

CITY OF SEAL BEACH CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2015

City of Seal Beach

Comprehensive Annual Financial Report For the Year Ended June 30, 2015



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

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CITY OF SEAL BEACH
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR FISCAL YEAR ENDED JUNE 30, 2015

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November 23, 2015

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, 2015. Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation including all disclosures rests with the City. In our opinion, the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

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

The City's financial statements have been audited by Lance, Soll & Lunghard LLP, a public accounting firm fully licensed and qualified to perform audits of the state and local governments within the State of California. The audit was designed to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Seal Beach's financial statements for the year ended June 30, 2015, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY

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

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

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

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

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

History of Seal Beach

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

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

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

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

In 1961, Leisure World was built on 541 acres of the Hellman Ranch property and was annexed in 1964. The Rossmoor Business Center was remodeled and now called the Shops at Rossmoor and was annexed by the City in 1962.

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

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

ECONOMIC CONDITIONS

Local economy. Although the focus of this Comprehensive Annual Financial Report is the financial condition of the City at June 30, 2015, it may be best understood when it is considered from the broader perspective of the specific environment within which the City operates.

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

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

In FY 2014-2015 the tax revenue declined overall, primarily due decline in the petroleum industry and a decline in the price of oil. Property Tax revenues increased 6% in the General Fund and Sales Tax decreased 10% compared with the projected revenues at the beginning of the FY 2014-2015. The primary reason for the decline in sales tax was a continued slowdown in the fuel and service stations industry.

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

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

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

The City has been aggressively seeking and will continue to search for funding sources from other governmental agencies or use non-recurring or future developmental revenues to maintain and improve its infrastructure. The City completed several capital projects throughout the fiscal year, including the completion of the Ocean Alley Utility Replacement, Lampson Avenue Water Well Backup Power, City Yard Building and Roof Remodel, Annual Concrete, Slurry Seal & Paving Projects.

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, 2014. This was the fifteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Victoria L. Beatley". The signature is fluid and cursive, 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

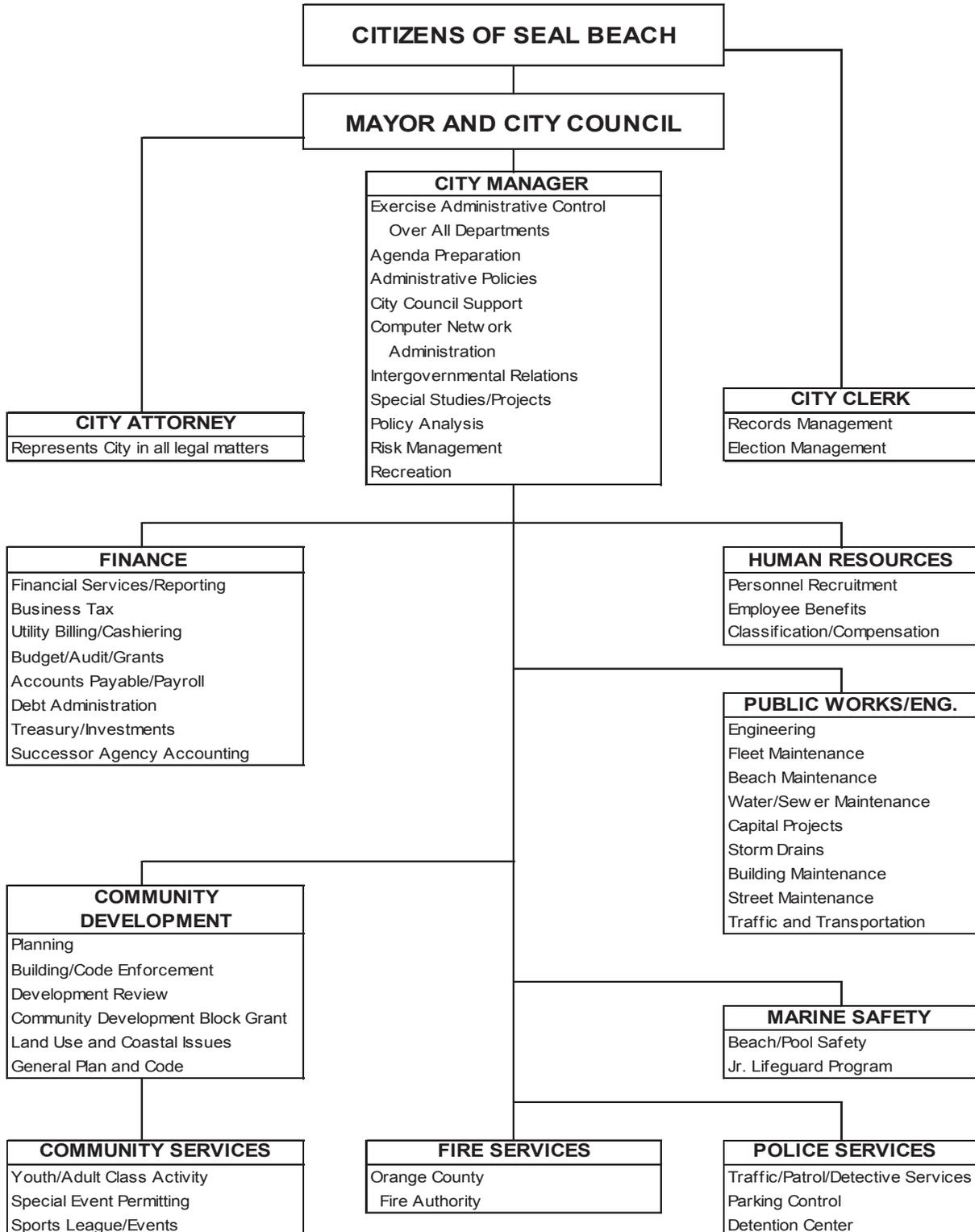
**City of Seal Beach
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

