A photograph of a pier at sunset. The sky is a warm, golden-orange color. In the center, a tall, dark, cylindrical tower structure stands on the pier. The sun is low on the horizon, creating a bright glow behind the tower. Silhouettes of people are visible on the pier, and several streetlights are also visible. The water in the foreground is dark with some reflections.

# **CITY OF SEAL BEACH CALIFORNIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2012**

# City of Seal Beach

## Comprehensive Annual Financial Report For the Year Ended June 30, 2012



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

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CITY OF SEAL BEACH  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR FISCAL YEAR ENDED JUNE 30, 2012

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December 20, 2012

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

It is a pleasure to submit for your information the Comprehensive Annual Financial Report (CAFR) of the City of Seal Beach (City) for the fiscal year ended June 30, 2012. 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 General 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 unqualified opinion that the City of Seal Beach's financial statements for the year ended June 30, 2012, are fairly presented in conformity with generally accepted accounting principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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. The Agency has issued its own separate financial statement.

### **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 Seal 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, 2012, 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 and visitors and protect all essential municipal service that contribute to the high quality of life within the City.

In FY 2011/12 the tax revenue continued improved more than expected. Property Tax revenues increased 5% and Sales Tax increased 19% compared with the projected revenues at the beginning of the FY 2012.

For the upcoming fiscal year, sales tax and property tax revenues are projected to increase approximately \$330,000 primarily due to the continued improvement in retail sales throughout the City and improving property values.

The Southern California region, as well as the entire country, is showing some 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 Candleberry Storm Drain Project (from Lampson Avenue to Aster Street), and the Electric Avenue Storm Drain Project (from Seal Beach Boulevard to 14<sup>th</sup> Street). The City is currently beginning the construction of the Marina Ave Storm Drain Project and completed studying drainage improvements on Ironwood Avenue.

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 of 2012, including the completion of Electric Avenue Storm Drain System, Gum Grove Park Slope Repair, Seal Beach Boulevard Median Construction, College Park East Sewer Upgrades and Ocean Avenue Alley Water and Sewer Upgrades. 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.

## **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 adopted annual budget and appropriated the fund to provide the services and operation 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, 2011. This was the thirteenth 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, Soil & Lunghard, LLP for their professional assistance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Victoria L. Beatley". The signature is written in black ink and includes a long, sweeping horizontal line that extends to the right across the top of the signature.

Victoria L. Beatley  
Director of Finance/City Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Seal Beach  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



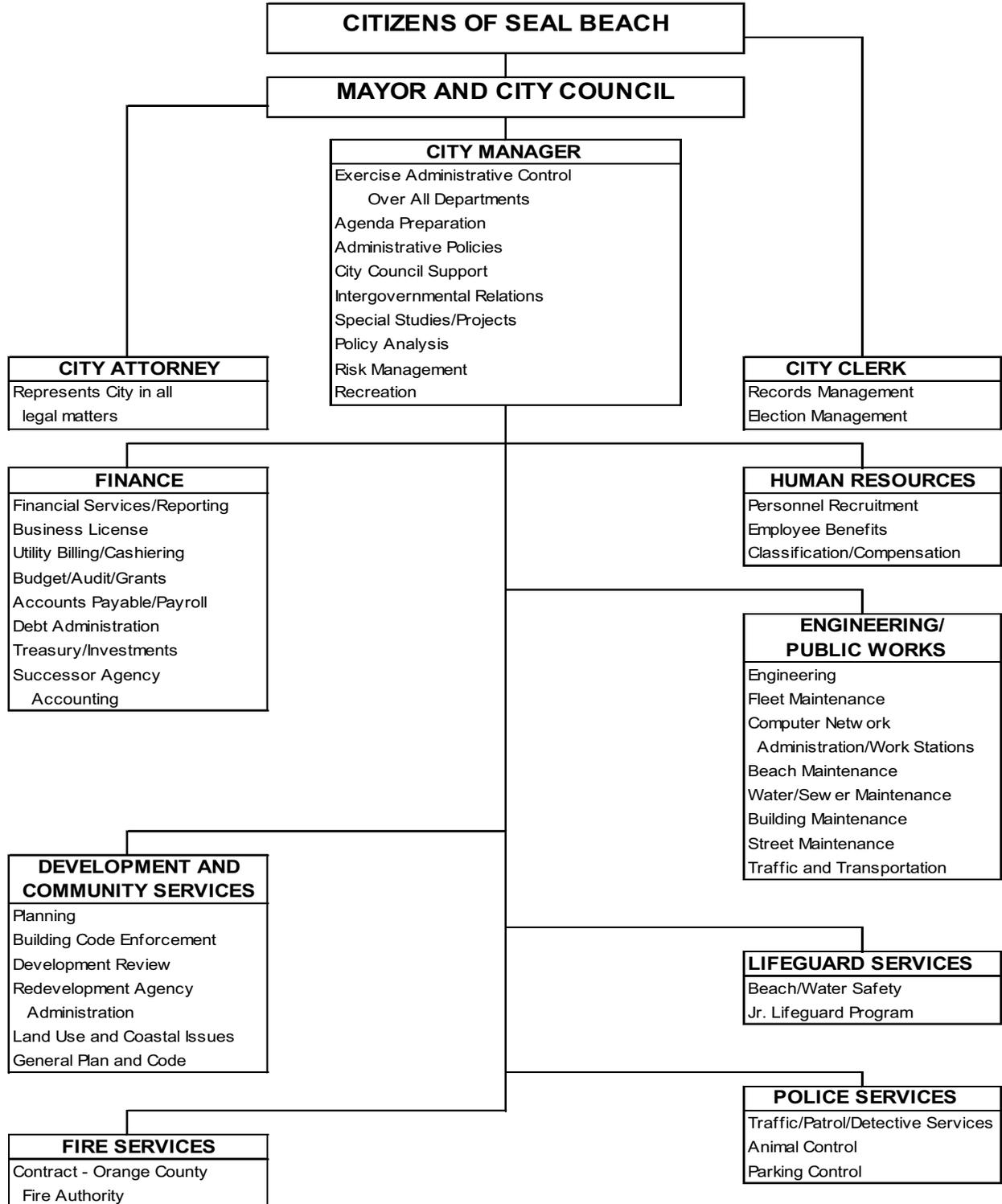
*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

# City of Seal Beach Organizational Chart



# **CITY OF SEAL BEACH CALIFORNIA**

## **Principal Officers**

### **City Council**

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

### **Executive Officers**

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

### **Administrative Personnel**

Sean Crumby, Assistant City Manager/Director of Public Works  
Shally Lin, Interim Director of Finance  
Keith Kilmer, Interim Chief of Police  
Greg Hastings, Interim Community Development Director  
Joe Bailey, Marine Safety Chief  
Linda Devine, City Clerk



CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP  
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seal Beach, California (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City's June 30, 2011 financial statements and, in our report dated October 31, 2011, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Citywide Grants Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 15 – "Successor Agency Trust for Assets of the Former Redevelopment Agency". The note provides information on the dissolution of the Redevelopment Agency and the new formed Successor Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial



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

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. 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.

*Lance, Soll & Lunghard, LLP*

Brea, California  
December 18, 2012

## 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, 2012. 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 \$146,469,653 for the fiscal year ended June 30, 2012, representing an increase of 1.7% in net assets from the prior fiscal year. Of this amount, an increase of \$5,856,127 was due to the increase in capital assets during the fiscal year. In addition, \$40,984,870 (unrestricted net assets) of the total net assets may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. This amount includes City Council designations of fund balance.
- The City's change in net assets was \$1,324,035 more than last fiscal year. The major reason for the increase in the change in net assets is attributable to an increase in sales tax revenue of \$769,678, and utility users tax of \$173,590. In addition, general government expenses decreased by \$1,657,405 for the fiscal year ended June 30, 2012.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,648,751, representing a decrease of 15% from the prior fiscal year. This resulted in an undesignated fund balance of \$18,792,633, or 61% of the total fund balance, after recording all restricted and assigned.
- At the end of the current fiscal year, unreserved fund balance in the General Fund was \$19,263,118 or 70.4% of total general fund expenditures and transfers out.
- Revenues associated with the City's business-type activities were \$1,352,576 more than the \$5,567,824 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 2010-11 and for the next three years. This is expected to bring the gap between revenues and expenditures much closer in the future.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change

occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

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

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

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

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
 JUNE 30, 2012

**Net Assets** – Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets were \$146.5 million and \$144.0 million for the years ended June 30, 2012 and June 30, 2011, respectively, as shown in Table 1.

Table 1  
 Net Assets  
 (in Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2011	2012	2011	2012	2011	2012
Current and other assets	\$ 49,360	\$ 43,187	\$ 14,814	\$ 13,325	\$ 64,174	\$ 56,512
Capital assets	74,152	75,939	32,536	36,605	106,688	\$ 112,544
Total assets	<u>123,512</u>	<u>119,126</u>	<u>47,350</u>	<u>49,930</u>	<u>170,862</u>	<u>169,056</u>
Long-term liabilities outstanding	20,775	13,447	3,202	4,781	23,977	18,228
Other liabilities	<u>1,881</u>	<u>2,549</u>	<u>962</u>	<u>1,810</u>	<u>2,843</u>	<u>4,359</u>
Total liabilities	<u>22,656</u>	<u>15,996</u>	<u>4,164</u>	<u>6,591</u>	<u>26,820</u>	<u>22,587</u>
Net assets						
Invested in capital assets, net of debt	68,118	70,802	29,553	32,021	97,671	102,823
Restricted	5,179	2,662	-	-	5,179	2,662
Unrestricted	<u>27,557</u>	<u>29,666</u>	<u>13,634</u>	<u>11,318</u>	<u>41,191</u>	<u>40,984</u>
Total net assets	<u>\$ 100,854</u>	<u>\$ 103,130</u>	<u>\$ 43,187</u>	<u>\$ 43,339</u>	<u>\$ 144,041</u>	<u>\$ 146,469</u>

Investment in capital assets represents assets such as land, buildings, infrastructure, and equipment less any related outstanding debt used to acquire those assets. Investment in capital assets represents \$102.8 million, or 70%, of the total \$ 146.5 million net assets - an increase of 1.7% from the prior fiscal year. The City's capital assets do not represent a financial resource and consequently are not available for future spending.

Unrestricted assets represent the second largest portion of the City's net assets. The City is required by Council Policy to maintain 20% to 25% of operating expenditures to maintain the City's credit worthiness and to meet cash flow requirements. As of June 30, 2012, unrestricted net assets increased less than 0.2% to \$41.0 million from \$41.2 million in the prior fiscal year. Restricted net assets represent resources that are legally restricted to specific uses. These restrictions are generally enforced by external agencies.

As of June 30, 2012, the City reported positive balances in all three categories of net assets 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 Administrative Services. These departments provide general governance, executive management, records management, risk management, finance, accounting, and information technology services. An outside firm appointed by the City Council provides legal services.

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

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

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.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
 JUNE 30, 2012

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

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

The following table provides a summary of the City's operations for the years ended June 30, 2012 and 2011.

	Governmental Activities		Business-Type Activities		Total Activities	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 5,933	\$ 6,060	\$ 6,404	\$ 6,820	\$ 12,337	\$ 12,880
Operating grants and capital contributions	1,776	5,891	-	-	1,776	5,891
Capital grants and contributions	24	44	-	-	24	44
General Revenues:						
Taxes						
Property taxes	10,794	10,338	-	-	10,794	10,338
Sales tax	4,160	4,930	-	-	4,160	4,930
Transient occupancy taxes	1,221	970	-	-	1,221	970
Other taxes	6,689	6,843	-	-	6,689	6,843
Use of money and property	735	714	109	97	844	811
Other	312	231	5	4	317	235
Extraordinary gain/(loss) on dissolution of Redevelopment Agency	-	(3,531)	-	(1,200)	-	(4,731)
Total revenues	<u>31,644</u>	<u>32,490</u>	<u>6,518</u>	<u>5,721</u>	<u>38,162</u>	<u>38,211</u>
Expenses:						
General government	8,135	6,478	-	-	8,135	6,478
Public safety	13,493	14,153	-	-	13,493	14,153
Community development	1,654	1,372	-	-	1,654	1,372
Parks and recreation	1,041	941	-	-	1,041	941
Public works	6,304	6,577	-	-	6,304	6,577
Interest on long-term debt	1,013	693	-	-	1,013	693
Water	-	-	4,006	4,166	4,006	4,166
Sewer	-	-	1,412	1,403	1,412	1,403
Total expenses	<u>31,640</u>	<u>30,214</u>	<u>5,418</u>	<u>5,569</u>	<u>37,058</u>	<u>35,783</u>
Excess/(deficiency) before special item	4	2,276	1,100	152	1,104	2,428
Changes in net assets	4	2,276	1,100	152	1,104	2,428
Net assets at beginning of year	<u>100,850</u>	<u>100,854</u>	<u>42,087</u>	<u>43,187</u>	<u>142,937</u>	<u>144,041</u>
Net assets at end of year	<u>\$ 100,854</u>	<u>\$ 103,130</u>	<u>\$ 43,187</u>	<u>\$ 43,339</u>	<u>\$ 144,041</u>	<u>\$ 146,469</u>

**Analysis of the City's Operations** – The City's Net Assets increased \$2.4 million during Fiscal Year 2011/2012 or 1.7%, over prior year results.

*Governmental Activities* experienced an increase of \$2.3 million in net assets as of June 30, 2012 compared to a small increase of \$5 thousand at June 30, 2011. The primary reason for the increase in net assets is attributable to an increase in sales tax revenue of \$770 thousand and property tax of \$402 thousand.

The cost of all governmental activities during the current fiscal year was \$ 30.2 million compared to \$31.6 million in fiscal year 2010/2011. As shown on the statement of activities, those who directly benefited from the programs paid \$6.1 million of the cost, and \$5.9 million was financed by contributions and grants received from other governmental organizations. The remainder of the costs of operations, \$18.2 million was subsidized through general City taxes. The largest operating cost was comprised of Public Safety, representing 47% of total governmental expenditures compared to 43% of total governmental expenditures in fiscal year 2010/11.

*Business-type Activities'* net assets increased \$152 thousand primarily due to increases in water and sewer rates.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of June 30, 2012 the City's governmental funds reported combined ending fund balances of \$30.6 million. Approximately \$18.8 million, or 61%, 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 and advances to other funds.

The General Fund ended the fiscal year with a fund balance of \$28.4 million, representing a net increase of \$2 million in fund balance compared to the \$3.9 million decrease experienced during the prior fiscal year. The primary reason for the increase in fund balance was almost entirely due to property and sales tax.

**Proprietary funds** – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets totaled \$8.1 million and \$3.2 million for the Water and Sewer funds, respectively. The Water Fund increased by \$286 thousand in net assets due to the increase in water rates. The increase of \$1.1 million in Sewer Fund net assets resulted from the increase in sewer operating fees and the capital sewer fees charged to customers to rehabilitate and maintain the sewer infrastructure and satisfy future debt service commitments. Sewer operating fees represent 22% of customer water charges for both usage and capital costs.

**General Fund Budgetary Highlights** – The difference between the original and final amended budgeted revenues was a \$1 million increase. The primary reason for the increase in the original and final budgeted numbers is mainly due to increases in property tax and sales tax.

The difference between the original and final amended budget in General Fund expenditures was an increase of \$108 thousand. This difference is due to a variety of budget amendments approved by the City Council during the fiscal year including the Director of Finance recruitment, zoning, DWP negotiation, various capital project (Fire Station 48 Canopy, Seal Beach Blvd Median and Pavement, and Energy Efficiency), tree trimming and increases in attorney costs due to litigation.

General Fund revenues came in higher than projected in the final budget by approximately \$1.6 million. Actual revenues came in higher the budgeted revenues were almost entirely due to property tax and sales tax and charges for services coming in higher than budgeted.

General Fund actual expenditures were \$2.7 million less than appropriations. This difference is entirely due to budgeted capital projects that were not either started or completed during the fiscal year. These appropriations will be carried forward to the 2012-13 fiscal year.

