6/30/2013	1,003,778	100%
6/30/2014	1,146,220	100%

For fiscal year 2013-2014, the City of Seal Beach participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

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

Note 9: Retirement Plans (Continued)

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 2013-2014 was \$67,041 (of covered payroll), and the employees' contributions to PARS were \$13,354 (of covered payroll).

Public Employees' Pension Reform Act – PEPRA

Assembly Bill (AB) 340 created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for employees hired on or after January 1, 2013 who meet the definition of new member as per PEPRA. New safety police members will participate in the Safety 2.7% at age 57 risk pool that was created by the CalPERS Board in November 2012 in response to the passage of PEPRA. The employer contribution rate is 12.25% of reportable compensation and will be good until June 30, 2015. This rate will not be revised until the June 30, 2014, actuarial valuation of the Safety 2.7% at the 57 risk pool is completed in the fall of 2014 that will set the contribution requirement for fiscal year July 1, 2015 through June 30, 2016. The member contribution rate is 12.25% of reportable compensation.

Note 10: 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 2013-2014 the City of Seal Beach paid \$4,331,027 to the Authority.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2014. 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, 2013 (the most recent data available).

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 10: Joint Ventures (Continued)

<u>Governmental Activities</u>	
Total Assets	<u>\$ 393,616,414</u>
Total Liabilities	<u>\$ 136,051,710</u>
Total Revenues	\$ 311,135,730
Total Expenses	<u>320,108,182</u>
Changes in Net Assets	(8,972,452)
Net Assets, Beginning	<u>266,537,156</u>
Net Assets, Ending	<u>\$ 257,564,704</u>

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

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 2013-2014 the City of Seal Beach paid \$628,114 to the Authority.

Audited information is not available. Unaudited financial information may be obtained from the City of Cypress, 5275 Orange Avenue, Cypress, California, 90630.

Note 11: Liability, Property and Workers Compensation Protection

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

The City of Seal Beach is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. 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 nine member Executive Committee.

Note 11: Liability, Property and Workers Compensation Protection (Continued)

b. Self-Insurance Programs of the Authority

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

Note 11: Liability, Property and Workers Compensation Protection (Continued)

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

c. Purchased Insurance

Pollution Legal Liability Insurance

The City of Seal Beach participates in the pollution legal liability insurance program (formerly called environmental 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 of Seal Beach. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Seal Beach participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Seal Beach property is currently insured according to a schedule of covered property submitted by the City of Seal Beach to the Authority. City of Seal Beach property currently has all-risk property insurance protection in the amount of \$45,707,531. 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 retrospective adjustments.

Earthquake and Flood Insurance

The City of Seal Beach purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Seal Beach property currently has earthquake protection in the amount of \$45,594,023. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Note 11: Liability, Property and Workers Compensation Protection (Continued)

Crime Insurance

The City of Seal Beach purchases crime insurance coverage in the amount of \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

d. Adequacy of Protection

During the past three fiscal years, none of the programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2013-14.

Note 12: Other Post-Employment Benefits Other than Pension

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.

City's Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. For fiscal year 2013-14, the City contributed \$502,000 to the plan, including premiums.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 12: Other Post-Employment Benefits Other than Pension (Continued)

Annual OPEB Cost and Net OPEB Obligation

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. The City's annual OPEB cost for the current year and the related information for the plan are as follows:

Annual required contribution	\$ 326,401
Interest on net OPEB obligation	(14,303)
Adjustment to annual required contribution	<u>20,410</u>
Annual OPEB cost (expense)	332,508
Contributions made (including premiums paid)	(326,401)
Increase (decrease) in net OPEB obligation	6,107
Net OPEB obligation (asset) – beginning of year	<u>(301,116)</u>
Net OPEB obligation (asset) – end of year	<u><u>\$ (295,009)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2012	\$ 491,566	100.0%	\$ (306,946)
6/30/2013	507,830	98.0%	(301,116)
6/30/2014	332,508	98.2%	(295,009)

Funded Status and Funding Progress

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 below, 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.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 12: Other Post-Employment Benefits Other than Pension (Continued)

Schedule of Funding Progress (dollar amounts in thousands) (latest information available)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered Payroll ©	UAAL as a Percentage of covered payroll ((b-a)/c)
1/1/2009	\$ 447	\$ 6,486	\$ 6,039	7%	\$6,997	86.31%
6/30/2011	1,738	6,902	5,164	25%	8,083	63.89%
7/1/2013	2,672	6,657	3,985	40%	8,903	44.76%

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:

Actuarial valuation date	7/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	2.75%

* Includes an inflation assumption of 4%.

CITY OF SEAL BEACH

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Note 13: Commitments and Contingencies

Construction Commitments

As of June 30, 2014, budgeted funds committed for major capital projects included the following:

	Contract Amount	Expenditures To Date	Unexpended Balance
BG-0904: New Swimming Pool: Westbert+White Inc.	\$ 238,930	\$ -	\$ 238,930
BG-1302: Emerg. Backup Power: Fakouri Electrical	455,060	-	455,060
BG-1403: City Yard Building Improvements: IBN	373,225	212,549	160,676
BP-1401: Pier Storage Area Repair: GSCI	80,000	55,000	25,000
SS-0901: 10 yr Sewer Improvement Master Plan: AKM	489,506	349,518	139,988
SS-0901: 10 yr Sewer Improvement Master Plan: SANCON	1,655,112	1,447,849	207,263
ST-1106: College Park West: Wildan Engineering	151,039	73,138	77,901
ST-1203: Main Street Lighting: Fehr & Peers	51,425	28,579	22,846
ST-1410: SB Blvd. & Lampson Landscape Improvement: Land Forms	491,112	74,380	416,732
WT-1201: Ocean Ave. Alley 6st St. to Main St. - Charles King Co.	786,500	740,250	46,250
Total	<u>\$ 4,771,909</u>	<u>\$ 2,981,263</u>	<u>\$ 1,790,646</u>

Note 14: Fund Balance/Net Position Restatement

Beginning fund balances of the general fund have been restated to reclassify revenue that was recorded to deposits payable in the amount of \$347,399 relating to the prior fiscal years.

In addition, beginning fund balances of other governmental funds have been restated in the amount of \$289,000 related to the Seal Beach Cable fund which was previously recorded as an agency fund.

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Seal Beach that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On February 13, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

a. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 1,005,494
Cash and investments with fiscal agent	<u>740,684</u>
	<u>\$ 1,746,178</u>

CITY OF SEAL BEACH

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

b. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Fiduciary Activities:				
Successor Agency of the Former RDA				
Capital assets, not being depreciated:				
Land	\$ 403,192	\$ -	\$ -	\$ 403,192
Total Capital Assets, Not Being Depreciated	403,192	-	-	403,192
Capital assets, being depreciated:				
Buildings and improvements	1,470,288	-	-	1,470,288
Machinery and equipment	64,784	-	-	64,784
Total Capital Assets, Being Depreciated	1,535,072	-	-	1,535,072
Less accumulated depreciation:				
Buildings and improvements	1,088,885	25,570	-	1,114,455
Machinery and equipment	58,322	6,461	-	64,783
Total Accumulated Depreciation	1,147,207	32,031	-	1,179,238
Total Capital Assets, Being Depreciated, Net	387,865	(32,031)	-	355,834
Governmental Activities Capital Assets, Net	\$ 791,057	\$ (32,031)	\$ -	\$ 759,026

c. Long-term Debt

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Fiduciary Activities					
2000 Tax Allocation Bonds Series A	\$ 4,345,000	\$ -	\$ 450,000	\$ 3,895,000	\$ 470,000
2000 Tax Allocation Bonds Series B	310,000	-	45,000	265,000	45,000
Total bonds	4,655,000	-	495,000	4,160,000	515,000
Advance from Sewer Fund	-	1,200,000	-	1,200,000	-
Total	\$ 4,655,000	\$ 1,200,000	\$ 495,000	\$ 5,360,000	\$ 515,000

A description of the individual issues of bonds of the Successor Agency of the former redevelopment agency outstanding as of June 30, 2014, follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

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.

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, 2014, were \$3,895,000 and \$265,000 respectively. This liability was transferred to the Successor Agency upon dissolution of the redevelopment agency.

