



City of Seal Beach California



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COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2016

City of Seal Beach

**Comprehensive Annual Financial Report
For the Year Ended June 30, 2016**



**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, 2016

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November 28, 2016

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

City of Seal Beach staff is pleased to submit for your information the Comprehensive Annual Financial Report (CAFR) of the City of Seal Beach (City) for the fiscal year ended June 30, 2016. Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation including all disclosures rests with the City. In our opinion, the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

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

The City's financial statements have been audited by Lance, Soll & Lunghard LLP, a public accounting firm fully licensed and qualified to perform audits of the state and local governments within the State of California. The audit was designed to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Seal Beach's financial statements for the year ended June 30, 2016, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY

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

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

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing of all department heads. The City Clerk is an appointed position and is responsible for maintaining city records and overseeing elections.

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

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

History of Seal Beach

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

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

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

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

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

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

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

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

ECONOMIC CONDITIONS

Local economy. Although the focus of this Comprehensive Annual Financial Report is the financial condition of the City at June 30, 2016, it may be best understood when it is considered from the broader perspective of the specific environment within which the City operates.

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

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

In FY 2015-2016 the tax revenue declined overall, primarily due decline in the petroleum services industry and a decline in the price of oil. Property Tax revenues increased 4% in the General Fund and Sales Tax revenues decreased less than 1% compared with the projected revenues at the beginning of the FY 2015-2016. The primary reason for the decline in sales tax was the decline in oil prices and the continued price declines in the fuel and service stations industry.

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

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

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

The City has been aggressively seeking and will continue to search for funding sources from other governmental agencies or use non-recurring or future developmental revenues to maintain and improve its infrastructure. The City completed several capital projects throughout the fiscal year, including the completion of the Eisenhower Park Improvements, 8th Street Sewer Pump Station and Repaving local streets.

FINANCIAL POLICIES AND PROCEDURES

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

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

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

AWARDS

GFOA Award Program – Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seal Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the fifteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in black ink, reading "Victoria L. Beatley". The signature is fluid and cursive, with a long horizontal flourish extending to the right above the name.

Victoria L. Beatley
Director of Finance/City Treasurer



Government Finance Officers Association

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

Presented to

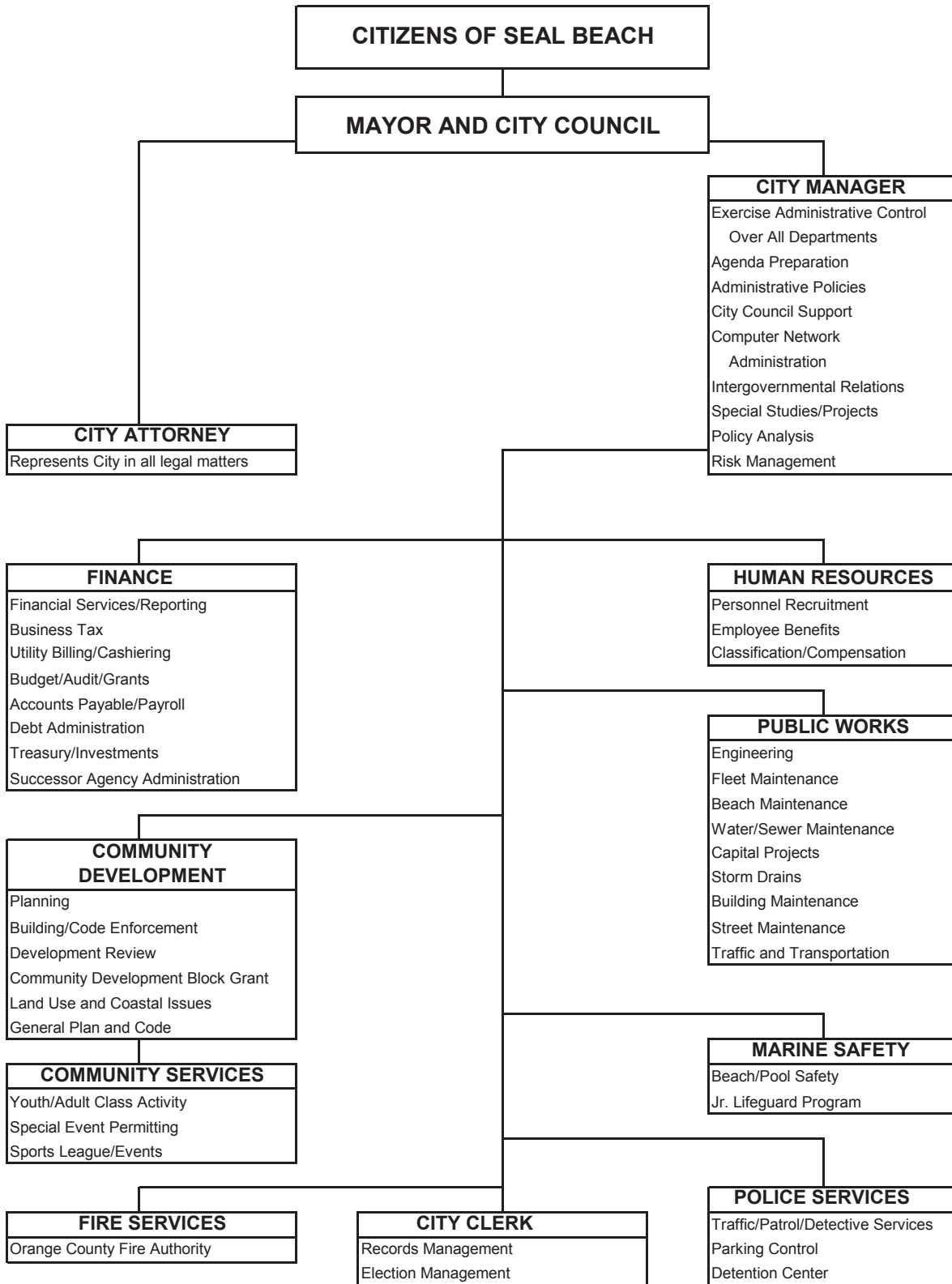
**City of Seal Beach
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

City of Seal Beach Organizational Chart



CITY OF SEAL BEACH CALIFORNIA

Principal Officers

City Council

Sandra Massa-Lavitt, Mayor
Mike Varipapa, Mayor Pro Tem
Ellery Deaton, Council Member
Gary Miller, Council Member
David Sloan, Council Member

Executive Officers

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

Administrative Personnel

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



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Seal Beach, California, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seal Beach, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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.



CPAs AND ADVISORS

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lingham, LLP

Brea, California
November 28, 2016

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CITY OF SEAL BEACH

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Seal Beach is pleased to offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

FINANCIAL HIGHLIGHTS

- Assets and Deferred Outflows included in the City's combined governmental and business-type activities exceeded liabilities and Deferred Inflows by \$130,209,047 for the fiscal year ended June 30, 2016, representing an increase of .81% in net position from the prior fiscal year. Of this amount, a decrease of \$1,386,198 was due to the decline in capital assets during the fiscal year. In addition, \$18,257,351 (unrestricted net position) of the total net position may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's budget and fiscal policies. This amount includes City Council designations of fund balance.
- The City's change in net position was \$22,662,706 more than last fiscal year. The major reason for the increase in the change in net position is attributable to the fact that the Net Position was restated to properly reflect the pension liabilities related to GASB 68 at June 30, 2015 in the amount of \$23,594,076 and a restatement of \$374,314 related to grants receivable at June 30, 2016. In addition, there's an increase in revenues for property tax of \$357,690, use of money and property of \$278,852, public safety expenses increased by \$950,415, and public works expenses decreased by \$906,449 for the fiscal year ended June 30, 2016.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$32,919,607, representing a decrease of 1.2% from the prior fiscal year. This resulted in an unassigned fund balance of \$20,759,783, or 63% of the total fund balance, after recording all assigned fund balances.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$20,811,037 or 64.9% of total general fund expenditures and transfers out.
- Revenues associated with the City's business-type activities were \$767,600 more than the \$5,778,879 in expenses recorded. During the fiscal year ended June 30, 2010, a water rate study was conducted and as a result of that study, water rates were reduced in fiscal year 2009-2010 but increased in fiscal year 2010-2011 and for the next three years. The final approved water rate increase occurred in the fiscal year ended June 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position – Net position may serve over time as a useful indicator of a government's financial position. The City's combined net position were \$130.2 million and \$129.2 million for the years ended June 30, 2016 and June 30, 2015, respectively, as shown in Table 1.

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 38,407	\$ 38,064	\$ 16,346	\$ 16,640	\$ 54,753	\$ 54,704
Capital assets	77,972	77,195	40,881	40,271	118,853	117,466
Total assets	<u>116,379</u>	<u>115,259</u>	<u>57,227</u>	<u>56,911</u>	<u>173,606</u>	<u>172,170</u>
Deferred Outflows of Resources	<u>2,003</u>	<u>4,274</u>	<u>363</u>	<u>389</u>	<u>2,366</u>	<u>4,663</u>
Long-term liabilities outstanding	28,352	31,837	8,529	8,301	36,881	40,138
Other liabilities	2,018	2,251	1,436	910	3,454	3,161
Total liabilities	<u>30,370</u>	<u>34,088</u>	<u>9,965</u>	<u>9,211</u>	<u>40,335</u>	<u>43,299</u>
Deferred Inflows of Resources	<u>5,775</u>	<u>2,925</u>	<u>703</u>	<u>400</u>	<u>6,478</u>	<u>3,325</u>
Net position						
Net investment in capital assets	74,297	73,940	34,451	34,145	108,748	108,085
Restricted	3,843	3,867	-	-	3,843	3,867
Unrestricted	4,097	4,713	12,471	13,544	16,568	18,257
Total net position	<u>\$ 82,237</u>	<u>\$ 82,520</u>	<u>\$ 46,922</u>	<u>\$ 47,689</u>	<u>\$ 129,159</u>	<u>\$ 130,209</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 \$108.1 million, or 83%, of the total \$ 130.2 million net position, a decrease of .6% from the prior fiscal year. The City's capital assets do not represent a financial resource and consequently are not available for future spending.

Unrestricted position represents the second largest portion of the City's net position. The City is required by Council Policy to maintain a minimum of 20% to 25% of operating expenditures to maintain the City's credit worthiness and to meet cash flow requirements. As of June 30, 2016, unrestricted net position increased by 10% to \$18.3 million from \$16.6 million in the prior fiscal year. Restricted net position represent resources that are legally restricted to specific uses. These restrictions are generally enforced by external agencies.

As of June 30, 2016, the City reported positive balances in all three categories of net position for both Governmental and Business-type Activities.

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

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

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

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

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

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

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

The following table provides a summary of the City's operations for the years ended June 30, 2016 and 2015.

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 7,097	\$ 6,544	\$ 7,321	\$ 6,728	\$ 14,418	\$ 13,272
Operating grants and capital contributions	2,768	2,214	-	-	2,768	2,214
Capital grants and contributions	20	10	-	-	20	10
General Revenues:						
Taxes						
Property taxes	10,051	10,409	-	-	10,051	10,409
Sales taxes	4,246	4,229	-	-	4,246	4,229
Transient occupancy taxes	1,526	1,655	-	-	1,526	1,655
Other taxes	6,164	5,608	-	-	6,164	5,608
Use of money and property	726	1,005	110	177	836	1,182
Other	357	536	4	20	361	556
Extraordinary gain/(loss) on loan	695	-	-	-	695	-
Transfers	379	379	(379)	(379)	-	-
Total revenues	<u>34,029</u>	<u>32,589</u>	<u>7,056</u>	<u>6,546</u>	<u>41,085</u>	<u>39,135</u>
Expenses:						
General government	6,551	6,264	-	-	6,551	6,264
Public safety	16,022	16,973	-	-	16,022	16,973
Community development	1,394	1,100	-	-	1,394	1,100
Community Services	1,129	1,037	-	-	1,129	1,037
Public works	7,863	6,956	-	-	7,863	6,956
Interest on long-term debt	444	350	-	-	444	350
Water	-	-	4,038	4,102	4,038	4,102
Sewer	-	-	1,661	1,677	1,661	1,677
Total expenses	<u>33,403</u>	<u>32,680</u>	<u>5,699</u>	<u>5,779</u>	<u>39,102</u>	<u>38,459</u>
Excess/(deficiency)	626	(91)	1,357	767	1,983	676
Changes in net position	626	(91)	1,357	767	1,983	676
Net position at beginning of year	102,877	82,237	47,893	46,922	150,770	129,159
Restatement of net position	<u>(21,266)</u>	<u>374</u>	<u>(2,328)</u>	<u>-</u>	<u>(23,594)</u>	<u>374</u>
Net position at end of year	<u>\$ 82,237</u>	<u>\$ 82,520</u>	<u>\$ 46,922</u>	<u>\$ 47,689</u>	<u>\$ 129,159</u>	<u>\$ 130,209</u>

Analysis of the City's Operations – The City's Net Position increased by \$1.1 million during Fiscal Year 2015-2016 or .81%, over prior year results.

Governmental Activities experienced an increase of \$.3 million in net position as of June 30, 2016, compared to a decrease of \$20.6 million at June 30, 2015. The primary reason for the increase in net position is attributable to the OCTA Co-Op agreement reimbursement that is being restated to properly reflect receivable at June 30, 2016 in the amount of \$.4 million.

The cost of all governmental activities during the current fiscal year was \$32.7 million, slightly lower than last year. As shown on the statement of activities, those who directly benefited from the programs paid \$6.6 million of the cost, and \$2.2 million was financed by contributions and grants received from other governmental organizations. The remainder of the costs of operations, \$23.9 million was subsidized through general City taxes and other revenue sources. The largest operating cost was comprised of Public Safety, representing 52% of total governmental expenditures compared to 48% of total governmental expenditures in fiscal year 2015-2016.

Business-type Activities' net position increased \$.8 million primarily due planned increase in sewer rates.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$32.9 million. Approximately \$20.8 million, or 63.1%, of this total amount constitutes unassigned fund balance. The remainder of the fund balance is assigned to indicate that it is not available for new spending because it has already been committed to pay for encumbrances, loans, prepaid expenses, or advances to other funds.

The General Fund ended the fiscal year with a fund balance of \$29.1 million, representing a net decrease of \$.9 million in fund balance compared to the \$2.1 million decrease experienced during the prior fiscal year. The primary reason for the decrease in fund balance was due to a decline in utilities users tax, franchise tax, other taxes, and sales tax. Additionally, public safety expenditures increased by \$1.0 million.

Proprietary funds – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position totaled \$7.8 million and \$5.8 million for the Water and Sewer funds, respectively. The Water fund decreased by \$36.4 thousand in net position, mainly due to decrease in revenue collection. The increase of \$804 thousand in the Sewer fund net position resulted from planned increases in sewer operating fees and sewer capital fees charged to customers to rehabilitate and maintain the sewer infrastructure and satisfy future debt service commitments. Sewer operating fees represent 22% of customer water charges for both usage and capital costs.

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

The difference between the original and final amended budget in General Fund expenditures was an increase of \$.8 million. This difference is due to a variety of budget amendments approved by the City Council during the fiscal year including tennis center emergency repair, noise study, FEMA contract, tree trimming, emergency city hall security upgrade, 800 MHz, El Nino, and purchase order and CIP carryover from prior fiscal year.

General Fund revenues came in less than projected in the final budget by approximately \$2.1 million. Actual revenues came in lower than budgeted revenues and were almost entirely due to sales tax, franchise tax, utilities users tax, other taxes, and transfer in, however property tax came in higher than budgeted.

General Fund expenditures were \$9.8 million less than appropriations. This difference is due to transfers out and budgeted capital projects that were either not started or completed during the fiscal year. These appropriations were carried forward to the FY 2016-2017 fiscal year.

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$117.5 million compared to \$118.9 million (net of accumulated depreciation) for FY 2014-2015. This investment in capital assets includes land, building, equipment, improvements, infrastructure, and construction in progress. Total capital assets for governmental activities for the current fiscal year decreased 1% and the City's investment in capital assets for business-type activities for the current fiscal year also decreased 1.49%.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land and land easement	\$ 11,420	\$ 11,420	\$ -	\$ -	\$ 11,420	\$ 11,420
Buildings and Improvements	9,638	9,497	2	1	9,640	9,498
Machinery and Equipment	407	302	708	683	1,115	985
Vehicles	970	1,220	398	385	1,368	1,605
Infrastructure	54,513	52,279	31,604	38,167	86,117	90,446
Construction-in-progress	<u>1,024</u>	<u>2,477</u>	<u>8,169</u>	<u>1,036</u>	<u>9,193</u>	<u>3,513</u>
Totals	<u>\$ 77,972</u>	<u>\$ 77,195</u>	<u>\$ 40,881</u>	<u>\$ 40,272</u>	<u>\$ 118,853</u>	<u>\$ 117,467</u>

During FY 2015-2016, major capital projects formally completed include:

- Eisenhower Park Improvement Project No. PR1502 for \$181,167. This project added a concrete walkway and protective railing to a portion of Eisenhower Park.
- 8th Street Sewer Pump Station Project No. SS0901-3 for \$2,702,866. This project replaced the existing sewer pump station and upgraded it with emergency backup power.
- 2015 Local Street Resurfacing Project No. ST1502 for \$331,361. This project resurfaced 11th Street, 13th Street, Balboa Drive, Harbor Way, and Silver Shoals Avenue.
- Pier Structural Assessment Implementation Project No. BP1103: This project report analyzed the entire Pier Structure for \$60,813.
- 2015 Annual Slurry Seal Project No. ST1501: This project slurred various city wide streets for \$60,735.