City of Seal Beach Organizational Chart



CITY OF SEAL BEACH CALIFORNIA

Principal Officers

City Council

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

Executive Officers

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

Administrative Personnel

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Seal Beach, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Seal Beach, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund, the Citywide Grants Fund, the schedules of proportionate share of the net pension liability and the schedules of plan contributions 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, schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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

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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brea California
November 23, 2015

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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, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

FINANCIAL HIGHLIGHTS

- Assets included in the City's combined governmental and business-type activities exceeded liabilities by \$129,158,636 for the fiscal year ended June 30, 2015, representing a decrease of 14.33% in net position from the prior fiscal year. Of this amount, an increase of \$3,176,104 was due to the increase in capital assets during the fiscal year. In addition, \$16,567,835 (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 \$26,607,279 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 pension liabilities related to GASB 68 at June 30, 2015 in the amount of \$23,594,076. In addition, there's an increase in revenues for property tax of \$552,538, use of money and property of \$50,845, general government expenses increased by \$1,511,514, and public works expenses increased by \$960,371 for the fiscal year ended June 30, 2015.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$33,318,997, representing a decrease of 8% from the prior fiscal year. This resulted in an unassigned fund balance of \$21,186,109, or 64% of the total fund balance, after recording all nonspendable restricted and assigned fund balances.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$21,711,517 or 66.4% of total general fund expenditures and transfers out.
- Revenues associated with the City's business-type activities were \$1,357,108 more than the \$5,699,023 in expenses recorded. During the fiscal year ended June 30, 2010, a water rate study was conducted and as a result of that study, water rates were reduced in fiscal year 2009-2010 but increased in fiscal year 2010-2011 and for the next three years. The final approved water rate increase occurred in the fiscal year ended June 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position – Net position may serve over time as a useful indicator of a government’s financial position. The City’s combined net position were \$129.2 million and \$150.8 million for the years ended June 30, 2015 and June 30, 2014, respectively, as shown in Table 1.