The annual debt service requirements on the tax allocation bonds as of June 30, 2014, are as follows:

Year Ending June 30,	2000 Tax Allocation Refunding Bonds, Series A		2000 Tax Allocation Refunding Bonds, Series B	
	Principal	Interest	Principal	Interest
2015	\$ 470,000	\$ 190,325	\$ 45,000	\$ 13,944
2016	495,000	166,200	50,000	11,213
2017	520,000	140,565	55,000	8,194
2018	545,000	113,271	55,000	5,031
2019	575,000	84,288	60,000	1,725
2020-2024	1,290,000	129,000	-	-
Total	<u>\$ 3,895,000</u>	<u>\$ 823,649</u>	<u>\$ 265,000</u>	<u>\$ 40,107</u>

On June 14, 2012, Moody's Investors Service ("Moody's") downgraded all California tax allocation bonds rated 'Baa3' and above. As such, the Bonds' insured rating was downgraded from 'A3' to 'Ba1' and underlying rating was downgraded from 'A3' to 'Ba1'. According to Moody's, all California tax allocation bond ratings remain on review for possible withdrawal.

Advance from the City

In 2012, the sewer fund advanced \$1,200,000 to the former redevelopment agency. This was subsequently denied by the Department of Finance (DOF). The City appealed the DOF decision and, in 2014, this advance was approved. Interest on the advance is consistent Local Agency Investment Fund (LAIF) interest rate at the time the Oversight Board made the finding that the advance was for legitimate redevelopment purposes, which is at 0.00367%. The balance of the advance at June 30, 2014, was \$1,200,000. This is included as an extraordinary gain during the year ended June 30, 2014.

Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

d. Pledged Revenue

The Successor Agency has 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 for the five months the Successor Agency obtained the former Redevelopment Agency tax allocation debt 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
Property tax	\$ 1,222,425	\$ 724,406	59.3%

e. Insurance

The Successor Agency is covered under the City of Seal Beach's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 11.

CITY OF SEAL BEACH

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014

Note 1: Budgetary Comparison Information

a. Budget Data

General Budget Policies

Budgets for the general, special revenue, debt service, and capital projects funds 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.

b. The following funds do not have a legally adopted budget:

Roberti-Z'berg Harris Open Space
Grants

c. Excess of expenditures over appropriations are as follows:

Expenditures for the year ended June 30, 2014, exceeded the appropriations of the General and Major Special Revenue Funds are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
General Government:			
Public works	\$ 4,840,122	\$ 4,640,976	\$ 199,146
Capital Outlay	49,307	49,300	7
Debt Service Fund:			
Interest and Fiscal Charges	8,972	1,400	7,572

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 29,798,448	\$ 29,798,448	\$ 29,798,448	\$ -
Resources (Inflows):				
Taxes	21,724,500	21,724,500	21,925,784	201,284
Licenses and permits	1,162,400	1,162,400	1,369,275	206,875
Intergovernmental	409,400	468,600	127,085	(341,515)
Charges for services	3,505,400	3,505,400	3,708,427	203,027
Use of money and property	563,000	563,000	645,784	82,784
Fines and forfeitures	1,018,100	1,018,100	990,662	(27,438)
Contributions	-	-	341,698	341,698
Miscellaneous	202,400	202,400	579,125	376,725
Transfers in	1,850,820	1,850,820	729,078	(1,121,742)
Other debts issued	-	-	1,546,931	1,546,931
Amounts Available for Appropriation	60,234,468	60,293,668	61,762,297	1,468,629
Charges to Appropriation (Outflow):				
General government	5,091,000	5,100,343	4,302,895	797,448
Public safety	14,991,300	15,456,211	15,213,003	243,208
Community development	986,100	990,146	862,307	127,839
Community services	1,110,400	1,110,941	1,048,427	62,514
Public works	4,466,920	4,640,976	4,840,122	(199,146)
Capital outlay	45,000	49,300	49,307	(7)
Debt service:				
Principal retirement	70,200	70,200	70,135	65
Interest and fiscal charges	1,400	1,400	8,972	(7,572)
Transfers out	7,727,600	7,418,885	3,275,298	4,143,587
Total Charges to Appropriations	34,489,920	34,838,402	29,670,466	5,167,936
Budgetary Fund Balance, June 30	\$ 25,744,548	\$ 25,455,266	\$ 32,091,831	\$ 6,636,565

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC RELIEF GRANT
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (289,787)	\$ (289,787)	\$ (289,787)	\$ -
Resources (Inflows):				
Amounts Available for Appropriation	(289,787)	(289,787)	(289,787)	-
Charges to Appropriation (Outflow):				
Transfers out	-	28,213	28,213	-
Total Charges to Appropriations	-	28,213	28,213	-
Budgetary Fund Balance, June 30	\$ (289,787)	\$ (318,000)	\$ (318,000)	\$ -

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
Assets:				
Pooled cash and investments	\$ 14,701	\$ 30,256	\$ 3,066	\$ 6,837
Receivables:				
Accounts	-	-	-	-
Taxes	1,248	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 15,949	\$ 30,256	\$ 3,066	\$ 6,837
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 15,949	\$ 4,055	\$ 1,678	\$ -
Accrued liabilities	-	1,288	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	15,949	5,343	1,678	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	24,913	1,388	6,837
Community services	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	24,913	1,388	6,837
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,949	\$ 30,256	\$ 3,066	\$ 6,837

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

(CONTINUED)

	Special Revenue Funds			
	Air Quality Improvement	Parks Improvement	Traffic Impact AB 1600	State Gasoline Tax
Assets:				
Pooled cash and investments	\$ 7,811	\$ 28,174	\$ 651,579	\$ 770,644
Receivables:				
Accounts	7,889	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 15,700	\$ 28,174	\$ 651,579	\$ 770,644
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 7,796	\$ -	\$ -	\$ 1,207
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	7,796	-	-	1,207
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Community services	-	28,174	-	-
Public works	7,904	-	651,579	769,437
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	7,904	28,174	651,579	769,437
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,700	\$ 28,174	\$ 651,579	\$ 770,644

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds			
	Measure M2	Roberti- Z'berg Harris Urban Open Space	Grants	Community Development Block Grant
Assets:				
Pooled cash and investments	\$ 810,235	\$ -	\$ -	\$ -
Receivables:				
Accounts	71,024	-	-	1,239
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 881,259	\$ -	\$ -	\$ 1,239
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	3,647
Other liabilities	-	-	-	-
Total Liabilities	-	-	-	3,647
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	881,259	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	(2,408)
Total Fund Balances	881,259	-	-	(2,408)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 881,259	\$ -	\$ -	\$ 1,239

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Police Grants</u>	<u>Citywide Grants</u>	<u>Landscape District</u>	<u>Heron Pointe</u>
Assets:				
Pooled cash and investments	\$ -	\$ 109,006	\$ 553,549	\$ 53,393
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	43,816	37,984	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 43,816</u>	<u>\$ 146,990</u>	<u>\$ 553,549</u>	<u>\$ 53,393</u>
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 5,360	\$ 153
Accrued liabilities	-	-	-	-
Unearned revenues	7,338	-	-	-
Due to other funds	51,339	-	-	-
Other liabilities	-	-	1,750	-
Total Liabilities	<u>58,677</u>	<u>-</u>	<u>7,110</u>	<u>153</u>
Deferred Inflows of Resources:				
Unavailable revenues	33,360	-	-	-
Total Deferred Inflows of Resources	<u>33,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Community development projects	-	146,990	546,439	53,240
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>(48,221)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(48,221)</u>	<u>146,990</u>	<u>546,439</u>	<u>53,240</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 43,816</u>	<u>\$ 146,990</u>	<u>\$ 553,549</u>	<u>\$ 53,393</u>

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds		Debt Service Funds	Total Nonmajor Governmental Funds
	Pacific Gateway	Seal Beach Cable	City Debt Service	
Assets:				
Pooled cash and investments	\$ 216,568	\$ 342,347	\$ -	\$ 3,598,166
Receivables:				
Accounts	-	28,975	-	109,127
Taxes	2,987	-	-	4,235
Accrued interest	-	127	-	127
Due from other governments	-	-	-	81,800
Restricted assets:				
Cash and investments with fiscal agents	-	-	718,448	718,448
Total Assets	\$ 219,555	\$ 371,449	\$ 718,448	\$ 4,511,903
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 622	\$ -	\$ -	\$ 36,820
Accrued liabilities	-	-	-	1,288
Unearned revenues	-	-	-	7,338
Due to other funds	-	-	-	54,986
Other liabilities	-	-	-	1,750
Total Liabilities	622	-	-	102,182
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	33,360
Total Deferred Inflows of Resources	-	-	-	33,360
Fund Balances:				
Restricted for:				
Community development projects	218,933	-	-	965,602
Public safety	-	-	-	33,138
Community services	-	371,449	-	399,623
Public works	-	-	-	2,310,179
Debt service	-	-	718,448	718,448
Unassigned	-	-	-	(50,629)
Total Fund Balances	218,933	371,449	718,448	4,376,361
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 219,555	\$ 371,449	\$ 718,448	\$ 4,511,903