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

DEBT ADMINISTRATION

As of June 30, 2016, the City had bonded debt, notes payable, compensated absences, claims payable, and capital leases totaling \$16.1 million compared to \$17.8 million at the end of FY 2014-2015. The City's governmental activities maintained \$9.7 million in bonds, capital leases, compensated absences, and claims payable versus \$11.1 million last year, representing a decrease of approximately \$1.4 million from the previous fiscal year. This decrease reflects interest and principal payments made during FY 2015-2016.

The City's business-type activities debt decreased \$.3 million from \$6.7 million to \$6.4 million. Debt in the business-type activities consists of Sewer Certificates of Participation Payable to provide funds for improvements to the City's sewer system, a State revolving loan for the sewer capital improvement project, and compensated absences.

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Compensated absences	\$ 1,206	\$ 1,228	\$ 119	\$ 128	\$ 1,325	\$ 1,356
Capital leases	1,488	1,368	-	-	1,488	1,368
Pension Obligation Bonds	4,411	3,461	-	-	4,411	3,461
Lease Revenue Bonds	3,675	3,255	-	-	3,675	3,255
Certificates of participations	-	-	2,705	2,565	2,705	2,565
Sewer Capital Improv. Proj.	-	-	3,893	3,718	3,893	3,718
Self-insured claims payable	315	378	-	-	315	378
Total	\$ 11,095	\$ 9,690	\$ 6,717	\$ 6,411	\$ 17,812	\$ 16,101

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

In FY 2015-2016 the tax revenue decreased overall as a direct result of a decline in the petroleum industry and a decline in the price of oil. In the General Fund, Transient Occupancy Tax revenues increased 8% and Other Taxes decreased 43% compared with the projected revenues at the beginning of the FY 2015-2016. The primary reason for the decline in other taxes was a significant decrease in sales related to the fuel and service stations industry.

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

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

The City prepared an annual budget for FY 2015-2016. The one year budget represents a General Fund surplus of operating revenues over operating expenditures (excluding capital projects) in each fiscal year. Expenditures of the City were budgeted at the current level of service with capital improvement projects to be supported primarily by the City's General Fund reserves. The revenue projections for the FY 2016–2017 budget year were very conservative due to the slow improvement in the economy. The City will continue to monitor revenue streams throughout the coming years and will adjust spending levels as deemed necessary.

The most significant issues facing the City are the aged condition of the City's infrastructure. The City has completed and adopted numerous infrastructure planning documents e.g. (Water Master Plan, Sewer Master Plan, Master Plan of Drainage, Facilities Master Plan, and Pavement Management Plan). These plans identify well over \$150 million in needed improvements throughout the City. The City annually adopts a 5 year Capital Improvement Program (CIP) that strategically plans construction of these needed improvements. The FY 2016-17 CIP recommends \$33.3 million in improvements over the next 5 years. The 5 Year Capital Improvement Program identifies needs in the following areas: Beach and Pier (\$4.1M), Buildings and Facilities (\$6.1M), Parks (\$390k), Sewer System (\$680k), Storm Drain System (\$255k), Streets and Transportation (\$5.7M) and Water System (\$16.1M). Based upon the list of known projects there is over \$146 million of capital improvements needed in the near future.

REQUEST FOR INFORMATION

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

CITY OF SEAL BEACH

STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 32,015,146	\$ 14,928,014	\$ 46,943,160
Receivables:			
Accounts	1,308,851	967,415	2,276,266
Taxes	2,112,566	-	2,112,566
Accrued interest	26,024	-	26,024
Prepaid costs	682,859	29,990	712,849
Due from other governments	494,036	-	494,036
Restricted cash with fiscal agent	736,887	-	736,887
Advance to Successor Agency	-	714,110	714,110
Net OPEB asset	687,254	-	687,254
Capital assets not being depreciated	13,897,227	1,036,004	14,933,231
Capital assets, net of depreciation	63,297,721	39,235,185	102,532,906
Total Assets	115,258,571	56,910,718	172,169,289
Deferred Outflows of Resources:			
Deferred charge on refunding	-	156,914	156,914
Deferred pension related items	4,273,852	232,151	4,506,003
Total Deferred Outflows of Resources	4,273,852	389,065	4,662,917
Liabilities:			
Accounts payable	1,496,434	669,645	2,166,079
Accrued liabilities	342,733	49,642	392,375
Accrued interest	41,074	72,143	113,217
Unearned revenue	23,921	-	23,921
Deposits payable	294,216	8,685	302,901
Retentions Payable	52,474	109,712	162,186
Noncurrent liabilities:			
Due within one year	1,957,453	354,706	2,312,159
Due in more than one year	7,732,735	6,056,783	13,789,518
Net pension liability	22,146,510	1,889,349	24,035,859
Total Liabilities	34,087,550	9,210,665	43,298,215
Deferred Inflows of Resources:			
Deferred pension related items	2,925,053	399,891	3,324,944
Total Deferred Inflows of Resources	2,925,053	399,891	3,324,944
Net Position:			
Net investment in capital assets	73,939,948	34,145,069	108,085,017
Restricted for:			
Community development projects	587,736	-	587,736
Public safety	80,323	-	80,323
Community services	323,589	-	323,589
Public works	2,151,921	-	2,151,921
Debt service	723,110	-	723,110
Unrestricted	4,713,193	13,544,158	18,257,351
Total Net Position	\$ 82,519,820	\$ 47,689,227	\$ 130,209,047

CITY OF SEAL BEACH

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 6,264,368	\$ 2,074,448	\$ 12,972	\$ -
Public safety	16,972,880	1,428,864	-	-
Community development	1,100,110	192,878	537,885	-
Community services	1,036,627	1,015,517	58,157	-
Public works	6,956,443	1,832,289	1,605,481	10,000
Interest on long-term debt	349,652	-	-	-
Total Governmental Activities	32,680,080	6,543,996	2,214,495	10,000
Business-Type Activities:				
Water Utility	4,102,228	4,261,566	-	-
Sewer Utility	1,676,651	2,466,869	-	-
Total Business-Type Activities	5,778,879	6,728,435	-	-
Total Primary Government	\$ 38,458,959	\$ 13,272,431	\$ 2,214,495	\$ 10,000

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Utility users tax
- Other taxes
- Motor vehicle in lieu - unrestricted
- Use of money and property
- Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ (4,176,948)	\$ -	\$ (4,176,948)
(15,544,016)	-	(15,544,016)
(369,347)	-	(369,347)
37,047	-	37,047
(3,508,673)	-	(3,508,673)
(349,652)	-	(349,652)
(23,911,589)	-	(23,911,589)
-	159,338	159,338
-	790,218	790,218
-	949,556	949,556
(23,911,589)	949,556	(22,962,033)
10,408,505	-	10,408,505
1,655,376	-	1,655,376
4,228,730	-	4,228,730
955,922	-	955,922
4,445,180	-	4,445,180
197,166	-	197,166
9,960	-	9,960
1,004,572	176,437	1,181,009
536,175	20,107	556,282
378,500	(378,500)	-
23,820,086	(181,956)	23,638,130
(91,503)	767,600	676,097
82,237,009	46,921,627	129,158,636
374,314	-	374,314
\$ 82,519,820	\$ 47,689,227	\$ 130,209,047

CITY OF SEAL BEACH

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

		<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
	<u>General</u>	<u>Citywide Grants</u>	<u>Capital Projects and Equipment</u>
Assets:			
Pooled cash and investments	\$ 26,631,596	\$ 76,837	\$ 542,166
Receivables:			
Accounts	1,086,957	-	-
Taxes	2,111,313	-	-
Accrued interest	25,767	-	-
Prepaid costs	682,859	-	-
Due from other governments	48,088	417,824	-
Due from other funds	125,298	-	-
Restricted assets:			
Cash and investments with fiscal agents	10,777	-	-
Total Assets	\$ 30,722,655	\$ 494,661	\$ 542,166
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 887,128	\$ -	\$ 491,442
Accrued liabilities	337,129	-	-
Unearned revenues	-	-	-
Deposits payable	294,216	-	-
Due to other funds	-	-	-
Retentions Payable	-	-	50,724
Total Liabilities	1,518,473	-	542,166
Deferred Inflows of Resources:			
Unavailable revenues	100,000	417,824	-
Total Deferred Inflows of Resources	100,000	417,824	-
Fund Balances:			
Nonspendable:			
Prepaid costs	682,859	-	-
Restricted for:			
Community development projects	-	76,837	-
Public safety	-	-	-
Community services	-	-	-
Public works	-	-	-
Debt service	-	-	-
Assigned to:			
Buildings	278,181	-	-
Storm drain	678,036	-	-
Street improvements	117,167	-	-
Swimming pool	4,782,441	-	-
College park east	477,000	-	-
Community services	977,461	-	-
Waste Management	300,000	-	-
Unassigned	20,811,037	-	-
Total Fund Balances	29,104,182	76,837	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 30,722,655	\$ 494,661	\$ 542,166

CITY OF SEAL BEACH

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 2,975,746	\$ 30,226,345
Receivables:		
Accounts	221,894	1,308,851
Taxes	1,253	2,112,566
Accrued interest	257	26,024
Prepaid costs	-	682,859
Due from other governments	28,124	494,036
Due from other funds	-	125,298
Restricted assets:		
Cash and investments with fiscal agents	726,110	736,887
Total Assets	\$ 3,953,384	\$ 35,712,866
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 37,254	\$ 1,415,824
Accrued liabilities	5,604	342,733
Unearned revenues	23,921	23,921
Deposits payable	-	294,216
Due to other funds	125,298	125,298
Retentions Payable	1,750	52,474
Total Liabilities	193,827	2,254,466
Deferred Inflows of Resources:		
Unavailable revenues	20,969	538,793
Total Deferred Inflows of Resources	20,969	538,793
Fund Balances:		
Nonspendable:		
Prepaid costs	-	682,859
Restricted for:		
Community development projects	510,899	587,736
Public safety	80,323	80,323
Community services	323,589	323,589
Public works	2,151,921	2,151,921
Debt service	723,110	723,110
Assigned to:		
Buildings	-	278,181
Storm drain	-	678,036
Street improvements	-	117,167
Swimming pool	-	4,782,441
College park east	-	477,000
Community services	-	977,461
Waste Management	-	300,000
Unassigned	(51,254)	20,759,783
Total Fund Balances	3,738,588	32,919,607
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,953,384	\$ 35,712,866

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CITY OF SEAL BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Fund balances of governmental funds		\$ 32,919,607
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		76,155,388
Deferred outflows related to pension items:		
Pension contributions subsequent to measurement date	\$ 2,005,832	
Adjustments due to the differences in proportions	2,225,214	
Differences between actual contributions and the proportionate share of contributions	16,617	
Difference between expected and actual experiences	<u>26,189</u>	4,273,852
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Long-term liabilities:		
Bonds payable	\$ (6,716,000)	
Loan	(1,368,208)	
Compensated Absences	(1,228,082)	
Claims and judgments	(377,898)	
Net pension liability	<u>(22,146,510)</u>	(31,836,698)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		687,254
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(41,074)
Deferred inflows related to pension items:		
Net difference between projected and actual earnings on plan assets	\$ (239,681)	
Adjustment due to differences in proportions	(777,017)	
Differences between actual contributions and the proportionate share of contributions	(575,801)	
Change in assumptions	(1,138,822)	
Difference between expected and actual experiences	<u>(193,732)</u>	(2,925,053)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		538,793
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>2,747,751</u>
Net Position of Governmental Activities		<u>\$ 82,519,820</u>

CITY OF SEAL BEACH

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
		<u>Citywide Grants</u>	<u>Capital Projects and Equipment</u>
Revenues:			
Taxes	\$ 21,510,272	\$ -	\$ -
Licenses and permits	1,304,924	-	-
Intergovernmental	160,398	527,771	-
Charges for services	4,085,676	-	-
Use of money and property	967,400	-	-
Fines and forfeitures	1,110,606	-	-
Contributions	283,222	-	-
Miscellaneous	529,985	-	-
Total Revenues	29,952,483	527,771	-
Expenditures:			
Current:			
General government	5,077,980	-	-
Public safety	16,036,899	-	-
Community development	888,226	-	-
Community services	1,075,282	-	-
Public works	4,829,741	-	-
Capital outlay	-	-	2,619,901
Debt service:			
Principal retirement	120,150	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	28,028,278	-	2,619,901
Excess of Revenues Over Expenditures	1,924,205	527,771	(2,619,901)
Other Financing Sources (Uses):			
Transfers in (Note 4)	1,202,636	-	2,619,901
Transfers out (Note 4)	(4,024,272)	(43,510)	-
Total Other Financing Sources (Uses)	(2,821,636)	(43,510)	2,619,901
Net Change in Fund Balances	(897,431)	484,261	-
Fund Balances, Beginning of Year	30,001,613	(407,424)	-
Fund Balances, End of Year	\$ 29,104,182	\$ 76,837	\$ -

CITY OF SEAL BEACH

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016**

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 1,317,872	\$ 22,828,144
Licenses and permits	-	1,304,924
Intergovernmental	699,887	1,388,056
Charges for services	129,014	4,214,690
Use of money and property	37,172	1,004,572
Fines and forfeitures	-	1,110,606
Contributions	-	283,222
Miscellaneous	7,792	537,777
Total Revenues	2,191,737	32,671,991
Expenditures:		
Current:		
General government	273,150	5,351,130
Public safety	341,517	16,378,416
Community development	287,113	1,175,339
Community services	-	1,075,282
Public works	32,317	4,862,058
Capital outlay	25,922	2,645,823
Debt service:		
Principal retirement	1,370,000	1,490,150
Interest and fiscal charges	355,819	355,819
Total Expenditures	2,685,838	33,334,017
Excess of Revenues Over Expenditures	(494,101)	(662,026)
Other Financing Sources (Uses):		
Transfers in (Note 4)	1,780,407	5,602,944
Transfers out (Note 4)	(1,272,526)	(5,340,308)
Total Other Financing Sources (Uses)	507,881	262,636
Net Change in Fund Balances	13,780	(399,390)
Fund Balances, Beginning of Year	3,724,808	33,318,997
Fund Balances, End of Year	\$ 3,738,588	\$ 32,919,607

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, 2016**

Net change in fund balances - total governmental funds \$ (399,390)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 1,853,114	
Depreciation	<u>(2,702,571)</u>	(849,457)

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

Principal repayments.		1,490,150
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Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

6,167

Pension obligation 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.

230,133

Claims and judgment changes reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(63,073)

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.

(21,975)

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.

35,608

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

(461,914)

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.