	Governmental Activities		Business-Type Activities		Total Activities	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 40,742	\$ 38,407	\$ 16,837	\$ 16,346	\$ 57,579	\$ 54,753
Capital assets	76,593	77,972	39,083	40,881	115,676	118,853
Total assets	<u>117,335</u>	<u>116,379</u>	<u>55,920</u>	<u>57,227</u>	<u>173,255</u>	<u>173,606</u>
Deferred Outflows of Resources	-	2,003	181	363	181	2,366
Long-term liabilities outstanding	12,364	28,352	7,038	8,529	19,402	36,881
Other liabilities	2,093	2,018	1,170	1,436	3,263	3,454
Total liabilities	<u>14,457</u>	<u>30,370</u>	<u>8,208</u>	<u>9,965</u>	<u>22,665</u>	<u>40,335</u>
Deferred Inflows of Resources	-	5,775	-	703	-	6,478
Net position						
Net investment in capital assets	72,498	74,297	32,361	34,451	104,859	108,748
Restricted	4,427	3,843	-	-	4,427	3,843
Unrestricted	25,953	4,097	15,532	12,471	41,485	16,568
Total net position	<u>\$ 102,878</u>	<u>\$ 82,237</u>	<u>\$ 47,893</u>	<u>\$ 46,922</u>	<u>\$ 150,771</u>	<u>\$ 129,159</u>

Net 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 \$108.7 million, or 84%, of the total \$ 129.2 million net position, an increase of 3.7% from the prior fiscal year. The City’s capital assets do not represent a financial resource and consequently are not available for future spending.

Unrestricted position represents the second largest portion of the City’s net position. The City is required by Council Policy to maintain a minimum of 20% to 25% of operating expenditures to maintain the City’s credit worthiness and to meet cash flow requirements. As of June 30, 2015, unrestricted net position decreased by 60% to \$16.6 million from \$41.5 million in the prior fiscal year. Restricted net position represents resources that are legally restricted to specific uses. These restrictions are generally enforced by external agencies.

As of June 30, 2015, the City reported positive balances in all three categories of net position for both Governmental and Business-type Activities.

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

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

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

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

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

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

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

The following table provides a summary of the City's operations for the years ended June 30, 2015 and 2014.

	Governmental Activities		Business-Type Activities		Total Activities	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 6,225	\$ 7,097	\$ 7,868	\$ 7,321	\$ 14,093	\$ 14,418
Operating grants and capital contributions	2,402	2,768	-	-	2,402	2,768
Capital grants and contributions	10	20	-	-	10	20
General Revenues:						
Taxes						
Property taxes	9,498	10,051	-	-	9,498	10,051
Sales taxes	4,743	4,246	-	-	4,743	4,246
Transient occupancy taxes	1,509	1,526	-	-	1,509	1,526
Other taxes	6,536	6,164	-	-	6,536	6,164
Use of money and property	675	726	134	110	809	836
Other	544	357	1	4	545	361
Extraordinary gain/(loss) on loan	-	695	1,200	-	1,200	695
Transfers	379	379	(379)	(379)	-	-
Total revenues	<u>32,521</u>	<u>34,029</u>	<u>8,824</u>	<u>7,056</u>	<u>41,345</u>	<u>41,085</u>
Expenses:						
General government	5,040	6,551	-	-	5,040	6,551
Public safety	16,000	16,022	-	-	16,000	16,022
Community development	1,307	1,394	-	-	1,307	1,394
Community Services	1,079	1,129	-	-	1,079	1,129
Public works	6,903	7,863	-	-	6,903	7,863
Interest on long-term debt	487	444	-	-	487	444
Water	-	-	4,440	4,038	4,440	4,038
Sewer	-	-	1,731	1,661	1,731	1,661
Total expenses	<u>30,816</u>	<u>33,403</u>	<u>6,171</u>	<u>5,699</u>	<u>36,987</u>	<u>39,102</u>
Changes in net position	1,705	626	2,653	1,357	4,358	1,983
Net position at beginning of year	100,536	102,877	45,240	47,893	145,776	150,770
Restatement of net position	636	(21,266)	-	(2,328)	636	(23,594)
Net position at end of year	<u>\$ 102,877</u>	<u>\$ 82,237</u>	<u>\$ 47,893</u>	<u>\$ 46,922</u>	<u>\$ 150,770</u>	<u>\$ 129,159</u>

Analysis of the City's Operations – The City's Net Position decreased by \$21.6 million during Fiscal Year 2014-2015 or 14.33%, under prior year results.