**CAPITAL ASSETS**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$112.5 million compared to \$106.7 million (net of accumulated depreciation) for FY 2010/11. This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress. Total capital assets for governmental activities for the current fiscal year increased 2% and the City's investment in capital assets for business-type activities for the current fiscal year increased 13%.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land	\$ 11,444	\$ 11,017	\$ 24	\$ -	\$ 11,468	\$ 11,017
Buildings and Improvements	4,703	10,036	4	4	4,707	10,040
Machinery and Equipment	634	502	737	709	1,371	1,211
Vehicles	637	586	91	67	728	653
Infrastructure	46,488	53,359	27,349	31,158	73,837	84,517
Construction-in-progress	10,246	439	4,331	4,667	14,577	5,106
Totals	<u>\$ 74,152</u>	<u>\$ 75,939</u>	<u>\$ 32,536</u>	<u>\$ 36,605</u>	<u>\$ 106,688</u>	<u>\$ 112,544</u>

During fiscal year 2011/12, major capital projects formally completed include:

- Electric Avenue Storm Drain Improvements: This project constructed storm drain improvements within Electric Avenue between Seal Beach Boulevard and 14<sup>th</sup> Street. The improvements were identified within the Master Plan of Drainage (adopted in 2008). This project constructed the first phase of Storm Drain Improvements on Electric Avenue. Additional phases are identified within the Master Plan of Drainage. The improvements were located within Electric Avenue between Seal Beach Boulevard and 14<sup>th</sup> Street. The final construction cost was \$1,928,000.
- Lampson Ave Phase II Well site: This project is the second phase of constructing a brand new water well site. The water well site pumps water from the ground and delivers potable water to the City. This project constructed the building, pumps and all mechanical equipment to deliver the water for a final construction of \$2,681,506.
- Annual Concrete Program: This project repairs, replaces and rehabilitates concrete driveway, sidewalks and curb and gutters throughout the City for \$125,595.
- Fire Station 48 Canopy: This project constructed a new canopy to cover the fueling station at Fire Station 48 for \$65,359.
- Gum Grove Slope Repair: This project repaired a failed slope due to the 2010 rains at Gum Grove Park for \$77,162.
- Seal Beach Blvd Median and Pavement Project: This project constructed new raised landscape medians on Seal Beach Blvd from Bolsa to PCH. The project also repaved the street for a total combined cost of \$704,284.
- Energy Efficiency Project: The City successfully was awarded a State grant to evaluate the City's current lighting and HVAC units in City Hall and Police Department and replaced with energy conservative units and fixtures for \$127,975.
- College Park Sewer Improvements: The City adopted the 2005 Sewer Master Plan Update and it identified several deficient lines in College Park East. Per the 2005 adopted Master Plan, this project completely replaced and upsized several sewer lines in College Park East for \$3,061,000.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
 JUNE 30, 2012

- Ocean Avenue Water and Sewer Alley Project: The City adopted the 2005 Sewer Master Plan Update and the 2012 Water Master Plan and it identified several deficient water and sewer lines in the Ocean Avenue alleys. Per the 2005 adopted Master Plan and the 2012 Water Master Plan, this project completely replaced and upsized the water and sewer lines for \$1,163,654.

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

**DEBT ADMINISTRATION**

As of June 30, 2012, the City had bonded debt, notes payable, compensated absences, and capital leases totaling \$18.4 million compared to \$24.2 million at the end of fiscal year 2010/11. The City's governmental activities maintained \$13.4 million in bonds, capital leases, compensated absences, and claims payable versus \$20.8 million last year, representing a decrease of approximately \$7.3 million from the previous fiscal year. This decrease reflects interest and principal payments made during fiscal year 2010/11 and the dissolution of the Redevelopment Agency.

The City's business-type activities debt increased \$1.6 million from \$3.2 million to \$4.8 million. Debt in the business-type activities consists of Sewer Certificates of Participation Payable to provide funds for improvements to the City's sewer system, and a Water Economic Development Administration Loan for drought relief. The decrease in outstanding debt was attributable to payments of interest and principal made during the fiscal year.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Compensated absences	\$ 745	\$ 740	\$ 120	\$ 110	\$ 865	\$ 850
Promissory note	-	-	99	87	99	87
Capital leases	324	203	-	-	324	203
Revenue bonds	120	-	-	-	120	-
Tax Allocation bonds	5,575	-	-	-	5,575	-
Pension Obligation Bonds	8,311	7,227	-	-	8,311	7,227
Lease Revenue Bonds	5,355	4,935	-	-	5,355	4,935
Certificates of participations	-	-	3,200	3,085	3,200	3,085
Sewer Capital Improv. Proj.	-	-	-	1,704	-	1,704
Self-insured claims payable	345	342	-	-	345	342
<b>Total</b>	<b>\$ 20,775</b>	<b>\$ 13,447</b>	<b>\$ 3,419</b>	<b>\$ 4,986</b>	<b>\$ 24,194</b>	<b>\$ 18,433</b>

Additional information on the City's long-term debt can be found in notes 6-12 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 stay the course and maintain the present package of core services for our residents, businesses and visitors and protect all essential municipal service that contribute to the high quality of life within the City.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)  
JUNE 30, 2012

In FY 2011/12 the tax revenue continued to stay flat. Property Tax revenues increased 5% and Sales Tax increased 19% compared with the projected revenues at the beginning of the FY 2012.

For the upcoming fiscal year, sales tax and property tax revenues are projected to increase approximately \$330,000 primarily due to the continued improvement in retail sales throughout the City and improving property values.

The Southern California region, as well as the entire country, is showing some 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's 2011 - 2012. 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 2011 - 2012 budget years are very conservative due to the uncertainty in the economy. The City will continue to monitor revenue streams throughout the coming years and will reduce spending levels as deemed necessary.

The most significant issues facing the City are the aging condition of the City's infrastructure. The City has completed and adopted numerous infrastructure planning documents e.g. (Water Master Plan, Sewer Master Plan, Master Plan of Drainage, 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 CIP recommends \$39.9 million in improvements over the next 5 years. The 5 Year Capital Improvement Program identifies needs in the following areas: Beach and Pier (\$3.5m), Buildings and Facilities (\$5.5m), Sewer System (\$10.3m), Storm Drain System (\$2.0m), Streets and Transportation (\$5.7m) and Water System (\$8.9m). This is over \$50 million of capital improvements needed in the near future.

## **REQUEST FOR INFORMATION**

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

CITY OF SEAL BEACH

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2012	2011
<b>Assets:</b>				
Cash and investments (note 3)	\$ 31,144,104	\$ 12,205,889	\$ 43,349,993	\$ 47,749,971
Receivables:				
Accounts	869,065	1,026,440	1,895,505	1,796,965
Taxes	1,348,026	-	1,348,026	2,144,327
Notes and loans	-	-	-	1,957,603
Accrued interest	44,170	-	44,170	64,227
Prepaid costs	-	17,074	17,074	272
Due from other governments	1,484,612	-	1,484,612	185,070
Deferred charges	-	76,054	76,054	80,528
Restricted assets:				
Cash with fiscal agent (note 3)	763,229	-	763,229	1,571,650
Net OPEB asset (note 12)	306,946	-	306,946	312,512
Net pension prepaid (note 6)	7,227,000	-	7,227,000	8,311,000
Capital assets not being depreciated (note 5)	11,456,129	4,666,880	16,123,009	26,046,048
Capital assets, net of depreciation (note 5)	64,483,119	31,938,062	96,421,181	80,642,015
<b>Total Assets</b>	<b>119,126,400</b>	<b>49,930,399</b>	<b>169,056,799</b>	<b>170,862,188</b>
<b>Liabilities:</b>				
Accounts payable	1,984,807	1,617,948	3,602,755	1,729,620
Accrued liabilities	177,581	32,081	209,662	492,378
Accrued interest	37,284	-	37,284	134,800
Unearned revenue	1,753	-	1,753	17,000
Deposits payable	310,921	5,600	316,521	195,643
Retentions payable	37,011	154,410	191,421	274,426
Noncurrent liabilities (note 6):				
Due within one year	2,301,853	191,443	2,493,296	3,090,903
Due in more than one year	11,144,811	4,589,643	15,734,454	20,886,449
<b>Total Liabilities</b>	<b>15,996,021</b>	<b>6,591,125</b>	<b>22,587,146</b>	<b>26,821,219</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	70,801,667	32,020,831	102,822,498	97,670,451
Restricted for:				
Community development projects	665,713	-	665,713	548,638
Public safety	115,940	-	115,940	134,337
Parks and recreation	64,398	-	64,398	214,418
Public works	1,007,716	-	1,007,716	632,420
Debt service	752,360	-	752,360	2,227,601
General government - grants	56,158	-	56,158	52,346
Low and moderate income housing	-	-	-	1,369,577
Unrestricted	29,666,427	11,318,443	40,984,870	41,191,181
<b>Total Net Assets</b>	<b>\$ 103,130,379</b>	<b>\$ 43,339,274</b>	<b>\$ 146,469,653</b>	<b>\$ 144,040,969</b>

CITY OF SEAL BEACH

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 6,477,795	\$ 1,462,840	\$ 2,132,794	\$ 44,405
Public safety	14,152,774	1,667,184	571,690	-
Community development	1,372,334	130,118	556,467	-
Parks and recreation	940,754	930,501	144,434	-
Public works	6,577,233	1,869,575	2,485,171	-
Interest on long-term debt	693,065	-	-	-
<b>Total Governmental Activities</b>	<b>30,213,955</b>	<b>6,060,218</b>	<b>5,890,556</b>	<b>44,405</b>
Business-Type Activities:				
Water Utility	4,165,575	4,376,906	-	-
Sewer Utility	1,402,249	2,442,608	-	-
<b>Total Business-Type Activities</b>	<b>5,567,824</b>	<b>6,819,514</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 35,781,779</b>	<b>\$ 12,879,732</b>	<b>\$ 5,890,556</b>	<b>\$ 44,405</b>

**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) on dissolution  
of redevelopment agency (note 15)**

**Total General Revenues and Extraordinary items**

Change in Net Assets

Net Assets at Beginning of Year

**Net Assets at End of Year**

**Net (Expenses) Revenues and Changes in Net Assets**  
**Primary Government**

Governmental Activities	Business-Type Activities	2012	2011
\$ (2,837,756)	\$ -	\$ (2,837,756)	\$ (6,301,121)
(11,913,900)	-	(11,913,900)	(11,767,557)
(685,749)	-	(685,749)	(1,286,293)
134,181	-	134,181	(59,677)
(2,222,487)	-	(2,222,487)	(3,480,622)
(693,065)	-	(693,065)	(1,012,516)
<b>(18,218,776)</b>	<b>-</b>	<b>(18,218,776)</b>	<b>(23,907,786)</b>
-	211,331	211,331	185,077
-	1,040,359	1,040,359	800,233
-	<b>1,251,690</b>	<b>1,251,690</b>	<b>985,310</b>
<b>(18,218,776)</b>	<b>1,251,690</b>	<b>(16,967,086)</b>	<b>(22,922,476)</b>
10,337,486	-	10,337,486	10,794,375
970,275	-	970,275	1,221,491
4,930,037	-	4,930,037	4,160,359
1,008,031	-	1,008,031	1,030,736
5,484,256	-	5,484,256	5,310,666
338,176	-	338,176	228,449
12,868	-	12,868	119,022
714,342	96,774	811,116	844,242
230,997	4,112	235,109	317,785
(3,531,584)	(1,200,000)	(4,731,584)	-
<b>20,494,884</b>	<b>(1,099,114)</b>	<b>19,395,770</b>	<b>24,027,125</b>
2,276,108	152,576	2,428,684	1,104,649
100,854,271	43,186,698	144,040,969	142,936,320
<b>\$ 103,130,379</b>	<b>\$ 43,339,274</b>	<b>\$ 146,469,653</b>	<b>\$ 144,040,969</b>

CITY OF SEAL BEACH

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	General	Special Revenue Funds	Capital Projects Funds	Other Governmental Funds
	General	Citywide Grants	Capital Projects and Equipment	Other Governmental Funds
<b>Assets:</b>				
Pooled cash and investments	\$ 26,284,187	\$ 108,772	\$ 994,613	\$ 1,861,432
Receivables:				
Accounts	868,697	-	-	368
Taxes	1,343,864	-	-	4,162
Notes and loans	-	-	-	-
Accrued interest	44,170	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	1,391,574	-	93,038
Due from other funds (note 4)	1,427,033	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	10,869	-	-	752,360
<b>Total Assets</b>	<b>\$ 29,978,820</b>	<b>\$ 1,500,346</b>	<b>\$ 994,613</b>	<b>\$ 2,711,360</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,051,338	\$ -	\$ 870,227	\$ 26,744
Accrued liabilities	176,118	-	-	1,463
Deferred revenues	69,114	562,999	-	1,667
Unearned revenues	1,753	-	-	-
Deposits payable	310,921	-	-	-
Retentions payable	-	-	37,011	-
Due to other funds (note 4)	-	1,383,078	-	43,955
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>1,609,244</b>	<b>1,946,077</b>	<b>907,238</b>	<b>73,829</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	-
Notes and loans	-	-	-	-
<b>Restricted for:</b>				
Community development projects	-	-	-	665,713
Public safety	-	-	-	115,940
Parks and recreation	-	-	-	64,398
Public works	-	-	-	1,007,716
Debt service	-	-	-	752,360
General government - grants	-	-	-	56,158
Low and moderate income housing	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	87,375	-
Buildings	820,542	-	-	-
Storm drain	1,783,459	-	-	-
Street improvements	662,948	-	-	-
Traffic impact fees	962,128	-	-	-
Swimming pool	4,863,701	-	-	-
City clerk donation	13,680	-	-	-
<b>Unassigned</b>	19,263,118	(445,731)	-	(24,754)
<b>Total Fund Balances</b>	<b>28,369,576</b>	<b>(445,731)</b>	<b>87,375</b>	<b>2,637,531</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,978,820</b>	<b>\$ 1,500,346</b>	<b>\$ 994,613</b>	<b>\$ 2,711,360</b>

CITY OF SEAL BEACH

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<b>Totals</b>	
	<b>2012</b>	<b>2011</b>
<b>Assets:</b>		
Pooled cash and investments	\$ 29,249,004	\$ 33,157,467
Receivables:		
Accounts	869,065	862,051
Taxes	1,348,026	2,144,327
Notes and loans	-	1,957,603
Accrued interest	44,170	64,227
Prepaid costs	-	100
Due from other governments	1,484,612	185,070
Due from other funds (note 4)	1,427,033	217,516
Restricted assets:		
Cash and investments with fiscal agents	763,229	1,571,646
<b>Total Assets</b>	<b>\$ 35,185,139</b>	<b>\$ 40,160,007</b>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 1,948,309	\$ 1,076,269
Accrued liabilities	177,581	429,787
Deferred revenues	633,780	841,748
Unearned revenues	1,753	17,000
Deposits payable	310,921	192,013
Retentions payable	37,011	32,275
Due to other funds (note 4)	1,427,033	217,516
Advances from other funds	-	1,200,000
<b>Total Liabilities</b>	<b>4,536,388</b>	<b>4,006,608</b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Prepaid costs	-	100
Notes and loans	-	1,957,603
<b>Restricted for:</b>		
Community development projects	665,713	548,638
Public safety	115,940	134,337
Parks and recreation	64,398	214,418
Public works	1,007,716	632,420
Debt service	752,360	2,227,601
General government - grants	56,158	52,346
Low and moderate income housing	-	1,369,577
<b>Assigned to:</b>		
Capital Projects	87,375	2,825,953
Buildings	820,542	1,010,727
Storm drain	1,783,459	1,919,481
Street improvements	662,948	698,932
Traffic impact fees	962,128	829,321
Swimming pool	4,863,701	4,884,575
City clerk donation	13,680	28,643
<b>Unassigned</b>	<b>18,792,633</b>	<b>16,818,727</b>
<b>Total Fund Balances</b>	<b>30,648,751</b>	<b>36,153,399</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 35,185,139</b>	<b>\$ 40,160,007</b>

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**CITY OF SEAL BEACH**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2012**

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Fund balances of governmental funds	\$ 30,648,751
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	75,649,958
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term liabilities:	
Capital property improvement lease	\$ (202,581)
Bonds payable	(12,162,000)
Compensated absences	(740,035)
Claims and judgments	<u>(342,048)</u>
	(13,446,664)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.	306,946
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(37,284)
Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.	633,780
Pension benefit contributions funded by the 2008 Taxable Pension Obligation Bonds recorded as expenditures in governmental funds are reported on the statements of net assets as prepaid pension obligation.	7,227,000
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 assets.	<u>2,147,892</u>
<b>Net assets of governmental activities</b>	<b><u>\$ 103,130,379</u></b>

CITY OF SEAL BEACH

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012

	General	Special Revenue Funds	Capital Projects Funds	Other Governmental Funds
	General	Citywide Grants	Capital Projects and Equipment	Other Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 21,416,818	\$ -	\$ -	\$ 2,749,065
Licenses and permits	926,761	-	-	-
Intergovernmental	576,705	4,013,385	-	468,085
Charges for services	4,025,688	-	-	18,878
Use of money and property	696,127	-	-	18,215
Fines and forfeitures	1,085,291	-	-	-
Miscellaneous	234,597	-	-	-
<b>Total Revenues</b>	<b>28,961,987</b>	<b>4,013,385</b>	<b>-</b>	<b>3,254,243</b>
<b>Expenditures:</b>				
Current:				
General government	4,884,506	-	-	285,293
Public safety	13,728,113	-	-	220,550
Community development	766,979	-	-	586,089
Parks and recreation	880,983	-	-	-
Public works	4,013,296	-	-	33,717
Capital outlay	-	-	5,530,575	-
Debt service:				
Principal retirement	225,786	-	-	1,969,228
Interest and fiscal charges	16,263	-	-	774,318
<b>Total Expenditures</b>	<b>24,515,926</b>	<b>-</b>	<b>5,530,575</b>	<b>3,869,195</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,446,061	4,013,385	(5,530,575)	(614,952)
<b>Other Financing Sources (Uses):</b>				
Transfers in (note 4)	457,772	-	5,530,575	2,220,678
Transfers out (note 4)	(2,858,842)	(4,424,138)	-	(926,045)
Proceeds from sale of capital asset	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,401,070)</b>	<b>(4,424,138)</b>	<b>5,530,575</b>	<b>1,294,633</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	-	-	(7,818,567)
<b>Net Change in Fund Balances</b>	<b>2,044,991</b>	<b>(410,753)</b>	<b>-</b>	<b>(7,138,886)</b>
Fund Balances, Beginning of Year	26,324,585	(34,978)	87,375	9,776,417
<b>Fund Balances, End of Year</b>	<b>\$ 28,369,576</b>	<b>\$ (445,731)</b>	<b>\$ 87,375</b>	<b>\$ 2,637,531</b>