(57,752)

Change in net position of governmental activities

\$ (91,503)

CITY OF SEAL BEACH

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities - Vehicle Replacement Internal Service Fund
	Water Utility	Sewer Utility	Total	
Assets:				
Current:				
Cash and investments	\$ 9,248,815	\$ 5,679,199	\$ 14,928,014	\$ 1,788,801
Receivables:				
Accounts	624,129	343,286	967,415	-
Prepaid costs	15,220	14,770	29,990	-
Total Current Assets	9,888,164	6,037,255	15,925,419	1,788,801
Noncurrent:				
Advance to Successor Agency	-	714,110	714,110	-
Capital assets:				
Buildings and improvements	73,284	-	73,284	-
Machinery and equipment	605,152	785,802	1,390,954	169,204
Vehicles	298,217	420,651	718,868	1,375,322
Infrastructure	31,653,574	38,057,140	69,710,714	-
Construction in progress	906,747	129,257	1,036,004	-
Accumulated depreciation	(17,210,251)	(15,448,384)	(32,658,635)	(504,966)
Total Noncurrent Assets	16,326,723	24,658,576	40,985,299	1,039,560
Total Assets	26,214,887	30,695,831	56,910,718	2,828,361
Deferred Outflows of Resources:				
Deferred charge on refunding	-	156,914	156,914	-
Deferred pension related items	142,558	89,593	232,151	-
Total Deferred Outflows of Resources	142,558	246,507	389,065	-
Liabilities:				
Current:				
Accounts payable	646,113	23,532	669,645	80,610
Accrued liabilities	29,402	20,240	49,642	-
Accrued interest	-	72,143	72,143	-
Deposits payable	7,585	1,100	8,685	-
Retentions Payable	54,665	55,047	109,712	-
Accrued compensated absences	21,498	8,374	29,872	-
Bonds, notes, and capital leases	-	324,834	324,834	-
Total Current Liabilities	759,263	505,270	1,264,533	80,610
Noncurrent:				
Accrued compensated absences	47,570	51,013	98,583	-
Bonds, notes, and capital leases	-	5,958,200	5,958,200	-
Net Pension Liability	1,202,413	686,936	1,889,349	-
Total Noncurrent Liabilities	1,249,983	6,696,149	7,946,132	-
Total Liabilities	2,009,246	7,201,419	9,210,665	80,610
Deferred Inflows of Resources:				
Deferred pension related items	254,497	145,394	399,891	-
Total Deferred Inflows of Resources	254,497	145,394	399,891	-
Net Position:				
Net investment in capital assets	16,326,723	17,818,346	34,145,069	1,039,560
Unrestricted	7,766,979	5,777,179	13,544,158	1,708,191
Total Net Position	\$ 24,093,702	\$ 23,595,525	\$ 47,689,227	\$ 2,747,751
Total Liabilities and Net Position	\$ 26,357,445	\$ 30,942,338	\$ 57,299,783	\$ 2,828,361

CITY OF SEAL BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Vehicle Replacement Internal Service Fund</u>
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>	
Operating Revenues:				
Sales and service charges	\$ 4,261,566	\$ 2,466,869	\$ 6,728,435	\$ -
Miscellaneous	19,256	851	20,107	-
Total Operating Revenues	4,280,822	2,467,720	6,748,542	-
Operating Expenses:				
Administration and general	3,504,206	823,007	4,327,213	8,357
Amortization and depreciation expense	598,021	627,613	1,225,634	165,259
Total Operating Expenses	4,102,227	1,450,620	5,552,847	173,616
Operating Income (Loss)	178,595	1,017,100	1,195,695	(173,616)
Nonoperating Revenues (Expenses):				
Interest revenue	109,530	66,906	176,436	-
Interest expense	-	(226,031)	(226,031)	-
Total Nonoperating Revenues (Expenses)	109,530	(159,125)	(49,595)	-
Income (Loss) Before Transfers	288,125	857,975	1,146,100	(173,616)
Transfers in	-	-	-	310,000
Transfers out	(324,500)	(54,000)	(378,500)	(194,136)
Changes in Net Position	(36,375)	803,975	767,600	(57,752)
Net Position:				
Beginning of Fiscal Year	24,130,077	22,791,550	46,921,627	2,805,503
End of Fiscal Year	\$ 24,093,702	\$ 23,595,525	\$ 47,689,227	\$ 2,747,751

CITY OF SEAL BEACH

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities- Vehicle Replacement Internal Service Fund
	Water Utility	Sewer Utility	Total	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 4,292,263	\$ 2,538,160	\$ 6,830,423	\$ 2,800
Cash (paid to)/received from suppliers for goods and services	(64,451)	(488,230)	(552,681)	34,708
Cash paid to employees for services	(3,725,259)	(856,508)	(4,581,767)	-
Cash received from others	19,256	851	20,107	-
Net Cash Provided (Used) by Operating Activities	521,809	1,194,273	1,716,082	37,508
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(258,255)	(346,099)	(604,354)	(237,729)
Principal paid on capital debt	-	(315,277)	(315,277)	-
Interest paid on capital debt	-	(229,389)	(229,389)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(258,255)	(890,765)	(1,149,020)	(237,729)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(324,500)	(54,000)	(378,500)	(194,136)
Cash transfers in	-	-	-	310,000
Repayment received from advance to Successor Agency	-	238,234	238,234	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(324,500)	184,234	(140,266)	115,864
Cash Flows from Investing Activities:				
Interest received	109,530	66,908	176,438	-
Net Cash Provided (Used) by Investing Activities	109,530	66,908	176,438	-
Net Increase (Decrease) in Cash and Cash Equivalents	48,584	554,650	603,234	(84,357)
Cash and Cash Equivalents at Beginning of Year	9,200,231	5,124,549	14,324,780	1,873,158
Cash and Cash Equivalents at End of Year	\$ 9,248,815	\$ 5,679,199	\$ 14,928,014	\$ 1,788,801
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 178,595	\$ 1,017,100	\$ 1,195,695	\$ (173,616)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation and amortization	598,021	627,613	1,225,634	165,259
(Increase) decrease in accounts receivable	31,497	70,191	101,688	2,800
(Increase) decrease in prepaid expense	(15,220)	(14,770)	(29,990)	-
(Increase) decrease in deferred outflows from pensions	(18,522)	(19,857)	(38,379)	-
Increase (decrease) in accounts payable	(51,920)	(383,398)	(435,318)	43,065
Increase (decrease) in retentions payable	-	(97,719)	(97,719)	-
Increase (decrease) in deposits payable	(800)	1,100	300	-
Increase (decrease) in accrued liabilities	2,689	7,657	10,346	-
Increase (decrease) in compensated absences	(8,300)	18,420	10,120	-
Increase (decrease) in net pension liability	12,718	64,115	76,833	-
Increase (decrease) in deferred inflows from pensions	(206,949)	(96,179)	(303,128)	-
Total Adjustments	343,214	177,173	520,387	211,124
Net Cash Provided (Used) by Operating Activities	\$ 521,809	\$ 1,194,273	\$ 1,716,082	\$ 37,508

CITY OF SEAL BEACH

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2016

	<u>Agency Funds</u>	<u>Private-Purpose Trust Fund Successor Agency of the Former RDA</u>
Assets:		
Pooled cash and investments	\$ 338,845	\$ 821,411
Restricted assets:		
Cash and investments with fiscal agents	949,304	741,413
Capital assets:		
Capital assets, net of accumulated depreciation	-	57,282
	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,288,149</u>	<u>1,620,106</u>
Liabilities:		
Accounts payable	\$ -	25,241
Accrued interest	-	59,972
Deposits payable	39,013	-
Advances from the City's Sewer Fund	-	714,110
Due to bondholders	1,249,136	-
Long-term liabilities:		
Due in one year	-	575,000
Due in more than one year	-	2,525,000
	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 1,288,149</u>	<u>3,899,323</u>
Net Position:		
Held in trust for other purposes		<u>(2,279,217)</u>
		<u> </u>
Total Net Position		<u>\$ (2,279,217)</u>

CITY OF SEAL BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2016

	<u>Private-Purpose Trust Fund</u>
	<u>Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 1,329,343
Interest and change in fair value of investments	743
	<hr/>
Total Additions	1,330,086
	<hr/>
Deductions:	
Administrative expenses	227,651
Interest expense	172,982
Depreciation expense	3,580
	<hr/>
Total Deductions	404,213
	<hr/>
Changes in Net Position	925,873
Net Position - Beginning of the Year	<hr/> (3,205,090)
Net Position - End of the Year	<u><u>\$ (2,279,217)</u></u>

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I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

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

a. Description of the Reporting Entity

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

Blended Component Units:

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

The City has accounted for the Authority as "blended" component unit. Despite being legally separate, the Authority is so intertwined with the City that it is, in substance, part of the City's operations. The Authority has not had any activity for the year ended June 30, 2016.

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

The City has accounted for the Foundation as "blended" component unit. Despite being legally separate, the Foundation is so intertwined with the City that it is, in substance, part of the City's operations. The Foundations' budget is adopted and approved by the City Council. Since the City Council has influence over the governing board of the Foundation by appointment of all seven members and a financial burden relationship exist between the City and Foundation, the Foundation is reported as a blended component unit and no separate financial statements are prepared.

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

b. Government-Wide and Fund Financial Statements

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

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

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

d. Fund Classification

The City reports the following major governmental funds:

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

Citywide Grants Fund – This fund accounts for various Federal and State grants that are restricted to expenditures for specific projects or purposes.

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:

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

Internal Service Fund – This fund accounts for vehicle replacements. Departments of the City are charged for services provided or benefits received from these funds. For the current year, departments were not charged for services.

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between Funds

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

are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

3. Functional Classifications

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

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

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

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

Community services include those activities which involve the community cultural and leisure activities.

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

4. Prepaid Items

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

5. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the statement of proprietary net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second are deferred outflows relating to the net pension obligation reported in the government-wide statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, adjustments due to differences in proportions, differences between actual contributions made and the proportionate share of the risk pool's total contributions, and differences between expected and actual experiences. These amounts are deferred and amortized over the expected average remaining service life time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time. The government has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

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

The governmental funds report unavailable revenues from two sources: taxes and grant revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the government has one item that qualifies for reporting in this category which are deferred inflows relating to the net pension obligation reported in the government-wide statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments, adjustments due to differences in proportions, differences between actual contributions made and the proportionate share of the risk pool's total contributions, changes in assumptions and differences between expected and actual experiences. These amounts are deferred and amortized over the expected average remaining service life time, with the exception of the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized straight-line over a five-year period.

7. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions

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

9. Compensated Absences

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

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

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

10. Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

11. Long Term Obligations

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

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

12. Fund Equity

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

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

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

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.

13. Change in Accounting Principles

The entity implemented GASB Statement No. 72, *Fair Value Measurement and Application*, during the year ended June 30, 2016. The changes resulting from this implementation are reflected in Note 3.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. 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 11 Second Installment- April 11

b. 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, 2016

Note 2: Stewardship, Compliance and Accountability (Continued)

c. Deficit Fund Balances

The following non-major funds have a deficit fund balance at June 30, 2016:

Special Revenue Funds:		
Street Lighting	\$	13,014
Community Development Block Grant		2,409
Police Grants		35,831

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Net Position:		
Cash and investments	\$	46,943,160
Restricted:		
Cash and investments with fiscal agent		736,887
Statement of Fiduciary Net Assets:		
Cash and investments		1,160,256
Restricted:		
Cash and investments with fiscal agent		1,690,717
Total cash and investments	\$	<u>50,531,020</u>

Cash and investments as of June 30, 2016, consist of the following:

Cash on hand	\$	6,919
Deposits with financial institutions		2,198,694
Investments		<u>48,325,407</u>
Total cash and investments	\$	<u>50,531,020</u>

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

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

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

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 3: Cash and Investments (Continued)

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

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

Investments Authorized by Debt Agreements

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

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. One of the 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.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 3: Cash and Investments (Continued)

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)			
		6 months or less	6 months to 1 year	1 year to 3 years	3 years to 5 years
U.S. Agency Securities	\$ 5,340,855	\$ -	\$ -	\$ 5,006,713	\$ 334,142
U.S. Treasury Securities	10,583,833	-	-	953,887	9,629,946
Medium-term notes	3,346,976	-	-	2,006,366	1,340,610
Obligations of the State of California or any local agency	555,640	-	-	555,640	-
Certificates of Deposit	6,054,266	-	3,148,712	2,905,554	-
Registered Treasury Notes or Bonds of Any Other 49 States	321,335	-	-	321,335	-
Local Agency Investment Fund (LAIF)	19,695,717	19,695,717	-	-	-
Held by Fiscal Agent:					
Money Market Mutual Funds	2,426,785	2,426,785	-	-	-
Total	\$ 48,325,407	\$ 22,122,502	\$ 3,148,712	\$ 11,749,495	\$ 11,304,698

Credit Risk

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

Investment Type	Minimum Legal Rating	Total	Remaining as of Year End			
			AA- to AA+	A to A+	A-	Unrated
U.S. Agency Securities	N/A	\$ 5,340,855	\$ 5,340,855	\$ -	\$ -	\$ -
U.S. Treasury Securities	N/A	10,583,833	10,583,833	-	-	-
Medium-term notes	A	3,346,976	1,557,799	1,026,207	762,970	-
Obligations of the State of California or any local agency	N/A	555,640	414,522	-	-	141,118
Certificates of Deposit	N/A	6,054,266	-	-	-	6,054,266
Registered Treasury Notes or Bonds of Any Other 49 States	N/A	321,335	321,335	-	-	-
Local Agency Investment Fund (LAIF)	N/A	19,695,717	-	-	-	19,695,717
Held by Fiscal Agent:						
Money Market Mutual Funds	N/A	2,426,785	-	-	-	2,426,785
Total		\$ 48,325,407	\$ 18,218,344	\$ 1,026,207	\$ 762,970	\$ 28,317,886

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.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 3: Cash and Investments (Continued)

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

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond what is stipulated by the California Government Code. The City did not have any investments in any one issuer (other than Certificates of Deposit, mutual funds, and external investment pools) that represents 5% or more of total City investments.

Investment in State Investment Pool

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

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

Investment Type	Totals	Level		
		1	2	3
U.S. Agency Securities	\$ 5,340,854	\$ 5,340,854	\$ -	\$ -
U.S. Treasury Securities	10,583,833	10,583,833	-	-
Medium-term notes	3,346,977	-	3,346,977	-
Obligations of the State of California or any local agency	555,640	-	555,640	-
Certificates of Deposit	6,054,266	-	6,054,266	-
Registered Treasury Notes or Bonds of Any Other 49 States	321,335	-	321,335	-
Local Agency Investment Fund (LAIF) Held by Fiscal Agent:	19,695,717	-	19,695,717	-
Money Market Mutual Funds	2,426,785	2,426,785	-	-
Total Investments	<u>\$ 48,325,407</u>	<u>\$ 18,351,472</u>	<u>\$ 29,973,935</u>	<u>\$ -</u>

CITY OF SEAL BEACH

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**

Note 3: Cash and Investments (Continued)

Deposits and Federal Agency Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Local Agency Investment Funds, Certificates of Deposit, Obligations of the State or California or any local agency, and Registered Treasury Notes or Bonds of any other 49 States are classified in Level 2 of the fair value hierarchy are value using institutional bond quotes or specified fair market value factors.

Note 4: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due From and To Other Funds

Funds	Due to Other Funds:	
	Nonmajor Governmental	Total
Due From Other Funds:		
General fund	\$ 125,298	\$ 125,298

These interfund balances are a result of short-term borrowings to cover deficit cash balances in the Police Asset Forfeiture Fund and Police Grants Fund from the General Fund at June 30, 2016.

Interfund Transfers

Transfers in:	Transfers Out:						Total
	General Fund	City Wide Grant	Water Utility	Sewer Utility	Internal Service Fund	Nonmajor Governmental Funds	
Fund							
General Fund	\$ -	\$ -	\$ 324,500	\$ 54,000	\$ 194,136	\$ 630,000	\$ 1,202,636
Capital Projects and Equipment Fund	1,933,865	43,510	-	-	-	642,526	2,619,901
Nonmajor Governmental Funds	1,780,407	-	-	-	-	-	1,780,407
Internal Service Fund	310,000	-	-	-	-	-	310,000
Total	\$ 4,024,272	\$ 43,510	\$ 324,500	\$ 54,000	\$ 194,136	\$ 1,272,526	\$ 5,912,944

Transfers totaling \$1,202,636 from the Water Utility Fund, Sewer Utility Fund, Internal Service Funds, and various nonmajor governmental funds were made to the General Fund primarily to reimburse the General Fund for certain administrative costs.

The General Fund, Citywide Grants Fund and Nonmajor Governmental Funds transferred \$2,619,901 to the Capital Projects and Equipment Fund for infrastructure projects such as street improvements, public work facilities, and storm drain improvements.

The General Fund transferred \$1,780,407 to various nonmajor governmental funds to pay for debt service and to cover other budgeted amounts.

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

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 5: Advance to Successor Agency

In 2012, the Sewer Fund advanced \$1,200,000 to the former redevelopment agency. This was subsequently denied by the Department of Finance (DOF). The City appealed the DOF decision and, in 2014, this advance was approved. Interest on the advance is consistent with the Local Agency Investment Fund (LAIF) interest rate at the time the Oversight Board made the finding that the advance was for legitimate redevelopment purposes, which is at 0.00367%. The balance of the advance at June 30, 2016, was \$714,110.

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Transfers of CIP	Additions	Deletions	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated					
Land	\$ 10,519,847	\$ -	\$ -	\$ -	\$ 10,519,847
Intangible asset - land easement	900,000	-	-	-	900,000
Construction-in-progress	1,023,735	(211,462)	1,665,107	-	2,477,380
Total Capital Assets, Not Being Depreciated	12,443,582	(211,462)	1,665,107	-	13,897,227
Capital assets, being depreciated:					
Buildings and improvements	14,652,927	211,462	-	-	14,864,389
Machinery and equipment	2,210,114	-	-	-	2,210,114
Vehicles	2,032,926	-	425,736	-	2,458,662
Infrastructure	82,090,619	-	-	-	82,090,619
Total Capital Assets, Being Depreciated	100,986,586	211,462	425,736	-	101,623,784
Less accumulated depreciation:					
Buildings and improvements	5,014,552	-	352,385	-	5,366,937
Machinery and equipment	1,802,957	-	104,923	-	1,907,880
Vehicles	1,062,930	-	176,155	-	1,239,085
Infrastructure	27,577,794	-	2,234,367	-	29,812,161
Total Accumulated Depreciation	35,458,233	-	2,867,830	-	38,326,063
Total Capital Assets, Being Depreciated, Net	65,528,353	211,462	(2,442,094)	-	63,297,721
Governmental Activities					
Capital Assets, Net	\$ 77,971,935	\$ -	\$ (776,987)	\$ -	\$ 77,194,948

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 6: Capital Assets (Continued)

Depreciation expense was charged in the following functions in the Statement of Activities for the year ended June 30, 2016, as follows:

Governmental Activities:	
General Government	\$ 216,043
Public Safety	177,991
Public Works	2,284,822
Community development	23,715
Internal Service funds	165,259
	<hr/>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,867,830</u>

	Beginning Balance	Transfers of CIP	Increases	Decreases	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Construction-in-progress - water	\$ 702,494	\$ -	\$ 204,253	\$ -	\$ 906,747
Construction-in-progress - sewer	7,466,425	(7,387,298)	50,130	-	129,257
Total Capital Assets, Not Being Depreciated	<hr/> 8,168,919	<hr/> (7,387,298)	<hr/> 254,383	<hr/> -	<hr/> 1,036,004
Capital assets, being depreciated:					
Building and improvements - water	73,284	-	-	-	73,284
Machinery and equipment - water	599,599	-	5,553	-	605,152
Machinery and equipment - sewer	785,802	-	-	-	785,802
Vehicles - water	249,768	-	48,949	-	298,717
Vehicles - sewer	420,651	-	-	-	420,651
Infrastructure - water	31,653,574	-	-	-	31,653,574
Infrastructure - sewer	30,373,873	7,387,298	295,969	-	38,057,140
Total Capital Assets, Being Depreciated	<hr/> 64,156,551	<hr/> 7,387,298	<hr/> 350,471	<hr/> -	<hr/> 71,894,320
Less accumulated depreciation:					
Building and improvements - water	71,595	-	675	-	72,269
Machinery and equipment - water	471,287	-	16,060	-	487,347
Machinery and equipment - sewer	206,227	-	14,929	-	221,156
Vehicles - water	162,091	-	15,947	-	178,038
Vehicles - sewer	109,982	-	45,991	-	155,973
Infrastructure - water	15,907,257	-	565,339	-	16,472,596
Infrastructure - sewer	14,516,631	-	554,624	-	15,071,256
Total Accumulated Depreciation	<hr/> 31,445,070	<hr/> -	<hr/> 1,213,565	<hr/> -	<hr/> 32,658,635
Total Capital Assets, Being Depreciated, Net	<hr/> 32,711,481	<hr/> 7,387,298	<hr/> (863,094)	<hr/> -	<hr/> 39,235,685
Business-type Activities Capital Assets, Net	<hr/> <u>\$ 40,880,400</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ (608,711)</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 40,271,689</u>

Depreciation expense was charged in the following programs of the primary government for the year ended June 30, 2016, as follows:

Business-type Activities:	
Water	\$ 598,021
Sewer	615,544
	<hr/>
Total Depreciation Expense - Business-type Activities	<u>\$ 1,213,565</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7: Long-Term Debt

The following is a schedule of changes in long-term debt of the City for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
2008 Taxable Pension Obligation Bonds, Series A-2	\$ 4,411,000	\$ -	\$ 950,000	\$ 3,461,000	\$ 1,047,000
2009 Lease Revenue Bonds	3,675,000	-	420,000	3,255,000	420,000
Municipal Finance Corporation	1,488,358	-	120,150	1,368,208	124,270
Claims payable	314,825	165,768	102,695	377,898	23,451
Compensated absences	1,206,107	550,672	528,697	1,228,082	342,732
Total	<u>\$ 11,095,290</u>	<u>\$ 716,440</u>	<u>\$ 2,121,542</u>	<u>\$ 9,690,188</u>	<u>\$ 1,957,453</u>

2008 Taxable Pension Obligation Bonds

On June 1, 2008, the City issued Taxable Pension Obligation Bonds for the purpose of refunding the City's obligations to the California Public Employees' Retirement System for pension benefits accruing for its members in the amounts of \$2,170,000 and \$8,775,000 for Series 2008A-1 and 2008A-2, respectively. Interest rate on the bonds varies from 4.9% to 5.66%. Payments have been presented as expenditures in the fund financial statements and as prepaid assets in the government-wide financial statements. The balance in the Series 2008A-1 has been paid off as of June 30, 2016. The balance in the 2008A-2 bonds at June 30, 2016, was \$3,461,000.

Year Ending June 30,	2008 Taxable Pension Obligation Bonds, Series A-2	
	Principal	Interest
2017	\$ 1,047,000	\$ 169,059
2018	1,151,000	107,153
2019	1,263,000	39,129
Total	<u>\$ 3,461,000</u>	<u>\$ 315,341</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7: Long-Term Debt (Continued)

2009 Series Lease Revenue Bonds

On January 14, 2009, the City issued 2009 Series Lease Revenue Bonds for the purpose of financing the construction of a new fire station in the City in the amount of \$6,300,000. Interest rate on the bonds is 3.71%.

The balances of the 2009 Series Lease Revenue bonds at June 30, 2016, were \$3,255,000.

Year Ending June 30,	2009 Series Lease Revenue Bonds	
	Principal	Interest
2017	\$ 420,000	\$ 114,917
2018	420,000	99,335
2019	420,000	83,753
2020	420,000	68,171
2021	420,000	52,589
2022-2024	1,155,000	64,276
Total	<u>\$ 3,255,000</u>	<u>\$ 483,042</u>

Municipal Finance Corporation Loan

On May 8, 2014, the City entered into a Lease with Option to Purchase agreement with Municipal Finance Corporation relating to a capital project to be performed by Climatec LLC in the amount of \$1,546,931. Interest rate on the loan is 3.40%.

The balance of the Municipal Finance Corporation Loan at June 30, 2016, was \$1,368,208.

Year Ending June 30,	Municipal Finance Corporation Loan	
	Principal	Interest
2017	\$ 124,270	\$ 45,472
2018	128,531	41,211
2019	132,938	36,803
2020	137,497	32,245
2021	142,211	27,530
2022-2026	702,761	61,076
Total	<u>\$ 1,368,208</u>	<u>\$ 244,337</u>

Compensated Absences Payable

The City's policy relating to compensated absences is described in Note 1 of the Notes to Financial Statements. This liability will be paid in future years from future resources. The outstanding liability for compensated absences earned was \$1,228,082 governmental and \$128,455 business-type totaling \$1,356,537. The general fund typically has been used to liquidate the liability for compensated absences.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7: Long-Term Debt (Continued)

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, 2016, claims payable including estimated claims for incurred but not reported claims, amounted to \$377,898.

Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
\$ 329,048	\$ 8,739	\$ (22,962)	\$ 314,825
314,825	165,768	(102,695)	377,898

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
2011 Sewer Revenue Refunding Bonds	\$ 2,705,000	\$ -	\$ 140,000	\$ 2,565,000	\$ 145,000
Sewer Capital Improvement Project #1	2,309,073	-	109,744	2,199,329	112,598
Sewer Capital Improvement Project #2	1,584,238	-	65,533	1,518,705	67,236
Compensated absences	118,335	165,260	155,140	128,455	29,872
Total	<u>\$ 6,716,646</u>	<u>\$ 165,260</u>	<u>\$ 470,417</u>	<u>\$ 6,411,489</u>	<u>\$ 354,706</u>

A description of Proprietary Fund long-term debt outstanding as of June 30, 2016, follows:

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, 2016, was \$2,565,000.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7: Long-Term Debt (Continued)

Year Ending June 30,	2011 Sewer System Revenue Refunding Bonds	
	Principal	Interest
2017	\$ 145,000	\$ 121,440
2018	150,000	114,360
2019	160,000	107,040
2020	170,000	99,240
2021	175,000	91,080
2022-2026	1,025,000	318,000
2027-2029	740,000	63,480
Total	<u>\$ 2,565,000</u>	<u>\$ 914,640</u>

Sewer Capital Improvement Project Loan #1

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,644,356 or the eligible costs of the project, whichever is less. At June 30, 2016, the State Water Resources Control Board had disbursed \$2,644,015. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2016, is \$2,199,329.

Year Ending June 30,	Sewer Capital Improvement Project Loan #1	
	Principal	Interest
2017	\$ 112,598	\$ 57,183
2018	115,525	54,255
2019	118,529	51,251
2020	121,611	48,170
2021	124,772	45,008
2022-2026	674,244	174,658
2027-2031	766,572	82,328
2032	165,478	4,302
Total	<u>\$ 2,199,329</u>	<u>\$ 517,155</u>

Sewer Capital Improvement Project Loan #2

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,125,112 or the eligible costs of the project, whichever is less. At June 30, 2016, the State Water Resources Control Board had disbursed \$1,652,742. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2016, is \$1,518,705.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 7: Long-Term Debt (Continued)

Year Ending June 30,	Sewer Capital Improvement Project Loan #2	
	Principal	Interest
2017	\$ 67,236	\$ 39,486
2018	68,985	37,738
2019	70,778	35,945
2020	72,618	34,104
2021	74,506	32,216
2022-2026	402,617	130,997
2027-2031	457,751	75,863
2032-2034	304,214	15,954
Total	<u>\$ 1,518,705</u>	<u>\$ 402,303</u>

Note 8: Debt Issued Without Government Commitment

Surfside Colony Reassessment District No. 2000-1

The Surfside Colony Reassessment District No. 2000-1 was formed to finance improvements within the Surfside Colony and to refund the outstanding unmatured portion of the Assessment District 94-1 (Surfside Colony) limited obligation improvement bonds. The debt service payments on the bonds will be included on property tax bills within the reassessment district and will be collected by the City and then forwarded to the paying agent. A Reserve Fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor have the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The bonds were paid off in the year ended June 30, 2016.

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, 2016, was \$3,480,000.

Note 8: Debt Issued Without Government Commitment (Continued)

Pacific Gateway Business Center Community Facilities District No 2005-01

The Pacific Gateway Business Center Community Facilities District No. 2005-01 (District) was formed to finance public facilities within the District. The debt service payments on the bonds will be included on property tax bills within the community facilities district and will be collected by the City and then forwarded to the paying agent. A Reserve Fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor has the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2016, was \$8,450,000.

Note 9: Retirement Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police) and Miscellaneous (all other) Employee Pension rate plans, cost-sharing multiple employer defined benefit pension rate plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 9: Retirement Plans (Continued)

	Cost-sharing Rate Plans		
	Miscellaneous Rate Plan*	PEPRA	
		Miscellaneous Rate Plan	Safety Rate Plan*
	Prior to January 1, 2013	January 1, 2013 and after	Prior to January 1, 2013
Hire date	January 1, 2013	January 1, 2013 and after	January 1, 2013
Benefit formula	2% @ 55	2% @ 62	3% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively	3.000%, 50+ yrs
Required employee contribution rates	6.891%	6.500%	8.986%
Required employer contribution rates	9.353%	6.730%	20.230%

* *Closed to new entrants*

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the year ended June 30, 2016, the contributions recognized as a reduction to the total net pension liability for the Plan was \$1,956,992.

Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2016, the City reported net pension liabilities/(assets) for its proportionate shares of the net pension liability of each Rate Plan as follows:

Proportionate Share of Net Pension Liability/(Asset)	
Miscellaneous Rate Plan	\$ 7,780,130
Miscellaneous PEPRA Rate Plan	(1,394)
Safety Rate Plan	16,257,123
Total Plan Net Pension Liability:	\$ 24,035,859

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 9: Retirement Plans (Continued)

The City's net pension liability for each rate plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the rate plans is measured as of June 30, 2015, and the total pension liability for each rate plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each rate plan as of June 30, 2013 and 2014, was as follows:

	PEPRA			Total Plan
	Miscellaneous Rate Plan	Miscellaneous Rate Plan	Safety Rate Plan	
Proportion - June 30, 2014	0.29315%	0.00001%	0.31522%	0.60838%
Proportion - June 30, 2015	0.28359%	-0.00005%	0.39455%	0.67809%
Change - Increase (Decrease)	-0.00956%	-0.00006%	0.07933%	0.06971%

For the year ended June 30, 2016, the City recognized a total pension expense of \$1,715,902 for all rate plans in total. At June 30, 2016, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 9: Retirement Plans (Continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Miscellaneous Rate Plan		
Change in assumptions	\$ -	\$ 306,840
Pension contributions subsequent to measurement date	666,327	-
Difference between expected and actual experiences	32,432	-
Differences between actual contributions and the proportionate share of contributions	-	128,796
Net difference between projected and actual earnings on pension plan investments	-	153,823
Adjustment due to difference in proportions	-	1,026,287
Total	698,759	1,615,746
Miscellaneous PEPRA Rate Plan		
Change in assumptions	\$ -	\$ 20,426
Pension contributions subsequent to measurement date	67,928	-
Difference between expected and actual experiences	2,159	-
Differences between actual contributions and the proportionate share of contributions	21,948	-
Net difference between projected and actual earnings on pension plan investments	-	10,240
Adjustment due to difference in proportions	55,761	-
Total	\$ 147,796	\$ 30,666
Safety Rate Plan		
Change in assumptions	\$ -	\$ 891,044
Pension contributions subsequent to measurement date	1,476,452	-
Difference between expected and actual experiences	-	193,732
Differences between actual contributions and the proportionate share of contributions	-	142,169
Net difference between projected and actual earnings on pension plan investments	-	451,587
Adjustment due to difference in proportions	2,182,996	-
Total	\$ 3,659,448	\$ 1,678,532
Total Plan	\$ 4,506,003	\$ 3,324,944

\$2,210,707 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 9: Retirement Plans (Continued)

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources			
	PEPRA			Total Plan
	Miscellaneous Rate Plan	Miscellaneous Rate Plan	Safety Rate Plan	
2016	\$ (644,876)	\$ 16,344	\$ 9,305	\$ (619,227)
2017	(635,060)	14,725	7,530	(612,805)
2018	(499,999)	5,044	(66,722)	(561,677)
2019	196,621	13,089	554,351	764,061

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Note 9: Retirement Plans (Continued)

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table on the following page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 9: Retirement Plans (Continued)

Asset Class	Current Target Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

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

The following presents the City's proportionate share of the net pension liability for each rate plan, calculated using the discount rate for each rate plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Plans Net Pension Liability/(Asset)	Discount Rate - 1% Current Discount Discount Rate +1%		
	6.65%	7.65%	8.65%
Miscellaneous Rate Plan	\$ 13,707,063	\$ 7,780,130	\$ 2,886,758
Miscellaneous PEPRA Rate Plan	5,999	(1,394)	(7,497)
Safety Rate Plan	26,664,519	16,257,123	7,723,248
TOTAL Plan:	\$ 40,377,581	\$ 24,035,859	\$ 10,602,509

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

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 2015-2016 the City of Seal Beach paid \$4,781,416 to the Authority.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2016. 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, 2015 (the most recent data available).

Governmental Activities

Total Assets & Deferred Outflows	\$ 493,734,716
Total Liabilities & Deferred Inflows	\$ 662,859,089
Total Revenues	\$ 341,022,597
Total Expenses	391,125,698
Changes in Net Position	(50,103,101)
Net Position, Beginning	243,754,615
Prior period adjustment	(362,775,887)
Net Position, Ending	\$ (169,124,373)

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

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 2015-2016, the City of Seal Beach paid \$724,969.50 to the Authority.

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

Note 11: Liability, Property and Workers Compensation Protection

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

The City of Seal Beach is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverages. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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

For 2015-16 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, and (b) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer. There is a third annual aggregate deductible in the amount of \$2.5 million in the \$5 million x/s \$5 million layer, however it is fully covered under a separate policy and therefore not retained by the Authority.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Workers' Compensation

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

For 2015-16, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits 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 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, 2014 through July 1, 2017. 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 \$47,968,529. 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 \$47,849,368. 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 \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

d. Adequacy of Protection

During the past three fiscal years, none of the programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2015-16.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

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 2015-16, the City contributed \$502,000 to the plan, including premiums.

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

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	\$ 449,709
Interest on net OPEB obligation	(25,951)
Adjustment to annual required contribution	<u>42,634</u>
Annual OPEB cost (expense)	466,392
Contributions made (including premiums paid)	502,000
Increase (decrease) in net OPEB obligation	(35,608)
Net OPEB obligation (asset) – beginning of year	<u>(651,646)</u>
Net OPEB obligation (asset) – end of year	<u>\$ (687,254)</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 332,508	98.0%	\$ (295,009)
6/30/2015	336,962	193.4%	(651,646)
6/30/2016	466,392	147.4%	(687,254)

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)
 (latest information available)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of covered payroll ((b-a)/c)
6/30/2011	\$ 1,738	\$ 6,902	\$ 5,164	25%	\$ 8,083	63.89%
7/1/2013	2,672	6,657	3,985	40%	8,903	44.76%
7/1/2015	3,516	9,009	5,493	39%	8,977	61.19%

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

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

Actuarial Methods and Assumptions

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

Actuarial valuation date	7/1/2015
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.00%
Projected salary increases*	2.75%

* Includes an inflation assumption of 4%.

Note 13: Commitments and Contingencies

Construction Commitments

As of June 30, 2016, budgeted funds committed for major capital projects included the following:

	Contract Amount	Expenditures To Date	Unexpended Balance
BG-0904: New Swimming Pool: Westbert+White Inc.	\$ 238,930	\$ 79,614	\$ 159,317
BG-1302: Emerg. Backup Power: Fakouri Electrical	455,060	87,880.00	367,180
SS-0901: 10 yr Sewer Improvement Master Plan: AKM	489,506	244,201.80	245,304
ST1502&ST1503 Local and Arterial Paving - All American Asphalt	381,544	307,044	74,500
Sand Berm - Post Earth Works	275,366	-	275,366
SD1601 West End PS - Southern Contracting	223,500	112,488	111,013
PR1602 Eisenhower Park Design - DVD	53,286	29,376	23,910
ST1207 SB Parking Lots Data - Ramco	49,400	48,709	691
PR1502 Eisenhower Park Improvement - JDC	130,852	84,920	45,932
EM1601 El Nino Storm Prep - Post Earthworks	135,274	135,274	-
SS0901-3 8th St Sewer P.S. - Charles King	1,999,170	2,170,931	(171,761)
BG1401 & BG1402 Chambers & SBTV3 Remodel - Ramco	310,700	204,525	106,175
PR1602 Eisenhower Park Design - R.E. Schultz	173,579	-	173,579
EM1601 El Nino Storm Prep - Godwin Pumps	257,035	257,035	-
ST1604 Concrete Repair -Golden State Constructors	67,993	-	67,993
Total	<u>\$ 5,241,195</u>	<u>\$ 3,761,997</u>	<u>\$ 1,479,198</u>

Note 14: Net Position Restatement

Net Position on the government-wide statement of activities has been restated by \$374,314 due to revenues earned in previous years that were not recognized relating to reimbursements for the Community Development Block Grant.

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.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

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

a. Cash and investments

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

Cash and investments pooled with the City	\$ 821,411
Cash and investments with fiscal agent	741,413
	<u>\$ 1,562,824</u>

b. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Fiduciary Activities:				
Successor Agency of the Former RDA				
Capital assets, being depreciated:				
Buildings and improvements	\$ 370,804	\$ -	\$ -	\$ 370,804
Machinery and equipment	64,784	-	-	64,784
Total Capital Assets, Being Depreciated	435,588	-	-	435,588
Less accumulated depreciation:				
Buildings and improvements	309,942	3,580	-	313,522
Machinery and equipment	64,784	-	-	64,784
Total Accumulated Depreciation	374,726	3,580	-	378,306
Total Capital Assets, Being Depreciated, Net	60,862	(3,580)	-	57,282
Fiduciary Activities Capital Assets, Net	<u>\$ 60,862</u>	<u>\$ (3,580)</u>	<u>\$ -</u>	<u>\$ 57,282</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

c. Long-term Debt

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Fiduciary Activities					
2000 Tax Allocation Bonds Series A	\$ 3,425,000	\$ -	\$ 495,000	\$ 2,930,000	\$ 520,000
2000 Tax Allocation Bonds Series B	220,000	-	50,000	170,000	55,000
Total bonds	3,645,000	-	545,000	3,100,000	575,000
Advance from Sewer Fund	952,344	-	238,234	714,110	-
Total	\$ 4,597,344	\$ -	\$ 783,234	\$ 3,814,110	\$ 575,000

A description of the individual issues of bonds of the Successor Agency of the former redevelopment agency outstanding as of June 30, 2016, 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, 2016, were \$2,930,000 and \$170,000 respectively. This liability was transferred to the Successor Agency upon dissolution of the redevelopment agency.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

The annual debt service requirements on the tax allocation bonds as of June 30, 2016, 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
2017	\$ 520,000	\$ 140,565	\$ 55,000	\$ 8,194
2018	545,000	113,271	55,000	5,031
2019	575,000	84,288	60,000	1,725
2020	605,000	53,078	-	-
2021	160,000	32,519	-	-
2022-2025	525,000	43,403	-	-
Total	<u>\$ 2,930,000</u>	<u>\$ 467,124</u>	<u>\$ 170,000</u>	<u>\$ 14,950</u>

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

Advance from the City

In 2012, the sewer fund advanced \$1,200,000 to the former redevelopment agency. This was subsequently denied by the Department of Finance (DOF). The City appealed the DOF decision and, in 2014, this advance was approved. Interest on the advance is consistent Local Agency Investment Fund (LAIF) interest rate at the time the Oversight Board made the finding that the advance was for legitimate redevelopment purposes, which is at 0.00367%. The balance of the advance at June 30, 2016, was \$714,110.

d. Pledged Revenue

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

Description of Pledged Revenue	Annual Amount of Revenue	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Property tax	\$ 1,329,343	\$ 783,234	58.9%

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

e. Insurance

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2016**

Note 1: Budgetary Comparison Information

a. Budget Data

General Budget Policies

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

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

b. Excess of expenditures over appropriations are as follows:

Expenditures for the year ended June 30, 2016, exceeded the appropriations of the General and Major Special Revenue Funds are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
Principal Retirement (Climatec)	\$ 120,150	\$ -	120,150

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 30,001,613	\$ 30,001,613	\$ 30,001,613	\$ -
Resources (Inflows):				
Taxes	22,418,000	22,418,000	21,510,272	(907,728)
Licenses and permits	1,316,400	1,316,400	1,304,924	(11,476)
Intergovernmental	209,100	209,100	160,398	(48,702)
Charges for services	4,253,400	4,245,500	4,085,676	(159,824)
Use of money and property	681,800	681,800	967,400	285,600
Fines and forfeitures	1,073,200	1,073,200	1,110,606	37,406
Contributions	83,000	83,000	283,222	200,222
Miscellaneous	144,700	139,100	529,985	390,885
Transfers in	2,913,500	3,087,800	1,202,636	(1,885,164)
Amounts Available for Appropriations	63,094,713	63,255,513	61,156,732	(2,098,781)
Charges to Appropriation (Outflow):				
General government	5,227,700	5,228,226	5,077,980	150,246
Public safety	16,210,200	16,263,307	16,036,899	226,408
Community development	996,100	996,100	888,226	107,874
Community services	1,195,500	1,187,636	1,075,282	112,354
Public works	5,606,000	5,757,274	4,829,741	927,533
Debt service:				
Principal retirement	-	-	120,150	(120,150)
Transfers out	11,407,200	12,399,800	4,024,272	8,375,528
Total Charges to Appropriations	40,642,700	41,832,343	32,052,550	9,779,793
Budgetary Fund Balance, June 30	\$ 22,452,013	\$ 21,423,170	\$ 29,104,182	\$ 7,681,012

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 CITYWIDE GRANTS
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (407,424)	\$ (407,424)	\$ (407,424)	\$ -
Resources (Inflows):				
Intergovernmental	1,636,700	1,636,700	527,771	(1,108,929)
Amounts Available for Appropriations	1,229,276	1,229,276	120,347	(1,108,929)
Charges to Appropriation (Outflow):				
Transfers out	743,000	743,000	43,510	699,490
Total Charges to Appropriations	743,000	743,000	43,510	699,490
Budgetary Fund Balance, June 30	\$ 486,276	\$ 486,276	\$ 76,837	\$ (409,439)

**CITY OF SEAL BEACH
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 AS OF JUNE 30, 2016**

	<u>2015</u>	<u>2016</u>
Miscellaneous Rate Plan		
Rate Plan's Proportion of the Net Pension Liability	0.01164%	0.11335%
Rate Plan's Proportionate Share of the Net Pension Liability	\$ 7,245,132	\$ 7,780,130
Rate Plan's Covered Payroll	\$ 4,308,433	\$ 4,102,234
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	168.16%	189.66%
PEPRA Miscellaneous Rate Plan		
Rate Plan's Proportion of the Net Pension Liability/(Asset)	0.00000%	-0.00002%
Rate Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 181	\$ (1,394)
Rate Plan's Covered Payroll	\$ 315,408	\$ 502,805
Rate Plan's Proportionate Share of the Net Pension Liability/(Asset) as Percentage of Covered Payroll	0.06%	-0.28%
Safety Rate Plan		
Rate Plan's Proportion of the Net Pension Liability	0.19002%	0.23685%
Rate Plan's Proportionate Share of the Net Pension Liability	\$ 11,823,793	\$ 16,257,123
Rate Plan's Covered Payroll	\$ 4,279,174	\$ 4,666,068
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	276.31%	348.41%
Total Plan		
Plan's Proportion of the Net Pension Liability	0.20166%	0.35018%
Plan's Proportionate Share of the Net Pension Liability	\$ 19,069,106	\$ 24,035,859
Plan's Covered Payroll	\$ 8,903,015	\$ 9,271,107
Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	214.19%	259.26%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offer of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent to 7.65 percent (net of administrative expense) to correct for an adjustment to exclude administrative expense.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

**CITY OF SEAL BEACH
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN
 SCHEDULE OF PLAN CONTRIBUTIONS
 AS OF JUNE 30, 2016**

	2015	2016
Miscellaneous Rate Plan		
Actuarially Determined Contribution	\$ 576,325	\$ 666,327
Contribution in Relation to the Actuarially Determined Contribution	(576,325)	(666,327)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,102,234	\$ 3,877,132
Contributions as a Percentage of Covered-Employee Payroll	14.05%	17.19%
PEPRA Miscellaneous Rate Plan		
Actuarially Determined Contribution	\$ 38,342	\$ 67,928
Contribution in Relation to the Actuarially Determined Contribution	(38,342)	(67,928)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 502,805	\$ 550,084
Contributions as a Percentage of Covered-Employee Payroll	7.63%	12.35%
Safety Rate Plan		
Actuarially Determined Contribution	\$ 1,342,325	\$ 1,476,452
Contribution in Relation to the Actuarially Determined Contribution	(1,342,325)	(1,476,452)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,666,068	\$ 4,500,562
Contributions as a Percentage of Covered-Employee Payroll	28.77%	32.81%
Total Plan		
Actuarially Determined Contribution	\$ 1,956,992	\$ 2,210,708
Contribution in Relation to the Actuarially Determined Contribution	(1,956,992)	(2,210,708)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 9,271,107	\$ 8,927,778
Contributions as a Percentage of Covered-Employee Payroll	21.11%	24.76%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method/period	Level percent payroll/closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.30% to 14.20%
Payroll growth	3.00%
Investment rate of return	7.5% net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
Assets:				
Pooled cash and investments	\$ -	\$ 56,236	\$ 14,611	\$ 9,070
Receivables:				
Accounts	-	-	7	105,251
Taxes	1,253	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	138	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,253	\$ 56,374	\$ 14,618	\$ 114,321
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 14,267	\$ 683	\$ 6	\$ -
Accrued liabilities	-	778	-	3,085
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	100,438
Retentions payable	-	-	-	-
Total Liabilities	14,267	1,461	6	103,523
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	54,913	14,612	10,798
Community services	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Unassigned	(13,014)	-	-	-
Total Fund Balances	(13,014)	54,913	14,612	10,798
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,253	\$ 56,374	\$ 14,618	\$ 114,321

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Air Quality Improvement	Parks Improvement	Traffic Impact AB 1600	State Gasoline Tax
Assets:				
Pooled cash and investments	\$ 8,080	\$ -	\$ 362,811	\$ 847,988
Receivables:				
Accounts	8,445	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 16,525	\$ -	\$ 362,811	\$ 847,988
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 8,080	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Retentions payable	-	-	-	-
Total Liabilities	8,080	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	8,445	-	362,811	847,988
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	8,445	-	362,811	847,988
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,525	\$ -	\$ 362,811	\$ 847,988

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds			
	Measure M2	Community Development Block Grant	Police Grants	Landscape District
Assets:				
Pooled cash and investments	\$ 860,888	\$ 406	\$ -	\$ 202,124
Receivables:				
Accounts	71,789	9,835	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	27,986	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 932,677	\$ 10,241	\$ 27,986	\$ 202,124
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 6,462	\$ 2,382
Accrued liabilities	-	-	255	585
Unearned revenues	-	12,650	11,271	-
Due to other funds	-	-	24,860	-
Retentions payable	-	-	-	1,750
Total Liabilities	-	12,650	42,848	4,717
Deferred Inflows of Resources:				
Unavailable revenues	-	-	20,969	-
Total Deferred Inflows of Resources	-	-	20,969	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	197,407
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	932,677	-	-	-
Debt service	-	-	-	-
Unassigned	-	(2,409)	(35,831)	-
Total Fund Balances	932,677	(2,409)	(35,831)	197,407
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 932,677	\$ 10,241	\$ 27,986	\$ 202,124

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			Debt Service Funds
	Heron Pointe	Pacific Gateway	Seal Beach Cable	City Debt Service
Assets:				
Pooled cash and investments	\$ 68,847	\$ 247,920	\$ 296,765	\$ -
Receivables:				
Accounts	-	-	26,567	-
Taxes	-	-	-	-
Accrued interest	-	-	257	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	726,110
Total Assets	\$ 68,847	\$ 247,920	\$ 323,589	\$ 726,110
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,750	\$ 624	\$ -	\$ 3,000
Accrued liabilities	-	901	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Retentions payable	-	-	-	-
Total Liabilities	1,750	1,525	-	3,000
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	67,097	246,395	-	-
Public safety	-	-	-	-
Community services	-	-	323,589	-
Public works	-	-	-	-
Debt service	-	-	-	723,110
Unassigned	-	-	-	-
Total Fund Balances	67,097	246,395	323,589	723,110
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 68,847	\$ 247,920	\$ 323,589	\$ 726,110

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Total Nonmajor Governmental Funds
Assets:	
Pooled cash and investments	\$ 2,975,746
Receivables:	
Accounts	221,894
Taxes	1,253
Accrued interest	257
Due from other governments	28,124
Restricted assets:	
Cash and investments with fiscal agents	726,110
Total Assets	\$ 3,953,384
Liabilities, Deferred Inflows of Resources, and Fund Balances:	
Liabilities:	
Accounts payable	\$ 37,254
Accrued liabilities	5,604
Unearned revenues	23,921
Due to other funds	125,298
Retentions payable	1,750
Total Liabilities	193,827
Deferred Inflows of Resources:	
Unavailable revenues	20,969
Total Deferred Inflows of Resources	20,969
Fund Balances:	
Restricted for:	
Community development projects	510,899
Public safety	80,323
Community services	323,589
Public works	2,151,921
Debt service	723,110
Unassigned	(51,254)
Total Fund Balances	3,738,588
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,953,384

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CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
Revenues:				
Taxes	\$ 140,274	\$ -	\$ -	\$ -
Intergovernmental	-	131,957	-	217,510
Charges for services	-	-	10,083	-
Use of money and property	-	547	-	44
Miscellaneous	-	-	-	-
Total Revenues	140,274	132,504	10,083	217,554
Expenditures:				
Current:				
General government	196,373	-	-	-
Public safety	-	107,304	4,446	146,506
Community development	-	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	196,373	107,304	4,446	146,506
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,099)	25,200	5,637	71,048
Other Financing Sources (Uses):				
Transfers in	43,085	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	43,085	-	-	-
Net Change in Fund Balances	(13,014)	25,200	5,637	71,048
Fund Balances, Beginning of Year	-	29,713	8,975	(60,250)
Fund Balances, End of Year	\$ (13,014)	\$ 54,913	\$ 14,612	\$ 10,798

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Air Quality Improvement	Parks Improvement	Traffic Impact AB 1600	State Gasoline Tax
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 545,212
Intergovernmental	31,315	10,000	-	-
Charges for services	-	-	2,926	-
Use of money and property	6	602	7,550	9,909
Miscellaneous	-	-	-	-
Total Revenues	31,321	10,602	10,476	555,121
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	30,888	-	-	1,429
Capital outlay	-	8,600	17,322	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	30,888	8,600	17,322	1,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	433	2,002	(6,846)	553,692
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(50,443)	(289,942)	(423,405)
Total Other Financing Sources (Uses)	-	(50,443)	(289,942)	(423,405)
Net Change in Fund Balances	433	(48,441)	(296,788)	130,287
Fund Balances, Beginning of Year	8,012	48,441	659,599	717,701
Fund Balances, End of Year	\$ 8,445	\$ -	\$ 362,811	\$ 847,988

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Measure M2	Community Development Block Grant	Police Grants	Landscape District
Revenues:				
Taxes	\$ 392,053	\$ -	\$ -	\$ 183,072
Intergovernmental	-	167,350	91,755	-
Charges for services	-	-	-	-
Use of money and property	10,032	-	-	1,606
Miscellaneous	7,792	-	-	-
Total Revenues	409,877	167,350	91,755	184,678
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	72,261	-
Community development	-	167,351	-	67,814
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	167,351	72,261	67,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	409,877	(1)	19,494	116,864
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(343,152)	-	-	(13,000)
Total Other Financing Sources (Uses)	(343,152)	-	-	(13,000)
Net Change in Fund Balances	66,725	(1)	19,494	103,864
Fund Balances, Beginning of Year	865,952	(2,408)	(55,325)	93,543
Fund Balances, End of Year	\$ 932,677	\$ (2,409)	\$ (35,831)	\$ 197,407