Governmental Activities experienced a decrease of \$20.6 million in net position as of June 30, 2015 compared to an increase of \$2.3 million at June 30, 2014. The primary reason for the decrease in net position is attributable to the GASB 68 pension liability that is being restated to properly reflect liability at June 30, 2015 in the amount of \$21.3 million.

The cost of all governmental activities during the current fiscal year was \$33.4 million, slightly higher than last year. As shown on the statement of activities, those who directly benefited from the programs paid \$7.1 million of the cost, and \$2.8 million was financed by contributions and grants received from other governmental organizations. The remainder of the costs of operations, \$23.5 million was subsidized through general City taxes. The largest operating cost was comprised of Public Safety, representing 48% of total governmental expenditures compared to 52% of total governmental expenditures in fiscal year 2013-2014.

Business-type Activities' net position decreased \$.9 million primarily due the GASB 68 pension liability that is being restated to properly reflect the liability at June 30, 2015 in the amount of \$2.3 million.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of June 30, 2015 the City's governmental funds reported combined ending fund balances of \$33.3 million. Approximately \$21.2 million, or 63.6%, 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 \$30.0 million, representing a net decrease of \$2.1 million in fund balance compared to the \$2.6 million increase experienced during the prior fiscal year. The primary reason for the decrease in fund balance was due to a decrease in sales tax, franchise tax, other taxes, and other services. Additionally, general government expenditures increased by \$1.0 million and public works increased by \$.8 million.

Proprietary funds – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position totaled \$7.5 million and \$5.0 million for the Water and Sewer funds, respectively. The Water fund decreased by \$1.3 million in net position, mainly due to the restatement for the GASB 68 net pension liability. The increase of \$294 thousand in the Sewer fund net position resulted from planned increases in sewer operating fees and sewer capital fees charged to customers to rehabilitate and maintain the sewer infrastructure and satisfy future debt service commitments. Sewer operating fees represent 22% of customer water charges for both usage and capital costs.

General Fund Budgetary Highlights – The difference between the original and final amended budgeted revenues was an increase of \$9,000. The primary reason for the increase in the original and final budgeted numbers is mainly due to increase in donation from Run Seal Beach 5K/10K.

The difference between the original and final amended budget in General Fund expenditures was an increase of \$3.9 million. This difference is due to a variety of budget amendments approved by the City Council during the fiscal year including landscape maintenance services contract, law enforcement services, pier storage repair, and purchase order and CIP carryover from prior fiscal year.

General Fund revenues came in slightly less than projected in the final budget by approximately \$.6 million. Actual revenues came in lower than budgeted revenues and were almost entirely due to sales tax, franchise tax, and other taxes, however property tax came in higher than budgeted.

General Fund expenditures were \$6.1 million less than appropriations. This difference is due to transfers out and budgeted capital projects that were either not started or completed during the fiscal year. These appropriations were carried forward to the FY 2015-2016 fiscal year.

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$118.9 million compared to \$115.7 million (net of accumulated depreciation) for FY 2013-2014. 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 5%.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land and land easement	\$ 11,017	\$ 11,420	\$ -	\$ -	\$ 11,017	\$ 11,420
Buildings and Improvements	9,449	9,638	2	2	9,451	9,640
Machinery and Equipment	523	407	696	708	1,219	1,115
Vehicles	949	970	421	398	1,370	1,368
Infrastructure	51,627	54,513	30,611	31,604	82,238	86,117
Construction-in-progress	3,028	1,024	7,353	8,169	10,381	9,193
Totals	<u>\$ 76,593</u>	<u>\$ 77,972</u>	<u>\$ 39,083</u>	<u>\$ 40,881</u>	<u>\$ 115,676</u>	<u>\$ 118,853</u>

During FY 2014-2015, major capital projects formally completed include:

- Emergency Repairs to the West-End Pump Station to replace an aging a variable speed motor for \$84,825.
- Seal Beach Blvd and Lampson Ave. