



CITY OF SEAL BEACH CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

City of Seal Beach

Comprehensive Annual Financial Report For the Year Ended June 30, 2013



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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2013

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December 12, 2013

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, 2013. 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 unqualified opinion that the City of Seal Beach's financial statements for the year ended June 30, 2013, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY

The City of Seal Beach is located on the coast of northwestern Orange County California, was incorporated on October 25, 1915. The City charter, which was adopted in 1964, established the form of government, states the powers and duties of the City Council, and establishes various City Offices. The City is operated under the City Council/City Manager form of government, and is governed by a five-member city council elected by district serving four-year alternating terms and who, in turn elect the Mayor and Mayor Pro Tem from among themselves for a one year term. The governing council is responsible for policy-making, passing local ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing of all department heads. The City Clerk is an elected position and is responsible for maintaining city records and overseeing elections.

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

History of Seal Beach

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

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

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

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

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

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

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

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

ECONOMIC CONDITIONS

Local economy. Although the focus of this Comprehensive Annual Financial Report is the financial condition of the City at June 30, 2013, it may be best understood when it is considered from the broader perspective of the specific environment within which the City operates.

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

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

In FY 2012-2013 the tax revenue declined overall, primarily due to the State of California's dissolution of Redevelopment Agencies. Property Tax revenues increased 11% in the General Fund and Sales Tax increased 10% compared with the projected revenues at the beginning of the FY 2012-2013.

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

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

The City will continue to make improvements to the storm drain system. In November 2008, the City Council approved the update to the Master Plan of Drainage. The 10 years of Master Plan identified \$96.6 million storm drain improvements needed throughout the City. The City has recently completed the Candleberry Storm Drain Project (from Lampson Avenue to Aster Street), and the Electric Avenue Storm Drain Project (from Seal Beach Boulevard to 14th Street). The City is currently beginning the construction of the Marina Avenue Storm Drain Project and completed studying drainage improvements on Ironwood Avenue.

The City has been aggressively seeking and will continue to search for funding sources from other governmental agencies or use non-recurring or future developmental revenues to maintain and improve its infrastructure. The City completed several capital projects throughout the fiscal year, including the completion of Main Street Tree Planting, Arbor Park Parking Lot Resurfacing, Seal Beach Blvd Realignment, 1st Street Parking Lot/Bike Trail Improvement, Annual Concrete, Slurry Seal & Paving Projects, 7th St/Studebaker Off-Ramp Project and the Navy Storm Drain Channel Improvement.

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, 2012. This was the fourteenth 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 dark ink, appearing to read "Vili Beatley", with a long horizontal flourish extending to the right.

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**

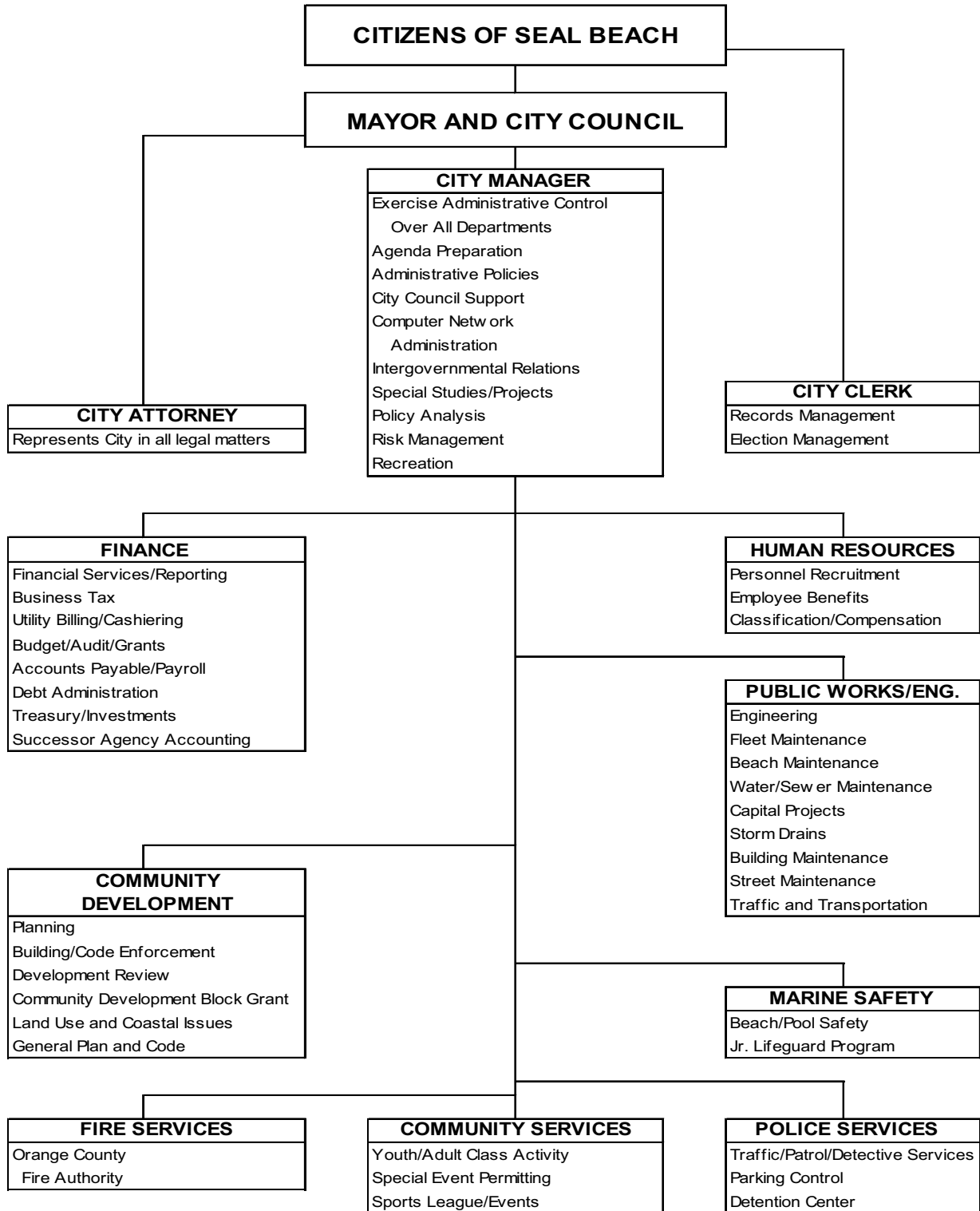
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

City of Seal Beach Organizational Chart



CITY OF SEAL BEACH CALIFORNIA

Principal Officers

City Council

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

Executive Officers

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

Administrative Personnel

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

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Seal Beach, California, (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2013, and, the respective changes in financial position and, where applicable, cash flows thereof and the



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

respective budgetary comparison for the General Fund and the Traffic Relief Grant 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 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

Prior-Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2013, from which such summarized information was derived.



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 December 12, 2013 on our consideration of the City of Seal Beach'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 & Luyhard, LLP

Brea, California
December 12, 2013

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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, 2013. 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 Inflow of Resources included in the City's combined governmental and business-type activities exceeded liabilities by \$145,775,947 for the fiscal year ended June 30, 2013, representing a decrease of .47% in net position from the prior fiscal year. Of this amount, an increase of \$2,752,531 was due to the increase in capital assets during the fiscal year. In addition, \$36,869,435 (unrestricted net position) of the total net position may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. This amount includes City Council designations of fund balance.
- The City's change in net position was \$3,122,390 less than last fiscal year. The major reason for the decrease in the change in net position is attributable to the Net Position being restated to properly reflect the Net Pension Asset related to the PERS Cost Sharing Plan at June 30, 2013 in the amount of \$7,227,000. In addition, utilities users tax decreased by \$751,659 and public safety expenses increased by \$852,816 for the fiscal year ended June 30, 2013.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$32,754,914, representing an increase of 7% from the prior fiscal year. This resulted in an unassigned fund balance of \$20,802,341, or 64% of the total fund balance, after recording all restricted and assigned.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$21,149,350 or 71.4% of total general fund expenditures and transfers out.
- Revenues associated with the City's business-type activities were \$1,900,423 more than the \$5,788,318 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. This is expected to bring the gap between revenues and expenditures much closer in the future.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position presents information on all of the City's assets, deferred outflows 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.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
JUNE 30, 2013

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 \$145.8 million and \$146.5 million for the years ended June 30, 2013 and June 30, 2012, respectively, as shown in Table 1.

Table 1
Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2012	2013	2012	2013	2012	2013
Current and other assets	\$ 43,187	\$ 38,254	\$ 13,325	\$ 14,481	\$ 56,512	\$ 52,735
Capital assets	75,939	77,284	36,605	38,013	112,544	115,297
Total assets	119,126	115,538	49,930	52,494	169,056	168,032
Deferred Charge on refunding	-	-	-	193	-	193
Total Deferred inflow of resources	-	-	-	193	-	193
Long-term liabilities outstanding	13,447	11,718	4,781	5,687	18,228	17,405
Other liabilities	2,549	3,284	1,810	1,760	4,359	5,044
Total liabilities	15,996	15,002	6,591	7,447	22,587	22,449
Net position						
Net investment in capital assets	70,512	72,699	32,021	32,646	102,533	105,345
Restricted	2,662	3,562	-	-	2,662	3,562
Unrestricted	29,956	24,275	11,318	12,594	41,274	36,869
Total net position	\$ 103,130	\$ 100,536	\$ 43,339	\$ 45,240	\$ 146,469	\$ 145,776

Investment in capital assets represents assets such as land, buildings, infrastructure, and equipment less any related outstanding debt used to acquire those assets. Net Investment in capital assets represents \$105.3 million, or 73%, of the total \$ 145.8 million net position - an increase of 3% from the prior fiscal year. The City's capital assets do not represent a financial resource and consequently are not available for future spending.

Unrestricted position represent 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, 2013, unrestricted net position decreased by 13% to \$35.9 million from \$41.3 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, 2013, 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 Administrative Services. 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, 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.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
JUNE 30, 2013

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, 2013 and 2012.

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues:						
Charges for services	\$ 6,060	\$ 5,089	\$ 6,820	\$ 7,599	\$ 12,880	\$ 12,688
Operating grants and capital contributions	5,891	5,837	-	-	5,891	5,837
Capital grants and contributions	44	-	-	-	44	-
General Revenues:						
Taxes						
Property taxes	10,338	9,958	-	-	10,338	9,958
Sales taxes	4,930	5,409	-	-	4,930	5,409
Transient occupancy taxes	970	1,289	-	-	970	1,289
Other taxes	6,843	6,201	-	-	6,843	6,201
Use of money and property	714	373	97	85	811	458
Other	231	331	4	5	235	336
Extraordinary gain/(loss) on dissolution of Redevelopment Agency	(3,531)	-	(1,200)	-	(4,731)	-
Total revenues	<u>32,490</u>	<u>34,487</u>	<u>5,721</u>	<u>7,689</u>	<u>38,211</u>	<u>42,176</u>
Expenses:						
General government	6,478	5,373	-	-	6,478	5,373
Public safety	14,153	15,006	-	-	14,153	15,006
Community development	1,372	1,781	-	-	1,372	1,781
Community Services	941	1,273	-	-	941	1,273
Public works	6,577	6,212	-	-	6,577	6,212
Interest on long-term debt	693	575	-	-	693	575
Water	-	-	4,166	4,268	4,166	4,268
Sewer	-	-	1,403	1,520	1,403	1,520
Total expenses	<u>30,214</u>	<u>30,220</u>	<u>5,569</u>	<u>5,788</u>	<u>35,783</u>	<u>36,008</u>
Excess/(deficiency)	2,276	4,267	152	1,901	2,428	6,168
Changes in net position	2,276	4,267	152	1,901	2,428	6,168
Net position at beginning of year	100,854	103,130	43,187	43,339	144,041	146,469
Restatement of net position	-	(6,861)	-	-	-	(6,861)
Net Position at end of year	<u>\$ 103,130</u>	<u>\$ 100,536</u>	<u>\$ 43,339</u>	<u>\$ 45,240</u>	<u>\$ 146,469</u>	<u>\$ 145,776</u>

Analysis of the City's Operations – The City's Net Position decreased by \$.7 million during Fiscal Year 2012-2013 or .47%, over prior year results.

Governmental Activities experienced a decrease of \$2.6 million in net position as of June 30, 2013, compared to an increase of \$2.3 million at June 30, 2012. The primary reason for the decrease in net position is attributable to the Net Position that being restated to properly reflect the Net Pension Asset related to the PERS Cost Sharing Plan at June 30, 2013, in the amount of \$7,227,000.

The cost of all governmental activities during the current fiscal year was \$ 30.2 million relatively same as last year. As shown on the statement of activities, those who directly benefited from the programs paid \$5.1 million of the cost, and \$5.8 million was financed by contributions and grants received from other governmental organizations. The remainder of the costs of operations, \$19.3 million was subsidized through general City taxes. The largest operating cost was comprised of Public Safety, representing 50% of total governmental expenditures compared to 47% of total governmental expenditures in fiscal year 2011-2012.

Business-type Activities' net position increased \$1.9 million primarily due to planned increases in water and sewer rates.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds – The objective of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned 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, 2013 the City's governmental funds reported combined ending fund balances of \$32.8 million. Approximately \$20.8 million, or 64%, 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 \$29.5 million, representing a net increase of \$1.1 million in fund balance compared to the \$2 million increase experienced during the prior fiscal year. The primary reason for the increase in fund balance was due to increase in sales taxes and property taxes. Additionally, general government expenditures decreased by \$1.1 million.

Proprietary funds – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position totaled \$8.8 million and \$3.8 million for the Water and Sewer funds, respectively. The Water Fund increased by \$714 thousand in net position due to a planned increase in water rates. The increase of \$1.2 million in the Sewer Fund net position resulted from planned increases in sewer operating fees and sewer capital fees charged to customers to rehabilitate and maintain the sewer infrastructure and satisfy future debt service commitments. Sewer operating fees represent 22% of customer water charges for both usage and capital costs.

General Fund Budgetary Highlights – The difference between the original and final amended budgeted revenues was a \$243 thousand increase. The primary reason for the increase in the original and final budgeted numbers is due to increases in intergovernmental activities.

The difference between the original and final amended budget in General Fund expenditures was an increase of \$1 million. This difference is due to a variety of budget amendments approved by the City Council during the fiscal year including the OCTA Cooperative Agreement, repair to abate nuisance to the building, purchase order and CIP carryover from prior fiscal year, various capital projects (Local Coastal Plan, Lampson Median, and Underground Storage Tank Remediation), and bicycle path and Edison Park maintenance.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
JUNE 30, 2013

General Fund revenues came in higher than projected in the final budget by approximately \$.9 million. Actual revenues came in higher the budgeted revenues were almost entirely due to property tax, sales tax, and franchise fees coming in higher than budgeted.

General Fund actual expenditures were \$4.7 million less than appropriations. This difference is due to transfers out and budgeted capital projects that were not either started or completed during the fiscal year. These appropriations were carried forward to the FY 2013-2014 fiscal year.