CITY OF SEAL BEACH

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012

	Totals	
	2012	2011
<b>Revenues:</b>		
Taxes	\$ 24,165,883	\$ 23,624,925
Licenses and permits	926,761	1,179,759
Intergovernmental	5,058,175	949,294
Charges for services	4,044,566	3,769,165
Use of money and property	714,342	735,082
Fines and forfeitures	1,085,291	983,702
Miscellaneous	234,597	312,316
<b>Total Revenues</b>	<b>36,229,615</b>	<b>31,554,243</b>
<b>Expenditures:</b>		
Current:		
General government	5,169,799	7,211,870
Public safety	13,948,663	13,297,057
Community development	1,353,068	1,649,921
Parks and recreation	880,983	965,222
Public works	4,047,013	4,059,001
Capital outlay	5,530,575	6,622,692
Debt service:		
Principal retirement	2,195,014	2,066,373
Interest and fiscal charges	790,581	1,027,743
<b>Total Expenditures</b>	<b>33,915,696</b>	<b>36,899,879</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,313,919	(5,345,636)
<b>Other Financing Sources (Uses):</b>		
Transfers in (note 4)	8,209,025	9,370,333
Transfers out (note 4)	(8,209,025)	(9,370,333)
Proceeds from sale of capital asset	-	18,614
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>18,614</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	(7,818,567)	-
Net Change in Fund Balances	(5,504,648)	(5,327,022)
Fund Balances, Beginning of Year	36,153,399	41,480,421
<b>Fund Balances, End of Year</b>	<b>\$ 30,648,751</b>	<b>\$ 36,153,399</b>

**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, 2012**

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Net change in fund balances - total governmental funds \$ (5,504,648)

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	\$ 4,930,501	
Depreciation	(2,253,886)	
Gain/(loss) on sale of capital assets	<u>(104,752)</u>	2,571,863

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 2,198,486

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 97,516

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. 5,314

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. (5,566)

Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (207,968)

Pension benefit contributions funded by the 2008 Taxable Pension Obligation Bonds recorded as expenditures in the government wide statements as the principal on the liability becomes due. (1,084,000)

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. (81,872)

Extraordinary gains and losses relating to capital assets and long term liabilities transferred to the Successor Agency are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.

Capital assets	(838,017)	
Long-term liabilities	<u>5,125,000</u>	<u>4,286,983</u>

**Change in net assets of governmental activities \$ 2,276,108**

CITY OF SEAL BEACH

**BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 26,324,585	\$ 26,324,585	\$ 26,324,585	\$ -
<b>Resources (Inflows):</b>				
Taxes	19,457,500	20,558,900	21,416,818	857,918
Licenses and permits	1,320,000	1,248,800	926,761	(322,039)
Intergovernmental	262,100	216,300	576,705	360,405
Charges for services	3,581,300	3,684,500	4,025,688	341,188
Use of money and property	611,300	519,800	696,127	176,327
Fines and forfeitures	1,012,400	1,013,100	1,085,291	72,191
Miscellaneous	214,900	233,400	234,597	1,197
Transfers in	349,000	349,000	457,772	108,772
<b>Amounts Available for Appropriation</b>	<b>53,133,085</b>	<b>54,148,385</b>	<b>55,744,344</b>	<b>1,595,959</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	4,662,300	4,913,000	4,884,506	28,494
Public safety	13,942,900	13,745,000	13,728,113	16,887
Community development	687,700	768,400	766,979	1,421
Parks and recreation	935,000	881,000	880,983	17
Public works	3,945,300	4,076,700	4,013,296	63,404
Debt service:				
Principal retirement	220,500	226,400	225,786	614
Interest and fiscal charges	15,800	15,800	16,263	(463)
Transfers out	5,548,900	5,440,161	2,858,842	2,581,319
<b>Total Charges to Appropriations</b>	<b>29,958,400</b>	<b>30,066,461</b>	<b>27,374,768</b>	<b>2,691,693</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 23,174,685</b>	<b>\$ 24,081,924</b>	<b>\$ 28,369,576</b>	<b>\$ 4,287,652</b>

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CITY OF SEAL BEACH

**BUDGETARY COMPARISON STATEMENT  
CITYWIDE GRANTS  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (34,978)	\$ (34,978)	\$ (34,978)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	4,759,200	5,175,323	4,013,385	(1,161,938)
<b>Amounts Available for Appropriation</b>	<b>4,724,222</b>	<b>5,140,345</b>	<b>3,978,407</b>	<b>(1,161,938)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	4,759,200	5,175,323	4,424,138	751,185
<b>Total Charges to Appropriations</b>	<b>4,759,200</b>	<b>5,175,323</b>	<b>4,424,138</b>	<b>751,185</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (34,978)</b>	<b>\$ (34,978)</b>	<b>\$ (445,731)</b>	<b>\$ (410,753)</b>

CITY OF SEAL BEACH

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>2012</u>	<u>2011</u>
<b>Assets:</b>				
Current:				
Cash and investments	\$ 8,880,233	\$ 3,325,656	\$ 12,205,889	\$ 12,599,023
Receivables:				
Accounts	654,802	371,638	1,026,440	934,914
Prepaid costs	17,074	-	17,074	172
Restricted:				
Cash with fiscal agent	-	-	-	4
<b>Total Current Assets</b>	<b>9,552,109</b>	<b>3,697,294</b>	<b>13,249,403</b>	<b>13,534,113</b>
Noncurrent:				
Deferred charges	-	76,054	76,054	80,528
Advances to other funds	-	-	-	1,200,000
Capital assets (note 5):				
Land	-	-	-	24,200
Buildings and improvements	73,284	-	73,284	73,284
Machinery and equipment	531,044	785,802	1,316,846	1,316,846
Vehicles	216,471	109,303	325,774	325,774
Infrastructure	29,325,174	29,070,779	58,395,953	53,570,883
Construction in progress	1,111,604	3,555,276	4,666,880	4,331,283
Accumulated depreciation	(15,054,789)	(13,119,006)	(28,173,795)	(27,106,602)
<b>Total Noncurrent Assets</b>	<b>16,202,788</b>	<b>20,478,208</b>	<b>36,680,996</b>	<b>33,816,196</b>
<b>Total Assets</b>	<b>\$ 25,754,897</b>	<b>\$ 24,175,502</b>	<b>\$ 49,930,399</b>	<b>\$ 47,350,309</b>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 1,185,151	\$ 432,797	\$ 1,617,948	\$ 653,351
Accrued liabilities	20,337	11,744	32,081	62,591
Deposits payable	5,600	-	5,600	3,630
Retentions payable	99,369	55,041	154,410	242,151
Accrued compensated absences	49,993	8,778	58,771	59,816
Bonds and capital leases	12,672	120,000	132,672	127,069
<b>Total Current Liabilities</b>	<b>1,373,122</b>	<b>628,360</b>	<b>2,001,482</b>	<b>1,148,608</b>
Noncurrent:				
Accrued compensated absences	33,009	17,742	50,751	59,817
Bonds and capital leases	74,781	4,464,111	4,538,892	2,955,186
<b>Total Noncurrent Liabilities</b>	<b>107,790</b>	<b>4,481,853</b>	<b>4,589,643</b>	<b>3,015,003</b>
<b>Total Liabilities</b>	<b>1,480,912</b>	<b>5,110,213</b>	<b>6,591,125</b>	<b>4,163,611</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	16,202,788	15,818,043	32,020,831	29,552,934
Unrestricted	8,071,197	3,247,246	11,318,443	13,633,764
<b>Total Net Assets</b>	<b>24,273,985</b>	<b>19,065,289</b>	<b>43,339,274</b>	<b>43,186,698</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 25,754,897</b>	<b>\$ 24,175,502</b>	<b>\$ 49,930,399</b>	<b>\$ 47,350,309</b>

CITY OF SEAL BEACH

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2012

	Governmental Activities - Vehicle Replacement Internal Service Fund	
	2012	2011
<b>Assets:</b>		
Current:		
Cash and investments	\$ 1,895,100	\$ 1,993,481
Receivables:		
Accounts	-	-
Prepaid costs	-	-
Restricted:		
Cash with fiscal agent	-	-
<b>Total Current Assets</b>	<b>1,895,100</b>	<b>1,993,481</b>
Noncurrent:		
Deferred charges	-	-
Advances to other funds	-	-
Capital assets (note 5):		
Land	-	-
Buildings and improvements	-	-
Machinery and equipment	-	-
Vehicles	356,919	270,144
Infrastructure	-	-
Construction in progress	-	-
Accumulated depreciation	(67,629)	(33,861)
<b>Total Noncurrent Assets</b>	<b>289,290</b>	<b>236,283</b>
<b>Total Assets</b>	<b>\$ 2,184,390</b>	<b>\$ 2,229,764</b>
<b>Liabilities and Net Assets:</b>		
<b>Liabilities:</b>		
Current:		
Accounts payable	\$ 36,498	\$ -
Accrued liabilities	-	-
Deposits payable	-	-
Retentions payable	-	-
Accrued compensated absences	-	-
Bonds and capital leases	-	-
<b>Total Current Liabilities</b>	<b>36,498</b>	<b>-</b>
Noncurrent:		
Accrued compensated absences	-	-
Bonds and capital leases	-	-
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>36,498</b>	<b>-</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	289,290	236,283
Unrestricted	1,858,602	1,993,481
<b>Total Net Assets</b>	<b>2,147,892</b>	<b>2,229,764</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,184,390</b>	<b>\$ 2,229,764</b>

CITY OF SEAL BEACH

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>2012</b>	<b>2011</b>
<b>Operating Revenues:</b>				
Sales and service charges	\$ 4,376,906	\$ 2,442,608	\$ 6,819,514	\$ 6,403,383
Miscellaneous	4,112	-	4,112	5,469
<b>Total Operating Revenues</b>	<b>4,381,018</b>	<b>2,442,608</b>	<b>6,823,626</b>	<b>6,408,852</b>
<b>Operating Expenses:</b>				
Administration and general	3,650,570	676,231	4,326,801	4,220,118
Amortization and depreciation expense	510,000	573,738	1,083,738	1,057,271
<b>Total Operating Expenses</b>	<b>4,160,570</b>	<b>1,249,969</b>	<b>5,410,539</b>	<b>5,277,389</b>
Operating Income (Loss)	220,448	1,192,639	1,413,087	1,131,463
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	70,507	26,267	96,774	109,160
Interest expense	(5,005)	(152,280)	(157,285)	(140,684)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>65,502</b>	<b>(126,013)</b>	<b>(60,511)</b>	<b>(31,524)</b>
Changes in Net Assets	285,950	1,066,626	1,352,576	1,099,939
Extraordinary gain/(loss) on dissolution of redevelopment agency (note 15)	-	(1,200,000)	(1,200,000)	-
<b>Net Assets:</b>				
Beginning of Year	23,988,035	19,198,663	43,186,698	42,086,759
<b>End of Fiscal Year</b>	<b>\$ 24,273,985</b>	<b>\$ 19,065,289</b>	<b>\$ 43,339,274</b>	<b>\$ 43,186,698</b>

CITY OF SEAL BEACH

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012**

	<b>Governmental Activities - Vehicle Replacement Internal Service Fund</b>	
	<b>2012</b>	<b>2011</b>
<b>Operating Revenues:</b>		
Sales and service charges	\$ -	\$ -
Miscellaneous	-	-
<b>Total Operating Revenues</b>	<b>-</b>	<b>-</b>
<b>Operating Expenses:</b>		
Administration and general	48,104	-
Amortization and depreciation expense	33,768	33,861
<b>Total Operating Expenses</b>	<b>81,872</b>	<b>33,861</b>
Operating Income (Loss)	(81,872)	(33,861)
<b>Nonoperating Revenues (Expenses):</b>		
Interest revenue	-	-
Interest expense	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>-</b>	<b>-</b>
Changes in Net Assets	(81,872)	(33,861)
Extraordinary gain/(loss) on dissolution of redevelopment agency (note 15)	-	-
<b>Net Assets:</b>		
Beginning of Year	2,229,764	2,263,625
<b>End of Fiscal Year</b>	<b>\$ 2,147,892</b>	<b>\$ 2,229,764</b>

CITY OF SEAL BEACH

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED JUNE 30, 2012

	<u>Business-Type Activities - Enterprise</u>			<u>Governmental Activities - Vehicle Replacement Internal Service Fund</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Totals</u>	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 4,333,374	\$ 2,400,696	\$ 6,734,070	\$ -
Cash paid to suppliers for goods and services	437,019	422,935	859,954	36,498
Cash paid to employees for services	(3,679,750)	(687,672)	(4,367,422)	(48,104)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,090,643</b>	<b>2,135,959</b>	<b>3,226,602</b>	<b>(11,606)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from capital debt	-	1,704,307	1,704,307	-
Acquisition and construction of capital assets	(1,242,356)	(3,894,112)	(5,136,468)	(86,775)
Principal paid on capital debt	(12,068)	(115,000)	(127,068)	-
Interest paid on capital debt	(5,005)	(152,280)	(157,285)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,259,429)</b>	<b>(2,457,085)</b>	<b>(3,716,514)</b>	<b>(86,775)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	70,507	26,267	96,774	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>70,507</b>	<b>26,267</b>	<b>96,774</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(98,279)</b>	<b>(294,859)</b>	<b>(393,138)</b>	<b>(98,381)</b>
Cash and Cash Equivalents at Beginning of Year	8,978,512	3,620,515	12,599,027	1,993,481
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 8,880,233</b>	<b>\$ 3,325,656</b>	<b>\$12,205,889</b>	<b>\$ 1,895,100</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 220,448	\$ 1,192,639	\$ 1,413,087	\$ (81,872)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Amortization and depreciation	510,000	573,738	1,083,738	33,768
(Increase) decrease in accounts receivable	(49,614)	(41,912)	(91,526)	-
(Increase) decrease in prepaid expense	(16,902)	-	(16,902)	-
Increase (decrease) in accounts payable	596,703	367,894	964,597	36,498
Increase (decrease) in retentions payable	(142,782)	55,041	(87,741)	-
Increase (decrease) in deposits payable	1,970	-	1,970	-
Increase (decrease) in accrued liabilities	(25,515)	(4,995)	(30,510)	-
Increase (decrease) in compensated absences	(3,665)	(6,446)	(10,111)	-
<b>Total Adjustments</b>	<b>870,195</b>	<b>943,320</b>	<b>1,813,515</b>	<b>70,266</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,090,643</b>	<b>\$ 2,135,959</b>	<b>\$ 3,226,602</b>	<b>\$ (11,606)</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Amortization of bond discount	\$ -	\$ 12,070	\$ 12,070	\$ -
Amortization of deferred debt issuance costs	-	4,474	4,474	-
Extraordinary loss on Advances to other funds	-	1,200,000	1,200,000	-

See Notes to Financial Statements

CITY OF SEAL BEACH

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2012

	Agency Funds		Private- Purpose Trust Fund
	2012	2011	Successor Agency of the Former RDA
<b>Assets:</b>			
Pooled cash and investments	\$ 697,650	\$ 767,530	\$ 6,712,530
Receivables:			
Accounts	22,631	28,272	-
Notes and loans (note 15b)	-	-	1,971,776
Accrued interest	-	-	5,423
Restricted assets:			
Cash and investments with fiscal agents	1,300,214	1,292,530	740,768
Capital assets (note 15c):			
Capital assets, not being depreciated	-	-	403,192
Capital assets, net of accumulated depreciation	-	-	419,913
<b>Total Assets</b>	<b>\$ 2,020,495</b>	<b>\$ 2,088,332</b>	<b>10,253,602</b>
<b>Liabilities:</b>			
Accounts payable	\$ 1,166	\$ -	1,019,581
Deposits payable	373,641	347,608	-
Due to bondholders	1,645,688	1,740,724	-
Long-term liabilities (note 15d):			
Due in one year	-	-	470,000
Due in more than one year	-	-	4,655,000
<b>Total Liabilities</b>	<b>\$ 2,020,495</b>	<b>\$ 2,088,332</b>	<b>6,144,581</b>
<b>Net Assets:</b>			
Held in trust for other purposes			4,109,021
<b>Total Net Assets</b>			<b>\$ 4,109,021</b>

CITY OF SEAL BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2012

	<u>Private-Purpose Trust Fund Successor Agency of the Former RDA</u>
<b>Additions:</b>	
Taxes	\$ 665,838
Interest and change in fair value of investments	15,285
Miscellaneous	<u>211</u>
<b>Total Additions</b>	<b><u>681,334</u></b>
<b>Deductions:</b>	
Administrative expenses	129,269
Contractual services	8,130
Interest expense	132,005
Reimbursement of prior taxes to County	1,019,581
Depreciation expense	<u>14,912</u>
<b>Total Deductions</b>	<b><u>1,303,897</u></b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (note 15)	<u>4,731,584</u>
<b>Changes in Net Assets</b>	<b>4,109,021</b>
Net Assets - Beginning of the Year	<u>-</u>
<b>Net Assets - End of the Year</b>	<b><u>\$ 4,109,021</u></b>

**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 page:

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

The Agency has established two redevelopment project areas. The first area is known as the Riverfront Redevelopment Project, and the second area is known as the Surfside Redevelopment Project. The Surfside Redevelopment Project was established to build a seawall to prevent beach erosion and protect dwellings from water damage. The Surfside Redevelopment Project area is currently inactive. Separate financial statements for the Agency may be obtained from City Hall. The redevelopment agency was dissolved as of January 31, 2012 through Supreme Court decision on Assembly Bill 1X 26. See Note 15 for more information on the dissolution.

The Seal Beach Public Financing Authority (Authority) was formed May 8, 2000 pursuant to Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code, to create a joint exercise of powers authority between the City of Seal Beach and the Seal Beach Redevelopment Agency. The City Council of the City of Seal Beach is the governing board. The Authority was formed to undertake the financing of public capital improvements.

The criteria used in determining the scope of the reporting entity are based on the provisions of Statement 14 of the Governmental Accounting Standards Board (GASB). The City of Seal Beach is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's Board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for the Agency, through January 31, 2012, and the Authority as "blended" component units. Despite being

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

legally separate, the Agency and the Authority are so intertwined with the City that they are, in substance, part of the City's operations. Balances through January 31, 2012 for the Agency are reported as separate funds in the Debt Service and Capital Projects Funds. The Authority has not had any activity for the year ended June 30, 2012.

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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.

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

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. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the former are excluded from the government-wide financial statements. 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.

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

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

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

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, general administration, engineering, and planning.

Citywide Grants Fund – This fund accounts for the financial transactions of various grants.

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.

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

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.

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.

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

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

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.

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

**e. Assets, Liabilities and Net Assets 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 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.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

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

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 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. 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.

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

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.

7. Long Term Obligations

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

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

8. 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. 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. The following non-major funds had a deficit fund balance as of June 30, 2012:**

Fund	Amount
Special Revenue Funds:	
Street Lighting	\$ (15,056)
Police Grants	(9,698)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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**Note 2: Stewardship, Compliance and Accountability (Continued)**

**d. Property Taxes**

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

Accordingly, the City recognizes as revenue only those taxes which are received within 60 days after year end.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment- November 1 Second Installment- February 1
Delinquent Date:	First Installment- December 10 Second Installment- April 10

**e. 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.

**f. 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012**

**III. DETAILED NOTES ON ALL FUNDS**

**Note 3: Cash and Investments**

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$ 43,349,993
Restricted:	
Cash and investments with fiscal agent	763,229
Statement of Fiduciary Net Assets:	
Cash and investments	7,410,180
Restricted:	
Cash and investments with fiscal agent	<u>2,040,982</u>
Total cash and investments	<u>\$ 53,564,384</u>

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$ 7,491
Deposits with financial institutions	2,086,695
Investments	<u>51,470,198</u>
Total cash and investments	<u>\$ 53,564,384</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code Section 53601 or the City's investment policy, where more restrictive. The table also identifies certain provisions of the California Government Code (or the City's investment policy if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer*</u>
U S treasury securities	5 years	100%	None
U S agency securities	5 years	100%	None
Bankers' acceptance	180 days	40%	30%
Commercial paper	180 days	25%	10%
Negotiable CDs	5 years	30%	None
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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012**

**Note 3: Cash and Investments (Continued)**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 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	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Agency Securities	\$ 1,502,242	\$ -	\$ -	\$ 1,502,242
Certificates of Deposit	11,870,564	1,309,273	3,760,484	6,800,807
Local Agency Investment Fund (LAIF)	35,293,181	35,293,181	-	-
Held by Fiscal Agent:				
Money Market Mutual Funds	2,804,211	2,804,211	-	-
Total	\$ 51,470,198	\$ 39,406,665	\$ 3,760,484	\$ 8,303,049

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

**Note 3: Cash and Investments (Continued)**

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+	Unrated
U.S. Agency Securities	A	\$ 1,502,242	\$ 1,502,242	\$ -
Certificates of Deposit	N/A	11,870,564	-	11,870,564
Local Agency Investment Fund (LAIF)	N/A	35,293,181	-	35,293,181
Held by Fiscal Agent:				
Money Market Mutual Fund:	N/A	2,804,211	-	2,804,211
Total		<u>\$ 51,470,198</u>	<u>\$ 1,502,242</u>	<u>\$ 49,967,956</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the City. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured City deposits. 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.

A provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction account at all FDIC-insured institutions. This provision was effective from December 31, 2010 and will remain effective until December 31, 2012. Noninterest-bearing transaction accounts is defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on which the FDIC-insured depository institutions does not reserve the right to require advance notice of an intended withdrawal. As of June 30, 2012, the City maintains cash deposits that are temporarily covered by this provision.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

**Note 3: Cash and Investments (Continued)**

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond 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, 2012 was as follows:

**Due From and To Other Funds**

Funds	Due to Other Funds:		
	Citywide Grants	Nonmajor Governmental	Total
Due From Other Funds:			
General fund	\$ 1,383,078	\$ 43,955	\$ 1,427,033

These interfund balances are a result of short-term borrowings to cover deficit cash balances in the Citywide Grants Fund, Street Lighting Fund, Roberti-Z'berg-Harris Urban Open Space Fund, Grants Fund, and Police Grant Fund at June 30, 2012.

**Interfund Transfers**

Transfers in:	Transfers Out:			
	General Fund	Citywide Grants Fund	Nonmajor Governmental Funds	Total
Funds				
General Fund	\$ -	\$ 108,772	\$ 349,000	\$ 457,772
Capital Projects and Equipment Fund	638,164	4,315,366	577,045	5,530,575
Non-Major Governmental Fund	2,220,678	-	-	2,220,678
Total	\$ 2,858,842	\$ 4,424,138	\$ 926,045	\$ 8,209,025

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

Transfers of \$108,772 from the Citywide Grants Fund were made to the General Fund for reimbursement of traffic impact fees for Seal Beach Bridge Widening (Project #49750) due to the project being funded 100% through grants.

Transfers totaling \$349,000 from the Parks and Recreation Fund, State Gasoline Tax Fund, Measure R Fund, Landscape District Fund, Heron Pointe Fund, and Pacific Gateway Fund were made to the General Fund primarily to fund various street maintenance projects and reimburse the General Fund for certain administrative costs.

The General Fund, Citywide Grants Fund and various other non-major governmental funds transferred \$5,530,575 to the Capital Projects and Equipment Fund for infrastructure projects such as street improvements, rivers end RMC, public work facilities, and storm drain improvements.

Transfers of \$2,136,943 from the General Fund were made to the City Debt Service Fund to cover debt service payments related to the 2008 Taxable Pension Obligation Bonds and the 2009 Lease Revenue Bonds. The remaining \$83,735 from the General Fund was transferred to the Street Lighting Fund to cover excess street lighting costs.

**CITY OF SEAL BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012**

**Note 5: Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Transfers of CIP	Additions	Deletions	Transferred to Successor Agency*	Ending Balance
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 10,544,047	\$ -	\$ -	\$ 24,200	\$ (403,192)	\$ 10,116,655
Intangible asset - land easement	900,000	-	-	-	-	900,000
Construction-in-progress	10,246,518	(10,141,965)	415,473	80,552	-	439,474
<b>Total Capital Assets, Not Being Depreciated</b>	<b>21,690,565</b>	<b>(10,141,965)</b>	<b>415,473</b>	<b>104,752</b>	<b>(403,192)</b>	<b>11,456,129</b>
Capital assets, being depreciated:						
Buildings and improvements	8,681,648	5,916,983	71,184	-	(1,470,288)	13,199,527
Machinery and equipment	2,150,078	-	13,158	-	(64,784)	2,098,452
Vehicles	1,496,870	-	86,775	20,211	-	1,563,434
Infrastructure	66,171,577	4,224,982	4,430,686	-	-	74,827,245
<b>Total Capital Assets, Being Depreciated</b>	<b>78,500,173</b>	<b>10,141,965</b>	<b>4,601,803</b>	<b>20,211</b>	<b>(1,535,072)</b>	<b>91,688,658</b>
Less accumulated depreciation:						
Buildings and improvements	3,978,671	-	236,284	-	(1,051,103)	3,163,852
Machinery and equipment	1,516,010	-	129,125	-	(49,144)	1,595,991
Vehicles	859,640	-	137,938	20,211	-	977,367
Infrastructure	19,684,022	-	1,784,307	-	-	21,468,329
<b>Total Accumulated Depreciation</b>	<b>26,038,343</b>	<b>-</b>	<b>2,287,654</b>	<b>20,211</b>	<b>(1,100,247)</b>	<b>27,205,539</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>52,461,830</b>	<b>10,141,965</b>	<b>2,314,149</b>	<b>-</b>	<b>(434,825)</b>	<b>64,483,119</b>
Governmental Activities Capital Assets, Net	<u>\$ 74,152,395</u>	<u>\$ -</u>	<u>\$ 2,729,622</u>	<u>\$ 104,752</u>	<u>\$ (838,017)</u>	<u>\$ 75,939,248</u>

\* As a result of the dissolution of the redevelopment agency, capital assets of the former redevelopment agency were transferred to the Successor Agency. See Note 15 for additional information.

Depreciation expense was charged in the following functions in the Statement of Activities for the year ended June 30, 2012 as follows:

Governmental Activities:	
General Government	\$ 198,416
Public safety	126,338
Public works	1,849,964
Community development	19,327
Parks and recreation	59,841
Internal Service funds	33,768
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 2,287,654</b>

**CITY OF SEAL BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012**

**Note 5: Capital Assets (Continued)**

	Beginning Balance	Transfers	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Construction-in-progress - water	\$ 4,073,039	\$ (3,548,977)	\$ 587,542	\$ -	\$ 1,111,604
Construction-in-progress - sewer	258,244	-	3,297,032	-	3,555,276
Land & Land Improvements	24,200	-	-	(24,200)	-
<b>Total Capital Assets, Not Being Depreciated</b>	<b>4,355,483</b>	<b>(3,548,977)</b>	<b>3,884,574</b>	<b>(24,200)</b>	<b>4,666,880</b>
Capital assets, being depreciated:					
Building and improvements - water	73,284	-	-	-	73,284
Machinery and equipment - water	531,044	-	-	-	531,044
Machinery and equipment - sewer	785,802	-	-	-	785,802
Vehicles - water	216,471	-	-	-	216,471
Vehicles - sewer	109,303	-	-	-	109,303
Infrastructure - water	25,121,383	3,548,977	654,814	-	29,325,174
Infrastructure - sewer	28,449,500	-	621,279	-	29,070,779
<b>Total Capital Assets, Being Depreciated</b>	<b>55,286,787</b>	<b>3,548,977</b>	<b>1,276,093</b>	<b>-</b>	<b>60,111,857</b>
Less accumulated depreciation:					
Building and improvements - water	68,898	-	674	-	69,572
Machinery and equipment - water	436,009	-	11,018	-	447,027
Machinery and equipment - sewer	144,078	-	16,148	-	160,226
Vehicles - water	159,091	-	14,585	-	173,676
Vehicles - sewer	76,204	-	8,913	-	85,117
Infrastructure - water	13,880,791	-	483,723	-	14,364,514
Infrastructure - sewer	12,341,531	-	532,132	-	12,873,663
<b>Total Accumulated Depreciation</b>	<b>27,106,602</b>	<b>-</b>	<b>1,067,193</b>	<b>-</b>	<b>28,173,795</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>28,180,185</b>	<b>3,548,977</b>	<b>208,900</b>	<b>-</b>	<b>31,938,062</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 32,535,668</b>	<b>\$ -</b>	<b>\$ 4,093,474</b>	<b>\$ (24,200)</b>	<b>\$ 36,604,942</b>

Depreciation expense was charged in the following programs of the primary government for the year ended June 30, 2012 as follows:

<b>Business-type Activities:</b>	
Water	\$ 510,000
Sewer	557,193
<b>Total Depreciation Expense - Business-type Activities</b>	<b>\$ 1,067,193</b>

**CITY OF SEAL BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012**

**Note 6: Long-Term Debt**

The following is a schedule of changes in long-term debt of the City for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Transfer to Successor RDA**	Balance June 30, 2012	Due Within One Year
<u>Redevelopment Agency:</u>						
2000 Tax Allocation Bonds Series A	\$ 5,185,000	\$ -	\$ 410,000	\$ (4,775,000)	\$ -	\$ -
2000 Tax Allocation Bonds Series B	390,000	-	40,000	(350,000)	-	-
<u>Countrywide Financing Authority</u>						
CFA lease	120,000	-	120,000	-	-	-
<u>City:</u>						
2008 Taxable Pension Obligation Bond Series A-1	948,000	-	462,000	-	486,000	486,000
2008 Taxable Pension Obligation Bonds, Series A-2	7,363,000	-	622,000	-	6,741,000	696,000
2009 Lease Revenue Bonds	5,355,000	-	420,000	-	4,935,000	420,000
Capital Property improvement lease*	323,595	-	121,014	-	202,581	132,446
Claims payable	345,520	-	3,472	-	342,048	3,472
Compensated absences	745,349	562,670	567,984	-	740,035	563,935
Total	<u>\$ 20,775,464</u>	<u>\$ 562,670</u>	<u>\$ 2,766,470</u>	<u>\$ (5,125,000)</u>	<u>\$ 13,446,664</u>	<u>\$ 2,301,853</u>

\* The City is taking over the balance of the Redevelopment Agency's capital property improvement lease of \$55,012 because it was denied as an enforceable obligation.

\*\* As a result of the dissolution of the redevelopment agency, indebtedness of the former redevelopment agency was transferred to the Successor Agency. See Note 15 for additional information.

Countywide Public Financing Authority Lease

The Countywide Public Financing Authority issued its 1996 Revenue Bonds in the amount of \$27,725,000 in July 1996. The City of Seal Beach received \$1,265,000 of the proceeds for the purpose of financing a portion of its share of the costs of the Orange County Countywide 800 MHZ communications system, financing the refurbishment of beach restrooms, and to provide alternative parking facilities. Rental payments are made which correspond to the debt service payments on the bonds. The City of Seal Beach's rental payments vary from 3.62% to 19.35% of the total debt service on the bonds. Payments are made semi-annually starting February 1, 1997. The interest rate on the bonds varies from 4.10% to 5.75%. The Countywide Public Financing Authority Lease was paid in full as of June 30, 2012.

2008 Taxable Pension Obligation Bonds

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

The balances in the Series 2008A-1 and 2008A-2 bonds at June 30, 2012 were \$486,000 and \$6,741,000, respectively.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

**Note 6: Long-Term Debt (Continued)**

Year Ending June 30,	2008 Taxable Pension Obligation Bonds, Series A-1		2008 Taxable Pension Obligation Bonds, Series A-2	
	Principal	Interest	Principal	Interest
2013	\$ 486,000	\$ 13,038	\$ 696,000	\$ 363,735
2014	-	-	775,000	322,299
2015	-	-	859,000	276,307
2016	-	-	950,000	225,320
2017	-	-	1,047,000	169,059
2018-2022	-	-	2,414,000	146,283
<b>Total</b>	<b>\$ 486,000</b>	<b>\$ 13,038</b>	<b>\$ 6,741,000</b>	<b>\$ 1,503,003</b>

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, 2012 were \$4,935,000.

Year Ending June 30,	2009 Series Lease Revenue Bonds	
	Principal	Interest
2013	\$ 420,000	\$ 177,245
2014	420,000	161,663
2015	420,000	146,081
2016	420,000	130,499
2017	420,000	114,917
2018-2022	2,100,000	340,856
2023-2027	735,000	27,270
<b>Total</b>	<b>\$ 4,935,000</b>	<b>\$ 1,098,531</b>

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 balance of this capital improvement lease obligation that is outstanding at June 30, 2012 is \$202,581. The calculation of the present value of the future lease payments for obligations under the capital lease is as follows:

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

**Note 6: Long-Term Debt (Continued)**

Year Ending June 30,	Capital Improvement Lease	
	Principal	Interest
2013	\$ 132,446	\$ 14,802
2014	70,135	1,398
Total	<u>\$ 202,581</u>	<u>\$ 16,200</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 \$740,035.