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			Debt Service Funds
	Heron Pointe	Pacific Gateway	Seal Beach Cable	City Debt Service
Revenues:				
Taxes	\$ -	\$ 57,261	\$ -	\$ -
Intergovernmental	25,000	25,000	-	-
Charges for services	-	-	116,005	-
Use of money and property	844	2,906	2,880	246
Miscellaneous	-	-	-	-
Total Revenues	25,844	85,167	118,885	246
Expenditures:				
Current:				
General government	-	-	76,777	-
Public safety	-	-	-	11,000
Community development	7,392	44,556	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	1,370,000
Interest and fiscal charges	-	-	-	355,819
Total Expenditures	7,392	44,556	76,777	1,736,819
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,452	40,611	42,108	(1,736,573)
Other Financing Sources (Uses):				
Transfers in	-	-	-	1,737,322
Transfers out	(11,000)	(26,000)	(115,584)	-
Total Other Financing Sources (Uses)	(11,000)	(26,000)	(115,584)	1,737,322
Net Change in Fund Balances	7,452	14,611	(73,476)	749
Fund Balances, Beginning of Year	59,645	231,784	397,065	722,361
Fund Balances, End of Year	\$ 67,097	\$ 246,395	\$ 323,589	\$ 723,110

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	Total Nonmajor Governmental Funds
Revenues:	
Taxes	\$ 1,317,872
Intergovernmental	699,887
Charges for services	129,014
Use of money and property	37,172
Miscellaneous	7,792
	<hr/>
Total Revenues	2,191,737
	<hr/>
Expenditures:	
Current:	
General government	273,150
Public safety	341,517
Community development	287,113
Public works	32,317
Capital outlay	25,922
Debt service:	
Principal retirement	1,370,000
Interest and fiscal charges	355,819
	<hr/>
Total Expenditures	2,685,838
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(494,101)
	<hr/>
Other Financing Sources (Uses):	
Transfers in	1,780,407
Transfers out	(1,272,526)
	<hr/>
Total Other Financing Sources (Uses)	507,881
	<hr/>
Net Change in Fund Balances	13,780
	<hr/>
Fund Balances, Beginning of Year	3,724,808
	<hr/>
Fund Balances, End of Year	\$ 3,738,588
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CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	144,200	144,200	140,274	(3,926)
Transfers in	50,300	50,300	43,085	(7,215)
Amounts Available for Appropriations	194,500	194,500	183,359	(11,141)
Charges to Appropriation (Outflow):				
General government	194,500	194,500	196,373	(1,873)
Total Charges to Appropriations	194,500	194,500	196,373	(1,873)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ (13,014)	\$ (13,014)

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 29,713	\$ 29,713	\$ 29,713	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	131,957	31,957
Use of money and property	300	300	547	247
Amounts Available for Appropriations	130,013	130,013	162,217	32,204
Charges to Appropriation (Outflow):				
Public safety	121,200	122,900	107,304	15,596
Total Charges to Appropriations	121,200	122,900	107,304	15,596
Budgetary Fund Balance, June 30	\$ 8,813	\$ 7,113	\$ 54,913	\$ 47,800

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
DETENTION CENTER
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ 8,975	\$ 8,975	\$ 8,975	\$ -
Resources (Inflows):				
Charges for services	10,000	10,000	10,083	83
Amounts Available for Appropriations	18,975	18,975	19,058	83
Charges to Appropriation (Outflow):				
Public safety	15,000	15,000	4,446	10,554
Total Charges to Appropriations	15,000	15,000	4,446	10,554
Budgetary Fund Balance, June 30	\$ 3,975	\$ 3,975	\$ 14,612	\$ 10,637

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 POLICE ASSET FORFEITURE
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (60,250)	\$ (60,250)	\$ (60,250)	\$ -
Resources (Inflows):				
Intergovernmental	300,000	300,000	217,510	(82,490)
Use of money and property	-	-	44	44
Amounts Available for Appropriations	239,750	239,750	157,304	(82,446)
Charges to Appropriation (Outflow):				
Public safety	304,000	304,000	146,506	157,494
Total Charges to Appropriations	304,000	304,000	146,506	157,494
Budgetary Fund Balance, June 30	\$ (64,250)	\$ (64,250)	\$ 10,798	\$ 75,048

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 8,012	\$ 8,012	\$ 8,012	\$ -
Resources (Inflows):				
Intergovernmental	30,000	30,000	31,315	1,315
Use of money and property	-	-	6	6
Amounts Available for Appropriations	38,012	38,012	39,333	1,321
Charges to Appropriation (Outflow):				
Public works	30,000	30,000	30,888	(888)
Total Charges to Appropriations	30,000	30,000	30,888	(888)
Budgetary Fund Balance, June 30	\$ 8,012	\$ 8,012	\$ 8,445	\$ 433

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
PARK IMPROVEMENT
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 48,441	\$ 48,441	\$ 48,441	\$ -
Resources (Inflows):				
Intergovernmental	-	-	10,000	10,000
Use of money and property	200	200	602	402
Amounts Available for Appropriations	48,641	48,641	59,043	10,402
Charges to Appropriation (Outflow):				
Capital outlay	10,000	10,000	8,600	1,400
Transfers out	-	54,000	50,443	3,557
Total Charges to Appropriations	10,000	64,000	59,043	4,957
Budgetary Fund Balance, June 30	\$ 38,641	\$ (15,359)	\$ -	\$ 15,359

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC IMPACT AB 1600
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 659,599	\$ 659,599	\$ 659,599	\$ -
Resources (Inflows):				
Charges for services	-	-	2,926	2,926
Use of money and property	3,800	3,800	7,550	3,750
Amounts Available for Appropriations	663,399	663,399	670,075	6,676
Charges to Appropriation (Outflow):				
Capital outlay	-	30,000	17,322	12,678
Transfers out	320,000	320,000	289,942	30,058
Total Charges to Appropriations	320,000	350,000	307,264	42,736
Budgetary Fund Balance, June 30	\$ 343,399	\$ 313,399	\$ 362,811	\$ 49,412

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
STATE GASOLINE TAX
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 717,701	\$ 717,701	\$ 717,701	\$ -
Resources (Inflows):				
Taxes	569,200	569,200	545,212	(23,988)
Use of money and property	3,500	3,500	9,909	6,409
Amounts Available for Appropriations	1,290,401	1,290,401	1,272,822	(17,579)
Charges to Appropriation (Outflow):				
Public works	2,000	2,000	1,429	571
Transfers out	1,000,000	1,000,000	423,405	576,595
Total Charges to Appropriations	1,002,000	1,002,000	424,834	577,166
Budgetary Fund Balance, June 30	\$ 288,401	\$ 288,401	\$ 847,988	\$ 559,587

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
MEASURE M2
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 865,952	\$ 865,952	\$ 865,952	\$ -
Resources (Inflows):				
Taxes	450,000	450,000	392,053	(57,947)
Use of money and property	3,800	3,800	10,032	6,232
Miscellaneous	-	-	7,792	7,792
Amounts Available for Appropriations	1,319,752	1,319,752	1,275,829	(43,923)
Charges to Appropriation (Outflow):				
Transfers out	575,000	575,000	343,152	231,848
Total Charges to Appropriations	575,000	575,000	343,152	231,848
Budgetary Fund Balance, June 30	\$ 744,752	\$ 744,752	\$ 932,677	\$ 187,925

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (2,408)	\$ (2,408)	\$ (2,408)	\$ -
Resources (Inflows):				
Intergovernmental	180,000	180,000	167,350	(12,650)
Amounts Available for Appropriations	177,592	177,592	164,942	(12,650)
Charges to Appropriation (Outflow):				
Community improvement	180,000	180,000	167,351	12,649
Total Charges to Appropriations	180,000	180,000	167,351	12,649
Budgetary Fund Balance, June 30	\$ (2,408)	\$ (2,408)	\$ (2,409)	\$ (1)

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 POLICE GRANTS
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (55,325)	\$ (55,325)	\$ (55,325)	\$ -
Resources (Inflows):				
Intergovernmental	165,000	305,000	91,755	(213,245)
Fines and forfeitures	13,000	13,000	-	(13,000)
Amounts Available for Appropriations	122,675	262,675	36,430	(226,245)
Charges to Appropriation (Outflow):				
Public safety	153,300	293,300	72,261	221,039
Total Charges to Appropriations	153,300	293,300	72,261	221,039
Budgetary Fund Balance, June 30	\$ (30,625)	\$ (30,625)	\$ (35,831)	\$ (5,206)

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 LANDSCAPE DISTRICT
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 93,543	\$ 93,543	\$ 93,543	\$ -
Resources (Inflows):				
Taxes	140,200	140,200	183,072	42,872
Use of money and property	2,500	2,500	1,606	(894)
Amounts Available for Appropriations	236,243	236,243	278,221	41,978
Charges to Appropriation (Outflow):				
Community improvement	155,000	155,000	67,814	87,186
Transfers out	13,000	13,000	13,000	-
Total Charges to Appropriations	168,000	168,000	80,814	87,186
Budgetary Fund Balance, June 30	\$ 68,243	\$ 68,243	\$ 197,407	\$ 129,164

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 HERON POINTE
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 59,645	\$ 59,645	\$ 59,645	\$ -
Resources (Inflows):				
Intergovernmental	25,000	25,000	25,000	-
Use of money and property	300	300	844	544
Amounts Available for Appropriations	84,945	84,945	85,489	544
Charges to Appropriation (Outflow):				
Community improvement	8,000	8,000	7,392	608
Transfers out	11,000	11,000	11,000	-
Total Charges to Appropriations	19,000	19,000	18,392	608
Budgetary Fund Balance, June 30	\$ 65,945	\$ 65,945	\$ 67,097	\$ 1,152

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
PACIFIC GATEWAY
YEAR ENDED JUNE 30, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 231,784	\$ 231,784	\$ 231,784	\$ -
Resources (Inflows):				
Taxes	50,000	50,000	57,261	7,261
Intergovernmental	25,000	25,000	25,000	-
Use of money and property	1,200	1,200	2,906	1,706
Amounts Available for Appropriations	307,984	307,984	316,951	8,967
Charges to Appropriation (Outflow):				
Community improvement	67,700	67,700	44,556	23,144
Transfers out	226,000	226,000	26,000	200,000
Total Charges to Appropriations	293,700	293,700	70,556	223,144
Budgetary Fund Balance, June 30	\$ 14,284	\$ 14,284	\$ 246,395	\$ 232,111

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 SEAL BEACH CABLE
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 397,065	\$ 397,065	\$ 397,065	\$ -
Resources (Inflows):				
Charges for services	90,000	90,000	116,005	26,005
Use of money and property	2,000	2,000	2,880	880
Amounts Available for Appropriations	489,065	489,065	515,950	26,885
Charges to Appropriation (Outflow):				
General government	75,000	75,000	76,777	(1,777)
Transfers out	225,000	225,000	115,584	109,416
Total Charges to Appropriations	300,000	300,000	192,361	107,639
Budgetary Fund Balance, June 30	\$ 189,065	\$ 189,065	\$ 323,589	\$ 134,524

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS AND EQUIPMENT
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Transfers in	10,067,300	11,281,397	2,619,901	(8,661,496)
Amounts Available for Appropriations	10,067,300	11,281,397	2,619,901	(8,661,496)
Charges to Appropriation (Outflow):				
Capital outlay	10,067,300	11,281,397	2,619,901	8,661,496
Total Charges to Appropriations	10,067,300	11,281,397	2,619,901	8,661,496
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 CITY DEBT SERVICE
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 722,361	\$ 722,361	\$ 722,361	\$ -
Resources (Inflows):				
Use of money and property	-	-	246	246
Transfers in	1,757,600	1,757,600	1,737,322	(20,278)
Amounts Available for Appropriations	2,479,961	2,479,961	2,459,929	(20,032)
Charges to Appropriation (Outflow):				
Public safety	2,500	2,500	11,000	(8,500)
Debt service:				
Principal retirement	1,370,000	1,370,000	1,370,000	-
Interest and fiscal charges	385,100	385,100	355,819	29,281
Total Charges to Appropriations	1,757,600	1,757,600	1,736,819	20,781
Budgetary Fund Balance, June 30	\$ 722,361	\$ 722,361	\$ 723,110	\$ 749

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
 ALL AGENCY FUNDS
 JUNE 30, 2016

	Deposits	Assessment District 94-1 and 2000-1	Community Facilities District - Heron Pointe	Community Facilities District - Pacific Gateway	Totals
Assets:					
Pooled cash and investments	\$ 39,013	\$ -	\$ 152,498	\$ 147,334	\$ 338,845
Restricted assets:					
Cash and investments with fiscal agents	-	-	254,886	694,418	949,304
Total Assets	\$ 39,013	\$ -	\$ 407,384	\$ 841,752	\$ 1,288,149
Liabilities:					
Deposits payable	\$ 39,013	\$ -	\$ -	\$ -	\$ 39,013
Due to bondholders	-	-	407,384	841,752	1,249,136
Total Liabilities	\$ 39,013	\$ -	\$ 407,384	\$ 841,752	\$ 1,288,149

CITY OF SEAL BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2016

	Balance 7/1/2015	Additions	Deductions	Balance 6/30/2016
Deposits				
Assets:				
Pooled cash and investments	\$ 27,957	\$ 13,242	\$ 2,186	\$ 39,013
Total Assets	\$ 27,957	\$ 13,242	\$ 2,186	\$ 39,013
Liabilities:				
Deposits payable	\$ 27,957	\$ 13,242	\$ 2,186	\$ 39,013
Total Liabilities	\$ 27,957	\$ 13,242	\$ 2,186	\$ 39,013
Assessment District 94-1 and 2000-1				
Assets:				
Pooled cash and investments	\$ -	\$ 70,948	\$ 70,948	\$ -
Receivables:				
Accounts	236	-	236	-
Restricted assets:				
Cash and investments with fiscal agents	198,918	39	198,957	-
Total Assets	\$ 199,154	\$ 70,987	\$ 270,141	\$ -
Liabilities:				
Due to bondholders	\$ 199,154	\$ 2,242	\$ 201,396	\$ -
Total Liabilities	\$ 199,154	\$ 2,242	\$ 201,396	\$ -
Community Facilities District - Heron Pointe				
Assets:				
Pooled cash and investments	\$ 168	\$ 376,829	\$ 224,499	\$ 152,498
Receivables:				
Accounts	7,756	-	7,756	-
Restricted assets:				
Cash and investments with fiscal agents	450,302	254,914	450,330	254,886
Total Assets	\$ 458,226	\$ 631,743	\$ 682,585	\$ 407,384
Liabilities:				
Accounts payable	\$ -	\$ 78,187	\$ 78,187	\$ -
Due to bondholders	458,226	720,305	771,147	407,384
Total Liabilities	\$ 458,226	\$ 798,492	\$ 849,334	\$ 407,384
Community Facilities District - Pacific Gateway				
Assets:				
Pooled cash and investments	\$ 131,264	\$ 744,002	\$ 727,932	\$ 147,334
Restricted assets:				
Cash and investments with fiscal agents	837,173	702,931	845,686	694,418
Total Assets	\$ 968,437	\$ 1,446,933	\$ 1,573,618	\$ 841,752
Liabilities:				
Accounts payable	\$ -	\$ 546,935	\$ 546,935	\$ -
Due to bondholders	968,437	1,894,891	2,021,576	841,752
Total Liabilities	\$ 968,437	\$ 2,441,826	\$ 2,568,511	\$ 841,752
Totals - All Agency Funds				
Assets:				
Pooled cash and investments	\$ 159,389	\$ 1,205,021	\$ 1,025,565	\$ 338,845
Receivables:				
Accounts	7,992	-	7,992	-
Restricted assets:				
Cash and investments with fiscal agents	1,486,393	957,884	1,494,973	949,304
Total Assets	\$ 1,653,774	\$ 2,162,905	\$ 2,528,530	\$ 1,288,149
Liabilities:				
Accounts payable	\$ -	\$ 625,122	\$ 625,122	\$ -
Deposits payable	27,957	13,242	2,186	39,013
Due to bondholders	1,625,817	2,617,438	2,994,119	1,249,136
Total Liabilities	\$ 1,653,774	\$ 3,255,802	\$ 3,621,427	\$ 1,288,149

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CITY OF SEAL BEACH
Comprehensive Annual Financial Report
Year Ended June 30, 2016

STATISTICAL SECTION

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:				
Net investment in capital assets,	\$ 64,630,230	\$ 64,607,970	\$ 68,117,517	\$ 70,801,667
Restricted	5,004,891	6,190,852	5,179,337	2,662,285
Unrestricted	<u>32,204,164</u>	<u>30,050,739</u>	<u>27,557,417</u>	<u>29,666,427</u>
Total governmental activities net position	<u>\$ 101,839,285</u>	<u>\$ 100,849,561</u>	<u>\$ 100,854,271</u>	<u>\$ 103,130,379</u>
Business-type activities:				
Net investment in capital assets,	\$ 27,007,845	\$ 27,416,082	\$ 29,552,934	\$ 32,020,831
Restricted	396,321	294,407	-	-
Unrestricted	<u>12,314,589</u>	<u>14,376,270</u>	<u>13,633,764</u>	<u>11,318,443</u>
Total business-type activities net position	<u>\$ 39,718,755</u>	<u>\$ 42,086,759</u>	<u>\$ 43,186,698</u>	<u>\$ 43,339,274</u>
Primary government:				
Net investment in capital assets,	\$ 91,638,075	\$ 92,024,052	\$ 97,670,451	\$ 102,822,498
Restricted	5,401,212	6,485,259	5,179,337	2,662,285
Unrestricted	<u>44,518,753</u>	<u>44,427,009</u>	<u>41,191,181</u>	<u>40,984,870</u>
Total primary government net position	<u>\$ 141,558,040</u>	<u>\$ 142,936,320</u>	<u>\$ 144,040,969</u>	<u>\$ 146,469,653</u>

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

Source: Finance Department, City of Seal Beach.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 73,693,829	\$ 72,498,068	\$ 74,296,935	\$ 73,939,948
3,271,671	4,426,990	3,842,792	3,866,679
<u>23,570,750</u>	<u>25,953,129</u>	<u>4,097,282</u>	<u>4,713,193</u>
<u>\$ 100,536,250</u>	<u>\$ 102,878,187</u>	<u>\$ 82,237,009</u>	<u>\$ 82,519,820</u>
\$ 32,645,747	\$ 32,360,440	\$ 34,451,074	\$ 34,145,069
-	-	-	-
<u>12,593,950</u>	<u>15,532,304</u>	<u>12,470,553</u>	<u>13,544,158</u>
<u>\$ 45,239,697</u>	<u>\$ 47,892,744</u>	<u>\$ 46,921,627</u>	<u>\$ 47,689,227</u>
\$ 106,339,576	\$ 104,858,508	\$ 108,748,009	\$ 108,085,017
3,271,671	4,426,990	3,842,792	3,866,679
<u>36,164,700</u>	<u>41,485,433</u>	<u>16,567,835</u>	<u>18,257,351</u>
<u>\$ 145,775,947</u>	<u>\$ 150,770,931</u>	<u>\$ 129,158,636</u>	<u>\$ 130,209,047</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses:				
Governmental activities:				
General government	\$ 5,713,338	\$ 6,462,182	\$ 8,135,200	\$ 6,477,795
Public safety	13,191,707	14,322,026	13,493,413	14,152,774
Community development	1,979,889	3,332,329	1,654,009	1,372,334
Community services	978,504	1,109,303	1,040,723	940,754
Public works	5,307,470	7,745,817	6,304,343	6,577,233
Interest on long-term debt	1,083,063	889,721	1,012,516	693,065
Total governmental activities expenses	<u>\$ 28,253,971</u>	<u>\$ 33,861,378</u>	<u>\$ 31,640,204</u>	<u>\$ 30,213,955</u>
Business-type activities:				
Water utility	\$ 3,815,798	\$ 4,063,497	\$ 4,005,747	\$ 4,165,575
Sewer utility	1,331,610	1,452,748	1,412,326	1,402,249
Total business-type activities expenses	<u>5,147,408</u>	<u>5,516,245</u>	<u>5,418,073</u>	<u>5,567,824</u>
Total primary government expenses	<u>\$ 33,401,379</u>	<u>\$ 39,377,623</u>	<u>\$ 37,058,277</u>	<u>\$ 35,781,779</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 2,506,070	\$ 2,190,386	\$ 1,770,024	\$ 1,462,840
Public safety	1,424,996	1,725,519	1,515,727	1,667,184
Community development	95,824	92,163	92,131	130,118
Community services	619,334	737,470	815,779	930,501
Public works	1,909,011	1,817,794	1,738,965	1,869,575
Operating contributions and grants	1,604,904	1,999,260	1,775,825	5,890,556
Capital grants and contributions	224,264	422,645	23,967	44,405
Total governmental activities program revenues	<u>\$ 8,384,403</u>	<u>\$ 8,985,237</u>	<u>\$ 7,732,418</u>	<u>\$ 11,995,179</u>
Business-type activities:				
Charges for services:				
Water utility	\$ 5,818,135	\$ 5,655,433	\$ 4,190,824	\$ 4,376,906
Sewer utility	2,075,431	2,184,287	2,212,559	2,442,608
Operating grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>\$ 7,893,566</u>	<u>\$ 7,839,720</u>	<u>\$ 6,403,383</u>	<u>\$ 6,819,514</u>
Total primary government program revenues	<u>\$ 16,277,969</u>	<u>\$ 16,824,957</u>	<u>\$ 14,135,801</u>	<u>\$ 18,814,693</u>
Net revenues (expenses):				
Governmental activities	(19,869,568)	(24,876,141)	(23,907,786)	(18,218,776)
Business-type activities	2,746,158	2,323,475	985,310	1,251,690
Total net revenues (expenses)	<u>\$(17,123,410)</u>	<u>\$(22,552,666)</u>	<u>\$(22,922,476)</u>	<u>\$(16,967,086)</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 5,373,180	\$ 5,040,070	\$ 6,551,584	\$ 6,264,368
15,005,590	15,999,900	16,022,465	16,972,880
1,781,188	1,306,898	1,393,712	1,100,110
1,272,680	1,079,006	1,129,300	1,036,627
6,212,516	6,902,521	7,862,892	6,956,443
574,763	487,221	444,132	349,652
<u>\$ 30,219,917</u>	<u>\$ 30,815,616</u>	<u>\$ 33,404,085</u>	<u>\$ 32,680,080</u>
\$ 4,267,840	\$ 4,439,797	\$ 4,037,798	\$ 4,102,228
1,520,478	1,730,940	1,661,225	1,676,651
<u>5,788,318</u>	<u>6,170,737</u>	<u>5,699,023</u>	<u>5,778,879</u>
<u>\$ 36,008,235</u>	<u>\$ 36,986,353</u>	<u>\$ 39,103,108</u>	<u>\$ 38,458,959</u>
\$ 450,911	\$ 1,632,975	\$ 1,820,019	\$ 2,074,448
1,565,527	1,384,701	2,132,176	1,521,220
111,008	182,021	186,858	192,878
981,440	1,062,796	1,020,316	1,015,517
1,980,116	1,962,242	1,937,305	1,832,289
5,837,093	2,402,490	2,768,435	2,122,139
-	10,000	20,000	10,000
<u>\$ 10,926,095</u>	<u>\$ 8,637,225</u>	<u>\$ 9,885,109</u>	<u>\$ 8,768,491</u>
\$ 4,924,109	\$ 5,092,152	\$ 4,556,001	\$ 4,261,566
2,675,201	2,775,332	2,765,357	2,466,869
-	-	-	-
<u>\$ 7,599,310</u>	<u>\$ 7,867,484</u>	<u>\$ 7,321,358</u>	<u>\$ 6,728,435</u>
\$ 18,525,405	\$ 16,504,709	\$ 17,206,467	\$ 15,496,926
(19,293,822)	(22,178,391)	(23,518,976)	(23,911,589)
1,810,992	1,696,747	1,622,335	949,556
<u>\$(17,482,830)</u>	<u>\$(20,481,644)</u>	<u>\$(21,896,641)</u>	<u>\$(22,962,033)</u>

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

	Fiscal Year			
	2009	2010	2011	2012
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 11,054,451	\$ 10,738,530	\$ 10,794,375	\$ 10,337,486
Transient occupancy taxes	1,198,376	1,108,785	1,221,491	970,275
Sales tax	3,974,341	4,680,846	4,160,359	4,930,037
Franchise taxes	980,148	941,785	1,030,736	1,008,031
Utility users taxes	5,326,486	5,056,233	5,310,666	5,484,256
Other taxes	393,570	151,724	228,449	338,176
Motor vehicle in lieu, unrestricted	88,304	76,234	119,022	12,868
Use of money and property	892,341	752,771	735,082	714,342
Other	43,881	319,134	312,316	230,997
Transfers	-	60,375	-	-
Extraordinary Gain(loss)	-	-	-	(3,531,584)
Total governmental activities	<u>\$ 23,951,898</u>	<u>\$ 23,886,417</u>	<u>\$ 23,912,496</u>	<u>\$ 20,494,884</u>
Business-type activities:				
Use of money and property	\$ 278,754	\$ 92,259	\$ 109,160	\$ 96,774
Other	800	12,645	5,469	4,112
Transfers	-	(60,375)	-	-
Extraordinary Gain(loss)	-	-	-	(1,200,000)
Total business-type activities	<u>\$ 279,554</u>	<u>\$ 44,529</u>	<u>\$ 114,629</u>	<u>\$ (1,099,114)</u>
Total primary government	<u>\$ 24,231,452</u>	<u>\$ 23,930,946</u>	<u>\$ 24,027,125</u>	<u>\$ 19,395,770</u>
Changes in net position:				
Governmental activities	\$ 4,082,330	\$ (989,724)	\$ 4,710	\$ 2,276,108
Business-type activities	<u>3,025,712</u>	<u>2,368,004</u>	<u>1,099,939</u>	<u>152,576</u>
Total primary government	<u>\$ 7,108,042</u>	<u>\$ 1,378,280</u>	<u>\$ 1,104,649</u>	<u>\$ 2,428,684</u>

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

Source: Finance Department, City of Seal Beach.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 9,958,198	\$ 9,498,277	\$ 10,050,815	\$ 10,408,505
1,289,007	1,509,095	1,525,723	1,655,376
5,408,756	4,742,859	4,246,080	4,228,730
1,126,398	1,324,860	1,163,595	955,922
4,732,597	4,644,218	4,646,434	4,445,180
328,743	555,804	344,789	197,166
13,333	11,035	10,659	9,960
372,693	674,875	725,720	1,004,572
331,175	544,406	356,749	536,175
-	378,500	378,500	378,500
-	-	694,585	-
<u>\$ 23,560,900</u>	<u>\$ 23,883,929</u>	<u>\$ 24,143,649</u>	<u>\$ 23,820,086</u>
\$ 84,371	\$ 133,995	\$ 109,575	\$ 176,437
5,060	805	3,698	20,107
-	(378,500)	(378,500)	(378,500)
-	1,200,000	-	-
<u>\$ 89,431</u>	<u>\$ 956,300</u>	<u>\$ (265,227)</u>	<u>\$ (181,956)</u>
<u>\$ 23,650,331</u>	<u>\$ 24,840,229</u>	<u>\$ 23,878,422</u>	<u>\$ 23,638,130</u>
\$ 4,267,078	\$ 1,705,538	\$ 624,673	\$ (91,503)
1,900,423	2,653,047	1,357,108	767,600
<u>\$ 6,167,501</u>	<u>\$ 4,358,585</u>	<u>\$ 1,981,781</u>	<u>\$ 676,097</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General fund:				
Reserved	\$ 211,000	\$ 30,300		
Unreserved	36,254,127	29,988,551		
Total general fund	<u>\$36,465,127</u>	<u>\$30,018,851</u>		
All other governmental funds:				
Reserved	\$ 1,888,229	\$ 1,880,130		
Unreserved, reported in:				
Low and moderate housing	1,699,688	1,268,309		
Special revenue funds	2,397,828	2,264,014		
Debt service funds	2,108,727	1,922,685		
Capital project funds	<u>4,202,108</u>	<u>4,126,432</u>		
Total all other governmental funds	<u>\$12,296,580</u>	<u>\$11,461,570</u>		
General Fund:				
Nonspendable			\$ 100	\$ -
Restricted			-	-
Assigned			9,371,679	9,106,458
Unassigned			<u>16,952,806</u>	<u>19,263,118</u>
Total general fund			<u>\$26,324,585</u>	<u>\$28,369,576</u>
All Other government funds:				
Nonspendable			\$ 1,957,603	\$ -
Restricted			5,179,337	2,662,285
Assigned			2,825,953	87,375
Unassigned			<u>(134,079)</u>	<u>(470,485)</u>
Total all Other government funds:			<u>\$ 9,828,814</u>	<u>\$ 2,279,175</u>

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

Source: Finance Department, City of Seal Beach

2013	2014	2015	2016
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\$ -	\$ 1,549,735	\$ 666,102	\$ 682,859
-	-	-	-
8,301,699	8,227,258	7,623,994	7,610,286
21,149,350	22,314,838	21,711,517	20,811,037
<u>\$29,451,049</u>	<u>\$32,091,831</u>	<u>\$30,001,613</u>	<u>\$29,104,182</u>

\$ -	\$ -	\$ -	\$ -
3,271,671	4,426,990	3,842,792	3,866,679
89,004	71,993	-	-
(56,810)	(368,629)	(525,408)	(51,254)
<u>\$ 3,303,865</u>	<u>\$ 4,130,354</u>	<u>\$ 3,317,384</u>	<u>\$ 3,815,425</u>

CITY OF SEAL BEACH

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Taxes	\$23,399,203	\$22,689,660	\$23,624,925	\$24,165,883
Licenses and permits	1,527,024	1,586,337	1,179,759	926,761
Intergovernmental	1,572,675	1,644,511	949,294	5,058,175
Charges for services	4,183,018	4,150,239	3,769,165	4,044,566
Use of money and property	893,879	626,019	735,082	714,342
Fines and forfeitures	944,950	1,029,510	983,702	1,085,291
Contributions from other governments	-	-	-	-
Miscellaneous	76,510	337,986	312,316	234,597
Total revenues	<u>\$32,597,259</u>	<u>\$32,064,262</u>	<u>\$31,554,243</u>	<u>\$36,229,615</u>
Expenditures				
Current:				
General government	\$ 5,611,104	\$ 6,280,260	\$ 7,211,870	\$ 5,169,799
Public safety	12,485,796	13,377,245	13,297,057	13,948,663
Community development	1,949,425	3,346,961	1,649,921	1,353,068
Parks and recreation	908,708	1,036,376	965,222	880,983
Public works	3,557,704	2,817,379	4,059,001	4,047,013
Capital outlay	4,725,348	9,438,315	6,622,692	5,530,575
Debt service:				
Principal retirement	1,418,230	1,942,476	2,066,373	2,195,014
Interest and fiscal charges	1,048,026	903,286	1,027,743	790,581
Bond issuance costs	1,316	-	-	-
Total expenditures	<u>\$31,705,657</u>	<u>\$39,142,298</u>	<u>\$36,899,879</u>	<u>\$33,915,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 891,602</u>	<u>\$ (7,078,036)</u>	<u>\$ (5,345,636)</u>	<u>\$ 2,313,919</u>
Other financing sources (uses):				
Transfers in	\$11,180,500	\$12,577,549	\$ 9,370,333	\$ 8,209,025
Transfers out	(13,180,500)	(12,780,799)	(9,370,333)	(8,209,025)
Debt issuance	6,300,000	-	-	-
Proceeds on sale of assets	-	-	18,614	-
Proceeds of Debt	-	-	-	-
Capital leases issued	-	-	-	-
Total other financing sources (uses)	<u>\$ 4,300,000</u>	<u>\$ (203,250)</u>	<u>\$ 18,614</u>	<u>\$ -</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,818,567)</u>
Net change in fund balances	<u><u>\$ 5,191,602</u></u>	<u><u>\$ (7,281,286)</u></u>	<u><u>\$ (5,327,022)</u></u>	<u><u>\$ (5,504,648)</u></u>
Debt service as a percentage of noncapital expenditures	9.2%	9.6%	10.2%	10.5%

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

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

Source: Finance Department, City of Seal Beach

2013	2014	2015	2016
\$23,831,431	\$23,476,034	\$23,114,876	\$22,828,144
1,247,750	1,369,275	1,377,131	1,304,924
3,002,321	869,294	1,725,127	1,388,056
4,117,034	3,895,371	3,961,691	4,214,690
372,693	674,875	725,720	1,004,572
1,063,172	1,013,695	1,146,509	1,110,606
10,209	341,698	330,885	283,222
301,771	579,125	375,588	537,777
<u>\$33,946,381</u>	<u>\$32,219,367</u>	<u>\$32,757,527</u>	<u>\$32,671,991</u>
\$ 5,062,467	\$ 4,493,594	\$ 5,462,668	\$ 5,351,130
14,460,833	15,439,757	15,811,773	16,378,416
1,420,065	1,298,071	1,362,308	1,175,339
1,182,716	1,048,427	1,129,497	1,075,282
4,156,616	4,871,887	5,631,015	4,862,058
3,316,684	2,094,120	4,578,308	2,645,823
1,734,446	1,265,135	1,337,573	1,490,150
562,184	492,935	441,040	355,819
-	-	-	-
<u>\$31,896,011</u>	<u>\$31,003,926</u>	<u>\$35,754,182</u>	<u>\$33,334,017</u>
<u>\$ 2,050,370</u>	<u>\$ 1,215,441</u>	<u>\$ (2,996,655)</u>	<u>\$ (662,026)</u>
\$ 5,825,432	\$ 4,363,955	\$ 7,012,848	\$ 5,602,944
(6,135,432)	(4,295,455)	(6,919,381)	(5,340,308)
-	1,546,931	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ (310,000)</u>	<u>\$ 1,615,431</u>	<u>\$ 93,467</u>	<u>\$ 262,636</u>
\$ -	\$ -	\$ -	\$ -
<u>\$ 1,740,370</u>	<u>\$ 2,830,872</u>	<u>\$ (2,903,188)</u>	<u>\$ (399,390)</u>
8.0%	6.1%	5.7%	6.0%

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

Fiscal Year Ended June 30	City		Taxable Assessed Value
	Secured	Unsecured	
2007	\$ 3,373,750,311	\$ 211,551,053	\$ 3,585,301,364
2008	3,691,176,766	184,725,523	3,875,902,289
2009	4,031,469,067	225,415,156	4,256,884,223
2010	4,067,713,475	173,507,894	4,241,221,369
2011	4,114,053,573	167,978,268	4,282,031,841
2012	4,219,133,372	215,211,254	4,434,344,626
2013	4,304,310,243	176,246,398	4,480,556,641
2014	4,408,299,607	172,172,784	4,580,472,391
2015	4,706,609,532	184,449,987	4,891,059,519
2016	4,794,299,125	287,392,225	5,081,691,350

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

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

NOTE:

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

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

Redevelopment Agency

<u>Secured</u>	<u>Unsecured</u>	<u>Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
\$ 391,953,993	\$ 37,126,974	\$ 429,080,967	1.00%
415,609,878	7,010,892	422,620,770	1.00%
427,188,898	5,536,607	432,725,505	1.00%
434,606,835	9,702,557	444,309,392	1.00%
408,349,567	10,330,287	418,679,854	1.00%
410,499,845	6,813,130	417,312,975	1.00%
424,660,008	7,294,003	431,954,011	1.00%
453,448,325	8,270,821	461,719,146	1.00%
556,548,983	3,863,246	560,412,229	1.00%
530,597,248	32,693,247	563,290,495	1.00%

CITY OF SEAL BEACH
Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
City Direct Rates:				
City Direct Rate	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:				
Orange County Bonds	0.01599	0.01501	0.01472	0.01673
Metropolitan Water District	0.00470	0.00450	0.00430	0.00430
Other Districts	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.01995</u>
Total Direct Rate	<u>1.02069</u>	<u>1.01951</u>	<u>1.01902</u>	<u>1.04098</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.01750	0.01754	0.01881	0.03015	0.03015	0.03092
0.03347	0.00370	0.00350	0.00350	0.00350	0.00350
<u>0.00370</u>	<u>0.03603</u>	<u>0.04124</u>	<u>0.04830</u>	<u>0.04821</u>	<u>0.05219</u>
<u>1.05467</u>	<u>1.05727</u>	<u>1.06355</u>	<u>1.08195</u>	<u>1.08661</u>	<u>1.08661</u>

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

Taxpayer	2016		2007	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Seal Beach Mutual	\$ 796,235,092	15.67%	\$ 599,053,903	16.72%
Boeing North American	135,437,922	2.67%	164,592,417	4.59%
CPT Shops at Rossmoor LLC	134,285,323	2.64%	-	0.00%
ASN Long Beach LLC	115,879,354	2.28%	78,782,000	2.20%
Terra Funding-Bixby Ranch LLC	87,091,909	1.71%	-	0.00%
Dendreon Manufacturing LLC	80,596,746	1.59%	-	0.00%
OXY Long Beach Inc	65,000,000	1.28%	-	0.00%
Bixby Office Park Associates LLC	-	0.00%	54,952,512	1.53%
OMP Seal Beach LLC	-	0.00%	50,497,000	1.41%
Al United States Seal Beach Senior Housing	49,732,601	0.98%	-	0.00%
Plains Exploration	-	0.00%	48,347,749	1.35%
Ranch Town Center LLC	44,347,031	0.87%	-	0.00%
Exxon Corporation	-	0.00%	42,706,434	1.19%
Levine Investments LP	-	0.00%	40,803,218	1.14%
Surfside Rental Properties	41,372,170	0.81%	-	0.00%
Century National Properties Inc	-	0.00%	38,540,294	1.08%
Hellman Properties LLC	-	0.00%	30,623,725	0.85%
	<u>\$ 1,549,978,148</u>	<u>30.50%</u>	<u>\$ 1,148,899,252</u>	<u>32.06%</u>

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

Source: HDL Coren & Cone

CITY OF SEAL BEACH
Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2007	\$8,332,294	\$8,055,355	96.68%	\$ 91,659	\$ 8,147,014	97.78%
2008	8,102,060	7,854,441	96.94%	151,578	8,006,019	98.81%
2009	8,567,293	8,285,120	96.71%	107,589	8,392,709	97.96%
2010	8,362,560	\$7,314,382	87.47%	257,026	7,571,408	90.54%
2011	8,385,415	\$8,190,860	97.68%	178,283	8,369,142	99.81%
2012	8,608,773	8,404,621	97.63%	125,019	8,529,640	99.08%
2013	8,814,252	8,629,271	97.90%	118,645	8,747,916	99.25%
2014	9,407,263	9,240,201	98.22%	103,007	9,343,208	99.32%
2015	10,438,079	10,222,017	97.93%	73,362	10,295,379	98.63%
2016	10,472,603	10,196,356	97.36%	81,860	10,278,216	98.14%

NOTE:

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

Source: Orange County Tax Ledger

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

Government-wide Activities

Fiscal Year Ended June 30	Capital Lease	Countrywide Financing Authority Lease	Tax Allocation Bonds	Pension Obligation Bonds	Fire Station Bonds	Climatec	Advance to RDA	Total Governmental Activities
2008	631,674	\$ 435,000	\$ 6,800,000	\$10,945,000	\$ -	\$ -	\$ -	\$ 18,811,674
2009	534,444	335,000	6,410,000	10,219,000	6,195,000	-	-	23,693,444
2010	433,968	230,000	6,005,000	9,307,000	5,775,000	-	-	21,750,968
2011	323,595	120,000	5,575,000	8,311,000	5,355,000	-	1,200,000	20,884,595
2012	202,581	-	-	7,227,000	4,935,000	-	1,200,000	13,564,581
2013	70,135	-	-	6,045,000	4,515,000	-	1,200,000	11,830,135
2014	-	-	-	5,270,000	4,095,000	1,562,400	1,200,000	12,127,400
2015	-	-	-	4,411,000	3,675,000	1,488,358	952,344	10,526,702
2016	-	-	-	3,461,000	3,255,000	1,368,208	714,110	8,798,318

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

Notes:

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

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

*Data not readily available.

Source: Finance Department, City of Seal Beach

Business-type Activities

Business-type Activities									
Economic Development Administration Loan	Capital Equipment Lease	Sewer Certificates of Participation	Sewer 2011 Installment Agreement	Sewer State Revolving Agreement	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹	
\$ 132,388	\$ -	\$ 3,645,000	\$ -	\$ -	\$ 3,777,388	\$ 22,589,062	*	\$ 874	
121,962	-	3,555,000	-	-	3,676,962	27,370,406	*	1,058	
111,016	-	3,460,000	-	-	3,571,016	25,321,984	*	974	
99,521	-	-	3,200,000	-	3,299,521	24,184,116	*	930	
87,453	-	-	3,085,000	-	3,172,453	16,737,034	*	687	
74,780	-	-	2,965,000	4,645,401	7,685,181	19,515,316	*	750	
-	-	-	2,835,000	4,068,778	6,903,778	19,031,178	*	732	
-	-	-	2,705,000	3,893,311	6,598,311	17,125,013	*	697	
-	-	-	2,565,000	3,718,034	6,283,034	15,081,352	*	613	

CITY OF SEAL BEACH

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds	Private Placement Bonds	Total Bonds	Percent of Assessed Value ¹	Per Capita
2007	\$ 7,170,000	\$ -	\$ 7,170,000	0.15%	\$ 278
2008	6,800,000	-	6,800,000	0.14%	263
2009	6,410,000	16,414,000	22,824,000	0.47%	882
2010	6,005,000	15,082,000	21,087,000	0.43%	811
2011	5,575,000	13,666,000	19,241,000	0.38%	790
2012	-	12,162,000	12,162,000	0.24%	497
2013	-	10,560,000	10,560,000	0.21%	406
2014	-	9,365,000	9,365,000	0.19%	360
2015	-	8,086,000	8,086,000	0.15%	329
2016	-	6,716,000	6,716,000	0.12%	273

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

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

NOTE:

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

Source: Finance Department, City of Seal Beach

CITY OF SEAL BEACH
Schedule of Direct and Overlapping Debt
June 30, 2016

2015-16 Assessed Valuation: \$5,081,691,350

		Total Debt 6/30/2016	City's Share of Debt 6/30/16
OVERLAPPING TAX AND ASSESSMENT DEBT:			
	% Applicable ⁽¹⁾		
Metropolitan Water District	0.207%	\$ 92,865,000	\$ 192,231
Coast Community College District	3.073%	498,864,504	15,330,106
North Orange Jt. Community College District	1.251%	271,564,001	3,397,266
Los Alamitos Unified School District School Facilities Imp District No.1	50.986%	100,990,124	51,490,825
Huntington Beach Union High School District	0.0001%	198,629,998	199
City of Seal Beach Community Facilities District No. 2002-1	100.000%	3,480,000	3,480,000
City of Seal Beach Community Facilities District No. 2005-1	100.000%	8,450,000	8,450,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 82,340,627
OVERLAPPING GENERAL FUND DEBT:			
Orange County General Fund Obligations	1.018%	124,614,000	\$ 1,268,571
Orange County Pension Obligations	1.018%	353,417,858	3,597,794
Orange County Board of Education Certificates of Participation	1.018%	14,840,000	151,071
Municipal Water District of Orange County Water Facilities Corporation	1.215%	2,770,000	33,656
North Orange County Regional Occupation Program Certificates of Participation	4.621%	10,190,000	470,880
Coast Community College District Certificates of Participation	3.073%	3,765,000	115,698
Los Alamitos Unified School District Certificates of Participation	55.563%	42,003,327	23,338,309
Other School District General Fund Obligations	0.001-0.0003%	89,846,090	141
City of Seal Beach Fire Station Lease Revenue Bonds	100%	3,255,000	3,255,000
City of Seal Beach Lease Agreement	100%	1,368,208	1,368,208
City of Seal Beach Taxable Pension Obligations	100%	3,461,000	3,461,000
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$ 37,060,328
Less: MWDOC Water Facilities Corporation (100% self-supporting)			33,656
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 37,026,672
TOTAL DIRECT DEBT			\$ 8,084,208
TOTAL GROSS OVERLAPPING DEBT			\$114,416,747
SUBTOTAL OVERLAPPING DEBT			\$114,383,091
GROSS COMBINED TOTAL DEBT			\$122,500,955 ⁽²⁾
GRAND TOTAL OF DIRECT AND OVERLAPPING DEBT			\$122,467,299

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

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.62%
Total Direct Debt (\$8,084,208)	0.16%
Gross Combined Total Debt	2.41%
Net Combined Total Debt	2.41%

Ratios to Redevelopment Incremental Valuation (\$530,289,926):

Total Overlapping Tax Increment Debt	0.58%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

CITY OF SEAL BEACH

Legal Debt Margin Information

Last Nine Years

	Fiscal Year			
	2008	2009	2010	2011
Debit limit	\$ 644,778,459	\$ 703,441,459	\$ 702,829,614	\$ 705,106,754
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 644,778,459	\$ 703,441,459	\$ 702,829,614	\$ 705,106,754
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 2016

Assessed Valuation	\$ 5,644,981,845
Debt percentage ¹	15%
Debt limit	\$ 846,747,277
Debt applicable to limit	-
Legal debt margin	\$ 846,747,277

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

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

Source: Orange County Tax Assessor's Office

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 760,030,328	\$ 736,876,598	\$ 756,328,731	\$ 817,720,762	\$ 846,747,277
-	-	-	-	-
<u>\$ 760,030,328</u>	<u>\$ 736,876,598</u>	<u>\$ 756,328,731</u>	<u>\$ 817,720,762</u>	<u>\$ 846,747,277</u>
0.0%	0.0%	0.0%	0.0%	0.0%

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

2000 Tax Allocation Refunding Bonds				
Fiscal Year Ended June 30	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2007	\$ 2,426,176	\$ 355,000	\$ 373,933	3.33
2008	1,933,042	370,000	357,514	2.66
2009	1,930,719	390,000	338,879	2.65
2010	1,768,919	405,000	318,054	2.45
2011	1,784,964	430,000	296,183	2.46
2012	1,034,695	450,000	396,408	1.22
2013	1,790,960	470,000	330,684	2.24
2014	1,222,425	495,000	229,406	1.69
2015	1,084,135	515,000	204,269	1.51
2016	1,329,344	545,000	177,413	1.84

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

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

Source: Finance Department, City of Seal Beach

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

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2006	25,388	\$ 1,142,089	\$ 44,985	2.5%
2007	25,752	1,218,343	47,311	2.8%
2008	25,851	1,236,921	47,848	3.8%
2009	25,881	1,194,776	46,164	6.6%
2010	26,010	1,045,654	40,202	7.1%
2011	24,354	1,035,313	42,511	6.4%
2012	24,487	1,065,674	43,520	4.1%
2013	24,591	1,082,963	44,039	3.7%
2014	24,586	1,074,777	43,715	4.8%
2015	25,078	1,141,053	45,500	3.9%

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

Sources: HDL Coren & Cone

CITY OF SEAL BEACH
TOP 25 SALES TAX PRODUCERS
FOR FISCAL YEARS 2015-16 & 2006-07

Business Name	2015-16	2006-07	Business Category
76	X	X	Service Stations
AT&T Mobility	X		Electronics/Appliance Store
Bed Bath & Beyond	X	X	Home Furnishings
Chevron	X	X	Service Stations
Chevron	X	X	Service Stations
Chilis		X	Casual Dining
CVS Pharmacy	X	X	Drug Stores
Energy Tubulars	X	X	Petroleum Prod/Equip
Home Goods	X	X	Home Furnishings
In N Out Burgers	X		Quick-Service Restaurants
Islands		X	Casual Dining
Kohls	X	X	Department Stores
Leisure World Automotive 76		X	Service Stations
Mahe		X	Casual Dining
Marshalls	X		Family Apparel
Mobil	X	X	Service Stations
Mobil	X		Service Stations
Old Ranch Country Club	X	X	Leisure/Entertainment
Original Parts Group	X	X	Automotive Supply Stores
Pavillions	X	X	Grocery Stores Liquor
Petsmart	X		Specialty Stores
Pinnacle Petroleum		X	Petroleum Prod/Equip
Ralphs	X	X	Grocery Stores Liquor
Roger Dunn Golf Shop	X	X	Sporting Goods/Bike Stores
Seal Beach Chevron		X	Service Stations
Smog Pros		X	Service Stations
Spaghetini	X	X	Fine Dining
Sprouts	X		Grocery Stores Beer/Wine
Stats Floral Supplies		X	Florist Shops
Target	X	X	Discount Dept Stores
Toys R Us	X		Specialty Stores
Ulta	X		Specialty Stores
Walts Wharf	X	X	Fine Dining
World Wide Technology		X	Office Equipment

2015-16 Percent of Fiscal Year Total Paid by Top 25 Accounts = 58.65%
2006-07 Percent of Fiscal Year Total Paid by Top 25 Accounts = 72.31%

Firms Listed Alphabetically: Period April 2015 Thru March 2016

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

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,					
	2011	2012	2013	2014	2015	2016
General government	14.52	13.83	10.97	10.56	14.64	14.34
Public safety	65.88	64.77	63.91	76.78	79.13	74.12
Public works	15.40	8.36	11.49	11.03	10.94	4.97
Community development	10.18	8.80	10.60	12.01	18.16	17.25
Water	12.68	12.48	12.29	12.60	13.80	13.82
Sewer	3.75	3.95	3.95	5.28	5.91	7.11
Total	<u>122.41</u>	<u>112.19</u>	<u>113.21</u>	<u>128.26</u>	<u>142.58</u>	<u>131.61</u>

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

Source: Finance Department, City of Seal Beach

CITY OF SEAL BEACH

Operating Indicators

by Function

Last Six Fiscal Years

	2011	2012	2013	2014	2015	2016
Police:						
Arrests	834	705	819	758	798	790
Parking citations issued	17,377	18,528	18,451	18,931	21,043	19,264
Public works:						
Street centerline miles resurfaced	3	2	2	1	2	1
Number of public right of way permits issued	141	127	96	140	151	184
Number of street related service requests	124	121	134	35	45	40
Parks and recreation:						
Number of recreation classes	457	456	2,156	678	781	680
Number of facility rentals	308	562	3,182	1,763	2,633	557
Water:						
Number of water meters replaced	158	112	128	85	57	76
Acre feet of water used	3,498	3,534	3,818	3,878	3,540	3,208
Sewer:						
Number of feet of sewer cleaned	184,047	203,584	245,986	253,099	253,099	217,619
Number of catch basins cleaned	350	417	417	401	434	458

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

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

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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