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$115.3 million compared to \$112.5 million (net of accumulated depreciation) for FY 2011-2012. This investment in capital assets includes land, building, equipment, improvements, infrastructure and construction in progress. Total capital assets for governmental activities for the current fiscal year increased 2% and the City's investment in capital assets for business-type activities for the current fiscal year increased 4%.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land and land easement	\$ 11,017	\$ 11,017	\$ -	\$ -	\$ 11,017	\$ 11,017
Buildings and Improvements	10,036	9,719	4	3	10,040	9,722
Machinery and Equipment	502	616	709	685	1,211	1,301
Vehicles	586	1,057	67	170	653	1,227
Infrastructure	53,359	51,941	31,158	30,639	84,517	82,580
Contruccion-in-progress	439	2,934	4,667	6,516	5,106	9,450
Totals	<u>\$ 75,939</u>	<u>\$ 77,284</u>	<u>\$ 36,605</u>	<u>\$ 38,013</u>	<u>\$ 112,544</u>	<u>\$ 115,297</u>

During FY 2012/13, major capital projects formally completed include:

- 2012 Annual Concrete Program Project No. ST1104: this project repairs, replaces and rehabilitates concrete driveways, sidewalks and curb and gutter throughout the City for \$49,811.76.
- Arterial & Local Street Resurfacing Project No. ST1102 and ST1103: this project consisted of installing pavers, removing and replacing various locations of damaged sidewalk, curb & gutter, and street resurfacing for \$404,315.52.
- 2012 Annual Slurry Seal Project No. ST1101: this project slurry seal various streets in Old Town as identified in the Pavement Management Program Report for \$104,083.14.
- Arbor Park Resurfacing Project No. PR1102: this project repaved the entryway to the park, constructed concrete walkways, and four ADA parking stalls for \$74,299.05.
- Mary Wilson Library Truss Repair Project No. BG1205: this project provided additional support to several roof trusses for \$14,852.50.
- Design of McGaugh Pool ADA Improvements Project No. BG1206: this project consisted of preparing final plans, specifications and cost estimate for a complete bid package for \$19,800.00.
- Main Street Tree Planting Project No. ST1110. This project involved removing existing trees and replacing them with the primary tree recommendation per the adopted Street Tree Master Plan and constructing irrigated planter areas and pavers.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
JUNE 30, 2013

- Seal Beach Blvd Realignment Project No. 49750: this project realigned Seal Beach Blvd from Old Ranch Road to St. Cloud to provide three thru lanes in each direction and dual northbound left turns at St. Cloud.
- 1st Street Parking Lot/Bike Trail Improvement Project No. BP0901: this project consisted of a newly paved surface for the bike trail, new pavement for the terminus of the River Trail at 1st Street and Ocean Avenue, seating, bike racks, redesigned parking with new landscaping and lighting and restroom upgrades.
- 7th St/Studebaker Off-Ramp Project No. ST1106: this project now separates vehicles safely, channelizes and reduces the delays for the left and right turns out of College Park Drive.
- Navy Storm Drain Channel Improvement Project No. SD1202: this project involved clearing and grubbing over 350 feet of earthen drainage channel, repairing headwalls and adding fall protection at the outlets of these channels, restoring and replacing flap gate valves at drainage pipe outlets, and cleaning over 650 feet of existing underground drainage piping.
- 12 inch Water Main Transmission Line Project No. WT0901: this project involved constructing over 2,600 linear feet of 12-inch ductile iron water line on Adolfo Lopez Drive and along the County owned and operated Los Alamitos Flood Control Basin to connect the new OC Flood's pump station.

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

DEBT ADMINISTRATION

As of June 30, 2013, the City had bonded debt, notes payable, compensated absences, claims payable, and capital leases totaling \$17.4 million compared to \$18.2 million at the end of FY 2011-2012. The City's governmental activities maintained \$11.7 million in bonds, capital leases, compensated absences, and claims payable versus \$13.4 million last year, representing a decrease of approximately \$1.7 million from the previous fiscal year. This decrease reflects interest and principal payments made during FY 2011-2012.

The City's business-type activities debt increased \$.7 million from \$4.9 million to \$5.6 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, compensated absences, and a Water Economic Development Administration Loan for drought relief. The increase in outstanding debt was mainly attributable to an increase of \$.9 million in the State revolving loan.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Compensated absences	\$ 740	\$ 787	\$ 110	\$ 128	\$ 850	\$ 915
Promissory note	-	-	87	74	87	74
Capital leases	203	70	-	-	203	70
Revenue bonds	-	-	-	-	-	-
Tax Allocation bonds	-	-	-	-	-	-
Pension Obligation Bonds	7,227	6,045	-	-	7,227	6,045
Lease Revenue Bonds	4,935	4,515	-	-	4,935	4,515
Certificates of participations	-	-	3,085	2,965	3,085	2,965
Sewer Capital Improv. Proj.	-	-	1,704	2,521	1,704	2,521
Self-insured claims payable	<u>342</u>	<u>301</u>	<u>-</u>	<u>-</u>	<u>342</u>	<u>301</u>
Total	<u>\$ 13,447</u>	<u>\$ 11,718</u>	<u>\$ 4,986</u>	<u>\$ 5,688</u>	<u>\$ 18,433</u>	<u>\$ 17,406</u>

Additional information on the City's long-term debt can be found in notes 6-12 in the Financial Section of the report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

In FY 2012-2013 the tax revenue decreased overall as a direct result of the dissolution of redevelopment agencies by the State of California. In the General Fund, Property Tax revenues increased 11% and Sales Tax increased 10% compared with the projected revenues at the beginning of the FY 2012-2013.

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

The City prepared an annual budget for FY 2012-2013. 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 2012-2013 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 aging condition of the City's infrastructure. The City has completed and adopted numerous infrastructure planning documents e.g. (Water Master Plan, Sewer Master Plan, Master Plan of Drainage, and Pavement Management Plan). These plans identify well over \$150 million in needed improvements throughout the City. The City annually adopts a 5 year Capital Improvement Program (CIP) that strategically plans construction of these needed improvements. The

MANAGEMENT'S DISCUSSION & ANALYSIS (CONTINUED)
JUNE 30, 2013

CIP recommends \$39.9 million in improvements over the next 5 years. The 5 Year Capital Improvement Program identifies needs in the following areas: Beach and Pier (\$3.5m), Buildings and Facilities (\$5.5m), Sewer System (\$10.3m), Storm Drain System (\$2.0m), Streets and Transportation (\$5.7m) and Water System (\$8.9m). Based upon the list of known projects there is over \$50 million of capital improvements needed in the near future.

REQUEST FOR INFORMATION

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

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CITY OF SEAL BEACH

STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2013	2012
Assets:				
Cash and investments	\$ 34,163,510	\$ 13,301,518	\$ 47,465,028	\$ 43,349,993
Receivables:				
Accounts	842,067	1,179,988	2,022,055	1,895,505
Taxes	1,643,157	-	1,643,157	1,348,026
Accrued interest	30,463	-	30,463	44,170
Prepaid costs	-	-	-	17,074
Due from other governments	549,515	-	549,515	1,484,612
Deferred charges	-	-	-	76,054
Cash with fiscal agent	724,445	-	724,445	763,229
Net OPEB asset (note 11)	301,116	-	301,116	306,946
Net pension prepaid	-	-	-	7,227,000
Capital assets not being depreciated	13,950,169	6,515,834	20,466,003	16,123,009
Capital assets, net of depreciation	63,333,861	31,496,857	94,830,718	96,421,181
Total Assets	115,538,303	52,494,197	168,032,500	169,056,799
Deferred Outflows of Resources:				
Deferred charge on refunding	-	193,125	193,125	-
Total Deferred Outflows of Resources	-	193,125	193,125	-
Liabilities:				
Accounts payable	2,450,103	1,451,412	3,901,515	3,602,755
Accrued liabilities	206,706	31,658	238,364	209,662
Accrued interest	49,863	-	49,863	37,284
Unearned revenue	-	-	-	1,753
Deposits payable	454,264	7,865	462,129	316,521
Retentions Payable	122,886	268,676	391,562	191,421
Noncurrent liabilities (note 6):				
Due within one year	1,532,709	378,676	1,911,385	2,493,296
Due in more than one year	10,185,522	5,309,338	15,494,860	15,734,454
Total Liabilities	15,002,053	7,447,625	22,449,678	22,587,146
Net Position:				
Net investment in capital assets	72,698,895	32,645,747	105,344,642	102,822,498
Restricted for:				
Community development projects	772,684	-	772,684	665,713
Public safety	95,481	-	95,481	115,940
Community services	17,973	-	17,973	64,398
Public works	1,906,011	-	1,906,011	1,007,716
Debt service	713,563	-	713,563	752,360
General government - grants	56,158	-	56,158	56,158
Unrestricted	24,275,485	12,593,950	36,869,435	40,984,870
Total Net Position	\$ 100,536,250	\$ 45,239,697	\$ 145,775,947	\$ 146,469,653

CITY OF SEAL BEACH

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions and Grants	Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 5,373,180	\$ 450,911	\$ 3,698,780	\$ -
Public safety	15,005,590	1,565,527	186,463	-
Community development	1,781,188	111,008	445,007	-
Community services	1,272,680	981,440	145,589	-
Public works	6,212,516	1,980,116	1,361,254	-
Interest on long-term debt	574,763	-	-	-
Total Governmental Activities	30,219,917	5,089,002	5,837,093	-
Business-Type Activities:				
Water Utility	4,267,840	4,924,109	-	-
Sewer Utility	1,520,478	2,675,201	-	-
Total Business-Type Activities	5,788,318	7,599,310	-	-
Total Primary Government	\$ 36,008,235	\$ 12,688,312	\$ 5,837,093	\$ -
General Revenues:				
Taxes:				
Property taxes, levied for general purpose				
Transient occupancy taxes				
Sales taxes				
Franchise taxes				
Utility users tax				
Other taxes				
Motor vehicle in lieu - unrestricted				
Use of money and property				
Other				
Extraordinary gain/(loss)				
Total General Revenues and Extraordinary Items				
Change in Net Position				
Net Position at Beginning of Year				
Restatement of Net Position				
Net Position at End of Year				

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	2013	2012
\$ (1,223,489)	\$ -	\$ (1,223,489)	\$ (2,837,756)
(13,253,600)	-	(13,253,600)	(11,913,900)
(1,225,173)	-	(1,225,173)	(685,749)
(145,651)	-	(145,651)	134,181
(2,871,146)	-	(2,871,146)	(2,222,487)
(574,763)	-	(574,763)	(693,065)
(19,293,822)	-	(19,293,822)	(18,218,776)
-	656,269	656,269	211,331
-	1,154,723	1,154,723	1,040,359
-	1,810,992	1,810,992	1,251,690
(19,293,822)	1,810,992	(17,482,830)	(16,967,086)
9,958,198	-	9,958,198	10,337,486
1,289,007	-	1,289,007	970,275
5,408,756	-	5,408,756	4,930,037
1,126,398	-	1,126,398	1,008,031
4,732,597	-	4,732,597	5,484,256
328,743	-	328,743	338,176
13,333	-	13,333	12,868
372,693	84,371	457,064	811,116
331,175	5,060	336,235	235,109
-	-	-	(4,731,584)
23,560,900	89,431	23,650,331	19,395,770
4,267,078	1,900,423	6,167,501	2,428,684
103,130,379	43,339,274	146,469,653	144,040,969
(6,861,207)	-	(6,861,207)	-
\$ 100,536,250	\$ 45,239,697	\$ 145,775,947	\$ 146,469,653

CITY OF SEAL BEACH

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

		Special Revenue Funds	Capital Projects Funds
	General	Traffic Relief Grant	Capital Projects and Equipment
Assets:			
Pooled cash and investments	\$ 28,165,088	\$ -	\$ 1,239,648
Receivables:			
Accounts	763,454	-	-
Taxes	1,641,802	-	-
Accrued interest	30,463	-	-
Due from other governments	-	289,787	-
Due from other funds	396,134	-	-
Restricted assets:			
Cash and investments with fiscal agents	8,382	-	-
Total Assets	\$ 31,005,323	\$ 289,787	\$ 1,239,648
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 895,901	\$ -	\$ 1,027,758
Accrued liabilities	204,109	-	-
Unearned revenues	-	-	-
Deposits payable	454,264	-	-
Due to other governments	-	-	-
Due to other funds	-	289,787	-
Retentions Payable	-	-	122,886
Total Liabilities	1,554,274	289,787	1,150,644
Deferred Inflows of Resources:			
Unavailable revenues	-	289,787	-
Total Deferred Inflows of Resources	-	289,787	-
Fund Balances:			
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Community services	-	-	-
Public works	-	-	-
Debt service	-	-	-
General government - grants	-	-	-
Assigned to:			
Capital projects	-	-	89,004
Buildings	723,650	-	-
Storm drain	1,616,501	-	-
Street improvements	117,167	-	-
Traffic impact fees	-	-	-
Swimming pool	4,863,701	-	-
City clerk donation	13,680	-	-
Old town	490,000	-	-
College park east	477,000	-	-
Unassigned	21,149,350	(289,787)	-
Total Fund Balances	29,451,049	(289,787)	89,004
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 31,005,323	\$ 289,787	\$ 1,239,648

CITY OF SEAL BEACH

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Other Governmental Funds	Totals	
		2013	2012
Assets:			
Pooled cash and investments	\$ 2,801,504	\$ 32,206,240	\$ 29,249,004
Receivables:			
Accounts	78,613	842,067	869,065
Taxes	1,355	1,643,157	1,348,026
Accrued interest	-	30,463	44,170
Due from other governments	259,728	549,515	1,484,612
Due from other funds	-	396,134	1,427,033
Restricted assets:			
Cash and investments with fiscal agents	716,063	724,445	763,229
Total Assets	\$ 3,857,263	\$ 36,392,021	\$ 35,185,139
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 28,498	\$ 1,952,157	1,948,309
Accrued liabilities	2,597	206,706	177,581
Unearned revenues	-	-	1,753
Deposits payable	-	454,264	310,921
Due to other governments	-	-	1,427,033
Due to other funds	106,347	396,134	-
Retentions Payable	-	122,886	37,011
Total Liabilities	137,442	3,132,147	3,902,608
Deferred Inflows of Resources:			
Unavailable revenues	215,173	504,960	633,780
Total Deferred Inflows of Resources	215,173	504,960	633,780
Fund Balances:			
Restricted for:			
Community development projects	772,684	772,684	665,713
Public safety	95,481	95,481	115,940
Community services	17,973	17,973	64,398
Public works	1,906,011	1,906,011	1,007,716
Debt service	713,563	713,563	752,360
General government - grants	56,158	56,158	56,158
Assigned to:			
Capital projects	-	89,004	87,375
Buildings	-	723,650	820,542
Storm drain	-	1,616,501	1,783,459
Street improvements	-	117,167	662,948
Traffic impact fees	-	-	962,128
Swimming pool	-	4,863,701	4,863,701
City clerk donation	-	13,680	13,680
Old town	-	490,000	-
College park east	-	477,000	-
Unassigned	(57,222)	20,802,341	18,792,633
Total Fund Balances	3,504,648	32,754,914	30,648,751
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,857,263	\$ 36,392,021	\$ 35,185,139

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CITY OF SEAL BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Fund balances of governmental funds \$ 32,754,914

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. 76,289,096

Long-term debt and compensated absences that have not been included in the governmental fund activity:

Long-term liabilities:

Capital property improvement lease	\$ (70,135)	
Bonds payable	(10,560,000)	
Compensated Absences	(787,303)	
Claims and judgments	<u>(300,793)</u>	(11,718,231)

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 a asset or liability. 301,116

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. (49,863)