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CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
Revenues:				
Taxes	\$ 141,813	\$ -	\$ -	\$ -
Intergovernmental	-	79,745	-	1,966
Charges for services	-	-	5,723	-
Use of money and property	-	476	-	46
Fines and forfeitures	-	-	-	-
Total Revenues	141,813	80,221	5,723	2,012
Expenditures:				
Current:				
General government	190,699	-	-	-
Public safety	-	144,389	5,910	-
Community development	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	190,699	144,389	5,910	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,886)	(64,168)	(187)	2,012
Other Financing Sources (Uses):				
Transfers in	48,886	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	48,886	-	-	-
Net Change in Fund Balances	-	(64,168)	(187)	2,012
Fund Balances, Beginning of Year	-	89,081	1,575	4,825
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	-	89,081	1,575	4,825
Fund Balances, End of Year	\$ -	\$ 24,913	\$ 1,388	\$ 6,837

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

(CONTINUED)

	Special Revenue Funds			
	Air Quality Improvement	Parks Improvement	Traffic Impact AB 1600	State Gasoline Tax
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 794,641
Intergovernmental	30,275	10,000	-	-
Charges for services	-	-	61,725	-
Use of money and property	25	201	5,916	6,588
Fines and forfeitures	-	-	-	-
Total Revenues	30,300	10,201	67,641	801,229
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	30,558	-	-	1,207
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	30,558	-	-	1,207
Excess (Deficiency) of Revenues Over (Under) Expenditures	(258)	10,201	67,641	800,022
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(163,806)	(540,943)
Total Other Financing Sources (Uses)	-	-	(163,806)	(540,943)
Net Change in Fund Balances	(258)	10,201	(96,165)	259,079
Fund Balances, Beginning of Year	8,162	17,973	747,744	510,358
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	8,162	17,973	747,744	510,358
Fund Balances, End of Year	\$ 7,904	\$ 28,174	\$ 651,579	\$ 769,437

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds			
	Measure M2	Roberti- Z'berg Harris Urban Open	Grants	Community Development Block Grant
Revenues:				
Taxes	\$ 406,280	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	173,757
Charges for services	-	-	-	-
Use of money and property	7,075	-	-	-
Fines and forfeitures	-	-	-	-
Total Revenues	413,355	-	-	173,757
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	55,992	176,165
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	55,992	176,165
Excess (Deficiency) of Revenues Over (Under) Expenditures	413,355	-	(55,992)	(2,408)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(171,431)	(412)	(166)	-
Total Other Financing Sources (Uses)	(171,431)	(412)	(166)	-
Net Change in Fund Balances	241,924	(412)	(56,158)	(2,408)
Fund Balances, Beginning of Year	639,335	412	56,158	-
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	639,335	412	56,158	-
Fund Balances, End of Year	\$ 881,259	\$ -	\$ -	\$ (2,408)

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

(CONTINUED)

	Special Revenue Funds			
	Police Grants	Citywide Grants	Landscape District	Heron Pointe
Revenues:				
Taxes	\$ -	\$ -	\$ 159,326	\$ -
Intergovernmental	13,313	252,995	-	25,000
Charges for services	-	-	-	-
Use of money and property	-	-	4,729	477
Fines and forfeitures	23,033	-	-	-
Total Revenues	36,346	252,995	164,055	25,477
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	71,956	-	-	-
Community development	-	-	119,056	8,037
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	71,956	-	119,056	8,037
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,610)	252,995	44,999	17,440
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(61,394)	(13,000)	(11,000)
Total Other Financing Sources (Uses)	-	(61,394)	(13,000)	(11,000)
Net Change in Fund Balances	(35,610)	191,601	31,999	6,440
Fund Balances, Beginning of Year	(12,611)	(44,611)	514,440	46,800
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(12,611)	(44,611)	514,440	46,800
Fund Balances, End of Year	\$ (48,221)	\$ 146,990	\$ 546,439	\$ 53,240

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	Special Revenue Funds		Debt Service Funds	Total Nonmajor Governmental Funds
	Pacific Gateway	Seal Beach Cable	City Debt Service	
Revenues:				
Taxes	\$ 48,190	\$ -	\$ -	\$ 1,550,250
Intergovernmental	25,000	-	-	612,051
Charges for services	-	119,496	-	186,944
Use of money and property	1,928	1,630	-	29,091
Fines and forfeitures	-	-	-	23,033
Total Revenues	75,118	121,126	-	2,401,369
Expenditures:				
Current:				
General government	-	-	-	190,699
Public safety	-	-	4,499	226,754
Community development	41,629	34,885	-	435,764
Public works	-	-	-	31,765
Debt service:				
Principal retirement	-	-	1,195,000	1,195,000
Interest and fiscal charges	-	-	483,963	483,963
Total Expenditures	41,629	34,885	1,683,462	2,563,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,489	86,241	(1,683,462)	(162,576)
Other Financing Sources (Uses):				
Transfers in	-	-	1,688,347	1,737,233
Transfers out	(26,000)	(3,792)	-	(991,944)
Total Other Financing Sources (Uses)	(26,000)	(3,792)	1,688,347	745,289
Net Change in Fund Balances	7,489	82,449	4,885	582,713
Fund Balances, Beginning of Year	211,444	-	713,563	3,504,648
Restatements	-	289,000	-	289,000
Fund Balances, Beginning of Year, as Restated	211,444	289,000	713,563	3,793,648
Fund Balances, End of Year	\$ 218,933	\$ 371,449	\$ 718,448	\$ 4,376,361

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	144,200	144,200	141,813	(2,387)
Transfers in	70,300	70,300	48,886	(21,414)
Amounts Available for Appropriation	214,500	214,500	190,699	(23,801)
Charges to Appropriation (Outflow):				
General government	199,500	199,500	190,699	8,801
Total Charges to Appropriations	199,500	199,500	190,699	8,801
Budgetary Fund Balance, June 30	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2014**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 89,081	\$ 89,081	\$ 89,081	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	79,745	(20,255)
Use of money and property	300	300	476	176
Amounts Available for Appropriation	189,381	189,381	169,302	(20,079)
Charges to Appropriation (Outflow):				
Public safety	151,600	154,206	144,389	9,817
Total Charges to Appropriations	151,600	154,206	144,389	9,817
Budgetary Fund Balance, June 30	\$ 37,781	\$ 35,175	\$ 24,913	\$ (10,262)

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 DETENTION CENTER
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,575	\$ 1,575	\$ 1,575	\$ -
Resources (Inflows):				
Charges for services	16,000	16,000	5,723	(10,277)
Amounts Available for Appropriation	17,575	17,575	7,298	(10,277)
Charges to Appropriation (Outflow):				
Public safety	25,000	25,000	5,910	19,090
Total Charges to Appropriations	25,000	25,000	5,910	19,090
Budgetary Fund Balance, June 30	\$ (7,425)	\$ (7,425)	\$ 1,388	\$ 8,813

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
POLICE ASSET FORFEITURE
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,825	\$ 4,825	\$ 4,825	\$ -
Resources (Inflows):				
Intergovernmental	-	-	1,966	1,966
Use of money and property	20	20	46	26
Amounts Available for Appropriation	4,845	4,845	6,837	1,992
Charges to Appropriation (Outflow):				
Public safety	4,900	4,900	-	4,900
Total Charges to Appropriations	4,900	4,900	-	4,900
Budgetary Fund Balance, June 30	\$ (55)	\$ (55)	\$ 6,837	\$ 6,892

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,162	\$ 8,162	\$ 8,162	\$ -
Resources (Inflows):				
Intergovernmental	30,000	30,000	30,275	275
Use of money and property	200	200	25	(175)
Amounts Available for Appropriation	38,362	38,362	38,462	100
Charges to Appropriation (Outflow):				
Public works	63,000	63,000	30,558	32,442
Total Charges to Appropriations	63,000	63,000	30,558	32,442
Budgetary Fund Balance, June 30	\$ (24,638)	\$ (24,638)	\$ 7,904	\$ 32,542

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
PARK IMPROVEMENT
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 17,973	\$ 17,973	\$ 17,973	\$ -
Resources (Inflows):				
Intergovernmental	-	-	10,000	10,000
Use of money and property	300	300	201	(99)
Amounts Available for Appropriation	18,273	18,273	28,174	9,901
Charges to Appropriation (Outflow):				
Transfers out	10,000	10,000	-	10,000
Total Charges to Appropriations	10,000	10,000	-	10,000
Budgetary Fund Balance, June 30	\$ 8,273	\$ 8,273	\$ 28,174	\$ 19,901

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC IMPACT AB 1600
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 747,744	\$ 747,744	\$ 747,744	\$ -
Resources (Inflows):				
Charges for services	-	-	61,725	61,725
Use of money and property	-	-	5,916	5,916
Amounts Available for Appropriation	747,744	747,744	815,385	67,641
Charges to Appropriation (Outflow):				
Transfers out	-	232,056	163,806	68,250
Total Charges to Appropriations	-	232,056	163,806	68,250
Budgetary Fund Balance, June 30	\$ 747,744	\$ 515,688	\$ 651,579	\$ 135,891