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, 2012, claims payable including estimated claims for incurred but not reported claims, amounted to \$342,048.

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2010-11	\$ 587,630	\$ -	\$ (242,110)	\$ 345,520
2011-12	345,520	-	(3,472)	342,048

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Economic development administration loan	\$ 99,521	\$ -	\$ 12,068	\$ 87,453	\$ 12,672
2011 Sewer Revenue Refunding Bonds	3,200,000	-	115,000	3,085,000	120,000
Sewer Capital Improvement Project	-	1,704,307	-	1,704,307	-
Compensated absences	119,633	71,419	81,530	109,522	58,771
Total	<u>\$ 3,419,154</u>	<u>\$ 1,775,726</u>	<u>\$ 208,598</u>	4,986,282	<u>\$ 191,443</u>
			Defeasance (Gain) Loss:	<u>(205,196)</u>	
				<u>\$ 4,781,086</u>	

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

**Note 6: Long-Term Debt (Continued)**

A description of long-term debt outstanding as of June 30, 2012, 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.

Future debt service requirements on the loan at June 30, 2012 were as follows:

Year Ending June 30,	Economic Development Administration Loan	
	Principal	Interest
2013	\$ 12,672	\$ 4,402
2014	13,306	3,768
2015	13,971	3,103
2016	14,670	2,404
2017	15,403	1,671
2018	17,431	901
Total	<u>\$ 87,453</u>	<u>\$ 16,249</u>

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, 2012 was \$3,085,000.

Year Ending June 30,	2011 Sewer System Revenue Refunding Bonds	
	Principal	Interest
2013	\$ 120,000	\$ 146,640
2014	130,000	140,760
2015	130,000	134,520
2016	140,000	128,160
2017	145,000	121,440
2018-2022	840,000	494,280
2023-2027	1,075,000	268,200
2028-2032	505,000	30,720
Total	<u>\$ 3,085,000</u>	<u>\$ 1,464,720</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

**Note 6: Long-Term Debt (Continued)**

Sewer Capital Improvement Project

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, 2012, the State Water Resources Control Board had disbursed \$1,704,307. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2012 is \$1,704,307.

As of June 30, 2012 the future debt service requirements have not been determined.

**Note 7: Pledged Revenue**

The City and its component units have debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below for the seven months ending January 31, 2012. The remaining five months of the fiscal year will be presented in Note 15 with the Successor Agency. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Revenue	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Tax increment- Riverfront Project Area	\$ 1,034,695	\$ 592,460	57.3%

**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, 2012 was \$465,000.

**Note 8: Debt Issued Without Government Commitment (Continued)**

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, 2012 was \$3,690,000.

Pacific Gateway Business Center Community Facilities District No 2005-01

The Pacific Gateway Business Center community Facilities District No. 2005-01 (District) was formed to finance public facilities within the District. The debt service payments on the bonds will be included on property tax bills within the community facilities district and will be collected by the City and then forwarded to the paying agent. A Reserve Fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor has the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2012 was \$8,660,000.

**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, 2012 are 9.313% and 25.821% 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012**

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**Note 9: Retirement Plans (Continued)**Required Contribution

For the year ended June 30, 2012, the City's contribution to the miscellaneous plan of \$435,101 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2009, 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, 2009 was 18 years.

Three-Year Trend Information of PERS

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2010	\$ 397,612	100%
6/30/2011	364,153	100%
6/30/2012	435,101	100%

For the year ended June 30, 2012, the City's contribution to the safety plan of \$614,040 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2009, 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, 2009 was 18 years.

Three-Year Trend Information of PERS

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2010	\$ 691,428	100%
6/30/2011	766,374	100%
6/30/2012	914,022	100%

For fiscal year 2011-2012, 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

**Note 9: Retirement Plans (Continued)**

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 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 2011-2012 was \$15,192 (of covered payroll), and the employees' contributions to PARS were \$72,453 (of covered payroll).

**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 2011-2012 the City of Seal Beach paid \$4,097,605 to the Authority.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2012. 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, 2012 (the most recent data available).

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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**Note 10: Joint Ventures (Continued)**

<u>Governmental Activities</u>	
Total Assets	\$ 376,665,967
Total Liabilities	\$ 108,120,816
Total Revenues	\$ 265,212,548
Total Expenses	284,296,768
Changes in Net Assets	(19,084,220)
Net Assets, Beginning as restated	287,629,371
Net Assets, Ending	\$ 268,545,151

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

County Public Financing Authority

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

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

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

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

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

See Note 6 for information regarding the City's share of lease payments.

**Note 10: Joint Ventures (Continued)**

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 2011-2012 the City of Seal Beach paid \$619,469 to the Authority.

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

**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 123 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.

**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.

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

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. 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. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through 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 \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate

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.

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

**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 \$43,318,470. 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 \$43,210,965. 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.

Crime Insurance

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

Special Events

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

**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 2011-12.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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**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 2011-12, the City contributed \$486,000 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.

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	\$ 486,000
Interest on net OPEB obligation	(14,844)
Adjustment to annual required contribution	<u>20,410</u>
Annual OPEB cost (expense)	491,566
Contributions made (including premiums paid)	<u>(486,000)</u>
Increase (decrease) in net OPEB obligation	5,566
Net OPEB obligation (asset) – beginning of year	<u>(312,512)</u>
Net OPEB obligation (asset) – end of year	<u><u>\$ (306,946)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2010	\$ 523,000	138.3%	\$ (317,825)
6/30/2011	548,313	100.0%	(312,512)
6/30/2012	491,566	100.0%	(306,946)

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.

Schedule of Funding Progress (dollar amounts in thousands)

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)
1/1/2007	\$ -	\$ 6,667	\$ 6,667	0%	\$ 6,757	98.69%
1/1/2009	447	6,486	6,039	7%	6,997	86.31%
6/30/2011	1,738	6,902	5,164	25%	7,829	65.96%

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	6/30/2011
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	3.25%
Healthcare inflation rate*	9 - 11%
* Includes an inflation assumption of 3.0%.	

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

**Note 13: Commitments and Contingencies**

Construction Commitments

As of June 30, 2012, budgeted funds committed for major capital projects included the following:

	Contract Amount	Expenditures To Date	Unexpended Balance
Arterial & Local Street Resurfacing	\$ 414,000	\$ 276,982	\$ 137,018
River's End Staging Area	1,624,192	1,585,270	38,922
10 Year Storm Drain Improvement Master Plan	153,065	77,412	75,653
Graphic Integration System	144,000	50,459	93,541
New 12" Water Line on OC Flood Control	90,000	8,349	81,651
10 Year Sewer Improvement Master Plan	489,506	73,100	416,406
Navy Drainage Easement Improvement	159,620	-	159,620
Total	<u>\$ 3,074,383</u>	<u>\$ 2,071,572</u>	<u>\$ 1,002,811</u>

**Note 14: California Redevelopment Agency Dissolution**

On July 18, 2011, the California Redevelopment Association ("CRA") and the League of California Cities ("League") filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB 1X 26 and 27 (*California Redevelopment Association v. Matosantos*). AB 1X 26 dissolves redevelopment agencies effective October 1, 2011. AB 1X 27 gave redevelopment agencies an option to avoid dissolution if it commits to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amounted to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments totaled \$400 million, annually. Each city or county's share of these payments was determined based on its proportionate share of state-wide tax increment.

On August 17, 2011 the Supreme Court issued a stay of the implementation of AB 1X 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB 1X 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011 announced its decision in *California Redevelopment Association v. Matosantos*. The court upheld AB 1X 26 which dissolves redevelopment agencies, but invalidated in its entirety AB 1X 27 which allowed redevelopment agencies to continue as long as they made the required payments. AB 1X 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The full text of AB 1X 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

As of January 31, 2012 the Redevelopment Agency has been dissolved and the City of Seal Beach has elected to become the Successor Agency. The Successor Agency will be responsible for winding down the remaining activities of the dissolved Redevelopment Agency.

**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).

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.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

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

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in the governmental funds - increase to net assets of the Successor Agency Trust Fund	\$ 7,818,567
Total extraordinary loss reported in the proprietary funds - increase to net assets of the Successor Agency Trust Fund *	1,200,000
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	838,017
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	<u>(5,125,000)</u>
Net increase to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u>\$ 4,731,584</u>

\* During fiscal year 2010-11, the City made a loan to the Agency in the amount of \$1,200,000 for the acquisition of a sewer easement from the Bay City Partners (BCP). The loan bears interest at 6% per year, and the Agency will repay the City the original balance of the loan, plus accrued interest, in three equal installments commencing July 10, 2012. However, the Agency was dissolved as of January 31, 2012 through Supreme Court decision on Assembly Bill 1X 26. The California Department of Finance disallowed the advance from the City as an enforceable obligation for the outstanding balance of \$1,200,000.

**a. Cash and investments**

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

Cash and investments pooled with the City	\$ 6,712,530
Cash and investments with fiscal agent	<u>740,768</u>
	<u>\$ 7,453,298</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

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

**b. Loans Receivable**

As of June 30, 2012, the following loans receivable were outstanding:

Housing rehabilitation	<u>\$ 1,971,776</u>
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The Seal Beach Redevelopment Agency had made several housing rehabilitation loans totaling \$1,971,776 to qualified applicants. This receivable was transferred to the Successor agency upon dissolution of the redevelopment agency.

**c. Capital Assets**

	Beginning Balance	Transferred from Former RDA	Transfers of CIP	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	-	1,051,103	-	12,212	-	1,063,315
Machinery and equipment	-	49,144	-	2,700	-	51,844
Total Accumulated Depreciation	-	1,100,247	-	14,912	-	1,115,159
Total Capital Assets, Being Depreciated, Net	-	434,825	-	(14,912)	-	419,913
Governmental Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ 838,017</u>	<u>\$ -</u>	<u>\$ (14,912)</u>	<u>\$ -</u>	<u>\$ 823,105</u>

**d. Long-term Debt**

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Transferred from Former RDA	Additions	Deletions	Balance June 30, 2012	Due Within One Year
<b>Fiduciary Activities</b>						
2000 Tax Allocation Bonds Series A	\$ -	\$ 4,775,000	\$ -	\$ -	\$ 4,775,000	\$ 430,000
2000 Tax Allocation Bonds Series B	-	350,000	-	-	350,000	40,000
Total	<u>\$ -</u>	<u>\$ 5,125,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,125,000</u>	<u>\$ 470,000</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2012**

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

A description of the individual issues of bonds of the Successor Agency of the former redevelopment agency outstanding as of June 30, 2012, follows:

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, 2012 were \$4,775,000 and \$350,000 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, 2012 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
2013	\$ 430,000	\$ 233,780	\$ 40,000	\$ 18,975
2014	450,000	212,875	45,000	16,531
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
2018-2022	2,050,000	306,940	115,000	6,756
2023-2027	360,000	19,619	-	-
Total	<u>\$ 4,775,000</u>	<u>\$ 1,270,304</u>	<u>\$ 350,000</u>	<u>\$ 75,613</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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2012

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

**e. 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	\$ 665,838	\$ 132,005	19.8%

**f. 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.

**g. Reversal of Transfers of Assets**

On April 20, 2012, pursuant to Health and Safety Code Section 34167.5, the California State Controller issued an order to cities, counties, and agencies, directly or indirectly receiving assets from a redevelopment agency after January 1, 2011, to reverse the transfer and return assets to successor agency. The California State Controller will specifically review and audit cities, counties, and public agencies to ensure that all applicable asset transfers have been reversed. Any reversals of transfers are not reflected in the Agency's financial statements as of January 31, 2012. Upon the Controller's review, any assets, if applicable, would be transferred to the Successor Agency in accordance with the order.

In August 2012, the City transferred all their housing rehabilitation loans totaling \$1,971,776 from the Successor Agency of the former redevelopment agency to the Orange County Housing Authority.

**h. Subsequent Events**

Assembly Bill 1484 established a requirement for the successor agency to remit to the County auditor-controller three payments as determined by the auditor-controller which consist of a payment to be made in July 2012 for taxing entities' share of December 2011

**Note 16: Subsequent Event (Continued)**

property tax distribution to redevelopment agency/successor agency, a payment to be made in November 2012 related to Low-Moderate Income Housing Fund Due Diligence Review for unencumbered cash, and a payment to be made in April 2013 related to the other Redevelopment Funds Due Diligence Review for unencumbered cash. As of the date of the report the payment in July 2012 was made in the amount of \$1,019,581, the Low-Moderate Income Housing Due Diligence Review currently resulted in an amount due of \$1,033,023 which has not been confirmed by the Department of Finance, and the other Redevelopment Funds Due Diligence Review resulted in an amount to be remitted of \$2,097,928. Both Due Diligence Review reports are subject to a review by the California Department of Finance. The results of the review has not been determined.

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CITY OF SEAL BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	<u>Special Revenue Funds</u>			
	<u>Street Lighting</u>	<u>Supplemental Law Enforcement</u>	<u>Detention Center</u>	<u>Police Asset Forfeiture</u>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 108,908	\$ 5,316	\$ 4,794
Receivables:				
Accounts	-	-	368	-
Taxes	4,162	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 4,162</u></b>	<b><u>\$ 108,908</u></b>	<b><u>\$ 5,684</u></b>	<b><u>\$ 4,794</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,056	\$ 1,983	\$ -	\$ -
Accrued liabilities	-	1,463	-	-
Deferred revenues	-	-	-	-
Due to other funds	4,162	-	-	-
<b>Total Liabilities</b>	<b><u>19,218</u></b>	<b><u>3,446</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	105,462	5,684	4,794
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
General government - grants	-	-	-	-
<b>Unassigned</b>	<b><u>(15,056)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>(15,056)</u></b>	<b><u>105,462</u></b>	<b><u>5,684</u></b>	<b><u>4,794</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 4,162</u></b>	<b><u>\$ 108,908</u></b>	<b><u>\$ 5,684</u></b>	<b><u>\$ 4,794</u></b>

CITY OF SEAL BEACH

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012

(Continued)

	<u>Special Revenue Funds</u>			
	<u>Air Quality Improvement</u>	<u>Parks and Recreation</u>	<u>State Gasoline Tax</u>	<u>Measure M</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 47,690	\$ 64,398	\$ 329,690	\$ 572,862
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other governments	-	-	-	60,974
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 47,690</u></b>	<b><u>\$ 64,398</u></b>	<b><u>\$ 329,690</u></b>	<b><u>\$ 633,836</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,500	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>3,500</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	64,398	-	-
Public works	44,190	-	329,690	633,836
Debt service	-	-	-	-
General government - grants	-	-	-	-
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>44,190</u></b>	<b><u>64,398</u></b>	<b><u>329,690</u></b>	<b><u>633,836</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 47,690</u></b>	<b><u>\$ 64,398</u></b>	<b><u>\$ 329,690</u></b>	<b><u>\$ 633,836</u></b>

CITY OF SEAL BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	<u>Special Revenue Funds</u>			
	<u>Roberti-Z'berg Harris Urban Open Space</u>	<u>Grants</u>	<u>Community Development Block Grant</u>	<u>Police Grants</u>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 56,158	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other governments	12,081	3,812	-	16,171
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 12,081</u></b>	<b><u>\$ 59,970</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 16,171</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 302
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	1,667
Due to other funds	12,081	3,812	-	23,900
<b>Total Liabilities</b>	<b><u>12,081</u></b>	<b><u>3,812</u></b>	<b><u>-</u></b>	<b><u>25,869</u></b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
General government - grants	-	56,158	-	-
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(9,698)</u></b>
<b>Total Fund Balances</b>	<b><u>-</u></b>	<b><u>56,158</u></b>	<b><u>-</u></b>	<b><u>(9,698)</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 12,081</u></b>	<b><u>\$ 59,970</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 16,171</u></b>

CITY OF SEAL BEACH

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012

(Continued)

	<u>Special Revenue Funds</u>			
	<u>Landscape District</u>	<u>Heron Pointe</u>	<u>Pacific Gateway</u>	<u>Special Revenue RDA</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 430,095	\$ 40,564	\$ 200,957	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 430,095</u></b>	<b><u>\$ 40,564</u></b>	<b><u>\$ 200,957</u></b>	<b><u>\$ -</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,952	\$ 91	\$ 1,860	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>3,952</u></b>	<b><u>91</u></b>	<b><u>1,860</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	426,143	40,473	199,097	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
General government - grants	-	-	-	-
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>426,143</u></b>	<b><u>40,473</u></b>	<b><u>199,097</u></b>	<b><u>-</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 430,095</u></b>	<b><u>\$ 40,564</u></b>	<b><u>\$ 200,957</u></b>	<b><u>\$ -</u></b>