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. 504,960

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. 2,454,258

Net Position of Governmental Activities \$ 100,536,250

CITY OF SEAL BEACH

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

		Special Revenue Funds	Capital Projects Funds Capital Projects and Equipment
	General	Traffic Relief Grant	
Revenues:			
Taxes	\$ 22,486,107	\$ -	\$ -
Licenses and permits	1,247,750	-	-
Intergovernmental	478,016	-	1,355,413
Charges for services	4,083,993	-	-
Use of money and property	359,019	-	-
Fines and forfeitures	1,037,323	-	-
Contributions from other governments	10,209	-	-
Miscellaneous	301,771	-	-
Total Revenues	30,004,188	-	1,355,413
Expenditures:			
Current:			
General government	4,862,863	-	-
Public safety	14,222,908	-	-
Community development	1,129,632	-	-
Community services	1,182,716	-	-
Public works	4,071,529	-	-
Capital outlay	-	-	3,316,684
Debt service:			
Principal retirement	132,446	-	-
Interest and fiscal charges	8,166	-	-
Total Expenditures	25,610,260	-	3,316,684
Excess of Revenues Over Expenditures	4,393,928	-	(1,961,271)
Other Financing Sources (Uses):			
Transfers in (note 4)	349,000	-	1,962,900
Transfers out (note 4)	(4,027,248)	(289,787)	-
Total Other Financing Sources (Uses)	(3,678,248)	(289,787)	1,962,900
Extraordinary gain/(loss)	-	-	-
Net Change in Fund Balances	715,680	(289,787)	1,629
Fund Balances, Beginning of Year, as previously reported	28,369,576	-	87,375
Restatements	365,793	-	-
Fund Balances, Beginning of Year, as restated	28,735,369	-	87,375
Fund Balances, End of Year	\$ 29,451,049	\$ (289,787)	\$ 89,004

CITY OF SEAL BEACH

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	Other Governmental Funds	Total	
		2013	2012
Revenues:			
Taxes	\$ 1,345,324	\$ 23,831,431	\$ 24,165,883
Licenses and permits	-	1,247,750	926,761
Intergovernmental	1,168,892	3,002,321	5,058,175
Charges for services	33,041	4,117,034	4,044,566
Use of money and property	13,674	372,693	714,342
Fines and forfeitures	25,849	1,063,172	1,085,291
Contributions from other governments	-	10,209	-
Miscellaneous	-	301,771	234,597
Total Revenues	2,586,780	33,946,381	36,229,615
Expenditures:			
Current:			
General government	199,604	5,062,467	5,169,799
Public safety	237,925	14,460,833	13,948,663
Community development	290,433	1,420,065	1,353,068
Community services	-	1,182,716	880,983
Public works	85,087	4,156,616	4,047,013
Capital outlay	-	3,316,684	5,530,575
Debt service:			
Principal retirement	1,602,000	1,734,446	2,195,014
Interest and fiscal charges	554,018	562,184	790,581
Total Expenditures	2,969,067	31,896,011	33,915,696
Excess of Revenues Over Expenditures	(382,287)	2,050,370	2,313,919
Other Financing Sources (Uses):			
Transfers in (note 4)	3,513,532	5,825,432	8,209,025
Transfers out (note 4)	(1,818,397)	(6,135,432)	(8,209,025)
Total Other Financing Sources (Uses)	1,695,135	(310,000)	-
Extraordinary gain/(loss)	-	-	(7,818,567)
Net Change in Fund Balances	1,312,848	1,740,370	(5,504,648)
Fund Balances, Beginning of Year, as previously reported	2,191,800	30,648,751	36,153,399
Restatements	-	365,793	-
Fund Balances, Beginning of Year, as restated	2,191,800	31,014,544	36,153,399
Fund Balances, End of Year	\$ 3,504,648	\$ 32,754,914	\$ 30,648,751

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, 2013**

Net change in fund balances - total governmental funds \$ 1,740,370

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	\$ 3,174,344	
Depreciation	(2,477,750)	
Gain/(loss) on disposal of capital assets	<u>(57,456)</u>	639,138

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		1,734,446
----------------------	--	-----------

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

(12,579)

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.

41,255

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(47,268)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.

(5,830)

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.

(128,820)

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.

306,366

Change in net position of governmental activities

\$ 4,267,078

CITY OF SEAL BEACH

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1, as restated	\$ 28,735,369	\$ 28,735,369	\$ 28,735,369	\$ -
Resources (Inflows):				
Taxes	20,953,000	20,953,000	22,486,107	1,533,107
Licenses and permits	1,177,400	1,177,400	1,247,750	70,350
Intergovernmental	209,400	451,400	478,016	26,616
Charges for services	3,843,900	3,843,900	4,083,993	240,093
Use of money and property	568,000	568,000	359,019	(208,981)
Fines and forfeitures	1,013,100	1,013,100	1,037,323	24,223
Contributions	-	-	10,209	10,209
Miscellaneous	201,900	203,300	301,771	98,471
Transfers in	1,212,499	1,212,499	349,000	(863,499)
Amounts Available for Appropriation	57,914,568	58,157,968	59,088,557	930,589
Charges to Appropriation (Outflow):				
General government	4,794,896	4,821,227	4,862,863	(41,636)
Public safety	14,570,327	14,695,112	14,222,908	472,204
Community development	884,914	984,914	1,129,632	(144,718)
Community services	1,201,648	1,214,048	1,182,716	31,332
Public works	4,128,743	4,289,346	4,071,529	217,817
Debt service:				
Principal retirement	109,930	109,930	132,446	(22,516)
Interest and fiscal charges	6,777	6,777	8,166	(1,389)
Transfers out	7,565,029	8,197,084	4,027,248	4,169,836
Total Charges to Appropriations	33,262,264	34,318,438	29,637,508	4,680,930
Budgetary Fund Balance, June 30	\$ 24,652,304	\$ 23,839,530	\$ 29,451,049	\$ 5,611,519

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CITY OF SEAL BEACH

**BUDGETARY COMPARISON STATEMENT
 TRAFFIC RELIEF GRANT
 YEAR ENDED JUNE 30, 2013**

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

CITY OF SEAL BEACH

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	2013	2012
Assets:				
Current:				
Cash and investments	\$ 9,005,521	\$ 4,295,997	\$ 13,301,518	\$ 12,205,889
Receivables:				
Accounts	779,526	400,462	1,179,988	1,026,440
Prepaid costs	-	-	-	17,074
Total Current Assets	9,785,047	4,696,459	14,481,506	13,249,403
Noncurrent:				
Deferred charges	-	-	-	76,054
Capital assets (note 5):				
Buildings and improvements	73,284	-	73,284	73,284
Machinery and equipment	531,044	785,802	1,316,846	1,316,846
Vehicles	280,634	132,331	412,965	325,774
Infrastructure	29,878,924	29,070,779	58,949,703	58,395,953
Construction in progress	1,077,123	5,438,711	6,515,834	4,666,880
Accumulated depreciation	(15,605,821)	(13,650,120)	(29,255,941)	(28,173,795)
Total Noncurrent Assets	16,235,188	21,777,503	38,012,691	36,680,996
Total Assets	26,020,235	26,473,962	52,494,197	49,930,399
Deferred Outflows of Resources:				
Deferred charge on refunding	-	193,125	193,125	-
Total Deferred Outflows of Resources	-	193,125	193,125	-
Liabilities:				
Current:				
Accounts payable	\$ 767,553	\$ 683,859	\$ 1,451,412	\$ 1,617,948
Accrued liabilities	21,829	9,829	31,658	32,081
Deposits payable	7,865	-	7,865	5,600
Retentions Payable	73,816	194,860	268,676	154,410
Accrued compensated absences	62,809	10,752	73,561	58,771
Bonds, notes, and capital leases	13,306	291,809	305,115	132,672
Total Current Liabilities	947,178	1,191,109	2,138,287	2,001,482
Noncurrent:				
Accrued compensated absences	24,075	30,309	54,384	50,751
Bonds, notes, and capital leases	61,474	5,193,480	5,254,954	4,538,892
Total Noncurrent Liabilities	85,549	5,223,789	5,309,338	4,589,643
Total Liabilities	1,032,727	6,414,898	7,447,625	6,591,125
Net Position:				
Net investment in capital assets	16,160,408	16,485,339	32,645,747	32,020,831
Unrestricted	8,827,100	3,766,850	12,593,950	11,318,443
Total Net Position	\$ 24,987,508	\$ 20,252,189	\$ 45,239,697	\$ 43,339,274

CITY OF SEAL BEACH

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Governmental Activities - Vehicle Replacement Internal Service Fund	
	2013	2012
Assets:		
Current:		
Cash and investments	\$ 1,957,270	\$ 1,895,100
Receivables:		
Accounts	-	-
Prepaid costs	-	-
Total Current Assets	1,957,270	1,895,100
Noncurrent:		
Deferred charges		
Capital assets (note 5):		
Buildings and improvements	-	-
Machinery and equipment	169,204	-
Vehicles	927,127	356,919
Infrastructure	-	-
Construction in progress	-	-
Accumulated depreciation	(101,397)	(67,629)
Total Noncurrent Assets	994,934	289,290
Total Assets	2,952,204	2,184,390
Deferred Outflows of Resources:		
Deferred charge on refunding	-	-
Total Deferred Outflows of Resources	-	-
Liabilities:		
Current:		
Accounts payable	\$ 497,946	\$ 36,498
Accrued liabilities	-	-
Deposits payable	-	-
Retentions Payable	-	-
Accrued compensated absences	-	-
Bonds, notes, and capital leases	-	-
Total Current Liabilities	497,946	36,498
Noncurrent:		
Accrued compensated absences	-	-
Bonds, notes, and capital leases	-	-
Total Noncurrent Liabilities	-	-
Total Liabilities	497,946	36,498
Net Position:		
Net investment in capital assets	994,934	289,290
Unrestricted	1,459,324	1,858,602
Total Net Position	\$ 2,454,258	\$ 2,147,892

CITY OF SEAL BEACH

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	2013	2012
Operating Revenues:				
Sales and service charges	\$ 4,924,109	\$ 2,675,201	\$ 7,599,310	\$ 6,819,514
Miscellaneous	1,839	3,221	5,060	4,112
Total Operating Revenues	4,925,948	2,678,422	7,604,370	6,823,626
Operating Expenses:				
Administration and general	3,712,406	670,545	4,382,951	4,326,801
Amortization and Depreciation expense	551,032	657,239	1,208,271	1,083,738
Total Operating Expenses	4,263,438	1,327,784	5,591,222	5,410,539
Operating Income (Loss)	662,510	1,350,638	2,013,148	1,413,087
Nonoperating Revenues (Expenses):				
Interest revenue	55,415	28,956	84,371	96,774
Interest expense	(4,402)	(192,694)	(197,096)	(157,285)
Total Nonoperating Revenues (Expenses)	51,013	(163,738)	(112,725)	(60,511)
Income (Loss) Before Transfers	713,523	1,186,900	1,900,423	1,352,576
Transfers in	-	-	-	-
Changes in Net Position	713,523	1,186,900	1,900,423	1,352,576
Extraordinary gain/(loss)	-	-	-	(1,200,000)
Net Position:				
Beginning of Year	24,273,985	19,065,289	43,339,274	43,186,698
End of Fiscal Year	\$ 24,987,508	\$20,252,189	\$45,239,697	\$ 43,339,274

CITY OF SEAL BEACH

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013**

	Governmental Activities - Vehicle Replacement Internal Service Fund	
	2013	2012
Operating Revenues:		
Sales and service charges	\$ -	\$ -
Miscellaneous	35,654	-
Total Operating Revenues	35,654	-
Operating Expenses:		
Administration and general	5,520	48,104
Amortization and Depreciation expense	33,768	33,768
Total Operating Expenses	39,288	81,872
Operating Income (Loss)	(3,634)	(81,872)
Nonoperating Revenues (Expenses):		
Interest revenue	-	-
Interest expense	-	-
Total Nonoperating Revenues (Expenses)	-	-
Income (Loss) Before Transfers	(3,634)	(81,872)
Transfers in	310,000	-
Changes in Net Position	306,366	(81,872)
Extraordinary gain/(loss)	-	-
Net Position:		
Beginning of Year	2,147,892	2,229,764
End of Fiscal Year	\$ 2,454,258	2,147,892

CITY OF SEAL BEACH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Governmental Activities- Vehicle Replacement Internal Service Fund
	Water Utility	Sewer Utility	Totals	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 4,803,489	\$ 2,649,598	\$ 7,453,087	\$ 35,654
Cash paid to suppliers for goods and services	(742,109)	341,213	(400,896)	455,928
Cash paid to employees for services	(3,391,000)	(608,251)	(3,999,251)	-
Net Cash Provided (Used) by Operating Activities	670,380	2,382,560	3,052,940	491,582
Cash Flows from Capital and Related Financing Activities:				
Proceeds from capital debt	-	939,708	939,708	-
Acquisition and construction of capital assets	(583,432)	(1,944,463)	(2,527,895)	(739,412)
Principal paid on capital debt	(12,673)	(243,726)	(256,399)	-
Interest paid on capital debt	(4,402)	(192,694)	(197,096)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(600,507)	(1,441,175)	(2,041,682)	(739,412)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	-	-	310,000
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	-	310,000
Cash Flows from Investing Activities:				
Interest received	55,415	28,956	84,371	-
Net Cash Provided (Used) by Investing Activities	55,415	28,956	84,371	-
Net Increase (Decrease) in Cash and Cash Equivalents	125,288	970,341	1,095,629	62,170
Cash and Cash Equivalents at Beginning of Year	8,880,233	3,325,656	12,205,889	1,895,100
Cash and Cash Equivalents at End of Year	\$ 9,005,521	\$ 4,295,997	\$ 13,301,518	\$ 1,957,270
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 662,510	\$ 1,350,638	\$ 2,013,148	\$ (3,634)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation and amortization	551,032	657,239	1,208,271	33,768
(Increase) decrease in accounts receivable	(124,724)	(28,824)	(153,548)	-
(Increase) decrease in prepaid expense	17,074	-	17,074	-
Increase (decrease) in accounts payable	(417,598)	251,062	(166,536)	461,448
Increase (decrease) in retentions payable	(25,553)	139,819	114,266	-
Increase (decrease) in deposits payable	2,265	-	2,265	-
Increase (decrease) in accrued liabilities	1,492	(1,915)	(423)	-
Increase (decrease) in compensated absences	3,882	14,541	18,423	-
Total Adjustments	7,870	1,031,922	1,039,792	495,216
Net Cash Provided (Used) by Operating Activities	\$ 670,380	\$ 2,382,560	\$ 3,052,940	\$ 491,582
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond discount	\$ -	\$ 12,071	\$ 12,071	\$ -
Amortization of deferred debt issuance costs	-	-	-	-
Gain/(Loss) on Investments	-	-	-	-
Gain/(Loss) on Investment in Joint Venture	-	-	-	-

CITY OF SEAL BEACH

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	Agency Funds		Private-Purpose Trust Fund Successor Agency of the Former RDA	
	2013	2012	2013	2012
Assets:				
Pooled cash and investments	\$ 1,017,948	\$ 697,650	\$ 776,449	\$ 6,712,530
Receivables:				
Accounts	29,859	22,631	-	-
Notes and loans	-	-	18,085	1,971,776
Accrued interest	-	-	438	5,423
Restricted assets:				
Cash and investments with fiscal agents	1,306,725	1,300,214	740,768	740,768
Capital assets:				
Capital assets, not being depreciated	-	-	403,192	403,192
Capital assets, net of accumulated depreciation	-	-	387,865	419,913
Total Assets	\$ 2,354,532	\$ 2,020,495	\$ 2,326,797	\$ 10,253,602
Liabilities:				
Accounts payable	\$ -	\$ 1,166	\$ -	\$ 1,019,581
Accrued liabilities	-	-	77,929	-
Deposits payable	684,768	373,641	-	-
Due to bondholders	1,669,764	1,645,688	-	-
Long-term liabilities:				
Due in one year	-	-	495,000	470,000
Due in more than one year	-	-	4,160,000	4,655,000
Total Liabilities	\$ 2,354,532	\$ 2,020,495	4,732,929	6,144,581
Net Position:				
Held in trust for other purposes			(2,406,132)	4,109,021
Total Net Position			\$ (2,406,132)	\$ 4,109,021

CITY OF SEAL BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2013

Private-Purpose Trust Fund Successor Agency of the Former RDA	
2013	2012
\$ 1,357,253	\$ 665,838
(25)	15,285
-	211
1,357,228	681,334
1,365,122	129,269
10,327	8,130
330,684	132,005
32,048	14,912
6,134,200	1,019,581
7,872,381	1,303,897
-	4,731,584
(6,515,153)	(622,563)
4,109,021	-
\$ (2,406,132)	\$ 4,109,021

Additions:

Taxes
 Interest and change in fair value of investments
 Miscellaneous

Total Additions**Deductions:**

Administrative expenses
 Contractual services
 Interest expense
 Depreciation expense
 Reimbursement of prior taxes to County

Total Deductions

Extraordinary gain/(loss)

Changes in Net Position

Net Position - Beginning of the Year

Net Position - End of the Year

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

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

a. Description of the Reporting Entity

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

Blended Component Units:

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

The City has accounted for the Authority as "blended" component unit. Despite being legally separate, the Authority is so intertwined with the City that it is, in substance, part of the City's operations. The Authority has not had any activity for the year ended June 30, 2013.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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

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

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

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

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

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

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

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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

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

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

d. Fund Classification

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

Water Utility Enterprise Fund - This fund accounts for the operation and maintenance of the City's water distribution system.