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE TAX
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 510,358	\$ 510,358	\$ 510,358	\$ -
Resources (Inflows):				
Taxes	761,800	761,800	794,641	32,841
Use of money and property	1,300	1,300	6,588	5,288
Amounts Available for Appropriation	1,273,458	1,273,458	1,311,587	38,129
Charges to Appropriation (Outflow):				
Public works	2,000	2,000	1,207	793
Transfers out	865,000	896,790	540,943	355,847
Total Charges to Appropriations	867,000	898,790	542,150	356,640
Budgetary Fund Balance, June 30	\$ 406,458	\$ 374,668	\$ 769,437	\$ 394,769

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 MEASURE M2
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 639,335	\$ 639,335	\$ 639,335	\$ -
Resources (Inflows):				
Taxes	370,600	370,600	406,280	35,680
Use of money and property	3,000	3,000	7,075	4,075
Amounts Available for Appropriation	1,012,935	1,012,935	1,052,690	39,755
Charges to Appropriation (Outflow):				
Transfers out	795,000	897,586	171,431	726,155
Total Charges to Appropriations	795,000	897,586	171,431	726,155
Budgetary Fund Balance, June 30	\$ 217,935	\$ 115,349	\$ 881,259	\$ 765,910

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	180,000	180,000	173,757	(6,243)
Amounts Available for Appropriation	180,000	180,000	173,757	(6,243)
Charges to Appropriation (Outflow):				
Community improvement	180,000	180,000	176,165	3,835
Total Charges to Appropriations	180,000	180,000	176,165	3,835
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ (2,408)	\$ (2,408)

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 POLICE GRANTS
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (12,611)	\$ (12,611)	\$ (12,611)	\$ -
Resources (Inflows):				
Intergovernmental	69,700	131,200	13,313	(117,887)
Fines and forfeitures	52,900	111,700	23,033	(88,667)
Amounts Available for Appropriation	109,989	230,289	23,735	(206,554)
Charges to Appropriation (Outflow):				
Public safety	111,000	189,300	71,956	117,344
Total Charges to Appropriations	111,000	189,300	71,956	117,344
Budgetary Fund Balance, June 30	\$ (1,011)	\$ 40,989	\$ (48,221)	\$ (89,210)

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 CITYWIDE GRANTS
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (44,611)	\$ (44,611)	\$ (44,611)	\$ -
Resources (Inflows):				
Intergovernmental	1,500,000	1,500,000	252,995	(1,247,005)
Amounts Available for Appropriation	1,455,389	1,455,389	208,384	(1,247,005)
Charges to Appropriation (Outflow):				
Transfers out	1,586,720	1,850,109	61,394	1,788,715
Total Charges to Appropriations	1,586,720	1,850,109	61,394	1,788,715
Budgetary Fund Balance, June 30	\$ (131,331)	\$ (394,720)	\$ 146,990	\$ 541,710

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 LANDSCAPE DISTRICT
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 514,440	\$ 514,440	\$ 514,440	\$ -
Resources (Inflows):				
Taxes	140,200	140,200	159,326	19,126
Use of money and property	1,500	1,500	4,729	3,229
Amounts Available for Appropriation	656,140	656,140	678,495	22,355
Charges to Appropriation (Outflow):				
Community improvement	65,100	78,100	119,056	(40,956)
Transfers out	13,000	540,112	13,000	527,112
Total Charges to Appropriations	78,100	618,212	132,056	486,156
Budgetary Fund Balance, June 30	\$ 578,040	\$ 37,928	\$ 546,439	\$ 508,511

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 HERON POINTE
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 46,800	\$ 46,800	\$ 46,800	\$ -
Resources (Inflows):				
Intergovernmental	25,000	25,000	25,000	-
Use of money and property	200	200	477	277
Amounts Available for Appropriation	72,000	72,000	72,277	277
Charges to Appropriation (Outflow):				
Community improvement	8,000	8,000	8,037	(37)
Transfers out	11,000	11,000	11,000	-
Total Charges to Appropriations	19,000	19,000	19,037	(37)
Budgetary Fund Balance, June 30	\$ 53,000	\$ 53,000	\$ 53,240	\$ 240

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 PACIFIC GATEWAY
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 211,444	\$ 211,444	\$ 211,444	\$ -
Resources (Inflows):				
Taxes	50,000	50,000	48,190	(1,810)
Intergovernmental	25,000	25,000	25,000	-
Use of money and property	1,000	1,000	1,928	928
Amounts Available for Appropriation	287,444	287,444	286,562	(882)
Charges to Appropriation (Outflow):				
Community improvement	41,500	41,500	41,629	(129)
Transfers out	26,000	26,000	26,000	-
Total Charges to Appropriations	67,500	67,500	67,629	(129)
Budgetary Fund Balance, June 30	\$ 219,944	\$ 219,944	\$ 218,933	\$ (1,011)

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 SEAL BEACH CABLE
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 289,000	\$ 289,000	\$ 289,000	\$ -
Resources (Inflows):				
Charges for services	90,000	90,000	119,496	29,496
Use of money and property	1,100	1,100	1,630	530
Amounts Available for Appropriation	380,100	380,100	410,126	30,026
Charges to Appropriation (Outflow):				
Community development	75,000	75,000	34,885	40,115
Transfers out	225,000	225,000	3,792	221,208
Total Charges to Appropriations	300,000	300,000	38,677	261,323
Budgetary Fund Balance, June 30	\$ 80,100	\$ 80,100	\$ 371,449	\$ 291,349

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS AND EQUIPMENT
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 89,004	\$ 89,004	\$ 89,004	\$ -
Resources (Inflows):				
Intergovernmental	-	-	130,158	130,158
Transfers in	7,725,200	8,622,931	1,897,644	(6,725,287)
Amounts Available for Appropriation	7,814,204	8,711,935	2,116,806	(6,595,129)
Charges to Appropriation (Outflow):				
Capital outlay	7,725,200	8,622,931	2,044,813	6,578,118
Total Charges to Appropriations	7,725,200	8,622,931	2,044,813	6,578,118
Budgetary Fund Balance, June 30	\$ 89,004	\$ 89,004	\$ 71,993	\$ (17,011)

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
CITY DEBT SERVICE
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 713,563	\$ 713,563	\$ 713,563	\$ -
Resources (Inflows):				
Use of money and property	200	200	-	(200)
Transfers in	1,681,500	1,681,500	1,688,347	6,847
Amounts Available for Appropriation	2,395,263	2,395,263	2,401,910	6,647
Charges to Appropriation (Outflow):				
Public safety	2,500	2,500	4,499	(1,999)
Debt service:				
Principal retirement	1,195,000	1,195,000	1,195,000	-
Interest and fiscal charges	484,000	484,000	483,963	37
Total Charges to Appropriations	1,681,500	1,681,500	1,683,462	(1,962)
Budgetary Fund Balance, June 30	\$ 713,763	\$ 713,763	\$ 718,448	\$ 4,685

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
 ALL AGENCY FUNDS
 JUNE 30, 2014

	Deposits	Seal Beach Cable	Assessment District 94-1 and 2000-1	Community Facilities District 2002-	Community Facilities District 2005-	Totals
Assets:						
Pooled cash and investments	\$ 21,701	\$ -	\$ 54,669	\$ 173,375	\$ 94,865	\$ 344,610
Receivables:						
Accounts	-	-	808	17,685	34,223	52,716
Restricted assets:						
Cash and investments with fiscal agents	-	-	198,898	270,649	837,093	1,306,640
Total Assets	\$ 21,701	\$ -	\$ 254,375	\$ 461,709	\$ 966,181	\$ 1,703,966
Liabilities:						
Accounts payable	\$ 10,400	\$ -	\$ 4,477	\$ -	\$ -	\$ 14,877
Deposits payable	11,301	-	-	-	-	11,301
Due to bondholders	-	-	249,898	461,709	966,181	1,677,788
Total Liabilities	\$ 21,701	\$ -	\$ 254,375	\$ 461,709	\$ 966,181	\$ 1,703,966

CITY OF SEAL BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2014</u>
<u>Deposits</u>				
Assets:				
Pooled cash and investments	\$ 358,903	\$ 304,220	\$ 641,422	\$ 21,701
Total Assets	<u>\$ 358,903</u>	<u>\$ 304,220</u>	<u>\$ 641,422</u>	<u>\$ 21,701</u>
Liabilities:				
Accounts payable	\$ -	\$ 35,269	\$ 24,869	\$ 10,400
Deposits payable	358,903	304,288	651,890	11,301
Total Liabilities	<u>\$ 358,903</u>	<u>\$ 339,557</u>	<u>\$ 676,759</u>	<u>\$ 21,701</u>
<u>Assessment District 94-1 and 2000-1</u>				
Assets:				
Pooled cash and investments	\$ 60,243	\$ 144,325	\$ 149,899	\$ 54,669
Receivables:				
Accounts	812	808	812	808
Restricted assets:				
Cash and investments with fiscal agents	198,898	-	-	198,898
Total Assets	<u>\$ 259,953</u>	<u>\$ 145,133</u>	<u>\$ 150,711</u>	<u>\$ 254,375</u>
Liabilities:				
Accounts payable	\$ -	\$ 143,795	\$ 139,318	\$ 4,477
Deposits payable	-	164,117	164,117	-
Due to bondholders	259,953	144,319	154,374	249,898
Total Liabilities	<u>\$ 259,953</u>	<u>\$ 452,231</u>	<u>\$ 457,809</u>	<u>\$ 254,375</u>
<u>Community Facilities District 2002-01</u>				
Assets:				
Pooled cash and investments	\$ 183,153	\$ 281,158	\$ 290,936	\$ 173,375
Receivables:				
Accounts	10,316	17,685	10,316	17,685
Restricted assets:				
Cash and investments with fiscal agents	270,650	-	1	270,649
Total Assets	<u>\$ 464,119</u>	<u>\$ 298,843</u>	<u>\$ 301,253</u>	<u>\$ 461,709</u>
Liabilities:				
Due to bondholders	\$ 464,119	\$ 624,715	\$ 627,125	\$ 461,709
Total Liabilities	<u>\$ 464,119</u>	<u>\$ 624,715</u>	<u>\$ 627,125</u>	<u>\$ 461,709</u>

CITY OF SEAL BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014

	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2014</u>
<u>Community Facilities District 2005-01</u>				
Assets:				
Pooled cash and investments	\$ 126,692	\$ 518,626	\$ 550,453	\$ 94,865
Receivables:				
Accounts	-	34,223	-	34,223
Cash and investments with fiscal agents	837,177	19,526	19,610	837,093
Total Assets	<u>\$ 963,869</u>	<u>\$ 572,375</u>	<u>\$ 570,063</u>	<u>\$ 966,181</u>
Liabilities:				
Due to bondholders	\$ 963,869	\$ 1,231,171	\$ 1,228,859	\$ 966,181
Total Liabilities	<u>\$ 963,869</u>	<u>\$ 1,231,171</u>	<u>\$ 1,228,859</u>	<u>\$ 966,181</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 728,991	\$ 1,248,329	\$ 1,632,710	\$ 344,610
Receivables:				
Accounts	11,128	52,716	11,128	52,716
Restricted assets:				
Cash and investments with fiscal agents	1,306,725	19,526	19,611	1,306,640
Total Assets	<u>\$ 2,046,844</u>	<u>\$ 1,320,571</u>	<u>\$ 1,663,449</u>	<u>\$ 1,703,966</u>
Liabilities:				
Accounts payable	\$ -	\$ 179,064	\$ 164,187	\$ 14,877
Deposits payable	358,903	468,405	816,007	11,301
Due to bondholders	1,687,941	2,000,205	2,010,358	1,677,788
Total Liabilities	<u>\$ 2,046,844</u>	<u>\$ 2,647,674</u>	<u>\$ 2,990,552</u>	<u>\$ 1,703,966</u>

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CITY OF SEAL BEACH
Comprehensive Annual Financial Report
Year Ended June 30, 2014

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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Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	106
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Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	132

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets,	\$ 58,919,775	\$ 62,319,804	\$ 64,630,230	\$ 64,607,970
Restricted	8,845,953	4,725,123	5,004,891	6,190,852
Unrestricted	19,200,089	30,271,762	32,204,164	30,050,739
Total governmental activities net position	<u>\$ 86,965,817</u>	<u>\$ 97,316,689</u>	<u>\$101,839,285</u>	<u>\$100,849,561</u>
Business-type activities:				
Net investment in capital assets,	\$ 22,586,551	\$ 24,136,274	\$ 27,007,845	\$ 27,416,082
Restricted	380,669	-	396,321	294,407
Unrestricted	10,268,364	12,471,364	12,314,589	14,376,270
Total business-type activities net position	<u>\$ 33,235,584</u>	<u>\$ 36,607,638</u>	<u>\$ 39,718,755</u>	<u>\$ 42,086,759</u>
Primary government:				
Net investment in capital assets,	\$ 81,886,995	\$ 86,456,078	\$ 91,638,075	\$ 92,024,052
Restricted	5,468,213	4,725,123	5,401,212	6,485,259
Unrestricted	32,846,193	42,743,126	44,518,753	44,427,009
Total primary government net position	<u>\$120,201,401</u>	<u>\$133,924,327</u>	<u>\$141,558,040</u>	<u>\$142,936,320</u>

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

Source: Finance Department, City of Seal Beach.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 68,117,517	\$ 70,801,667	\$ 73,693,829	\$ 72,498,068
5,179,337	2,662,285	3,271,671	4,426,990
<u>27,557,417</u>	<u>29,666,427</u>	<u>23,570,750</u>	<u>25,953,129</u>
<u>\$ 100,854,271</u>	<u>\$ 103,130,379</u>	<u>\$ 100,536,250</u>	<u>\$ 102,878,187</u>
\$ 29,552,934	\$ 32,020,831	\$ 32,645,747	\$ 32,360,440
-	-	-	-
<u>13,633,764</u>	<u>11,318,443</u>	<u>12,593,950</u>	<u>15,532,304</u>
<u>\$ 43,186,698</u>	<u>\$ 43,339,274</u>	<u>\$ 45,239,697</u>	<u>\$ 47,892,744</u>
\$ 97,670,451	\$ 102,822,498	\$ 106,339,576	\$ 104,858,508
5,179,337	2,662,285	3,271,671	4,426,990
<u>41,191,181</u>	<u>40,984,870</u>	<u>36,164,700</u>	<u>41,485,433</u>
<u>\$ 144,040,969</u>	<u>\$ 146,469,653</u>	<u>\$ 145,775,947</u>	<u>\$ 150,770,931</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses:				
Governmental activities:				
General government	\$ 5,252,803	\$ 6,099,316	\$ 5,713,338	\$ 6,462,182
Public safety	12,155,295	13,477,966	13,191,707	14,322,026
Community development	1,988,868	2,279,543	1,979,889	3,332,329
Community services	888,007	1,033,362	978,504	1,109,303
Public works	3,929,349	3,889,902	5,307,470	7,745,817
Interest on long-term debt	439,217	525,974	1,083,063	889,721
Total governmental activities expenses	<u>\$ 24,653,539</u>	<u>\$ 27,306,063</u>	<u>\$ 28,253,971</u>	<u>\$ 33,861,378</u>
Business-type activities:				
Water utility	3,644,561	3,770,266	3,815,798	4,063,497
Sewer utility	1,095,827	1,050,711	1,331,610	1,452,748
Total business-type activities expenses	<u>4,740,388</u>	<u>4,820,977</u>	<u>5,147,408</u>	<u>5,516,245</u>
Total primary government expenses	<u>29,393,927</u>	<u>32,127,040</u>	<u>33,401,379</u>	<u>39,377,623</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	2,427,303	2,515,890	2,506,070	2,190,386
Public safety	1,461,110	1,265,791	1,424,996	1,725,519
Community development	883,928	71,084	95,824	92,163
Community services	569,657	564,504	619,334	737,470
Public works	1,396,895	2,159,284	1,909,011	1,817,794
Operating contributions and grants	1,021,226	1,484,287	1,604,904	1,999,260
Capital grants and contributions	1,759,424	642,433	224,264	422,645
Total governmental activities program revenues	<u>9,519,543</u>	<u>8,703,273</u>	<u>8,384,403</u>	<u>8,985,237</u>
Business-type activities:				
Charges for services:				
Water utility	5,754,606	5,783,125	5,818,135	5,655,433
Sewer utility	1,872,906	1,901,950	2,075,431	2,184,287
Total business-type activities program revenues	<u>7,627,512</u>	<u>7,685,075</u>	<u>7,893,566</u>	<u>7,839,720</u>
Total primary government program revenues	17,147,055	16,388,348	16,277,969	16,824,957
Net revenues (expenses):				
Governmental activities	(15,133,996)	(18,602,790)	(19,869,568)	(24,876,141)
Business-type activities	2,887,124	2,864,098	2,746,158	2,323,475
Total net revenues (expenses)	<u>\$(12,246,872)</u>	<u>\$(15,738,692)</u>	<u>\$(17,123,410)</u>	<u>\$(22,552,666)</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 8,135,200	\$ 6,477,795	\$ 5,373,180	\$ 5,040,070
13,493,413	14,152,774	15,005,590	15,999,900
1,654,009	1,372,334	1,781,188	1,306,898
1,040,723	940,754	1,272,680	1,079,006
6,304,343	6,577,233	6,212,516	6,902,521
<u>1,012,516</u>	<u>693,065</u>	<u>574,763</u>	<u>487,221</u>
<u>\$ 31,640,204</u>	<u>\$ 30,213,955</u>	<u>\$ 30,219,917</u>	<u>\$ 30,815,616</u>
4,005,747	4,165,575	4,267,840	4,439,797
<u>1,412,326</u>	<u>1,402,249</u>	<u>1,520,478</u>	<u>1,730,940</u>
<u>5,418,073</u>	<u>5,567,824</u>	<u>5,788,318</u>	<u>6,170,737</u>
<u>37,058,277</u>	<u>35,781,779</u>	<u>36,008,235</u>	<u>36,986,353</u>
1,770,024	1,462,840	450,911	1,632,975
1,515,727	1,667,184	1,565,527	1,384,701
92,131	130,118	111,008	182,021
815,779	930,501	981,440	1,062,796
1,738,965	1,869,575	1,980,116	1,962,242
1,775,825	5,890,556	5,837,093	2,402,490
<u>23,967</u>	<u>44,405</u>	<u>-</u>	<u>10,000</u>
<u>7,732,418</u>	<u>11,995,179</u>	<u>10,926,095</u>	<u>8,637,225</u>
4,190,824	4,376,906	4,924,109	5,092,152
<u>2,212,559</u>	<u>2,442,608</u>	<u>2,675,201</u>	<u>2,775,332</u>
<u>6,403,383</u>	<u>6,819,514</u>	<u>7,599,310</u>	<u>7,867,484</u>
14,135,801	18,814,693	18,525,405	16,504,709
(23,907,786)	(18,218,776)	(19,293,822)	(22,178,391)
<u>985,310</u>	<u>1,251,690</u>	<u>1,810,992</u>	<u>1,696,747</u>
<u>\$(22,922,476)</u>	<u>\$(16,967,086)</u>	<u>\$(17,482,830)</u>	<u>\$(20,481,644)</u>