CITY OF SEAL BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>		
	<u>Capital Projects RDA</u>	<u>City Debt Service</u>	<u>Debt Service RDA</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 1,861,432
Receivables:				
Accounts	-	-	-	368
Taxes	-	-	-	4,162
Due from other governments	-	-	-	93,038
Restricted assets:				
Cash and investments with fiscal agents	-	752,360	-	752,360
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 752,360</b>	<b>\$ -</b>	<b>\$ 2,711,360</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 26,744
Accrued liabilities	-	-	-	1,463
Deferred revenues	-	-	-	1,667
Due to other funds	-	-	-	43,955
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,829</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	-	665,713
Public safety	-	-	-	115,940
Parks and recreation	-	-	-	64,398
Public works	-	-	-	1,007,716
Debt service	-	752,360	-	752,360
General government - grants	-	-	-	56,158
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,754)</b>
<b>Total Fund Balances</b>	<b>-</b>	<b>752,360</b>	<b>-</b>	<b>2,637,531</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 752,360</b>	<b>\$ -</b>	<b>\$ 2,711,360</b>

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CITY OF SEAL BEACH

COMBINING STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR END JUNE 30, 2012

	Special Revenue Funds			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
<b>Revenues:</b>				
Taxes	\$ 141,596	\$ -	\$ -	\$ -
Intergovernmental	-	100,000	-	-
Charges for services	-	-	18,878	-
Use of money and property	-	983	-	39
<b>Total Revenues</b>	<b>141,596</b>	<b>100,983</b>	<b>18,878</b>	<b>39</b>
<b>Expenditures:</b>				
Current:				
General government	189,544	-	-	-
Public safety	-	119,595	18,702	-
Community development	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>189,544</b>	<b>119,595</b>	<b>18,702</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,948)	(18,612)	176	39
<b>Other Financing Sources (Uses):</b>				
Transfers in	83,735	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>83,735</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>35,787</b>	<b>(18,612)</b>	<b>176</b>	<b>39</b>
Fund Balances, Beginning of Year	(50,843)	124,074	5,508	4,755
<b>Fund Balances, End of Year</b>	<b>\$ (15,056)</b>	<b>\$ 105,462</b>	<b>\$ 5,684</b>	<b>\$ 4,794</b>

CITY OF SEAL BEACH

COMBINING STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR END JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	Air Quality Improvement	Parks and Recreation	State Gasoline Tax	Measure M
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 734,920	\$ 362,702
Intergovernmental	29,045	-	-	-
Charges for services	-	-	-	-
Use of money and property	409	1,209	3,090	4,663
<b>Total Revenues</b>	<b>29,454</b>	<b>1,209</b>	<b>738,010</b>	<b>367,365</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	32,227	-	1,490	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>32,227</b>	<b>-</b>	<b>1,490</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,773)	1,209	736,520	367,365
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	(151,229)	(581,762)	(144,054)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(151,229)</b>	<b>(581,762)</b>	<b>(144,054)</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(2,773)</b>	<b>(150,020)</b>	<b>154,758</b>	<b>223,311</b>
Fund Balances, Beginning of Year	46,963	214,418	174,932	410,525
<b>Fund Balances, End of Year</b>	<b>\$ 44,190</b>	<b>\$ 64,398</b>	<b>\$ 329,690</b>	<b>\$ 633,836</b>

CITY OF SEAL BEACH

COMBINING STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR END JUNE 30, 2012

	Special Revenue Funds			
	Roberti-Z'berg Harris Urban Open Space	Grants	Community Development Block Grant	Police Grants
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	12,081	3,812	164,415	108,732
Charges for services	-	-	-	-
Use of money and property	-	-	-	-
<b>Total Revenues</b>	<b>12,081</b>	<b>3,812</b>	<b>164,415</b>	<b>108,732</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	82,253
Community development	-	-	164,415	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>164,415</b>	<b>82,253</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,081	3,812	-	26,479
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>12,081</b>	<b>3,812</b>	<b>-</b>	<b>26,479</b>
Fund Balances, Beginning of Year	(12,081)	52,346	-	(36,177)
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 56,158</b>	<b>\$ -</b>	<b>\$ (9,698)</b>

## CITY OF SEAL BEACH

COMBINING STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR END JUNE 30, 2012

(Continued)

	Special Revenue Funds			
	Landscape District	Heron Pointe	Pacific Gateway	Special Revenue RDA
<b>Revenues:</b>				
Taxes	\$ 166,585	\$ -	\$ 49,893	\$ 258,674
Intergovernmental	-	25,000	25,000	-
Charges for services	-	-	-	-
Use of money and property	2,915	331	1,547	2,841
<b>Total Revenues</b>	<b>169,500</b>	<b>25,331</b>	<b>76,440</b>	<b>261,515</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	61,725	7,944	35,527	316,478
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>61,725</b>	<b>7,944</b>	<b>35,527</b>	<b>316,478</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	107,775	17,387	40,913	(54,963)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(12,000)	(11,000)	(26,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(12,000)</b>	<b>(11,000)</b>	<b>(26,000)</b>	<b>-</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	-	-	-	(3,272,217)
<b>Net Change in Fund Balances</b>	<b>95,775</b>	<b>6,387</b>	<b>14,913</b>	<b>(3,327,180)</b>
Fund Balances, Beginning of Year	330,368	34,086	184,184	3,327,180
<b>Fund Balances, End of Year</b>	<b>\$ 426,143</b>	<b>\$ 40,473</b>	<b>\$ 199,097</b>	<b>\$ -</b>

CITY OF SEAL BEACH

COMBINING STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR END JUNE 30, 2012

	Capital	Debt Service Funds		Total
	Projects Funds			
	Capital	City Debt	Debt Service	Funds
	Projects RDA	Service	RDA	
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 1,034,695	\$ 2,749,065
Intergovernmental	-	-	-	468,085
Charges for services	-	-	-	18,878
Use of money and property	8,193	186	(8,191)	18,215
<b>Total Revenues</b>	<b>8,193</b>	<b>186</b>	<b>1,026,504</b>	<b>3,254,243</b>
<b>Expenditures:</b>				
Current:				
General government	93,676	-	2,073	285,293
Public safety	-	-	-	220,550
Community development	-	-	-	586,089
Public works	-	-	-	33,717
Debt service:				
Principal retirement	15,228	1,504,000	450,000	1,969,228
Interest and fiscal charges	1,989	629,869	142,460	774,318
<b>Total Expenditures</b>	<b>110,893</b>	<b>2,133,869</b>	<b>594,533</b>	<b>3,869,195</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(102,700)	(2,133,683)	431,971	(614,952)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	2,136,943	-	2,220,678
Transfers out	-	-	-	(926,045)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>2,136,943</b>	<b>-</b>	<b>1,294,633</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 15)	(2,635,878)	-	(1,910,472)	(7,818,567)
<b>Net Change in Fund Balances</b>	<b>(2,738,578)</b>	<b>3,260</b>	<b>(1,478,501)</b>	<b>(7,138,886)</b>
Fund Balances, Beginning of Year	2,738,578	749,100	1,478,501	9,776,417
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 752,360</b>	<b>\$ -</b>	<b>\$ 2,637,531</b>

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE  
 STREET LIGHTING  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (50,843)	\$ (50,843)	\$ (50,843)	\$ -
<b>Resources (Inflows):</b>				
Taxes	143,600	143,600	141,596	(2,004)
Transfers in	57,900	57,900	83,735	25,835
<b>Amounts Available for Appropriation</b>	<b>150,657</b>	<b>150,657</b>	<b>174,488</b>	<b>23,831</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	201,500	201,500	189,544	11,956
<b>Total Charges to Appropriations</b>	<b>201,500</b>	<b>201,500</b>	<b>189,544</b>	<b>11,956</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (50,843)</b>	<b>\$ (50,843)</b>	<b>\$ (15,056)</b>	<b>\$ 35,787</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
SUPPLEMENTAL LAW ENFORCEMENT  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 124,074	\$ 124,074	\$ 124,074	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	100,000	100,000	-
Use of money and property	300	300	983	683
<b>Amounts Available for Appropriation</b>	<b>124,374</b>	<b>224,374</b>	<b>225,057</b>	<b>683</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	100,000	200,000	119,595	80,405
<b>Total Charges to Appropriations</b>	<b>100,000</b>	<b>200,000</b>	<b>119,595</b>	<b>80,405</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 24,374</b>	<b>\$ 24,374</b>	<b>\$ 105,462</b>	<b>\$ 81,088</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
DETENTION CENTER  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 5,508	\$ 5,508	\$ 5,508	\$ -
<b>Resources (Inflows):</b>				
Charges for services	20,000	20,000	18,878	(1,122)
<b>Amounts Available for Appropriation</b>	<b>25,508</b>	<b>25,508</b>	<b>24,386</b>	<b>(1,122)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	25,000	25,000	18,702	6,298
<b>Total Charges to Appropriations</b>	<b>25,000</b>	<b>25,000</b>	<b>18,702</b>	<b>6,298</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 508</b>	<b>\$ 508</b>	<b>\$ 5,684</b>	<b>\$ 5,176</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
POLICE ASSET FORFEITURE  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 4,755	\$ 4,755	\$ 4,755	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	4,100	4,100	-	(4,100)
Use of money and property	-	-	39	39
<b>Amounts Available for Appropriation</b>	<b>8,855</b>	<b>8,855</b>	<b>4,794</b>	<b>(4,061)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	7,100	7,100	-	7,100
<b>Total Charges to Appropriations</b>	<b>7,100</b>	<b>7,100</b>	<b>-</b>	<b>7,100</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,755</b>	<b>\$ 1,755</b>	<b>\$ 4,794</b>	<b>\$ 3,039</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY IMPROVEMENT  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 46,963	\$ 46,963	\$ 46,963	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	30,000	30,000	29,045	(955)
Use of money and property	300	300	409	109
<b>Amounts Available for Appropriation</b>	<b>77,263</b>	<b>77,263</b>	<b>76,417</b>	<b>(846)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	30,800	30,800	32,227	(1,427)
<b>Total Charges to Appropriations</b>	<b>30,800</b>	<b>30,800</b>	<b>32,227</b>	<b>(1,427)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 46,463</b>	<b>\$ 46,463</b>	<b>\$ 44,190</b>	<b>\$ (2,273)</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
PARKS AND RECREATION  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 214,418	\$ 214,418	\$ 214,418	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	5,000	5,000	-	(5,000)
Use of money and property	800	800	1,209	409
<b>Amounts Available for Appropriation</b>	<b>220,218</b>	<b>220,218</b>	<b>215,627</b>	<b>(4,591)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	75,000	152,200	151,229	971
<b>Total Charges to Appropriations</b>	<b>75,000</b>	<b>152,200</b>	<b>151,229</b>	<b>971</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 145,218</b>	<b>\$ 68,018</b>	<b>\$ 64,398</b>	<b>\$ (3,620)</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
STATE GASOLINE TAX  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 174,932	\$ 174,932	\$ 174,932	\$ -
<b>Resources (Inflows):</b>				
Taxes	423,400	683,400	734,920	51,520
Use of money and property	1,000	1,000	3,090	2,090
<b>Amounts Available for Appropriation</b>	<b>599,332</b>	<b>859,332</b>	<b>912,942</b>	<b>53,610</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	2,000	2,000	1,490	510
Transfers out	400,000	650,000	581,762	68,238
<b>Total Charges to Appropriations</b>	<b>402,000</b>	<b>652,000</b>	<b>583,252</b>	<b>68,748</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 197,332</b>	<b>\$ 207,332</b>	<b>\$ 329,690</b>	<b>\$ 122,358</b>

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE  
 MEASURE M  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 410,525	\$ 410,525	\$ 410,525	\$ -
<b>Resources (Inflows):</b>				
Taxes	202,000	202,000	362,702	160,702
Use of money and property	1,000	1,000	4,663	3,663
<b>Amounts Available for Appropriation</b>	<b>613,525</b>	<b>613,525</b>	<b>777,890</b>	<b>164,365</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers out	275,000	275,000	144,054	130,946
<b>Total Charges to Appropriations</b>	<b>275,000</b>	<b>275,000</b>	<b>144,054</b>	<b>130,946</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 338,525</b>	<b>\$ 338,525</b>	<b>\$ 633,836</b>	<b>\$ 295,311</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	170,000	170,000	164,415	(5,585)
<b>Amounts Available for Appropriation</b>	<b>170,000</b>	<b>170,000</b>	<b>164,415</b>	<b>(5,585)</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	170,000	170,000	164,415	5,585
<b>Total Charges to Appropriations</b>	<b>170,000</b>	<b>170,000</b>	<b>164,415</b>	<b>5,585</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
POLICE GRANTS  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (36,177)	\$ (36,177)	\$ (36,177)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	169,700	169,700	108,732	(60,968)
<b>Amounts Available for Appropriation</b>	<b>133,523</b>	<b>133,523</b>	<b>72,555</b>	<b>(60,968)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	169,700	169,700	82,253	87,447
<b>Total Charges to Appropriations</b>	<b>169,700</b>	<b>169,700</b>	<b>82,253</b>	<b>87,447</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (36,177)</b>	<b>\$ (36,177)</b>	<b>\$ (9,698)</b>	<b>\$ 26,479</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
LANDSCAPE DISTRICT  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 330,368	\$ 330,368	\$ 330,368	\$ -
<b>Resources (Inflows):</b>				
Taxes	140,200	140,200	166,585	26,385
Use of money and property	2,000	2,000	2,915	915
<b>Amounts Available for Appropriation</b>	<b>472,568</b>	<b>472,568</b>	<b>499,868</b>	<b>27,300</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	71,000	71,000	61,725	9,275
Transfers out	12,000	12,000	12,000	-
<b>Total Charges to Appropriations</b>	<b>83,000</b>	<b>83,000</b>	<b>73,725</b>	<b>9,275</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 389,568</b>	<b>\$ 389,568</b>	<b>\$ 426,143</b>	<b>\$ 36,575</b>

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE  
 HERON POINTE  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 34,086	\$ 34,086	\$ 34,086	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	25,000	25,000	25,000	-
Use of money and property	100	100	331	231
<b>Amounts Available for Appropriation</b>	<b>59,186</b>	<b>59,186</b>	<b>59,417</b>	<b>231</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	11,400	11,400	7,944	3,456
Transfers out	11,000	11,000	11,000	-
<b>Total Charges to Appropriations</b>	<b>22,400</b>	<b>22,400</b>	<b>18,944</b>	<b>3,456</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 36,786</b>	<b>\$ 36,786</b>	<b>\$ 40,473</b>	<b>\$ 3,687</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
PACIFIC GATEWAY  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 184,184	\$ 184,184	\$ 184,184	\$ -
<b>Resources (Inflows):</b>				
Taxes	50,000	50,000	49,893	(107)
Intergovernmental	25,000	25,000	25,000	-
Use of money and property	1,000	1,000	1,547	547
<b>Amounts Available for Appropriation</b>	<b>260,184</b>	<b>260,184</b>	<b>260,624</b>	<b>440</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	44,300	44,300	35,527	8,773
Transfers out	26,000	26,000	26,000	-
<b>Total Charges to Appropriations</b>	<b>70,300</b>	<b>70,300</b>	<b>61,527</b>	<b>8,773</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 189,884</b>	<b>\$ 189,884</b>	<b>\$ 199,097</b>	<b>\$ 9,213</b>

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE RDA  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,327,180	\$ 3,327,180	\$ 3,327,180	\$ -
<b>Resources (Inflows):</b>				
Taxes	446,800	258,674	258,674	-
Use of money and property	5,000	2,714	2,841	127
<b>Amounts Available for Appropriation</b>	<b>3,778,980</b>	<b>3,588,568</b>	<b>3,588,695</b>	<b>127</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	880,000	314,107	316,478	(2,371)
Extraordinary loss on dissolution of redevelopment agency	-	-	3,272,217	(3,272,217)
<b>Total Charges to Appropriations</b>	<b>880,000</b>	<b>314,107</b>	<b>3,588,695</b>	<b>(3,274,588)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,898,980</b>	<b>\$ 3,274,461</b>	<b>\$ -</b>	<b>\$ (3,274,461)</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS AND EQUIPMENT  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 87,375	\$ 87,375	\$ 87,375	\$ -
<b>Resources (Inflows):</b>				
Transfers in	8,816,200	9,162,526	5,530,575	(3,631,951)
<b>Amounts Available for Appropriation</b>	<b>8,903,575</b>	<b>9,249,901</b>	<b>5,617,950</b>	<b>(3,631,951)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	8,816,200	9,162,526	5,530,575	3,631,951
<b>Total Charges to Appropriations</b>	<b>8,816,200</b>	<b>9,162,526</b>	<b>5,530,575</b>	<b>3,631,951</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 87,375</b>	<b>\$ 87,375</b>	<b>\$ 87,375</b>	<b>\$ -</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS RDA  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 2,738,578	\$ 2,738,578	\$ 2,738,578	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	16,000	7,831	8,193	362
Transfers in	457,200	-	-	-
<b>Amounts Available for Appropriation</b>	<b>3,211,778</b>	<b>2,746,409</b>	<b>2,746,771</b>	<b>362</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	146,200	47,190	93,676	(46,486)
Capital outlay	1,100,000	-	-	-
Debt service:				
Principal retirement	20,600	15,228	15,228	-
Interest and fiscal charges	2,600	1,989	1,989	-
Extraordinary loss on dissolution of redevelopment agency	-	-	2,635,878	(2,635,878)
<b>Total Charges to Appropriations</b>	<b>1,269,400</b>	<b>64,407</b>	<b>2,746,771</b>	<b>(2,682,364)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,942,378</b>	<b>\$ 2,682,002</b>	<b>\$ -</b>	<b>\$ (2,682,002)</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
CITY DEBT SERVICE  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 749,100	\$ 749,100	\$ 749,100	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	186	186
Transfers in	2,134,000	2,134,000	2,136,943	2,943
<b>Amounts Available for Appropriation</b>	<b>2,883,100</b>	<b>2,883,100</b>	<b>2,886,229</b>	<b>3,129</b>
<b>Charges to Appropriation (Outflow):</b>				
Debt service:				
Principal retirement	1,504,000	1,504,000	1,504,000	-
Interest and fiscal charges	630,000	630,000	629,869	131
<b>Total Charges to Appropriations</b>	<b>2,134,000</b>	<b>2,134,000</b>	<b>2,133,869</b>	<b>131</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 749,100</b>	<b>\$ 749,100</b>	<b>\$ 752,360</b>	<b>\$ 3,260</b>

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE RDA  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,478,501	\$ 1,478,501	\$ 1,478,501	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,788,200	1,034,695	1,034,695	-
Use of money and property	5,500	1,352	(8,191)	(9,543)
Transfers in	731,000	718,229	-	(718,229)
<b>Amounts Available for Appropriation</b>	<b>4,003,201</b>	<b>3,232,777</b>	<b>2,505,005</b>	<b>(727,772)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	14,500	2,073	2,073	-
Community development	25,000	-	-	-
Debt service:				
Principal retirement	450,000	450,000	450,000	-
Interest and fiscal charges	274,500	264,403	142,460	121,943
Transfers out	1,188,200	718,229	-	718,229
Extraordinary loss on dissolution of redevelopment agency	-	-	1,910,472	(1,910,472)
<b>Total Charges to Appropriations</b>	<b>1,952,200</b>	<b>1,434,705</b>	<b>2,505,005</b>	<b>(1,070,300)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,051,001</b>	<b>\$ 1,798,072</b>	<b>\$ -</b>	<b>\$ (1,798,072)</b>

CITY OF SEAL BEACH

COMBINING BALANCE SHEET  
 ALL AGENCY FUNDS  
 JUNE 30, 2012

	<u>Deposits</u>	<u>Seal Beach Cable</u>	<u>Assessment District 94-1 and 2000-1</u>	<u>Community Facilities District 2002-01</u>	<u>Community Facilities District 2005-01</u>	<u>Totals</u>
<b>Assets:</b>						
Pooled cash and investments	\$ 92,598	\$ 251,379	\$ 55,609	\$ 180,449	\$ 117,615	\$ 697,650
Receivables:						
Accounts	-	20,325	794	1,512	-	22,631
Restricted assets:						
Cash and investments with fiscal agents	-	-	196,881	270,624	832,709	1,300,214
<b>Total Assets</b>	<b>\$ 92,598</b>	<b>\$ 271,704</b>	<b>\$ 253,284</b>	<b>\$ 452,585</b>	<b>\$ 950,324</b>	<b>\$ 2,020,495</b>
<b>Liabilities:</b>						
Accounts payable	\$ 1,105	\$ -	\$ 61	\$ -	\$ -	\$ 1,166
Deposits payable	91,493	271,704	10,444	-	-	373,641
Due to bondholders	-	-	242,779	452,585	950,324	1,645,688
<b>Total Liabilities</b>	<b>\$ 92,598</b>	<b>\$ 271,704</b>	<b>\$ 253,284</b>	<b>\$ 452,585</b>	<b>\$ 950,324</b>	<b>\$ 2,020,495</b>

CITY OF SEAL BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2012

	Balance 7/1/2011	Additions	Deductions	Balance 6/30/2012
<b><u>Deposits</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 93,069	\$ 15,137	\$ 15,608	\$ 92,598
<b>Total Assets</b>	<b><u>\$ 93,069</u></b>	<b><u>\$ 15,137</u></b>	<b><u>\$ 15,608</u></b>	<b><u>\$ 92,598</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 16,633	\$ 15,528	\$ 1,105
Deposits payable	93,069	15,137	16,713	91,493
<b>Total Liabilities</b>	<b><u>\$ 93,069</u></b>	<b><u>\$ 31,770</u></b>	<b><u>\$ 32,241</u></b>	<b><u>\$ 92,598</u></b>
<b><u>Seal Beach Cable</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 228,311	\$ 94,952	\$ 71,884	\$ 251,379
Receivables:				
Accounts	24,194	20,325	24,194	20,325
<b>Total Assets</b>	<b><u>\$ 252,505</u></b>	<b><u>\$ 115,277</u></b>	<b><u>\$ 96,078</u></b>	<b><u>\$ 271,704</u></b>
<b>Liabilities:</b>				
Deposits payable	\$ 252,505	\$ 91,083	\$ 71,884	\$ 271,704
<b>Total Liabilities</b>	<b><u>\$ 252,505</u></b>	<b><u>\$ 91,083</u></b>	<b><u>\$ 71,884</u></b>	<b><u>\$ 271,704</u></b>
<b><u>Assessment District 94-1 and 2000-1</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 46,745	\$ 201,944	\$ 193,080	\$ 55,609
Receivables:				
Accounts	399	794	399	794
Restricted assets:				
Cash and investments with fiscal agents	196,861	20	-	196,881
<b>Total Assets</b>	<b><u>\$ 244,005</u></b>	<b><u>\$ 202,758</u></b>	<b><u>\$ 193,479</u></b>	<b><u>\$ 253,284</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 149,040	\$ 148,979	\$ 61
Deposits payable	2,034	204,655	196,245	10,444
Due to bondholders	241,971	242,779	241,971	242,779
<b>Total Liabilities</b>	<b><u>\$ 244,005</u></b>	<b><u>\$ 596,474</u></b>	<b><u>\$ 587,195</u></b>	<b><u>\$ 253,284</u></b>
<b><u>Community Facilities District 2002-01</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 263,806	\$ 251,771	\$ 335,128	\$ 180,449
Receivables:				
Accounts	1,800	1,512	1,800	1,512
Restricted assets:				
Cash and investments with fiscal agents	270,598	27	1	270,624
<b>Total Assets</b>	<b><u>\$ 536,204</u></b>	<b><u>\$ 253,310</u></b>	<b><u>\$ 336,929</u></b>	<b><u>\$ 452,585</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 536,204	\$ 255,217	\$ 338,836	\$ 452,585
<b>Total Liabilities</b>	<b><u>\$ 536,204</u></b>	<b><u>\$ 255,217</u></b>	<b><u>\$ 338,836</u></b>	<b><u>\$ 452,585</u></b>

CITY OF SEAL BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2012

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2012</u>
<b><u>Community Facilities District 2005-01</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 135,599	\$ 777,309	\$ 795,293	\$ 117,615
Receivables:				
Accounts	1,879	-	1,879	-
Restricted assets:				
Cash and investments with fiscal agents	825,071	7,640	2	832,709
<b>Total Assets</b>	<b><u>\$ 962,549</u></b>	<b><u>\$ 784,949</u></b>	<b><u>\$ 797,174</u></b>	<b><u>\$ 950,324</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 962,549	\$ 783,118	\$ 795,343	\$ 950,324
<b>Total Liabilities</b>	<b><u>\$ 962,549</u></b>	<b><u>\$ 783,118</u></b>	<b><u>\$ 795,343</u></b>	<b><u>\$ 950,324</u></b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 767,530	\$ 1,341,113	\$ 1,410,993	\$ 697,650
Receivables:				
Accounts	28,272	22,631	28,272	22,631
Restricted assets:				
Cash and investments with fiscal agents	1,292,530	7,687	3	1,300,214
<b>Total Assets</b>	<b><u>\$ 2,088,332</u></b>	<b><u>\$ 1,371,431</u></b>	<b><u>\$ 1,439,268</u></b>	<b><u>\$ 2,020,495</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 165,673	\$ 164,507	\$ 1,166
Deposits payable	347,608	310,875	284,842	373,641
Due to bondholders	1,740,724	1,281,114	1,376,150	1,645,688
<b>Total Liabilities</b>	<b><u>\$ 2,088,332</u></b>	<b><u>\$ 1,757,662</u></b>	<b><u>\$ 1,825,499</u></b>	<b><u>\$ 2,020,495</u></b>

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CITY OF SEAL BEACH  
Comprehensive Annual Financial Report  
Year Ended June 30, 2012

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>	104
Revenue Capacity <i>These schedules contain trend information to help the reader assess the government's most significant current local revenue source, the property tax.</i>	114
Debt Capacity <i>These schedules contain present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	120
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	127
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>	130

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 25,851,629	\$ 33,739,073	\$ 58,919,775
Restricted	8,678,624	9,936,453	8,845,953
Unrestricted	<u>13,109,461</u>	<u>15,966,882</u>	<u>19,200,089</u>
Total governmental activities net assets	<u><u>\$ 47,639,714</u></u>	<u><u>\$ 59,642,408</u></u>	<u><u>\$ 86,965,817</u></u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 9,297,434	\$ 10,210,695	\$ 22,586,551
Restricted	369,415	363,315	380,669
Unrestricted	<u>7,520,372</u>	<u>9,344,222</u>	<u>10,268,364</u>
Total business-type activities net assets	<u><u>\$ 17,187,221</u></u>	<u><u>\$ 19,918,232</u></u>	<u><u>\$ 33,235,584</u></u>
Primary government:			
Invested in capital assets, net of related debt	\$ 35,149,063	\$ 43,949,768	\$ 81,886,995
Restricted	9,048,039	10,299,768	5,468,213
Unrestricted	<u>20,629,833</u>	<u>25,311,104</u>	<u>32,846,193</u>
Total primary government net assets	<u><u>\$ 64,826,935</u></u>	<u><u>\$ 79,560,640</u></u>	<u><u>\$ 120,201,401</u></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.

2008	2009	2010	2011	2012
\$ 62,319,804	\$ 64,630,230	\$ 64,607,970	\$ 68,117,517	\$ 70,801,667
4,725,123	5,004,891	6,190,852	5,179,337	2,662,285
30,271,762	32,204,164	30,050,739	27,557,417	29,666,427
<u>\$ 97,316,689</u>	<u>\$ 101,839,285</u>	<u>\$ 100,849,561</u>	<u>\$ 100,854,271</u>	<u>\$ 103,130,379</u>
\$ 24,136,274	\$ 27,007,845	\$ 27,416,082	\$ 29,552,934	\$ 32,020,831
-	396,321	294,407	-	-
12,471,364	12,314,589	14,376,270	13,633,764	11,318,443
<u>\$ 36,607,638</u>	<u>\$ 39,718,755</u>	<u>\$ 42,086,759</u>	<u>\$ 43,186,698</u>	<u>\$ 43,339,274</u>
\$ 86,456,078	\$ 91,638,075	\$ 92,024,052	\$ 97,670,451	\$ 102,822,498
4,725,123	5,401,212	6,485,259	5,179,337	2,662,285
42,743,126	44,518,753	44,427,009	41,191,181	40,984,870
<u>\$133,924,327</u>	<u>\$ 141,558,040</u>	<u>\$ 142,936,320</u>	<u>\$ 144,040,969</u>	<u>\$ 146,469,653</u>

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

	Fiscal Year		
	2005	2006	2007
Expenses:			
Governmental activities:			
General government	\$ 5,538,286	\$ 4,498,204	\$ 5,252,803
Public safety	10,676,633	9,988,768	12,155,295
Community development	1,414,738	1,811,381	1,988,868
Parks and Recreation	806,193	897,967	888,007
Public works	2,284,377	2,668,879	3,929,349
Interest on long-term debt	656,124	536,868	439,217
Total governmental activities expenses	<u>21,376,351</u>	<u>20,402,067</u>	<u>24,653,539</u>
Business-type activities:			
Water utility	2,926,019	3,275,444	3,644,561
Sewer utility	855,889	842,588	1,095,827
Total business-type activities expenses	<u>3,781,908</u>	<u>4,118,032</u>	<u>4,740,388</u>
Total primary government expenses	<u>25,158,259</u>	<u>24,520,099</u>	<u>29,393,927</u>
Program revenues:			
Governmental activities:			
Charges for services:			
General government	2,783,203	3,060,286	2,427,303
Public safety	1,599,352	1,507,372	1,461,110
Community Development	668,756	1,002,351	883,928
Parks and Recreation	489,425	496,873	569,657
Public works	1,262,793	1,476,967	1,396,895
Operating contributions and grants	951,270	1,087,239	1,021,226
Capital grants and contributions	3,174,431	2,306,791	1,759,424
Total governmental activities program revenues	<u>10,929,230</u>	<u>10,937,879</u>	<u>9,519,543</u>
Business-type activities:			
Charges for services:			
Water utility	4,353,645	5,440,216	5,754,606
Sewer utility	1,149,147	1,534,440	1,872,906
Operating grants and contributions			
Total business-type activities program revenues	<u>5,502,792</u>	<u>6,974,656</u>	<u>7,627,512</u>
Total primary government program revenues	<u>16,432,022</u>	<u>17,912,535</u>	<u>17,147,055</u>
Net revenues (expenses):			
Governmental activities	(10,447,121)	(9,464,188)	(15,133,996)
Business-type activities	1,720,884	2,856,624	2,887,124
Total net revenues (expenses)	<u>\$ (8,726,237)</u>	<u>\$ (6,607,564)</u>	<u>\$ (12,246,872)</u>

2008	2009	2010	2011	2012
\$ 6,099,316	\$ 5,713,338	\$ 6,462,182	\$ 8,135,200	\$ 6,477,795
13,477,966	13,191,707	14,322,026	13,493,413	14,152,774
2,279,543	1,979,889	3,332,329	1,654,009	1,372,334
1,033,362	978,504	1,109,303	1,040,723	940,754
3,889,902	5,307,470	7,745,817	6,304,343	6,577,233
525,974	1,083,063	889,721	1,012,516	693,065
<u>27,306,063</u>	<u>28,253,971</u>	<u>33,861,378</u>	<u>31,640,204</u>	<u>30,213,955</u>
3,770,266	3,815,798	4,063,497	4,005,747	4,165,575
1,050,711	1,331,610	1,452,748	1,412,326	1,402,249
<u>4,820,977</u>	<u>5,147,408</u>	<u>5,516,245</u>	<u>5,418,073</u>	<u>5,567,824</u>
<u>32,127,040</u>	<u>33,401,379</u>	<u>39,377,623</u>	<u>37,058,277</u>	<u>35,781,779</u>
2,515,890	2,506,070	2,190,386	1,770,024	1,462,840
1,265,791	1,424,996	1,725,519	1,515,727	1,667,184
71,084	95,824	92,163	92,131	130,118
564,504	619,334	737,470	815,779	930,501
2,159,284	1,909,011	1,817,794	1,738,965	1,869,575
1,484,287	1,604,904	1,999,260	1,775,825	5,890,556
642,433	224,264	422,645	23,967	44,405
<u>8,703,273</u>	<u>8,384,403</u>	<u>8,985,237</u>	<u>7,732,418</u>	<u>11,995,179</u>
5,783,125	5,818,135	5,655,433	4,190,824	4,376,906
<u>1,901,950</u>	<u>2,075,431</u>	<u>2,184,287</u>	<u>2,212,559</u>	<u>2,442,608</u>
<u>7,685,075</u>	<u>7,893,566</u>	<u>7,839,720</u>	<u>6,403,383</u>	<u>6,819,514</u>
16,388,348	16,277,969	16,824,957	14,135,801	18,814,693
(18,602,790)	(19,869,568)	(24,876,141)	(23,907,786)	(18,218,776)
2,864,098	2,746,158	2,323,475	985,310	1,251,690
<u>\$ (15,738,692)</u>	<u>\$ (17,123,410)</u>	<u>\$ (22,552,666)</u>	<u>\$ (22,922,476)</u>	<u>\$ (16,967,086)</u>