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

Additionally, the City reports the following fund types:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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, 2013

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:

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

6. Deferred Outflows/Inflows of Resources

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

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

7. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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

are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions

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

9. Compensated Absences

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

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

10. Long Term Obligations

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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

11. Fund Equity

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

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

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

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

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

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

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budget Data

General Budget Policies

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 2: Stewardship, Compliance and Accountability (Continued)**b. The following funds do not have a legally adopted budget:**

Traffic Impact AB 1600
 Roberti-Z'berg Harris Open Space
 Grants

c. The following non-major funds had a deficit fund balance as of June 30, 2013:

Fund	Amount
Special Revenue Funds:	
Citywide Grants	\$ (44,611)
Police Grants	(12,611)

d. Property Taxes

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

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

The property tax calendar is as follows:

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

e. Prior Year Data

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

f. Use of Estimates

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 47,465,028
Restricted:	
Cash and investments with fiscal agent	724,445
Statement of Fiduciary Net Assets:	
Cash and investments	1,794,397
Restricted:	
Cash and investments with fiscal agent	2,047,493
Total cash and investments	<u>\$ 52,031,363</u>

Cash and investments as of June 30, 2013, consist of the following:

Cash on hand	\$ 7,214
Deposits with financial institutions	1,906,457
Investments	<u>50,117,692</u>
Total cash and investments	<u>\$ 52,031,363</u>

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

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

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

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%	5%
Medium term notes	5 years	30%	5%
Money market mutual funds	89 days	15%	10%
Local Agency Investment Fund (LAIF)	None	100%	\$50 Million per account

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
Note 3: Cash and Investments (Continued)Investments Authorized by Debt Agreements

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

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Agency Securities	\$ 9,868,945	\$ 1,519,505	\$ 8,349,440	\$ -
Corporate Note	4,358,595	-	3,992,713	365,882
Commercial Paper	4,498,306	4,498,306	-	-
Certificates of Deposit	11,951,253	4,474,256	6,883,851	593,146
Local Agency Investment Fund (LAIF)	16,668,654	16,668,654	-	-
Held by Fiscal Agent:				
Money Market Mutual Funds	2,771,939	2,771,939	-	-
Total	\$ 50,117,692	\$ 29,932,660	\$ 19,226,004	\$ 959,028

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
Note 3: Cash and Investments (Continued)Credit Risk

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

Investment Type	Minimum Legal Rating	Total	Remaining as of Year End	
			AA+	Unrated
U.S. Agency Securities	A	\$ 9,868,945	\$ 9,868,945	\$ -
Corporate Note	N/A	4,358,595	4,358,595	-
Commercial Paper	N/A	4,498,306	4,498,306	-
Certificates of Deposit	N/A	11,951,253	-	11,951,253
Local Agency Investment Fund (LAIF)	N/A	16,668,654	-	16,668,654
Held by Fiscal Agent:				
Money Market Mutual Fund:	N/A	2,771,939	-	2,771,939
Total		<u>\$ 50,117,692</u>	<u>\$ 18,725,846</u>	<u>\$ 31,391,846</u>

Custodial Credit Risk

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

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

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

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

Investment in State Investment Pool

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

Note 4: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due From and To Other Funds

Funds	Due to Other Funds:		
	Traffic Relief Grant	Nonmajor Governmental	Total
Due From Other Funds:			
General fund	\$ 289,787	\$ 106,347	\$ 396,134

These interfund balances are a result of short-term borrowings to cover deficit cash balances in the Citywide Grants Fund, Street Lighting Fund, Roberti-Z'berg-Harris Urban Open Space Fund, Grants Fund, and Police Grant Fund at June 30, 2013.

Interfund Transfers

Transfers in:	Transfers Out:			
	General Fund	Traffic Relief Grant	Nonmajor Governmental Funds	Total
Fund				
General Fund	\$ -	\$ -	\$ 349,000	\$ 349,000
Capital Projects and Equipment Fund	566,418	289,787	1,106,695	1,962,900
Non-Major Governmental Fund	3,150,830	-	362,702	3,513,532
Internal Service Fund	310,000	-	-	310,000
Total	\$ 4,027,248	\$ 289,787	\$ 1,818,397	\$ 6,135,432

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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

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

The General Fund, Traffic Relief Grant Fund and various other non-major governmental funds transferred \$1,962,900 to the Capital Projects and Equipment Fund for infrastructure projects such as street improvements, public work facilities, and storm drain improvements.

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 10,116,655	\$ -	\$ -	\$ 10,116,655
Intangible asset - land easement	900,000	-	-	900,000
Construction-in-progress	439,474	2,534,500	40,460	2,933,514
Total Capital Assets, Not Being Depreciated	11,456,129	2,534,500	40,460	13,950,169
Capital assets, being depreciated:				
Buildings and improvements	13,199,527	21,796	-	13,221,323
Machinery and equipment	2,098,452	229,335	96,775	2,231,012
Vehicles	1,563,434	594,078	109,570	2,047,942
Infrastructure	74,827,245	534,047	-	75,361,292
Total Capital Assets, Being Depreciated	91,688,658	1,379,256	206,345	92,861,569
Less accumulated depreciation:				
Buildings and improvements	3,163,852	338,710	-	3,502,562
Machinery and equipment	1,595,991	115,326	96,775	1,614,542
Vehicles	977,367	105,740	92,574	990,533
Infrastructure	21,468,329	1,951,742	-	23,420,071
Total Accumulated Depreciation	27,205,539	2,511,518	189,349	29,527,708
Total Capital Assets, Being Depreciated, Net	64,483,119	(1,132,262)	16,996	63,333,861
Governmental Activities Capital Assets, Net	\$ 75,939,248	\$ 1,402,238	\$ 57,456	\$ 77,284,030

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**Note 5: Capital Assets (Continued)**

Depreciation expense was charged in the following functions in the Statement of Activities for the year ended June 30, 2013, as follows:

Governmental Activities:	
General Government	\$ 198,221
Public safety	227,461
Public works	2,001,233
Community development	2,234
Community services	48,601
Internal Service funds	33,768
	<u>2,511,518</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,511,518</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Construction-in-progress - water	\$ 1,111,604	\$ 540,847	\$ (575,328)	\$ 1,077,123
Construction-in-progress - sewer	3,555,276	1,997,748	(114,313)	5,438,711
Total Capital Assets, Not Being Depreciated	<u>4,666,880</u>	<u>2,538,595</u>	<u>(689,641)</u>	<u>6,515,834</u>
Capital assets, being depreciated:				
Building and improvements - water	73,284	-	-	73,284
Machinery and equipment - water	531,044	-	-	531,044
Machinery and equipment - sewer	785,802	-	-	785,802
Vehicles - water	216,471	64,163	-	280,634
Vehicles - sewer	109,303	61,028	(38,000)	132,331
Infrastructure - water	29,325,174	553,750	-	29,878,924
Infrastructure - sewer	29,070,779	-	-	29,070,779
Total Capital Assets, Being Depreciated	<u>60,111,857</u>	<u>678,941</u>	<u>(38,000)</u>	<u>60,752,798</u>
Less accumulated depreciation:				
Building and improvements - water	69,572	674	-	70,246
Machinery and equipment - water	447,027	8,619	-	455,646
Machinery and equipment - sewer	160,226	16,145	-	176,371
Vehicles - water	173,676	14,187	-	187,863
Vehicles - sewer	85,117	8,439	(38,000)	55,556
Infrastructure - water	14,364,514	527,552	-	14,892,066
Infrastructure - sewer	12,873,663	544,530	-	13,418,193
Total Accumulated Depreciation	<u>28,173,795</u>	<u>1,120,146</u>	<u>(38,000)</u>	<u>29,255,941</u>
Total Capital Assets, Being Depreciated, Net	<u>31,938,062</u>	<u>(441,205)</u>	<u>-</u>	<u>31,496,857</u>
Business-type Activities Capital Assets, Net	<u>\$ 36,604,942</u>	<u>\$ 2,097,390</u>	<u>\$ (689,641)</u>	<u>\$ 38,012,691</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 5: Capital Assets (Continued)

Depreciation expense was charged in the following programs of the primary government for the year ended June 30, 2013, as follows:

Business-type Activities:	
Water	\$ 551,032
Sewer	569,114
	<hr/>
Total Depreciation Expense - Business-type Activities	\$ 1,120,146

Note 6: Long-Term Debt

The following is a schedule of changes in long-term debt of the City for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
2008 Taxable Pension Obligation Bond Series A-1	\$ 486,000	\$ -	\$ 486,000	\$ -	\$ -
2008 Taxable Pension Obligation Bonds, Series A-2	6,741,000	-	696,000	6,045,000	775,000
2009 Lease Revenue Bonds	4,935,000	-	420,000	4,515,000	420,000
Capital Property improvement lease	202,581	-	132,446	70,135	70,135
Claims payable	342,048	-	41,255	300,793	41,255
Compensated absences	740,035	486,456	439,188	787,303	226,319
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 13,446,664	\$ 486,456	\$ 2,214,889	\$ 11,718,231	\$ 1,532,709

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, 2013. The balance in the 2008A-2 bonds at June 30, 2013, was \$6,045,000.

Year Ending June 30,	2008 Taxable Pension Obligation Bonds, Series A-2	
	Principal	Interest
2014	\$ 775,000	\$ 322,299
2015	859,000	276,307
2016	950,000	225,320
2017	1,047,000	169,059
2018	1,151,000	107,153
2019	1,263,000	39,129
	<hr/>	<hr/>
Total	\$ 6,045,000	\$ 1,139,267

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: 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, 2013, were \$4,515,000.

Year Ending June 30,	2009 Series Lease Revenue Bonds	
	Principal	Interest
2014	\$ 420,000	\$ 161,663
2015	420,000	146,081
2016	420,000	130,499
2017	420,000	114,917
2018	420,000	99,335
2019-2023	2,100,000	262,946
2024	315,000	5,843
Total	<u>\$ 4,515,000</u>	<u>\$ 921,284</u>

Capital Property Improvement Lease

The City has entered into a lease agreement for capital improvements for various City facilities that are owned and operated by the City and Agency. Accordingly, a portion of the lease payments have been allocated to the City (representing approximately 83%) and the remainder has been allocated to the Agency (representing approximately 17%). The original cost of the improvements aggregating \$1,493,080 has been capitalized. Due to the dissolution of the Agency, the State disallowed the Agency's portion of the debt as an enforceable obligation. Therefore, the City will take over all current and future lease payments.

The balance of this capital improvement lease obligation that is outstanding at June 30, 2013, is \$70,135. The calculation of the present value of the future lease payments for obligations under the capital lease is as follows:

Year Ending June 30,	Capital Improvement Lease	
	Principal	Interest
2014	\$ 70,135	\$ 1,398
Total	<u>\$ 70,135</u>	<u>\$ 1,398</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 \$787,303.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: 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, 2013, claims payable including estimated claims for incurred but not reported claims, amounted to \$300,793.

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

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Economic development administration loan	\$ 87,453	\$ -	\$ 12,673	\$ 74,780	\$ 13,306
2011 Sewer Revenue Refunding Bonds	3,085,000	-	120,000	2,965,000	130,000
Sewer Capital Improvement Project	1,704,307	939,708	123,726	2,520,289	161,809
Compensated absences	109,522	125,415	106,992	127,945	73,561
Total	<u>\$ 4,986,282</u>	<u>\$ 1,065,123</u>	<u>\$ 363,391</u>	<u>5,688,014</u>	<u>\$ 378,676</u>

A description of Proprietary Fund long-term debt outstanding as of June 30, 2013, follows:

Economic Development Administration Loan

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

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

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 6: Long-Term Debt (Continued)

Future debt service requirements on the loan at June 30, 2013, were as follows:

Year Ending June 30,	Economic Development Administration Loan	
	Principal	Interest
2014	\$ 13,306	\$ 3,768
2015	13,971	3,103
2016	14,670	2,404
2017	15,403	1,671
2018	17,430	901
Total	<u>\$ 74,780</u>	<u>\$ 11,847</u>

2011 Sewer System Revenue Refunding Bonds

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

Interest rate on the 2011 Sewer System Revenue Refunding Bonds is 4.8%, and the balance of the 2011 Sewer System Revenue Refunding Bonds at June 30, 2013, was \$2,965,000.

Year Ending June 30,	2011 Sewer System Revenue Refunding Bonds	
	Principal	Interest
2014	\$ 130,000	\$ 140,760
2015	130,000	134,520
2016	140,000	128,160
2017	145,000	121,440
2018	150,000	114,360
2019-2023	885,000	453,480
2024-2027	880,000	194,640
2028-2029	505,000	30,720
Total	<u>\$ 2,965,000</u>	<u>\$ 1,318,080</u>

Sewer Capital Improvement Project

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,644,356 or the eligible costs of the project, whichever is less. At June 30, 2013, 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, 2013, is \$2,520,289.

As of June 30, 2013, the future debt service requirements have not been determined.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 7: Debt Issued Without Government Commitment

Surfside Colony Reassessment District No. 2000-1

The Surfside Colony Reassessment District No. 2000-1 was formed to finance improvements within the Surfside Colony and to refund the outstanding unmatured portion of the Assessment District 94-1 (Surfside Colony) limited obligation improvement bonds. The debt service payments on the bonds will be included on property tax bills within the reassessment district and will be collected by the City and then forwarded to the paying agent. A Reserve Fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor have the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2013, was \$360,000.

Heron Pointe Community Facilities District No. 2002-01

The Heron Pointe Community Facilities District No. 2002-01 was formed to finance public facilities improvements within Heron Pointe. The debt service payments on the bonds will be included on property tax bills within community facilities district and will be collected by the City and then forwarded to the paying agent. A Reserve Fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor has the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2013, was \$3,610,000.

Pacific Gateway Business Center Community Facilities District No 2005-01

The Pacific Gateway Business Center community Facilities District No. 2005-01 (District) was formed to finance public facilities within the District. The debt service payments on the bonds will be included on property tax bills within the community facilities district and will be collected by the City and then forwarded to the paying agent. A Reserve Fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor has the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2013, was \$8,595,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 8: Retirement PlansCalifornia Public Employees Retirement System (PERS) - Plan Description

The City of Seal Beach contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Contributions

Miscellaneous and safety participants are required to contribute 7% and 9%, respectively, of their annual covered salary. The City is required to contribute at an actuarially determined rate. The rates for the year ended June 30, 2013, are 9.478% and 26.416% for miscellaneous and safety participant respectively, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by City Council in conjunction with applicable labor contracts.