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

	Fiscal Year			
	2007	2008	2009	2010
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 10,329,372	\$ 10,304,847	\$ 11,054,451	\$ 10,738,530
Transient occupancy taxes	894,784	1,065,996	1,198,376	1,108,785
Sales tax	3,746,801	5,127,969	3,974,341	4,680,846
Franchise taxes	941,702	1,053,907	980,148	941,785
Utility users taxes	5,131,264	5,599,065	5,326,486	5,056,233
Other taxes	569,412	355,169	393,570	151,724
Motor vehicle in lieu, unrestricted	156,603	115,074	88,304	76,234
Use of money and property	1,789,051	1,576,333	892,341	752,771
Other	178,582	441,440	43,881	319,134
Transfers	-	-	-	60,375
Extraordinary Gain(loss) on dissolution on	-	-	-	-
Total governmental activities	<u>23,737,571</u>	<u>25,639,800</u>	<u>23,951,898</u>	<u>23,886,417</u>
Business-type activities:				
Use of money and property	533,847	507,453	278,754	92,259
Other	600	503	800	12,645
Transfers	-	-	-	(60,375)
Extraordinary Gain(loss) on dissolution on	-	-	-	-
Total business-type activities	<u>534,447</u>	<u>507,956</u>	<u>279,554</u>	<u>44,529</u>
Total primary government	<u>24,272,018</u>	<u>26,147,756</u>	<u>24,231,452</u>	<u>23,930,946</u>
Changes in net position:				
Governmental activities	8,603,575	7,037,010	4,082,330	(989,724)
Business-type activities	<u>3,421,571</u>	<u>3,372,054</u>	<u>3,025,712</u>	<u>2,368,004</u>
Total primary government	<u>\$ 12,025,146</u>	<u>\$ 10,409,064</u>	<u>\$ 7,108,042</u>	<u>\$ 1,378,280</u>

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

Source: Finance Department, City of Seal Beach.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 10,794,375	\$ 10,337,486	\$ 9,958,198	\$ 9,498,277
1,221,491	970,275	1,289,007	1,509,095
4,160,359	4,930,037	5,408,756	4,742,859
1,030,736	1,008,031	1,126,398	1,324,860
5,310,666	5,484,256	4,732,597	4,644,218
228,449	338,176	328,743	555,804
119,022	12,868	13,333	11,035
735,082	714,342	372,693	674,875
312,316	230,997	331,175	544,406
-	-	-	378,500
-	(3,531,584)	-	-
<u>23,912,496</u>	<u>20,494,884</u>	<u>23,560,900</u>	<u>23,883,929</u>
109,160	96,774	84,371	133,995
5,469	4,112	5,060	805
-	-	-	(378,500)
-	(1,200,000)	-	1,200,000
<u>114,629</u>	<u>(1,099,114)</u>	<u>89,431</u>	<u>956,300</u>
<u>24,027,125</u>	<u>19,395,770</u>	<u>23,650,331</u>	<u>24,840,229</u>
4,710	2,276,108	4,267,078	1,705,538
1,099,939	152,576	1,900,423	2,653,047
<u>\$ 1,104,649</u>	<u>\$ 2,428,684</u>	<u>\$ 6,167,501</u>	<u>\$ 4,358,585</u>

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

	Fiscal Year			
	2007	2008	2009	2010
General fund:				
Reserved	\$ 677,599	\$ 182,500	\$ 211,000	\$ 30,300
Unreserved	24,854,264	33,262,310	36,254,127	29,988,551
Total general fund	<u>\$ 25,531,863</u>	<u>\$ 33,444,810</u>	<u>\$ 36,465,127</u>	<u>\$ 30,018,851</u>
All other governmental funds:				
Reserved	\$ 1,738,667	\$ 2,126,571	\$ 1,888,229	\$ 1,880,130
Unreserved, reported in:				
Low and moderate housing	1,832,513	1,538,662	1,699,688	1,268,309
Special revenue funds	1,930,642	2,087,018	2,397,828	2,264,014
Debt service funds	1,456,799	1,363,543	2,108,727	1,922,685
Capital project funds	<u>3,505,313</u>	<u>2,569,235</u>	<u>4,202,108</u>	<u>4,126,432</u>
Total all other governmental funds	<u>\$ 10,463,934</u>	<u>\$ 9,685,029</u>	<u>\$ 12,296,580</u>	<u>\$ 11,461,570</u>

General Fund:
 Nonspendable
 Restricted
 Assigned
 Unassigned
Total general fund

All Other government funds:
 Nonspendable
 Restricted
 Assigned
 Unassigned
Total all Other government funds:

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

Source: Finance Department, City of Seal Beach

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 30,300			
29,988,551			
<u>\$ 30,018,851</u>			
\$ 1,880,130			
1,268,309			
2,264,014			
1,922,685			
<u>4,126,432</u>			
<u>\$ 11,461,570</u>			
\$ 100	\$ -	\$ -	\$ 1,549,735
-	-	-	-
9,371,679	9,106,458	8,301,699	8,227,258
16,952,806	19,263,118	21,149,350	22,314,838
<u>\$ 26,324,585</u>	<u>\$ 28,369,576</u>	<u>\$ 29,451,049</u>	<u>\$ 32,091,831</u>
\$ 1,957,603	\$ -	\$ -	\$ -
5,179,337	2,662,285	3,271,671	4,426,990
2,825,953	87,375	89,004	71,993
(134,079)	(470,485)	(56,810)	(368,629)
<u>\$ 9,828,814</u>	<u>\$ 2,279,175</u>	<u>\$ 3,303,865</u>	<u>\$ 4,130,354</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues:				
Taxes	\$ 22,637,028	\$24,051,063	\$ 23,399,203	\$ 22,689,660
Licenses and permits	1,766,907	1,903,316	1,527,024	1,586,337
Intergovernmental	2,567,415	1,417,738	1,572,675	1,644,511
Charges for services	3,801,832	3,821,352	4,183,018	4,150,239
Use of money and property	1,779,370	1,594,900	893,879	626,019
Fines and forfeitures	1,113,813	1,005,130	944,950	1,029,510
Contributions from other governments	-	-	-	-
Miscellaneous	148,851	364,746	76,510	337,986
Total revenues	33,815,216	34,158,245	32,597,259	32,064,262
Expenditures				
Current:				
General government	5,034,026	5,968,260	5,611,104	6,280,260
Public safety	12,064,298	24,267,574	12,485,796	13,377,245
Community development	1,980,898	2,272,462	1,949,425	3,346,961
Community services	810,916	958,757	908,708	1,036,376
Public works	2,315,399	2,214,002	3,557,704	2,817,379
Capital outlay	8,198,781	5,192,028	4,725,348	9,438,315
Debt service:				
Principal retirement	622,965	570,036	1,418,230	1,942,476
Interest and fiscal charges	450,702	421,528	1,048,026	903,286
Bond issuance costs	-	91,510	1,316	-
Total expenditures	31,477,985	41,956,157	31,705,657	39,142,298
Excess (deficiency) of revenues over (under) expenditures	2,337,231	(7,797,912)	891,602	(7,078,036)
Other financing sources (uses):				
Transfers in	10,484,425	7,029,205	11,180,500	12,577,549
Transfers out	(10,484,425)	(7,029,205)	(13,180,500)	(12,780,799)
Debt issuance	-	-	6,300,000	-
Proceeds on sale of assets	-	-	-	-
Proceeds of Debt	-	10,945,000	-	-
Total other financing sources (uses)	-	10,945,000	4,300,000	(203,250)
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-
Net change in fund balances	\$ 2,337,231	\$ 3,147,088	\$ 5,191,602	\$ (7,281,286)
Debt service as a percentage of noncapital expenditures	4.8%	2.9%	9.2%	9.6%

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

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

Source: Finance Department, City of Seal Beach

	2011	2012	2013	2014
	\$ 23,624,925	\$ 24,165,883	\$23,831,431	\$23,476,034
	1,179,759	926,761	1,247,750	1,369,275
	949,294	5,058,175	3,002,321	869,294
	3,769,165	4,044,566	4,117,034	3,895,371
	735,082	714,342	372,693	674,875
	983,702	1,085,291	1,063,172	1,013,695
	-	-	10,209	341,698
	312,316	234,597	301,771	579,125
	<u>31,554,243</u>	<u>36,229,615</u>	<u>33,946,381</u>	<u>32,219,367</u>
	7,211,870	5,169,799	5,062,467	4,493,594
	13,297,057	13,948,663	14,460,833	15,439,757
	1,649,921	1,353,068	1,420,065	1,298,071
	965,222	880,983	1,182,716	1,048,427
	4,059,001	4,047,013	4,156,616	4,871,887
	6,622,692	5,530,575	3,316,684	2,094,120
	2,066,373	2,195,014	1,734,446	1,265,135
	1,027,743	790,581	562,184	492,935
	-	-	-	-
	<u>36,899,879</u>	<u>33,915,696</u>	<u>31,896,011</u>	<u>31,003,926</u>
	(5,345,636)	2,313,919	2,050,370	1,215,441
	9,370,333	8,209,025	5,825,432	4,363,955
	(9,370,333)	(8,209,025)	(6,135,432)	(4,295,455)
	-	-	-	1,546,931
	18,614	-	-	-
	-	-	-	-
	<u>18,614</u>	<u>-</u>	<u>(310,000)</u>	<u>1,615,431</u>
	-	(7,818,567)	-	-
	<u>\$ (5,327,022)</u>	<u>\$ (5,504,648)</u>	<u>\$ 1,740,370</u>	<u>\$ 2,830,872</u>
#	10.2%	10.5%	8.0%	6.1%

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

Fiscal Year Ended June 30	City		Taxable Assessed Value
	Secured	Unsecured	
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
2010	4,067,713,475	173,507,894	4,241,221,369
2011	4,114,053,573	167,978,268	4,282,031,841
2012	4,219,133,372	215,211,254	4,434,344,626
2013	4,304,310,243	176,246,398	4,480,556,641
2014	4,408,299,607	172,172,784	4,580,472,391

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

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

NOTE:

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

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

Redevelopment Agency

Secured	Unsecured	Taxable Assessed Value	Total Direct Tax Rate
\$ 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%
434,606,835	9,702,557	444,309,392	1.00%
408,349,567	10,330,287	418,679,854	1.00%
410,499,845	6,813,130	417,312,975	1.00%
424,660,008	7,294,003	431,954,011	1.00%
453,448,325	8,270,821	461,719,146	1.00%

CITY OF SEAL BEACH
Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
City Direct Rates:				
City Direct Rate	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:				
Orange County Bonds	0.02754	0.01545	0.01599	0.01501
Metropolitan Water District	0.00580	0.00520	0.00470	0.00450
Other Districts	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Direct Rate	<u><u>1.03334</u></u>	<u><u>1.02065</u></u>	<u><u>1.02069</u></u>	<u><u>1.01951</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

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.01472	0.01673	0.01750	0.01754	0.01881	0.03015
0.00430	0.00430	0.03347	0.00370	0.00350	0.00350
<u>0.00000</u>	<u>0.01995</u>	<u>0.00370</u>	<u>0.03603</u>	<u>0.04124</u>	<u>0.04830</u>
<u>1.01902</u>	<u>1.04098</u>	<u>1.05467</u>	<u>1.05727</u>	<u>1.06355</u>	<u>1.08195</u>

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

Taxpayer	2014		2005	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Seal Beach Mutual	\$ 660,240,339	14.40%	\$ 504,049,043	14.87%
OXY Long Beach Inc	165,219,856	3.60%		
Rossmoor Shops LLC	103,908,432	2.27%		
Boeing North American	115,679,380	2.52%	225,399,776	6.65%
Bixbybit - Bixby Office Park LLC	67,626,000	1.48%	52,818,641	1.56%
ASN Long Beach LLC	78,285,305	1.71%		
DCOR, LLC	47,181,855	1.03%		
A1 United States Seal Beach Senior Housing	47,814,406	1.04%		
Ranch Town Center LLC	43,196,434	0.94%		
Hellman Properties	32,875,595	0.72%	13,778,615	0.41%
Century National Properties			38,101,011	1.12%
Levine Investment LLP			39,218,790	1.16%
Bixby Ranch Company			27,265,314	0.80%
Target Corporation			18,277,607	0.54%
WL Homes LLC			17,663,670	0.52%
	<u>\$ 1,362,027,602</u>	<u>29.71%</u>	<u>\$ 936,572,467</u>	<u>27.63%</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
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%	107,589	8,392,709	97.96%
2010	8,362,560	7,314,382	87.47%	257,026	7,571,408	90.54%
2011	8,385,415	8,190,860	97.68%	178,283	8,369,142	99.81%
2012	8,608,773	8,404,621	97.63%	125,019	8,529,640	99.08%
2013	8,814,252	8,629,271	97.90%	118,645	8,747,916	99.25%
2014	9,407,263	9,240,201	98.22%	103,007	9,343,208	99.32%

NOTE:

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

Source: Orange County Tax Ledger

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

Government-wide Activities

Fiscal Year Ended June 30	Capital Lease	Countrywide Financing Authority Lease	Tax Allocation Bonds	Pension Obligation Bonds	Fire Station Bonds	Climatec	Advance to RDA	Total Governmental Activities
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	534,444	335,000	6,410,000	10,219,000	6,195,000	-	-	23,693,444
2010	433,968	230,000	6,005,000	9,307,000	5,775,000	-	-	21,750,968
2011	323,595	120,000	5,575,000	8,311,000	5,355,000	-	1,200,000	20,884,595
2012	202,581	-	-	7,227,000	4,935,000	-	1,200,000	13,564,581
2013	70,135	-	-	6,045,000	4,515,000	-	1,200,000	11,830,135
2014	-	-	-	5,270,000	4,095,000	1,562,400	1,200,000	12,127,400

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

Notes:

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

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

*Data not readily available.

Source: Finance Department, City of Seal Beach

Business-type Activities

Economic Development Administration Loan		Capital Equipment Lease	Sewer Certificates of Participation	Sewer 2011 Installment Agreement	Sewer State Revolving Agreement	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
\$	151,773	\$ 9,492	\$ 3,815,000	\$ -	\$ -	\$ 3,976,265	\$ 13,035,940	*	513
	142,317	-	3,730,000	-	-	3,872,317	12,309,027	*	478
	132,388	-	3,645,000	-	-	3,777,388	22,589,062	*	874
	121,962	-	3,555,000	-	-	3,676,962	27,370,406	*	1,058
	111,016	-	3,460,000	-	-	3,571,016	25,321,984	*	974
	99,521	-	-	3,200,000	-	3,299,521	24,184,116	*	930
	87,453	-	-	3,085,000	-	3,172,453	16,737,034	*	687
	74,780	-	-	2,965,000	4,645,401	7,685,181	19,515,316	*	750
	-	-	-	2,835,000	4,068,778	6,903,778	19,031,178	*	732

CITY OF SEAL BEACH

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds	Private Placement Bonds	Total Bonds	Percent of Assessed Value ¹	Per Capita
2005	\$ 7,525,000	\$ -	\$ 7,525,000	0.19%	\$ 296
2006	7,170,000	-	7,170,000	0.17%	282
2007	7,170,000	-	7,170,000	0.15%	278
2008	6,800,000	-	6,800,000	0.15%	263
2009	6,410,000	16,414,000	22,824,000	0.49%	882
2010	6,005,000	15,082,000	21,087,000	0.43%	811
2011	5,575,000	13,666,000	19,241,000	0.39%	790
2012	-	12,162,000	12,162,000	0.24%	497
2013	-	10,560,000	10,560,000	0.21%	406
2014	-	9,365,000	9,365,000	0.19%	360

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.