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

	Fiscal Year		
	2005	2006	2007
General revenues and other changes in net assets:			
Governmental activities:			
Taxes:			
Property taxes	\$ 7,108,677	\$ 7,887,186	\$ 10,329,372
Transient occupancy taxes	623,836	669,229	894,784
Sales tax	3,866,138	3,618,456	3,746,801
Franchise taxes	812,675	772,348	941,702
Utility users taxes	4,546,007	4,749,038	5,131,264
Other taxes	253,508	442,700	569,412
Motor vehicle in lieu, unrestricted	707,861	155,846	156,603
Use of money and property	681,647	1,015,768	1,789,051
Other	1,770,848	30,938	178,582
Loss on disposal of asset	(20,793)	1,737,859	-
Transfers	-	387,514	-
Extraordinary Gain(loss) on dissolution on RDA	-	-	-
Total governmental activities	<u>20,350,404</u>	<u>21,466,882</u>	<u>23,737,571</u>
Business-type activities:			
Use of money and property	136,137	261,601	533,847
Other	400	300	600
Transfers	-	-	-
Extraordinary Gain(loss) on dissolution on RDA	-	-	-
Total business-type activities	<u>136,537</u>	<u>261,901</u>	<u>534,447</u>
Total primary government	<u>20,486,941</u>	<u>21,728,783</u>	<u>24,272,018</u>
Changes in net assets:			
Governmental activities	19,550,656	12,002,694	8,603,575
Business-type activities	1,857,421	3,118,525	3,421,571
Total primary government	<u>\$ 21,408,077</u>	<u>\$ 15,121,219</u>	<u>\$ 12,025,146</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

2008	2009	2010	2011	2012
\$ 10,304,847	\$ 11,054,451	\$ 10,738,530	\$ 10,794,375	\$ 10,337,486
1,065,996	1,198,376	1,108,785	1,221,491	970,275
5,127,969	3,974,341	4,680,846	4,160,359	4,930,037
1,053,907	980,148	941,785	1,030,736	1,008,031
5,599,065	5,326,486	5,056,233	5,310,666	5,484,256
355,169	393,570	151,724	228,449	338,176
115,074	88,304	76,234	119,022	12,868
1,576,333	892,341	752,771	735,082	714,342
441,440	43,881	319,134	312,316	230,997
-	-	-	-	-
-	-	60,375	-	-
-	-	-	-	(3,531,584)
<u>25,639,800</u>	<u>23,951,898</u>	<u>23,886,417</u>	<u>23,912,496</u>	<u>20,494,884</u>
507,453	278,754	92,259	109,160	96,774
503	800	12,645	5,469	4,112
-	-	(60,375)	-	-
-	-	-	-	(1,200,000)
<u>507,956</u>	<u>279,554</u>	<u>44,529</u>	<u>114,629</u>	<u>(1,099,114)</u>
<u>26,147,756</u>	<u>24,231,452</u>	<u>23,930,946</u>	<u>24,027,125</u>	<u>19,395,770</u>
7,037,010	4,082,330	(989,724)	4,710	2,276,108
3,372,054	3,025,712	2,368,004	1,099,939	152,576
<u>\$ 10,409,064</u>	<u>\$ 7,108,042</u>	<u>\$ 1,378,280</u>	<u>\$ 1,104,649</u>	<u>\$ 2,428,684</u>

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

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

2008	2009	2010	2011	2012
\$ 182,500	\$ 211,000	\$ 30,300		
33,262,310	36,254,127	29,988,551		
<u>\$33,444,810</u>	<u>\$36,465,127</u>	<u>\$30,018,851</u>		
\$ 2,126,571	\$ 1,888,229	\$ 1,880,130		
1,538,662	1,699,688	1,268,309		
2,087,018	2,397,828	2,264,014		
1,363,543	2,108,727	1,922,685		
<u>2,569,235</u>	<u>4,202,108</u>	<u>4,126,432</u>		
<u>\$ 9,685,029</u>	<u>\$12,296,580</u>	<u>\$11,461,570</u>		

\$ 100	\$ -
-	-
9,371,679	9,106,458
16,952,806	19,263,118
<u>\$ 26,324,585</u>	<u>\$ 28,369,576</u>

\$ 1,957,603	\$ -
5,179,337	2,662,285
2,825,953	87,375
(134,079)	(470,485)
<u>\$ 9,828,814</u>	<u>\$ 2,279,175</u>

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

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

*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 dissolve on February 1, 2012.

Source: Finance Department, City of Seal Beach

2008	2009	2010	2011	2012
\$ 24,051,063	\$ 23,399,203	\$ 22,689,660	\$ 23,624,925	\$ 24,165,883
1,903,316	1,527,024	1,586,337	1,179,759	926,761
1,417,738	1,572,675	1,644,511	949,294	5,058,175
3,821,352	4,183,018	4,150,239	3,769,165	4,044,566
1,594,900	893,879	626,019	735,082	714,342
1,005,130	944,950	1,029,510	983,702	1,085,291
364,746	76,510	337,986	312,316	234,597
<u>34,158,245</u>	<u>32,597,259</u>	<u>32,064,262</u>	<u>31,554,243</u>	<u>36,229,615</u>
5,968,260	5,611,104	6,280,260	7,211,870	5,169,799
24,267,574	12,485,796	13,377,245	13,297,057	13,948,663
2,272,462	1,949,425	3,346,961	1,649,921	1,353,068
958,757	908,708	1,036,376	965,222	880,983
2,214,002	3,557,704	2,817,379	4,059,001	4,047,013
5,192,028	4,725,348	9,438,315	6,622,692	5,530,575
570,036	1,418,230	1,942,476	2,066,373	2,195,014
421,528	1,048,026	903,286	1,027,743	790,581
91,510	1,316	-	-	-
<u>41,956,157</u>	<u>31,705,657</u>	<u>39,142,298</u>	<u>36,899,879</u>	<u>33,915,696</u>
(7,797,912)	891,602	(7,078,036)	(5,345,636)	2,313,919
7,029,205	11,180,500	12,577,549	9,370,333	8,209,025
(7,029,205)	(13,180,500)	(12,780,799)	(9,370,333)	(8,209,025)
-	6,300,000	-	-	-
-	-	-	18,614	-
10,945,000	-	-	-	-
-	-	-	-	-
<u>10,945,000</u>	<u>4,300,000</u>	<u>(203,250)</u>	<u>18,614</u>	<u>-</u>
-	-	-	-	(7,818,567)
<u>\$ 3,147,088</u>	<u>\$ 5,191,602</u>	<u>\$ (7,281,286)</u>	<u>\$ (5,327,022)</u>	<u>\$ (5,504,648)</u>
2.9%	9.2%	9.6%	10.1%	10.3%

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

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

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

<sup>1</sup> 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
239,503,990	2,633,649	242,137,639	1.00%
255,392,811	3,474,244	258,867,055	1.00%
277,264,510	3,656,768	280,921,278	1.00%
291,579,619	2,720,275	294,299,894	1.00%
391,953,993	37,126,974	429,080,967	1.00%
415,609,878	7,010,892	422,620,770	1.00%
427,188,898	5,536,607	432,725,505	1.00%
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%

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

	Fiscal Year			
	2003	2004	2005	2006
City Direct Rates:				
City Direct Rate	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:				
Orange County Bonds	0.00000	0.00051	0.02754	0.01545
Metropolitan Water District	0.00670	0.00610	0.00580	0.00520
Other Districts	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Direct Rate	<u>1.00670</u>	<u>1.00661</u>	<u>1.03334</u>	<u>1.02065</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.01599	0.01501	0.01472	0.01673	0.01750	0.01754
0.00470	0.00450	0.00430	0.00430	0.03347	0.00370
<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.01995</u>	<u>0.00370</u>	<u>0.03603</u>
<u><u>1.02069</u></u>	<u><u>1.01951</u></u>	<u><u>1.01902</u></u>	<u><u>1.04098</u></u>	<u><u>1.05467</u></u>	<u><u>1.05727</u></u>

CITY OF SEAL BEACH

Principal Property Tax Payers  
Current Year and Nine Years Ago

Taxpayer	2012		2003	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Seal Beach Mutual	\$ 635,221,752	15.06%	\$ 457,465,537	18.69%
Western National Life Insurance Co.	130,718,735	3.10%		
Boeing North American	83,822,179	1.99%	174,421,959	7.13%
OXY Long Beach Inc.	144,692,821	3.43%		
ASN Long Beach LLC	60,451,799	1.43%		
Rossmoor Shops LLC	80,563,664	1.91%		
Al United States Seal Beach Senior Housing	45,091,684	1.07%		
Ranch Town Center LLC	41,489,664	0.98%		
Hellman Properties	33,747,938	0.80%	15,972,712	0.65%
DCOR, LLC	54,019,748	1.28%		
Bixbybit - Bixby Office Park LLC			50,671,641	2.07%
Century National Properties			26,725,201	1.09%
Centex Homes			24,018,017	0.98%
Barry Hugh Taper Trust			6,684,338	0.27%
Old Ranch Town Center LL			21,817,867	0.89%
Seal Beach Shopping			21,780,863	0.89%
	<u>\$ 1,309,819,984</u>	<u>31.05%</u>	<u>\$ 799,558,135</u>	<u>32.66%</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  
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
2003	5,115,649	5,040,493	98.53%	95,233	5,135,726	100.39%
2004	5,463,989	5,469,398	100.10%	63,561	5,532,959	101.26%
2005	5,982,450	5,480,672	91.61%	63,301	5,543,973	92.67%
2006	6,318,985	6,154,444	97.40%	91,264	6,245,708	98.84%
2007	8,332,294	8,055,355	96.68%	91,659	8,147,014	97.78%
2008	8,102,060	\$7,854,441	96.94%	151,578	8,006,019	98.81%
2009	8,567,293	\$8,285,120	96.71%	107,589	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%

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 dissolve 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	Advance to RDA	Total Governmental Activities
2004	1,918,387	785,000	8,180,000	-	-	-	11,494,067
2005	1,845,323	705,000	7,860,000	-	-	-	10,944,669
2006	914,675	620,000	7,525,000	-	-	-	9,059,675
2007	736,710	530,000	7,170,000	-	-	-	8,436,710
2008	631,674	435,000	6,800,000	10,945,000	-	-	18,811,674
2009	534,444	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

*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.

<sup>1</sup>See 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	Total Business-type Activities	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
169,356	45,514	3,970,000	-	4,184,870	15,678,937	1.60%	624
160,779	27,883	3,895,000	-	4,083,662	15,028,331	1.43%	592
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	-	-	3,299,521	3,399,042	24,283,637	*	934
87,453	-	-	3,085,000	3,172,453	16,737,034	*	687

CITY OF SEAL BEACH

Ratio of General Bonded Debt Outstanding  
Last Nine Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds	Private Placement Bonds	Total Bonds	Percent of Assessed Value <sup>1</sup>	Per Capita
2004	8,180,000	-	8,180,000	0.27%	\$ 325.68
2005	7,860,000	-	7,860,000	0.24%	\$ 309.61
2006	7,525,000	-	7,525,000	0.22%	\$ 296.40
2007	7,170,000	-	7,170,000	0.18%	\$ 278.42
2008	6,800,000	-	6,800,000	0.16%	\$ 263.05
2009	6,410,000	16,414,000	22,824,000	0.49%	\$ 881.88
2010	6,005,000	15,082,000	21,087,000	0.45%	\$ 810.73
2011	5,575,000	13,666,000	19,241,000	0.41%	\$ 739.75
2012	-	12,162,000	12,162,000	0.25%	\$ 499.38

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

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

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

NOTE:

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

Source: Finance Department, City of Seal Beach

CITY OF SEAL BEACH  
Schedule of Direct and Overlapping Debt  
June 30, 2012

2011-12 Assessed Valuation:	\$4,434,344,626
Redevelopment Incremental Valuation:	<u>384,312,406</u>
Adjusted Assessed Valuation:	<u><u>\$4,050,032,220</u></u>

	% Applicable <sup>(1)</sup>	Total Debt 6/30/2012	City's Share of Debt 6/30/12
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	0.23%	\$ 196,545,000	\$ 442,226
Coast Community College District	3.117	317,803,867	9,905,947
North Orange Jt. Community College District	1.585	206,464,001	3,272,454
Los Alamitos Unified School District School Facilities Imp District No. 1	49.388	68,721,127	33,939,990
Other School Districts	0.0003-0.002	387,620,839	3,583
Los Alamitos Unified School District Community Facilities District No. 90-1	54.153	7,210,000	3,904,431
City of Seal Beach Community Facilities District No. 2002-1	100	3,690,000	3,690,000
City of Seal Beach Community Facilities District No. 2005-1	100	8,660,000	8,660,000
City of Seal Beach 1915 Act Bonds	100	460,000	460,000
<b><u>OVERLAPPING OTHER DEBT:</u></b>			
Orange County General Fund Obligations	0.01075	233,751,000	2,512,823
Orange County Pension Obligations	1.075	214,405,353	2,304,858
Orange County Board of Education Certificates of Participation	1.075	16,000,000	172,000
Municipal Water District of Orange County Water Facilities Corporation	1.271	12,145,000	154,363
North Orange County Regional Occupation Program Certificates of Participation	5.262	11,130,000	585,661
Los Alamitos Unified School District Certificates of Participation	54.153	47,204,337	25,562,565
Other School District General Fund Obligations	0.0003-0.002	109,766,090	631,358
Less: MWDOC Water Facilities Corporation (100% self-supporting)			<u>154,363</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<u><u>96,047,896</u></u>
<b><u>OTHER DIRECT DEBT:</u></b>			
City of Seal Beach General Fund Obligations	100	5,355,000	5,355,000
City of Seal Beach Taxable Pension Obligations	100	7,227,000	7,227,000
<b>TOTAL DIRECT DEBT</b>			<u><u>12,582,000</u></u>
<b>TOTAL DIRECT DEBT AND OVERLAPPING DEBT</b>			<u><u>\$ 108,629,896</u></u>
<b>GROSS COMBINED TOTAL DEBT</b>			<u><u>\$ 108,784,259</u></u> <sup>(2)</sup>

<sup>(1)</sup> Percentage of overlapping agency's assessed valuation located within boundaries of the city.

<sup>(2)</sup> 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:**

<b>Total Direct Debt (\$12,582,000)</b>	<b>0.31%</b>
Gross Combined Total Debt	2.69%
Net Combined Total Debt	2.68%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

Source: California Municipal Statistics, Inc.  
AB:(\$425)

0.009467393

CITY OF SEAL BEACH

Legal Debt Margin Information  
Last Nine Years

	Fiscal Year			
	2003	2004	2005	2006
Debit limit	\$ 420,526,817	\$ 453,093,309	\$ 487,466,236	\$ 522,625,536
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 420,526,817</u>	<u>\$ 453,093,309</u>	<u>\$ 487,466,236</u>	<u>\$ 522,625,536</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 2011

Assessed Valuation	\$5,066,868,855
Debt percentage <sup>1</sup>	<u>15%</u>
Debt limit	760,030,328
Debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 760,030,328</u>

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

Note: <sup>1</sup>Under 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>2007</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 602,157,350	\$ 703,441,459	\$ 702,829,614	\$ 705,106,754	\$ 760,030,328
-	-	-	-	-
<u>\$ 602,157,350</u>	<u>\$ 703,441,459</u>	<u>\$ 702,829,614</u>	<u>\$ 705,106,754</u>	<u>\$ 760,030,328</u>
0.0%	0.0%	0.0%	0.0%	0.0%

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

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	142,460	1.75

*The City 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 dissolve on February 1, 2012. 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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	24,859	882,946	35,518	3.6%
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%

*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 Calendar'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,					
	2007	2008	2009	2010	2011	2012
General government	13.58	13.09	13.12	14.52	14.52	13.83
Public safety	55.70	58.94	59.07	65.88	65.88	64.77
Public works	14.21	14.76	14.76	15.40	15.40	8.36
Community development	12.82	13.36	13.70	10.18	10.18	8.80
Water	12.69	13.00	13.00	12.55	12.68	12.48
Sewer	3.89	3.95	3.95	3.42	3.75	3.95
Total	<u>112.89</u>	<u>117.10</u>	<u>117.60</u>	<u>121.95</u>	<u>122.41</u>	<u>112.19</u>

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

Source: City Budget Office

CITY OF SEAL BEACH

Operating Indicators  
by Function

Last Six Fiscal Years

	Fiscal Year					
	2007	2008	2009	2010	2011	2012
<b>Police:</b>						
Arrests	555	734	851	1,151	834	705
Parking citations issued	14,135	18,181	18,464	18,824	17,377	18,528
<b>Public works:</b>						
Street centerline miles resurfaced	1	1	-	4	3	2
Number of public right of way permits issued	210	194	208	420	141	127
Number of street related service requests	154	298	282	25	124	121
<b>Parks and recreation:</b>						
Number of recreation classes	885	552	423	799	457	456
Number of facility rentals	476	371	342	402	308	562
<b>Water:</b>						
Number of water meters replaced	210	250	172	148	158	112
Acre feet of water used	4,303	4,025	3,900	3,680	3,498	3,534
<b>Sewer:</b>						
Number of feet of sewer cleaned	225,384	209,400	158,400	239,209	184,047	203,584
Number of catch basins cleaned	422	429	400	388	350	417

*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

	Fiscal Year					
	2007	2008	2009	2010	2011	2012
Police:						
Stations	2	2	2	2	2	2
Patrol units	31	37	35	36	36	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

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

Source: City of Seal Beach

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