Required Contribution

For the year ended June 30, 2013, the City's contribution to the miscellaneous plan of \$395,817 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected annual salary increases that range from 3.55% to 14.45% depending on age, service, and type of employment. Both (a) and (b) include an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 18 years.

Three-Year Trend Information of PERS

Fiscal Year	Required Contribution	Percentage Contributed
6/30/2011	\$ 364,153	100%
6/30/2012	435,101	100%
6/30/2013	395,817	100%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 8: Retirement Plans (Continued)

For the year ended June 30, 2013, the City's contribution to the safety plan of \$1,003,778 was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected annual salary increases that range from 3.55% to 14.45% depending on age, service, and type of employment. Both (a) and (b) include an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 18 years.

Three-Year Trend Information of PERS

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2011	\$ 766,374	100%
6/30/2012	914,022	100%
6/30/2013	1,003,778	100%

For fiscal year 2012-2013, the City of Seal Beach participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all rate plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contribution rates are almost identical to what the rates would have been outside pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date starting with the June 30, 2003, valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

Public Agency Retirement System (PARS)

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

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

The City's contribution to PARS for 2012-2013 was \$15,365 (of covered payroll), and the employees' contributions to PARS were \$73,281 (of covered payroll).

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2013

Note 9: 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 2012-2013 the City of Seal Beach paid \$4,208,362 to the Authority.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2013. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. The following audited financial data is presented as of and for the year ended June 30, 2012 (the most recent data available).

Governmental Activities

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

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

County Public Financing Authority

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 9: Joint Ventures (Continued)

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

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

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

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

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

West Communications Financing Authority

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

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

Each City pays a contractual fee to the Authority, which consists of personnel costs, capital expenditures and reserves to fund accrued employee leave and equipment purchases. The contractual fee remains stable from year to year. In 2012-2013 the City of Seal Beach paid \$619,469 to the Authority.

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

Note 10: Liability, Property and Workers Compensation Protection

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

The City of Seal Beach is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 10: Liability, Property and Workers Compensation Protection (Continued)

pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine member Executive Committee.

b. Self-Insurance Programs of the Authority

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

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

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

Note 10: Liability, Property and Workers Compensation Protection (Continued)

Workers' Compensation

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

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

c. Purchased Insurance

Pollution Legal Liability Insurance

The City of Seal Beach participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Seal Beach. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Seal Beach participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Seal Beach property is currently insured according to a schedule of covered property submitted by the City of Seal Beach to the Authority. City of Seal Beach property currently has all-risk property insurance protection in the amount of \$44,464,452. 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 \$44,354,044. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Note 10: Liability, Property and Workers Compensation Protection (Continued)

Crime Insurance

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

d. Adequacy of Protection

During the past three fiscal years, none of the programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2012-13.

Note 11: 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 2012-13, 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 11: Other Post-Employment Benefits Other than Pension (Continued)

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	\$ 502,000
Interest on net OPEB obligation	(14,580)
Adjustment to annual required contribution	<u>20,410</u>
Annual OPEB cost (expense)	507,830
Contributions made (including premiums paid)	<u>(502,000)</u>
Increase (decrease) in net OPEB obligation	5,830
Net OPEB obligation (asset) – beginning of year	<u>(306,946)</u>
Net OPEB obligation (asset) – end of year	<u><u>\$ (301,116)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB OPEB Obligation (Asset)
6/30/2011	\$ 548,313	100.0%	\$ (312,512)
6/30/2012	491,566	100.0%	(306,946)
6/30/2013	507,830	98.0%	(301,116)

Funded Status and Funding Progress

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

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**Note 11: Other Post-Employment Benefits Other than Pension (Continued)**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered Payroll	UAAL as a Percentage of covered payroll ((b-a)/c)
1/1/2007	\$ -	\$ 6,667	\$ 6,667	0%	\$ 6,757	98.69%
1/1/2009	447	6,486	6,039	7%	6,997	86.31%
6/30/2011	1,738	6,902	5,164	25%	8,083	63.89%

Actuarial Methods and Assumptions

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

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

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 12: Commitments and Contingencies

Construction Commitments

As of June 30, 2013, budgeted funds committed for major capital projects included the following:

	Contract Amount	Expenditures To Date	Unexpended Balance
2012 Slurry Seal Project - Doug Martin Contracting Co., Inc.	\$ 93,735	\$ 88,726	\$ 5,009
Ocean Ave. Alley 6st St. to Main St. - Charles King Company	783,625	740,250	43,375
Lampson Ave. Median - Diversified Landscape Management Inc.	228,704	226,261	2,443
10 yr Storm Improvement - PSOMAS	200,000	175,249	24,751
10 yr Storm Improvement - Michael Bubalo	1,292,953	1,234,862	58,091
10 yr Sewer Improvement - AKM	489,506	214,904	274,602
10 yr Sewer Improvement - Sancon Engineering	1,655,112	1,327,239	327,873
Local Street Resurfacing - Hardy Harper	264,000	230,241	33,759
College Park West - All American Asphalt	435,000	425,825	9,175
Seal Beach Blvd/Golden Rain - Flatiron	265,041	188,051	76,990
Arterial ST. Resurfacing - RJ Noble	159,000	144,894	14,106
Local Street Resurfacing - RJ Noble	519,975	411,308	108,667
Total	<u>\$ 6,386,651</u>	<u>\$ 5,407,810</u>	<u>\$ 978,841</u>

Note 13: Fund Balance/Net Position Restatement

Beginning fund balances of the general fund have been restated to reclassify the transient occupancy tax revenue in the amount of \$365,793 relating to the fiscal year ended June 30, 2012, but received and recorded during the fiscal year ended June 30, 2013.

In addition, the Net Position was restated by \$7,227,000 to properly reflect the Net Pension Asset related to the PERS Cost Sharing Plan at June 30, 2013.

Note 14: 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

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

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

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

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

a. Cash and investments

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

Cash and investments pooled with the City	\$ 776,449
Cash and investments with fiscal agent	<u>740,768</u>
	<u>\$ 1,517,217</u>

b. Loans Receivable

As of June 30, 2013, the following loans receivable were outstanding:

Housing rehabilitation	<u>\$ 18,085</u>
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CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

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

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Fiduciary Activities:				
Successor Agency of the Former RDA				
Capital assets, not being depreciated:				
Land	\$ 403,192	\$ -	\$ -	\$ 403,192
Total Capital Assets, Not Being Depreciated	403,192	-	-	403,192
Capital assets, being depreciated:				
Buildings and improvements	1,470,288	-	-	1,470,288
Machinery and equipment	64,784	-	-	64,784
Total Capital Assets, Being Depreciated	1,535,072	-	-	1,535,072
Less accumulated depreciation:				
Buildings and improvements	1,063,315	25,570	-	1,088,885
Machinery and equipment	51,844	6,478	-	58,322
Total Accumulated Depreciation	1,115,159	32,048	-	1,147,207
Total Capital Assets, Being Depreciated, Net	419,913	(32,048)	-	387,865
Governmental Activities Capital Assets, Net	<u>\$ 823,105</u>	<u>\$ (32,048)</u>	<u>\$ -</u>	<u>\$ 791,057</u>

d. Long-term Debt

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Fiduciary Activities					
2000 Tax Allocation Bonds Series A	\$ 4,775,000	\$ -	\$ 430,000	\$ 4,345,000	\$ 450,000
2000 Tax Allocation Bonds Series B	350,000	-	40,000	310,000	45,000
Total	<u>\$ 5,125,000</u>	<u>\$ -</u>	<u>\$ 470,000</u>	<u>\$ 4,655,000</u>	<u>\$ 495,000</u>

A description of the individual issues of bonds of the Successor Agency of the former redevelopment agency outstanding as of June 30, 2013, follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)
Agency 2000 Tax Allocation Refunding Bonds

On December 20, 2000, the Agency issued 2000 Tax Allocation Refunding Bonds for the Riverfront Redevelopment Project in the amounts of \$8,520,000 and \$685,000 for Series A and B, respectively. Interest rate on the bonds varies from 4% to 5.375%. The Agency used the proceeds of Series A Bonds to finance the refunding and defeasance of \$1,380,000 of 1986 Tax Allocation Bonds and \$3,715,000 of 1991 Tax Allocation Bonds.

Series B Bonds were used to pay bond issuance costs and finance certain redevelopment activities of the Agency.

The Series A Bonds are payable exclusively from Tax Revenues and certain funds and accounts held under the indenture. Series B Bonds are to be paid exclusively from Surplus Tax Revenues and certain funds and accounts held under the indenture.

The balances in the Series A and B bonds outstanding at June 30, 2013, were \$4,345,000 and \$310,000 respectively. This liability was transferred to the Successor Agency upon dissolution of the redevelopment agency.

The annual debt service requirements on the tax allocation bonds as of June 30, 2013, 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
2014	\$ 450,000	\$ 212,875	\$ 45,000	\$ 16,531
2015	470,000	190,325	45,000	13,944
2016	495,000	166,200	50,000	11,213
2017	520,000	140,565	55,000	8,194
2018	545,000	113,271	55,000	5,031
2019-2023	1,680,000	208,316	60,000	1,725
2024	185,000	4,972	-	-
Total	<u>\$ 4,345,000</u>	<u>\$ 1,036,524</u>	<u>\$ 310,000</u>	<u>\$ 56,638</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 14: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

e. Pledged Revenue

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

Description of Pledged Revenue	Annual Amount of Revenue	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Property tax	\$ 1,357,253	\$ 682,795	50.3%

f. Insurance

The Successor Agency is covered under the City of Seal Beach's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 10.

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CITY OF SEAL BEACH

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
Assets:				
Pooled cash and investments	\$ 13,240	\$ 95,314	\$ 3,442	\$ 4,825
Receivables:				
Accounts	-	-	58	-
Taxes	1,355	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 14,595	\$ 95,314	\$ 3,500	\$ 4,825
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 14,595	\$ 3,636	\$ 1,925	\$ -
Accrued liabilities	-	2,597	-	-
Due to other funds	-	-	-	-
Total Liabilities	14,595	6,233	1,925	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	89,081	1,575	4,825
Community services	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
General government - grants	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	89,081	1,575	4,825
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,595	\$ 95,314	\$ 3,500	\$ 4,825

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Air Quality Improvement	Parks and Recreation	Traffic Impact AB 1600	State Gasoline Tax
Assets:				
Pooled cash and investments	\$ 499	\$ 17,973	\$ 747,744	\$ 510,358
Receivables:				
Accounts	7,693	-	-	-
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 8,192	\$ 17,973	\$ 747,744	\$ 510,358
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 30	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	30	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Community services	-	17,973	-	-
Public works	8,162	-	747,744	510,358
Debt service	-	-	-	-
General government - grants	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	8,162	17,973	747,744	510,358
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,192	\$ 17,973	\$ 747,744	\$ 510,358

CITY OF SEAL BEACH

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds			
	Measure M	Roberti- Z'berg Harris Urban Open Space	Grants	Community Development Block Grant
Assets:				
Pooled cash and investments	\$ 573,043	\$ 412	\$ 56,158	\$ -
Receivables:				
Accounts	66,292	-	-	4,570
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 639,335	\$ 412	\$ 56,158	\$ 4,570
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	4,570
Total Liabilities	-	-	-	4,570
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	639,335	412	-	-
Debt service	-	-	-	-
General government - grants	-	-	56,158	-
Unassigned	-	-	-	-
Total Fund Balances	639,335	412	56,158	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 639,335	\$ 412	\$ 56,158	\$ 4,570

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Police Grants	Citywide Grants	Landscape District	Heron Pointe
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 518,392	\$ 46,800
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other governments	44,554	215,174	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 44,554	\$ 215,174	\$ 518,392	\$ 46,800
Liabilities, Deferred inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 3,952	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	57,165	44,612	-	-
Total Liabilities	57,165	44,612	3,952	-
Deferred Inflows of Resources:				
Unavailable revenues	-	215,173	-	-
Total Deferred Inflows of Resources	-	215,173	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	514,440	46,800
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
General government - grants	-	-	-	-
Unassigned	(12,611)	(44,611)	-	-
Total Fund Balances	(12,611)	(44,611)	514,440	46,800
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 44,554	\$ 215,174	\$ 518,392	\$ 46,800

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Special Revenue Funds	Debt Service Funds	Total Governmental
	Pacific Gateway	City Debt Service	Funds
Assets:			
Pooled cash and investments	\$ 213,304	\$ -	\$ 2,801,504
Receivables:			
Accounts	-	-	78,613
Taxes	-	-	1,355
Due from other governments	-	-	259,728
Restricted assets:			
Cash and investments with fiscal agents	-	716,063	716,063
Total Assets	\$ 213,304	\$ 716,063	\$ 3,857,263
Liabilities, Deferred inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,860	\$ 2,500	\$ 28,498
Accrued liabilities	-	-	2,597
Due to other funds	-	-	106,347
Total Liabilities	1,860	2,500	137,442
Deferred Inflows of Resources:			
Unavailable revenues	-	-	215,173
Total Deferred Inflows of Resources	-	-	215,173
Fund Balances:			
Restricted for:			
Community development projects	211,444	-	772,684
Public safety	-	-	95,481
Community services	-	-	17,973
Public works	-	-	1,906,011
Debt service	-	713,563	713,563
General government - grants	-	-	56,158
Unassigned	-	-	(57,222)
Total Fund Balances	211,444	713,563	3,504,648
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 213,304	\$ 716,063	\$ 3,857,263

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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, 2013

	Special Revenue Funds			
	Street Lighting	Supplemental Law	Detention Center	Police Asset Forfeiture
Revenues:				
Taxes	\$ 145,591	\$ -	\$ -	\$ -
Intergovernmental	-	100,000	-	-
Charges for services	-	-	14,225	-
Use of money and property	-	542	-	31
Fines and forfeitures	-	-	-	-
Total Revenues	145,591	100,542	14,225	31
Expenditures:				
Current:				
General government	199,604	-	-	-
Public safety	-	116,923	18,334	-
Community development	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	199,604	116,923	18,334	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,013)	(16,381)	(4,109)	31
Other Financing Sources (Uses):				
Transfers in	69,069	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	69,069	-	-	-
Net Change in Fund Balances	15,056	(16,381)	(4,109)	31
Fund Balances, Beginning of Year	(15,056)	105,462	5,684	4,794
Fund Balances, End of Year	\$ -	\$ 89,081	\$ 1,575	\$ 4,825

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Air Quality Improvement	Parks and Recreation	Traffic Impact AB 1600	State Gasoline Tax
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 617,801
Intergovernmental	36,877	-	-	-
Charges for services	-	-	18,816	-
Use of money and property	220	317	422	3,087
Fines and forfeitures	-	-	-	-
Total Revenues	37,097	317	19,238	620,888
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	73,125	-	-	1,291
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	73,125	-	-	1,291
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,028)	317	19,238	619,597
Other Financing Sources (Uses):				
Transfers in	-	-	962,128	-
Transfers out	-	(46,742)	(233,622)	(438,929)
Total Other Financing Sources (Uses)	-	(46,742)	728,506	(438,929)
Net Change in Fund Balances	(36,028)	(46,425)	747,744	180,668
Fund Balances, Beginning of Year	44,190	64,398	-	329,690
Fund Balances, End of Year	\$ 8,162	\$ 17,973	\$ 747,744	\$ 510,358

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds			
	Measure M	Roberti- Z'berg Harris Urban Open	Grants	Community Development Block Grant
Revenues:				
Taxes	\$ 369,931	\$ -	\$ -	\$ -
Intergovernmental	-	412	-	179,834
Charges for services	-	-	-	-
Use of money and property	4,398	-	-	-
Fines and forfeitures	-	-	-	-
Total Revenues	374,329	412	-	179,834
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	179,834
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	179,834
Excess (Deficiency) of Revenues Over (Under) Expenditures	374,329	412	-	-
Other Financing Sources (Uses):				
Transfers in	362,702	-	-	-
Transfers out	(731,532)	-	-	-
Total Other Financing Sources (Uses)	(368,830)	-	-	-
Net Change in Fund Balances	5,499	412	-	-
Fund Balances, Beginning of Year	633,836	-	56,158	-
Fund Balances, End of Year	\$ 639,335	\$ 412	\$ 56,158	\$ -

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

(CONTINUED)

	Special Revenue Funds			
	Police Grants	Citywide Grants	Landscape District	Heron Pointe
Revenues:				
Taxes	\$ -	\$ -	\$ 160,611	\$ -
Intergovernmental	71,406	730,363	-	25,000
Charges for services	-	-	-	-
Use of money and property	-	-	2,943	303
Fines and forfeitures	25,849	-	-	-
Total Revenues	97,255	730,363	163,554	25,303
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	100,168	-	-	-
Community development	-	-	63,257	7,976
Public works	-	10,671	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	100,168	10,671	63,257	7,976
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,913)	719,692	100,297	17,327
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(318,572)	(12,000)	(11,000)
Total Other Financing Sources (Uses)	-	(318,572)	(12,000)	(11,000)
Net Change in Fund Balances	(2,913)	401,120	88,297	6,327
Fund Balances, Beginning of Year	(9,698)	(445,731)	426,143	40,473
Fund Balances, End of Year	\$ (12,611)	\$ (44,611)	\$ 514,440	\$ 46,800

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Debt Service Funds	Total Governmental Funds
	Pacific Gateway	City Debt Service	
Revenues:			
Taxes	\$ 51,390	\$ -	\$ 1,345,324
Intergovernmental	25,000	-	1,168,892
Charges for services	-	-	33,041
Use of money and property	1,323	88	13,674
Fines and forfeitures	-	-	25,849
Total Revenues	77,713	88	2,586,780
Expenditures:			
Current:			
General government	-	-	199,604
Public safety	-	2,500	237,925
Community development	39,366	-	290,433
Public works	-	-	85,087
Debt service:			
Principal retirement	-	1,602,000	1,602,000
Interest and fiscal charges	-	554,018	554,018
Total Expenditures	39,366	2,158,518	2,969,067
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,347	(2,158,430)	(382,287)
Other Financing Sources (Uses):			
Transfers in	-	2,119,633	3,513,532
Transfers out	(26,000)	-	(1,818,397)
Total Other Financing Sources (Uses)	(26,000)	2,119,633	1,695,135
Net Change in Fund Balances	12,347	(38,797)	1,312,848
Fund Balances, Beginning of Year	199,097	752,360	2,191,800
Fund Balances, End of Year	\$ 211,444	\$ 713,563	\$ 3,504,648

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ (15,056)	\$ (15,056)	\$ (15,056)	\$ -
Resources (Inflows):				
Taxes	143,871	143,871	145,591	1,720
Transfers in	55,629	55,629	69,069	13,440
Amounts Available for Appropriation	184,444	184,444	199,604	15,160
Charges to Appropriation (Outflow):				
General government	199,500	199,500	199,604	(104)
Total Charges to Appropriations	199,500	199,500	199,604	(104)
Budgetary Fund Balance, June 30	\$ (15,056)	\$ (15,056)	\$ -	\$ 15,056

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT
 YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 105,462	\$ 105,462	\$ 105,462	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	100,000	-
Use of money and property	300	300	542	242
Amounts Available for Appropriation	205,762	205,762	206,004	242
Charges to Appropriation (Outflow):				
Public safety	151,010	151,010	116,923	34,087
Total Charges to Appropriations	151,010	151,010	116,923	34,087
Budgetary Fund Balance, June 30	\$ 54,752	\$ 54,752	\$ 89,081	\$ 34,329

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 DETENTION CENTER
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ 5,684	\$ 5,684	\$ 5,684	\$ -
Resources (Inflows):				
Charges for services	16,000	16,000	14,225	(1,775)
Amounts Available for Appropriation	21,684	21,684	19,909	(1,775)
Charges to Appropriation (Outflow):				
Public safety	25,000	25,000	18,334	6,666
Total Charges to Appropriations	25,000	25,000	18,334	6,666
Budgetary Fund Balance, June 30	\$ (3,316)	\$ (3,316)	\$ 1,575	\$ 4,891

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 POLICE ASSET FORFEITURE
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ 4,794	\$ 4,794	\$ 4,794	\$ -
Resources (Inflows):				
Use of money and property	20	20	31	11
Amounts Available for Appropriation	4,814	4,814	4,825	11
Charges to Appropriation (Outflow):				
Public safety	4,769	4,769	-	4,769
Total Charges to Appropriations	4,769	4,769	-	4,769
Budgetary Fund Balance, June 30	\$ 45	\$ 45	\$ 4,825	\$ 4,780

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ 44,190	\$ 44,190	\$ 44,190	\$ -
Resources (Inflows):				
Intergovernmental	30,000	30,000	36,877	6,877
Use of money and property	200	200	220	20
Amounts Available for Appropriation	74,390	74,390	81,287	6,897
Charges to Appropriation (Outflow):				
Public works	30,800	31,350	73,125	(41,775)
Total Charges to Appropriations	30,800	31,350	73,125	(41,775)
Budgetary Fund Balance, June 30	\$ 43,590	\$ 43,040	\$ 8,162	\$ (34,878)

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY SERVICES
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 64,398	\$ 64,398	\$ 64,398	\$ -
Resources (Inflows):				
Intergovernmental	5,000	5,000	-	(5,000)
Use of money and property	200	200	317	117
Amounts Available for Appropriation	69,598	69,598	64,715	(4,883)
Charges to Appropriation (Outflow):				
Transfers out	57,000	57,000	46,742	10,258
Total Charges to Appropriations	57,000	57,000	46,742	10,258
Budgetary Fund Balance, June 30	\$ 12,598	\$ 12,598	\$ 17,973	\$ 5,375

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 STATE GASOLINE TAX
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ 329,690	\$ 329,690	\$ 329,690	\$ -
Resources (Inflows):				
Taxes	683,356	683,356	617,801	(65,555)
Use of money and property	1,300	1,300	3,087	1,787
Amounts Available for Appropriation	1,014,346	1,014,346	950,578	(63,768)
Charges to Appropriation (Outflow):				
Public works	2,000	2,000	1,291	709
Transfers out	950,000	961,325	438,929	522,396
Total Charges to Appropriations	952,000	963,325	440,220	523,105
Budgetary Fund Balance, June 30	\$ 62,346	\$ 51,021	\$ 510,358	\$ 459,337

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 MEASURE M
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ 633,836	\$ 633,836	\$ 633,836	\$ -
Resources (Inflows):				
Taxes	370,623	370,623	369,931	(692)
Use of money and property	2,000	2,000	4,398	2,398
Transfers in	-	-	362,702	362,702
Amounts Available for Appropriation	1,006,459	1,006,459	1,370,867	364,408
Charges to Appropriation (Outflow):				
Transfers out	550,000	550,000	731,532	(181,532)
Total Charges to Appropriations	550,000	550,000	731,532	(181,532)
Budgetary Fund Balance, June 30	\$ 456,459	\$ 456,459	\$ 639,335	\$ 182,876

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	180,000	180,000	179,834	(166)
Amounts Available for Appropriation	180,000	180,000	179,834	(166)
Charges to Appropriation (Outflow):				
Community improvement	180,000	180,000	179,834	166
Total Charges to Appropriations	180,000	180,000	179,834	166
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 POLICE GRANTS
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (9,698)	\$ (9,698)	\$ (9,698)	\$ -
Resources (Inflows):				
Intergovernmental	78,975	78,975	71,406	(7,569)
Fines and forfeitures	-	47,083	25,849	(21,234)
Amounts Available for Appropriation	69,277	116,360	87,557	(28,803)
Charges to Appropriation (Outflow):				
Public safety	78,975	126,058	100,168	25,890
Total Charges to Appropriations	78,975	126,058	100,168	25,890
Budgetary Fund Balance, June 30	\$ (9,698)	\$ (9,698)	\$ (12,611)	\$ (2,913)

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 CITYWIDE GRANTS
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ (445,731)	\$ (445,731)	\$ (445,731)	\$ -
Resources (Inflows):				
Intergovernmental	500,000	510,671	730,363	219,692
Amounts Available for Appropriation	54,269	64,940	284,632	219,692
Charges to Appropriation (Outflow):				
Public works	-	10,671	10,671	-
Transfers out	650,000	543,960	318,572	225,388
Total Charges to Appropriations	650,000	554,631	329,243	225,388
Budgetary Fund Balance, June 30	\$ (595,731)	\$ (489,691)	\$ (44,611)	\$ 445,080

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 LANDSCAPE DISTRICT
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ 426,143	\$ 426,143	\$ 426,143	\$ -
Resources (Inflows):				
Taxes	140,200	140,200	160,611	20,411
Use of money and property	1,500	1,500	2,943	1,443
Amounts Available for Appropriation	567,843	567,843	589,697	21,854
Charges to Appropriation (Outflow):				
Community improvement	64,074	64,074	63,257	817
Transfers out	12,000	12,000	12,000	-
Total Charges to Appropriations	76,074	76,074	75,257	817
Budgetary Fund Balance, June 30	\$ 491,769	\$ 491,769	\$ 514,440	\$ 22,671

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 HERON POINTE
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1	\$ 40,473	\$ 40,473	\$ 40,473	\$ -
Resources (Inflows):				
Intergovernmental	25,000	25,000	25,000	-
Use of money and property	200	200	303	103
Amounts Available for Appropriation	65,673	65,673	65,776	103
Charges to Appropriation (Outflow):				
Community improvement	11,400	11,400	7,976	3,424
Transfers out	11,000	11,000	11,000	-
Total Charges to Appropriations	22,400	22,400	18,976	3,424
Budgetary Fund Balance, June 30	\$ 43,273	\$ 43,273	\$ 46,800	\$ 3,527

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
PACIFIC GATEWAY
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 199,097	\$ 199,097	\$ 199,097	\$ -
Resources (Inflows):				
Taxes	50,000	50,000	51,390	1,390
Intergovernmental	25,000	25,000	25,000	-
Use of money and property	800	800	1,323	523
Amounts Available for Appropriation	274,897	274,897	276,810	1,913
Charges to Appropriation (Outflow):				
Community improvement	39,500	39,500	39,366	134
Transfers out	26,000	26,000	26,000	-
Total Charges to Appropriations	65,500	65,500	65,366	134
Budgetary Fund Balance, June 30	\$ 209,397	\$ 209,397	\$ 211,444	\$ 2,047

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS AND EQUIPMENT
 YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 87,375	\$ 87,375	\$ 87,375	\$ -
Resources (Inflows):				
Intergovernmental	-	-	1,355,413	1,355,413
Transfers in	6,086,880	6,982,220	1,962,900	(5,019,320)
Amounts Available for Appropriation	6,174,255	7,069,595	3,405,688	(3,663,907)
Charges to Appropriation (Outflow):				
Capital outlay	6,086,880	6,982,220	3,316,684	3,665,536
Total Charges to Appropriations	6,086,880	6,982,220	3,316,684	3,665,536
Budgetary Fund Balance, June 30	\$ 87,375	\$ 87,375	\$ 89,004	\$ 1,629

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
 CITY DEBT SERVICE
 YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 752,360	\$ 752,360	\$ 752,360	\$ -
Resources (Inflows):				
Use of money and property	200	200	88	(112)
Transfers in	2,156,021	2,156,021	2,119,633	(36,388)
Amounts Available for Appropriation	2,908,581	2,908,581	2,872,081	(36,500)
Charges to Appropriation (Outflow):				
Public safety	-	-	2,500	(2,500)
Debt service:				
Principal retirement	1,602,000	1,602,000	1,602,000	-
Interest and fiscal charges	554,021	554,021	554,018	3
Total Charges to Appropriations	2,156,021	2,156,021	2,158,518	(2,497)
Budgetary Fund Balance, June 30	\$ 752,560	\$ 752,560	\$ 713,563	\$ (38,997)

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2013

	<u>Deposits</u>	<u>Seal Beach Cable</u>	<u>Assessment District 94-1 and 2000-1</u>	<u>Community Facilities District 2002-01</u>	<u>Community Facilities District 2005-01</u>	<u>Totals</u>
Assets:						
Pooled cash and investments	\$ 358,903	\$ 288,957	\$ 60,243	\$ 183,153	\$ 126,692	\$ 1,017,948
Receivables:						
Accounts	-	18,731	812	10,316	-	29,859
Restricted assets:						
Cash and investments with fiscal agents	-	-	198,898	270,650	837,177	1,306,725
Total Assets	\$ 358,903	\$ 307,688	\$ 259,953	\$ 464,119	\$ 963,869	\$ 2,354,532
Liabilities:						
Deposits payable	\$ 358,903	\$ 307,688	\$ 18,177	\$ -	\$ -	\$ 684,768
Due to bondholders	-	-	241,776	464,119	963,869	1,669,764
Total Liabilities	\$ 358,903	\$ 307,688	\$ 259,953	\$ 464,119	\$ 963,869	\$ 2,354,532

CITY OF SEAL BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2013

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
<u>Deposits</u>				
Assets:				
Pooled cash and investments	\$ 92,598	\$ 277,609	\$ 11,304	\$ 358,903
Total Assets	\$ 92,598	\$ 277,609	\$ 11,304	\$ 358,903
Liabilities:				
Accounts payable	\$ 1,105	\$ 10,199	\$ 11,304	\$ -
Deposits payable	91,493	312,056	44,646	358,903
Total Liabilities	\$ 92,598	\$ 322,255	\$ 55,950	\$ 358,903
<u>Seal Beach Cable</u>				
Assets:				
Pooled cash and investments	\$ 251,379	\$ 117,462	\$ 79,884	\$ 288,957
Receivables:				
Accounts	20,325	18,731	20,325	18,731
Total Assets	\$ 271,704	\$ 136,193	\$ 100,209	\$ 307,688
Liabilities:				
Deposits payable	\$ 271,704	\$ 136,193	\$ 100,209	\$ 307,688
Total Liabilities	\$ 271,704	\$ 136,193	\$ 100,209	\$ 307,688
<u>Assessment District 94-1 and 2000-1</u>				
Assets:				
Pooled cash and investments	\$ 55,609	\$ 150,848	\$ 146,214	\$ 60,243
Receivables:				
Accounts	794	812	794	812
Restricted assets:				
Cash and investments with fiscal agents	196,881	2,017	-	198,898
Total Assets	\$ 253,284	\$ 153,677	\$ 147,008	\$ 259,953
Liabilities:				
Accounts payable	\$ 61	\$ 134,707	\$ 134,768	\$ -
Deposits payable	10,444	146,319	138,586	18,177
Due to bondholders	242,779	10,449	11,452	241,776
Total Liabilities	\$ 253,284	\$ 291,475	\$ 284,806	\$ 259,953
<u>Community Facilities District 2002-01</u>				
Assets:				
Pooled cash and investments	\$ 180,449	\$ 287,212	\$ 284,508	\$ 183,153
Receivables:				
Accounts	1,512	10,316	1,512	10,316
Restricted assets:				
Cash and investments with fiscal agents	270,624	27	1	270,650
Total Assets	\$ 452,585	\$ 297,555	\$ 286,021	\$ 464,119
Liabilities:				
Due to bondholders	\$ 452,585	\$ 297,555	\$ 286,021	\$ 464,119
Total Liabilities	\$ 452,585	\$ 297,555	\$ 286,021	\$ 464,119