NOTE:

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

Source: Finance Department, City of Seal Beach

CITY OF SEAL BEACH
Schedule of Direct and Overlapping Debt
June 30, 2014

2013-14 Assessed Valuation: \$4,580,472,391

		Total Debt 6/30/2014	City's Share of Debt 6/30/14
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.210%	\$132,275,000	\$277,778
Coast Community College District	3.097	632,413,698	19,585,852
North Orange Jt. Community College District	1.258	201,239,001	2,533,599
Garden Grove Unified School District	0.0001	244,995,160	245
Los Alamitos Unified School District School Facilities Imp District No.1	51.601	100,990,124	52,111,914
Huntington Beach Union High School District	0.00004	206,874,998	83
City of Seal Beach Community Facilities District No. 2002-1	100	3,520,000	3,520,000
City of Seal Beach Community Facilities District No. 2005-1	100	8,520,000	8,520,000
City of Seal Beach 1915 Act Bonds	100	245,000	245,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			86,794,471
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.035	145,476,000	1,505,677
Orange County Pension Obligations	1.035	32,195,288	333,221
Orange County Board of Education Certificates of Participation	1.035	15,500,000	160,425
Municipal Water District of Orange County Water Facilities Corporation	1.24	7,775,000	96,410
North Orange County Regional Occupation Program Certificates of Participation	4.635	10,690,000	495,482
Los Alamitos Unified School District Certificates of Participation	55.945	45,014,923	25,183,599
Other School District General Fund Obligations	0.0004-0.0001	75,641,090	40
City of Seal Beach Fire Station Lease Revenue Bonds	100	4,095,000	4,095,000
City of Seal Beach Lease Agreement	100	1,546,931	1,546,931
City of Seal Beach Taxable Pension Obligations	100	6,045,000	5,270,000
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			38,686,785
Less: MWDOC Water Facilities Corporation (100% self-supporting)			96,410
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			38,590,375
TOTAL DIRECT DEBT			10,911,931
TOTAL GROSS OVERLAPPING DEBT			118,729,325
SUBTOTAL OVERLAPPING DEBT			118,632,915
GROSS COMBINED TOTAL DEBT			\$129,641,256 ⁽²⁾
GRAND TOTAL OF DIRECT AND OVERLAPPING DEBT			\$129,544,846

(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 Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.89%
Total Direct Debt (\$10,911,931)	0.24%
Gross Combined Total Debt	2.83%
Net Combined Total Debt	2.83%

Ratios to Redevelopment Incremental Valuation (\$428,718,577):

Total Overlapping Tax Increment Debt	0.97%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

CITY OF SEAL BEACH

Legal Debt Margin Information
Last Nine Years

	Fiscal Year			
	2006	2007	2008	2009
Debit limit	\$ 522,625,536	\$ 602,157,350	\$ 644,778,459	\$ 703,441,459
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 522,625,536</u>	<u>\$ 602,157,350</u>	<u>\$ 644,778,459</u>	<u>\$ 703,441,459</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 2013

Assessed Valuation	\$ 5,042,191,537
Debt percentage ¹	<u>15%</u>
Debt limit	756,328,731
Debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 756,328,731</u>

The City has elected to show only nine 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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 702,829,614	\$ 705,106,754	\$ 760,030,328	\$ 736,876,598	\$ 756,328,731
-	-	-	-	-
<u>\$ 702,829,614</u>	<u>\$ 705,106,754</u>	<u>\$ 760,030,328</u>	<u>\$ 736,876,598</u>	<u>\$ 756,328,731</u>
0.0%	0.0%	0.0%	0.0%	0.0%

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

2000 Tax Allocation Refunding Bonds				
Fiscal Year Ended June 30	Tax Increment	Debt Service		Coverage
		Principal	Interest	
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
2010	1,768,919	405,000	318,054	2.45
2011	1,784,964	430,000	296,183	2.46
2012	1,034,695	450,000	396,408	1.22
2013	1,790,960	470,000	330,684	2.24
2014	1,222,425	495,000	229,406	1.69

The City has elected to show only ten 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: Finance Department, City of Seal Beach

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

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2003	25,093	\$ 920,672	\$ 36,690	3.5%
2004	25,117	982,880	39,132	3.1%
2005	25,387	1,053,223	41,487	2.7%
2006	25,388	1,142,089	44,985	2.5%
2007	25,752	1,218,343	47,311	2.8%
2008	25,851	1,236,921	47,848	3.8%
2009	25,881	1,194,776	46,164	6.6%
2010	26,010	1,045,654	40,202	7.1%
2011	24,354	1,035,313	42,511	6.4%
2012	24,487	1,065,674	43,520	4.1%

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

Sources: HDL Coren & Cone

CITY OF SEAL BEACH

Principal Employers

Current Year

Employer	2010		2001**	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Boeing Co.	2,505	24.92%		
US Healthcare Services	500	4.97%		
Accurate Metal Fabricators	300	2.98%		
MAG TEK	250	2.49%		
Target	200	1.99%		
Country Villa	185	1.84%		
First Team Real Estate	175	1.74%		
KOHL's Department Store	135	1.34%		
Old Ranch Country Club	130	1.29%		
Olson Company	120	1.19%		
Custom Building Products	101	1.00%		
McGaugh Elementary School	100	0.99%		
Romano's Macaroni Grill	100	0.99%		
Marie Calender's	90	0.90%		
Walt's Wharf Restaurant	90	0.90%		
Total	<u>4,981</u>	<u>49.53%</u>		

Based upon HDL Coren & Cone estimate of 10,053 residents employed

**Information not available

Source: HDL Coren & Cone

CITY OF SEAL BEACH

Full-time and Part-time City Employees
by Function

Last Six Fiscal Years

Function	Full-Time and Part-Time Employees as of June 30,					
	2009	2010	2011	2012	2013	2014
General government	13.12	14.52	14.52	13.83	10.97	10.56
Public safety	59.07	65.88	65.88	64.77	63.91	76.78
Public works	14.76	15.40	15.40	8.36	11.49	11.03
Community development	13.70	10.18	10.18	8.80	10.60	12.01
Water	13.00	12.55	12.68	12.48	12.29	12.60
Sewer	3.95	3.42	3.75	3.95	3.95	5.28
Total	<u>117.60</u>	<u>121.95</u>	<u>122.41</u>	<u>112.19</u>	<u>113.21</u>	<u>128.26</u>

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

Source: Finance Department, City of Seal Beach

CITY OF SEAL BEACH

Operating Indicators
by Function

Last Six Fiscal Years

	2009	2010	2011	2012	2013	2014
Police:						
Arrests	851	1,151	834	705	819	758
Parking citations issued	18,464	18,824	17,377	18,528	18,451	18,931
Public works:						
Street centerline miles resurfaced	-	4	3	2	2	1
Number of public right of way permits issued	208	420	141	127	96	140
Number of street related service requests	282	25	124	121	134	35
Parks and recreation:						
Number of recreation classes	423	799	457	456	2,156	678
Number of facility rentals	342	402	308	562	3,182	1,763
Water:						
Number of water meters replaced	172	148	158	112	128	85
Acre feet of water used	3,900	3,680	3,498	3,534	3,818	3,878
Sewer:						
Number of feet of sewer cleaned	158,400	239,209	184,047	203,584	245,986	253,099
Number of catch basins cleaned	400	388	350	417	417	401

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

Source: City of Seal Beach

CITY OF SEAL BEACH

Capital Asset Statistics
by Function

Last Six Fiscal Years

	2009	2010	2011	2012	2013	2014
Police:						
Stations	2	2	2	2	2	2
Patrol units	35	36	36	34	34	34
Public works:						
Streets (center line miles)	43	43	43	43	43	43
Sidewalk (miles)	86	86	86	86	86	86
Signalized intersections	23	23	23	23	23	23
Parks and recreation:						
Parks	10	10	10	10	10	10
Community centers	3	3	3	3	3	3
Water:						
Water pipe (miles)	72	72	72	72	72	72
Reservoirs	2	2	2	2	2	2
Sewer						
Sanitary sewers (miles)	37	37	37	37	37	37
Storm sewers (miles)	4	4	4	4	4	4
Sewer lift/pump stations	7	7	7	7	7	7

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Source: City of Seal Beach

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