CITY OF SEAL BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2013

	Balance 7/1/2012	Additions	Deductions	Balance 6/30/2013
<u>Community Facilities District 2005-01</u>				
Assets:				
Pooled cash and investments	\$ 117,615	\$ 557,255	\$ 548,178	\$ 126,692
Restricted assets:				
Cash and investments with fiscal agents	832,709	4,470	2	837,177
Total Assets	<u>\$ 950,324</u>	<u>\$ 561,725</u>	<u>\$ 548,180</u>	<u>\$ 963,869</u>
Liabilities:				
Due to bondholders	\$ 950,324	\$ 561,725	\$ 548,180	\$ 963,869
Total Liabilities	<u>\$ 950,324</u>	<u>\$ 561,725</u>	<u>\$ 548,180</u>	<u>\$ 963,869</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 697,650	\$ 1,390,386	\$ 1,070,088	\$ 1,017,948
Receivables:				
Accounts	22,631	29,859	22,631	29,859
Restricted assets:				
Cash and investments with fiscal agents	1,300,214	6,514	3	1,306,725
Total Assets	<u>\$ 2,020,495</u>	<u>\$ 1,426,759</u>	<u>\$ 1,092,722</u>	<u>\$ 2,354,532</u>
Liabilities:				
Accounts payable	\$ 1,166	\$ 144,906	\$ 146,072	\$ -
Deposits payable	373,641	594,568	283,441	684,768
Due to bondholders	1,645,688	869,729	845,653	1,669,764
Total Liabilities	<u>\$ 2,020,495</u>	<u>\$ 1,609,203</u>	<u>\$ 1,275,166</u>	<u>\$ 2,354,532</u>

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CITY OF SEAL BEACH
Comprehensive Annual Financial Report
Year Ended June 30, 2013

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)

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets,	\$ 33,739,073	\$ 58,919,775	\$ 62,319,804	\$ 64,630,230
Restricted	9,936,453	8,845,953	4,725,123	5,004,891
Unrestricted	15,966,882	19,200,089	30,271,762	32,204,164
Total governmental activities net position	<u>\$ 59,642,408</u>	<u>\$ 86,965,817</u>	<u>\$ 97,316,689</u>	<u>\$ 101,839,285</u>
Business-type activities:				
Net investment in capital assets,	\$ 10,210,695	\$ 22,586,551	\$ 24,136,274	\$ 27,007,845
Restricted	363,315	380,669	-	396,321
Unrestricted	9,344,222	10,268,364	12,471,364	12,314,589
Total business-type activities net position	<u>\$ 19,918,232</u>	<u>\$ 33,235,584</u>	<u>\$ 36,607,638</u>	<u>\$ 39,718,755</u>
Primary government:				
Net investment in capital assets,	\$ 43,949,768	\$ 81,886,995	\$ 86,456,078	\$ 91,638,075
Restricted	10,299,768	5,468,213	4,725,123	5,401,212
Unrestricted	25,311,104	32,846,193	42,743,126	44,518,753
Total primary government net position	<u>\$ 79,560,640</u>	<u>\$ 120,201,401</u>	<u>\$ 133,924,327</u>	<u>\$ 141,558,040</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.

2010	2011	2012	2013
\$ 64,607,970	\$ 68,117,517	\$ 70,801,667	\$ 72,698,895
6,190,852	5,179,337	2,662,285	3,561,870
30,050,739	27,557,417	29,666,427	24,275,485
<u>\$ 100,849,561</u>	<u>\$ 100,854,271</u>	<u>\$ 103,130,379</u>	<u>\$ 100,536,250</u>
\$ 27,416,082	\$ 29,552,934	\$ 32,020,831	\$ 32,645,747
294,407	-	-	-
14,376,270	13,633,764	11,318,443	12,593,950
<u>\$ 42,086,759</u>	<u>\$ 43,186,698</u>	<u>\$ 43,339,274</u>	<u>\$ 45,239,697</u>
\$ 92,024,052	\$ 97,670,451	\$ 102,822,498	\$ 105,344,642
6,485,259	5,179,337	2,662,285	3,561,870
44,427,009	41,191,181	40,984,870	36,869,435
<u>\$ 142,936,320</u>	<u>\$ 144,040,969</u>	<u>\$ 146,469,653</u>	<u>\$ 145,775,947</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Expenses:				
Governmental activities:				
General government	\$ 4,498,204	\$ 5,252,803	\$ 6,099,316	\$ 5,713,338
Public safety	9,988,768	12,155,295	13,477,966	13,191,707
Community development	1,811,381	1,988,868	2,279,543	1,979,889
Parks and Recreation	897,967	888,007	1,033,362	978,504
Public works	2,668,879	3,929,349	3,889,902	5,307,470
Interest on long-term debt	536,868	439,217	525,974	1,083,063
Total governmental activities expenses	<u>20,402,067</u>	<u>24,653,539</u>	<u>27,306,063</u>	<u>28,253,971</u>
Business-type activities:				
Water utility	3,275,444	3,644,561	3,770,266	3,815,798
Sewer utility	842,588	1,095,827	1,050,711	1,331,610
Total business-type activities expenses	<u>4,118,032</u>	<u>4,740,388</u>	<u>4,820,977</u>	<u>5,147,408</u>
Total primary government expenses	<u>24,520,099</u>	<u>29,393,927</u>	<u>32,127,040</u>	<u>33,401,379</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	3,060,286	2,427,303	2,515,890	2,506,070
Public safety	1,507,372	1,461,110	1,265,791	1,424,996
Community Development	1,002,351	883,928	71,084	95,824
Parks and Recreation	496,873	569,657	564,504	619,334
Public works	1,476,967	1,396,895	2,159,284	1,909,011
Operating contributions and grants	1,087,239	1,021,226	1,484,287	1,604,904
Capital grants and contributions	<u>2,306,791</u>	<u>1,759,424</u>	<u>642,433</u>	<u>224,264</u>
Total governmental activities program revenues	<u>10,937,879</u>	<u>9,519,543</u>	<u>8,703,273</u>	<u>8,384,403</u>
Business-type activities:				
Charges for services:				
Water utility	5,440,216	5,754,606	5,783,125	5,818,135
Sewer utility	1,534,440	1,872,906	1,901,950	2,075,431
Operating grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>6,974,656</u>	<u>7,627,512</u>	<u>7,685,075</u>	<u>7,893,566</u>
Total primary government program revenues	17,912,535	17,147,055	16,388,348	16,277,969
Net revenues (expenses):				
Governmental activities	(9,464,188)	(15,133,996)	(18,602,790)	(19,869,568)
Business-type activities	<u>2,856,624</u>	<u>2,887,124</u>	<u>2,864,098</u>	<u>2,746,158</u>
Total net revenues (expenses)	<u><u>\$ (6,607,564)</u></u>	<u><u>\$ (12,246,872)</u></u>	<u><u>\$ (15,738,692)</u></u>	<u><u>\$ (17,123,410)</u></u>

2010	2011	2012	2013
\$ 6,462,182	\$ 8,135,200	\$ 6,477,795	\$ 5,373,180
14,322,026	13,493,413	14,152,774	15,005,590
3,332,329	1,654,009	1,372,334	1,781,188
1,109,303	1,040,723	940,754	1,272,680
7,745,817	6,304,343	6,577,233	6,212,516
889,721	1,012,516	693,065	574,763
<u>33,861,378</u>	<u>31,640,204</u>	<u>30,213,955</u>	<u>30,219,917</u>
4,063,497	4,005,747	4,165,575	4,267,840
1,452,748	1,412,326	1,402,249	1,520,478
<u>5,516,245</u>	<u>5,418,073</u>	<u>5,567,824</u>	<u>5,788,318</u>
<u>39,377,623</u>	<u>37,058,277</u>	<u>35,781,779</u>	<u>36,008,235</u>
2,190,386	1,770,024	1,462,840	450,911
1,725,519	1,515,727	1,667,184	1,565,527
92,163	92,131	130,118	111,008
737,470	815,779	930,501	981,440
1,817,794	1,738,965	1,869,575	1,980,116
1,999,260	1,775,825	5,890,556	5,837,093
422,645	23,967	44,405	-
<u>8,985,237</u>	<u>7,732,418</u>	<u>11,995,179</u>	<u>10,926,095</u>
5,655,433	4,190,824	4,376,906	4,924,109
2,184,287	2,212,559	2,442,608	2,675,201
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,839,720</u>	<u>6,403,383</u>	<u>6,819,514</u>	<u>7,599,310</u>
16,824,957	14,135,801	18,814,693	18,525,405
(24,876,141)	(23,907,786)	(18,218,776)	(19,293,822)
<u>2,323,475</u>	<u>985,310</u>	<u>1,251,690</u>	<u>1,810,992</u>
<u><u>\$(22,552,666)</u></u>	<u><u>\$(22,922,476)</u></u>	<u><u>\$(16,967,086)</u></u>	<u><u>\$(17,482,830)</u></u>

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

	Fiscal Year			
	2006	2007	2008	2009
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 7,887,186	\$ 10,329,372	\$ 10,304,847	\$ 11,054,451
Transient occupancy taxes	669,229	894,784	1,065,996	1,198,376
Sales tax	3,618,456	3,746,801	5,127,969	3,974,341
Franchise taxes	772,348	941,702	1,053,907	980,148
Utility users taxes	4,749,038	5,131,264	5,599,065	5,326,486
Other taxes	442,700	569,412	355,169	393,570
Motor vehicle in lieu, unrestricted	155,846	156,603	115,074	88,304
Use of money and property	1,015,768	1,789,051	1,576,333	892,341
Other	30,938	178,582	441,440	43,881
Loss on disposal of asset	1,737,859	-	-	-
Transfers	387,514	-	-	-
Extraordinary Gain(loss) on dissolution on RDA	-	-	-	-
Total governmental activities	<u>21,466,882</u>	<u>23,737,571</u>	<u>25,639,800</u>	<u>23,951,898</u>
Business-type activities:				
Use of money and property	261,601	533,847	507,453	278,754
Other	300	600	503	800
Transfers				
Extraordinary Gain(loss) on dissolution on RDA	-	-	-	-
Total business-type activities	<u>261,901</u>	<u>534,447</u>	<u>507,956</u>	<u>279,554</u>
Total primary government	<u>21,728,783</u>	<u>24,272,018</u>	<u>26,147,756</u>	<u>24,231,452</u>
Changes in net position:				
Governmental activities	12,002,694	8,603,575	7,037,010	4,082,330
Business-type activities	<u>3,118,525</u>	<u>3,421,571</u>	<u>3,372,054</u>	<u>3,025,712</u>
Total primary government	<u>\$15,121,219</u>	<u>\$ 12,025,146</u>	<u>\$ 10,409,064</u>	<u>\$ 7,108,042</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 10,738,530	\$ 10,794,375	\$ 10,337,486	\$ 9,958,198
1,108,785	1,221,491	970,275	1,289,007
4,680,846	4,160,359	4,930,037	5,408,756
941,785	1,030,736	1,008,031	1,126,398
5,056,233	5,310,666	5,484,256	4,732,597
151,724	228,449	338,176	328,743
76,234	119,022	12,868	13,333
752,771	735,082	714,342	372,693
319,134	312,316	230,997	331,175
-	-	-	-
60,375	-	-	-
-	-	(3,531,584)	-
<u>23,886,417</u>	<u>23,912,496</u>	<u>20,494,884</u>	<u>23,560,900</u>
92,259	109,160	96,774	84,371
12,645	5,469	4,112	5,060
(60,375)	-	-	-
-	-	(1,200,000)	-
<u>44,529</u>	<u>114,629</u>	<u>(1,099,114)</u>	<u>89,431</u>
<u>23,930,946</u>	<u>24,027,125</u>	<u>19,395,770</u>	<u>23,650,331</u>
(989,724)	4,710	2,276,108	4,267,078
<u>2,368,004</u>	<u>1,099,939</u>	<u>152,576</u>	<u>1,900,423</u>
<u>\$ 1,378,280</u>	<u>\$ 1,104,649</u>	<u>\$ 2,428,684</u>	<u>\$ 6,167,501</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General fund:				
Reserved	\$ 772,053	\$ 677,599	\$ 182,500	\$ 211,000
Unreserved	22,185,704	24,854,264	33,262,310	36,254,127
Total general fund	<u>\$22,957,757</u>	<u>\$25,531,863</u>	<u>\$33,444,810</u>	<u>\$36,465,127</u>
All other governmental funds:				
Reserved	\$ 2,026,130	\$ 1,738,667	\$ 2,126,571	\$ 1,888,229
Unreserved, reported in:				
Low and moderate housing	-	1,832,513	1,538,662	1,699,688
Special revenue funds	2,060,453	1,930,642	2,087,018	2,397,828
Debt service funds	1,401,913	1,456,799	1,363,543	2,108,727
Capital project funds	<u>5,212,313</u>	<u>3,505,313</u>	<u>2,569,235</u>	<u>4,202,108</u>
Total all other governmental funds	<u>\$10,700,809</u>	<u>\$10,463,934</u>	<u>\$ 9,685,029</u>	<u>\$12,296,580</u>

General Fund:
 Nonspendable
 Restricted
 Assigned
 Unassigned
Total general fund

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

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

Source: Finance Department, City of Seal Beach

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 30,300			
29,988,551			
<u>\$30,018,851</u>			

\$ 1,880,130

1,268,309
2,264,014
1,922,685
4,126,432

\$11,461,570

\$ 100	\$ -	\$ -
-	-	-
9,371,679	9,106,458	8,301,699
16,952,806	19,263,118	21,149,350
<u>\$26,324,585</u>	<u>\$28,369,576</u>	<u>\$29,451,049</u>

\$ 1,957,603	\$ -	\$ -
5,179,337	2,662,285	3,561,870
2,825,953	87,375	89,004
(134,079)	(470,485)	(347,009)
<u>\$ 9,828,814</u>	<u>\$ 2,279,175</u>	<u>\$ 3,303,865</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
Taxes	\$19,173,642	\$22,637,028	\$24,051,063	\$23,399,203
Licenses and permits	2,322,072	1,766,907	1,903,316	1,527,024
Intergovernmental	2,576,224	2,567,415	1,417,738	1,572,675
Charges for services	3,963,495	3,801,832	3,821,352	4,183,018
Use of money and property	1,007,514	1,779,370	1,594,900	893,879
Fines and forfeitures	1,218,261	1,113,813	1,005,130	944,950
Contributions from other governments	-	-	-	-
Miscellaneous	106,605	148,851	364,746	76,510
Total revenues	<u>30,367,813</u>	<u>33,815,216</u>	<u>34,158,245</u>	<u>32,597,259</u>
Expenditures				
Current:				
General government	4,359,784	5,034,026	5,968,260	5,611,104
Public safety	11,071,935	12,064,298	24,267,574	12,485,796
Community development	1,903,662	1,980,898	2,272,462	1,949,425
Parks and recreation	825,565	810,916	958,757	908,708
Public works	2,126,095	2,315,399	2,214,002	3,557,704
Capital outlay	7,978,443	8,198,781	5,192,028	4,725,348
Debt service:				
Principal retirement	1,943,186	622,965	570,036	1,418,230
Interest and fiscal charges	588,050	450,702	421,528	1,048,026
Bond issuance costs	-	-	91,510	1,316
Total expenditures	<u>30,796,720</u>	<u>31,477,985</u>	<u>41,956,157</u>	<u>31,705,657</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(428,907)</u>	<u>2,337,231</u>	<u>(7,797,912)</u>	<u>891,602</u>
Other financing sources (uses):				
Transfers in	9,970,170	10,484,425	7,029,205	11,180,500
Transfers out	(9,582,656)	(10,484,425)	(7,029,205)	(13,180,500)
Debt issuance	-	-	-	6,300,000
Proceeds on sale of assets	3,680,000	-	-	-
Proceeds of Debt	-	-	10,945,000	-
Capital leases issued	58,004	-	-	-
Total other financing sources (uses)	<u>4,125,518</u>	<u>-</u>	<u>10,945,000</u>	<u>4,300,000</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 3,696,611</u>	<u>\$ 2,337,231</u>	<u>\$ 3,147,088</u>	<u>\$ 5,191,602</u>
Debt service as a percentage of noncapital expenditures	11.8%	4.8%	2.9%	9.2%

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

2010	2011	2012	2013
\$22,689,660	\$23,624,925	\$24,165,883	\$23,831,431
1,586,337	1,179,759	926,761	1,247,750
1,644,511	949,294	5,058,175	3,002,321
4,150,239	3,769,165	4,044,566	4,117,034
626,019	735,082	714,342	372,693
1,029,510	983,702	1,085,291	1,063,172
-	-	-	10,209
337,986	312,316	234,597	301,771
<u>32,064,262</u>	<u>31,554,243</u>	<u>36,229,615</u>	<u>33,946,381</u>
6,280,260	7,211,870	5,169,799	5,062,467
13,377,245	13,297,057	13,948,663	14,460,833
3,346,961	1,649,921	1,353,068	1,420,065
1,036,376	965,222	880,983	1,182,716
2,817,379	4,059,001	4,047,013	4,156,616
9,438,315	6,622,692	5,530,575	3,316,684
1,942,476	2,066,373	2,195,014	1,734,446
903,286	1,027,743	790,581	562,184
-	-	-	-
<u>39,142,298</u>	<u>36,899,879</u>	<u>33,915,696</u>	<u>31,896,011</u>
<u>(7,078,036)</u>	<u>(5,345,636)</u>	<u>2,313,919</u>	<u>2,050,370</u>
12,577,549	9,370,333	8,209,025	5,825,432
(12,780,799)	(9,370,333)	(8,209,025)	(6,135,432)
-	-	-	-
-	18,614	-	-
-	-	-	-
-	-	-	-
<u>(203,250)</u>	<u>18,614</u>	<u>-</u>	<u>(310,000)</u>
-	-	(7,818,567)	-
<u>\$ (7,281,286)</u>	<u>\$ (5,327,022)</u>	<u>\$ (5,504,648)</u>	<u>\$ 1,740,370</u>
9.6%	10.2%	10.5%	8.0%

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	
2004	\$ 2,619,962,658	\$ 141,792,348	\$ 2,761,755,006
2005	2,793,482,456	175,371,171	2,968,853,627
2006	3,018,869,834	171,000,511	3,189,870,345
2007	3,373,750,311	211,551,053	3,585,301,364
2008	3,691,176,766	184,725,523	3,875,902,289
2009	4,031,469,067	225,415,156	4,256,884,223
2010	4,067,713,475	173,507,894	4,241,221,369
2011	4,114,053,573	167,978,268	4,282,031,841
2012	4,219,133,372	215,211,254	4,434,344,626
2013	4,304,310,243	176,246,398	4,480,556,641

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

				Taxable Assessed Value	Total Direct Tax Rate
Secured		Unsecured			
\$	255,392,811	\$	3,474,244	\$ 258,867,055	1.00%
	277,264,510		3,656,768	280,921,278	1.00%
	291,579,619		2,720,275	294,299,894	1.00%
	391,953,993		37,126,974	429,080,967	1.00%
	415,609,878		7,010,892	422,620,770	1.00%
	427,188,898		5,536,607	432,725,505	1.00%
	434,606,835		9,702,557	444,309,392	1.00%
	408,349,567		10,330,287	418,679,854	1.00%
	410,499,845		6,813,130	417,312,975	1.00%
	424,660,008		7,294,003	431,954,011	1.00%

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

	Fiscal Year			
	2004	2005	2006	2007
City Direct Rates:				
City Direct Rate	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:				
Orange County Bonds	0.00051	0.02754	0.01545	0.01599
Metropolitan Water District	0.00610	0.00580	0.00520	0.00470
Other Districts	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Direct Rate	<u>1.00661</u>	<u>1.03334</u>	<u>1.02065</u>	<u>1.02069</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.01501	0.01472	0.01673	0.01750	0.01754	0.01881
0.00450	0.00430	0.00430	0.03347	0.00370	0.00350
<u>0.00000</u>	<u>0.00000</u>	<u>0.01995</u>	<u>0.00370</u>	<u>0.03603</u>	<u>0.04124</u>
<u><u>1.01951</u></u>	<u><u>1.01902</u></u>	<u><u>1.04098</u></u>	<u><u>1.05467</u></u>	<u><u>1.05727</u></u>	<u><u>1.06355</u></u>

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

Taxpayer	2013		2004	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Seal Beach Mutual	\$ 642,813,439	14.34%	\$ 449,662,167	15.77%
OXY Long Beach Inc	178,666,923	3.99%		
Rossmoor Shops LLC	125,239,000	2.79%		
Boeing North American	114,710,970	2.56%	193,765,057	6.79%
Bixbybit - Bixby Office Park LLC	66,300,000	1.48%	51,850,592	1.82%
ASN Long Beach LLC	61,660,834	1.38%		
DCOR, LLC	55,114,425	1.23%		
A1 United States Seal Beach Senior Housing	47,007,336	1.05%		
Ranch Town Center LLC	42,319,450	0.94%		
Hellman Properties	32,056,977	0.72%	13,001,671	0.46%
Century National Properties			34,748,172	1.22%
Levine Investment LLP			38,500,000	1.35%
Bixby Ranch Company			26,892,369	0.94%
Target Corporation			18,056,087	0.63%
WL Homes LLC			17,339,990	0.61%
	<u>\$ 1,365,889,354</u>	<u>30.48%</u>	<u>\$ 843,816,105</u>	<u>29.59%</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
2004	\$ 5,463,989	\$ 5,469,398	100.10%	\$ 63,561	\$ 5,532,959	101.26%
2005	5,982,450	5,480,672	91.61%	63,301	5,543,973	92.67%
2006	6,318,985	6,154,444	97.40%	91,264	6,245,708	98.84%
2007	8,332,294	8,055,355	96.68%	91,659	8,147,014	97.78%
2008	8,102,060	7,854,441	96.94%	151,578	8,006,019	98.81%
2009	8,567,293	8,285,120	96.71%	107,589	8,392,709	97.96%
2010	8,362,560	7,314,382	87.47%	257,026	7,571,408	90.54%
2011	8,385,415	8,190,860	97.68%	178,283	8,369,142	99.81%
2012	8,608,773	8,404,621	97.63%	125,019	8,529,640	99.08%
2013	8,814,252	8,629,271	97.90%	118,645	8,747,916	99.25%

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	Advance to RDA	Total Governmental Activities
2005	\$ 1,845,323	\$ 705,000	\$ 7,860,000	\$ -	\$ -	\$ -	\$ 10,410,323
2006	914,675	620,000	7,525,000	-	-	-	9,059,675
2007	736,710	530,000	7,170,000	-	-	-	8,436,710
2008	631,674	435,000	6,800,000	10,945,000	-	-	18,811,674
2009	534,444	335,000	6,410,000	10,219,000	6,195,000	-	23,693,444
2010	433,968	230,000	6,005,000	9,307,000	5,775,000	-	21,750,968
2011	323,595	120,000	5,575,000	8,311,000	5,355,000	1,200,000	20,884,595
2012	202,581	-	-	7,227,000	4,935,000	1,200,000	13,564,581
2013	70,135	-	-	6,045,000	4,515,000	1,200,000	11,830,135

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

Notes:

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

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

*Data not readily available.

Source: Finance Department, City of Seal Beach

Business-type Activities

Economic								
Development Administration Loan	Capital Equipment Lease	Sewer Certificates of Participation	Sewer 2011 Installment Agreement	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹	
\$ 160,779	\$ 27,883	\$ 3,895,000	\$ -	\$ 4,083,662	\$14,493,985	1.27%	571	
151,773	9,492	3,815,000	-	3,976,265	13,035,940	*	506	
142,317	-	3,730,000	-	3,872,317	12,309,027	*	476	
132,388	-	3,645,000	-	3,777,388	22,589,062	*	873	
121,962	-	3,555,000	-	3,676,962	27,370,406	*	1,052	
111,016	-	3,460,000	-	3,571,016	25,321,984	*	1,040	
99,521	-	-	3,299,521	3,399,042	24,283,637	*	934	
87,453	-	-	3,085,000	3,172,453	16,737,034	*	684	
77,780	-	-	7,610,401	7,688,181	19,518,316	*	750	

CITY OF SEAL BEACH

Ratio of General Bonded Debt Outstanding Last Nine Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds	Private Placement Bonds	Total Bonds	Percent of Assessed Value ¹	Per Capita
2005	\$ 7,860,000	\$ -	\$ 7,860,000	0.23%	\$ 309.60
2006	7,525,000	-	7,525,000	0.19%	292.21
2007	7,170,000	-	7,170,000	0.17%	277.36
2008	6,800,000	-	6,800,000	0.15%	262.74
2009	6,410,000	16,414,000	22,824,000	0.49%	877.51
2010	6,005,000	15,082,000	21,087,000	0.45%	865.85
2011	5,575,000	13,666,000	19,241,000	0.40%	790.06
2012	-	12,162,000	12,162,000	0.25%	496.67
2013	-	10,560,000	10,560,000	0.21%	406.00

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

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

NOTE:

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 that provides for the dissolution of all redevelopment agencies in the State of California. The Redevelopment Agency was dissolve 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, 2013

2012-13 Assessed Valuation: \$4,480,556,641

		Total Debt	City's Share of
	% Applicable ⁽¹⁾	6/30/2013	Debt 6/30/13
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	0.213%	\$165,085,000	\$ 351,631
Coast Community College District	3.163	648,598,698	20,515,177
North Orange Jt. Community College District	1.255	213,394,001	2,678,095
Los Alamitos Unified School District School Facilities Imp District No.1	51.930	68,521,127	35,583,021
Huntington Beach Union High School District	0.0001	210,579,998	211
City of Seal Beach Community Facilities District No. 2002-1	100	3,610,000	3,610,000
City of Seal Beach Community Facilities District No. 2005-1	100	8,595,000	8,595,000
City of Seal Beach 1915 Act Bonds	100	360,000	360,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			71,693,135
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	1.047	190,546,000	1,995,017
Orange County Pension Obligations	1.047	306,287,244	3,206,827
Orange County Board of Education Certificates of Participation	1.047	15,770,000	165,112
Municipal Water District of Orange County Water Facilities Corporation	1.257	10,035,000	126,140
North Orange County Regional Occupation Program Certificates of Participation	4.646	10,920,000	507,343
Los Alamitos Unified School District Certificates of Participation	56.21	47,036,650	26,439,301
Other School District General Fund Obligations	0.0001-0.0003	65,671,090	77
City of Seal Beach Fire Station Lease Revenue Bonds	100	4,935,000	4,515,000
City of Seal Beach Taxable Pension Obligations	100	6,045,000	6,045,000
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			42,999,817
Less: MWDOC Water Facilities Corporation (100% self-supporting)			126,140
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			42,873,677
TOTAL DIRECT DEBT			10,560,000
TOTAL GROSS OVERLAPPING DEBT			108,787,952
SUBTOTAL OVERLAPPING DEBT			108,661,812
GROSS COMBINED TOTAL DEBT			\$114,692,952 ⁽²⁾
GRAND TOTAL OF DIRECT AND OVERLAPPING DEBT			\$114,566,812

⁽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	1.60%
Total Direct Debt (\$10,980,000)	0.25%
Gross Combined Total Debt	2.67%
Net Combined Total Debt	2.67%

Ratios to Redevelopment Incremental Valuation (\$398,953,442):

Total Overlapping Tax Increment Debt	1.17%
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Source: California Municipal Statistics, Inc.

CITY OF SEAL BEACH

Legal Debt Margin Information Last Nine Years

	Fiscal Year			
	2005	2006	2007	2008
Debit limit	\$ 487,466,236	\$ 522,625,536	\$ 602,157,350	\$ 644,778,459
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 487,466,236</u>	<u>\$ 522,625,536</u>	<u>\$ 602,157,350</u>	<u>\$ 644,778,459</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Valuation	\$ 4,912,510,652
Debt percentage ¹	<u>15%</u>
Debt limit	736,876,598
Debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 736,876,598</u>

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

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

Source: Orange County Tax Assessor's Office

2009	2010	2011	2012	2013
\$ 703,441,459	\$ 702,829,614	\$ 705,106,754	\$ 760,030,328	\$ 736,876,598
-	-	-	-	-
<u>\$ 703,441,459</u>	<u>\$ 702,829,614</u>	<u>\$ 705,106,754</u>	<u>\$ 760,030,328</u>	<u>\$ 736,876,598</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	
2004	\$ 1,051,089	\$ 315,000	\$ 424,135	1.42
2005	888,015	320,000	403,755	1.23
2006	1,138,441	335,000	389,316	1.57
2007	2,426,176	355,000	373,933	3.33
2008	1,933,042	370,000	357,514	2.66
2009	1,930,719	390,000	338,879	2.65
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

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

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

Source: Finance Department, City of Seal Beach

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

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

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

Sources: HDL Coren & Cone

CITY OF SEAL BEACH

Principal Employers

Current Year

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

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

**Information not available

Source: HDL Coren & Cone

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

Function	Full-Time and Part-Time Employees as of June 30,					
	2008	2009	2010	2011	2012	2013
General government	13.09	13.12	14.52	14.52	13.83	10.97
Public safety	58.94	59.07	65.88	65.88	64.77	63.91
Public works	14.76	14.76	15.40	15.40	8.36	11.49
Community development	13.36	13.70	10.18	10.18	8.80	10.60
Water	13.00	13.00	12.55	12.68	12.48	12.29
Sewer	3.95	3.95	3.42	3.75	3.95	3.95
Total	<u>117.10</u>	<u>117.60</u>	<u>121.95</u>	<u>122.41</u>	<u>112.19</u>	<u>113.21</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

	Fiscal Year					
	2008	2009	2010	2011	2012	2013
Police:						
Arrests	734	851	1,151	834	705	819
Parking citations issued	18,181	18,464	18,824	17,377	18,528	18,451
Public works:						
Street centerline miles resurfaced	1	-	4	3	2	2
Number of public right of way permits issued	194	208	420	141	127	96
Number of street related service requests	298	282	25	124	121	134
Parks and recreation:						
Number of recreation classes	552	423	799	457	456	2,156
Number of facility rentals	371	342	402	308	562	3,182
Water:						
Number of water meters replaced	250	172	148	158	112	128
Acre feet of water used	4,025	3,900	3,680	3,498	3,534	3,818
Sewer:						
Number of feet of sewer cleaned	209,400	158,400	239,209	184,047	203,584	245,986
Number of catch basins cleaned	429	400	388	350	417	417

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

Source: City of Seal Beach

CITY OF SEAL BEACH

Capital Asset Statistics by Function Last Six Fiscal Years

	Fiscal Year					
	2008	2009	2010	2011	2012	2013
Police:						
Stations	2	2	2	2	2	2
Patrol units	37	35	36	36	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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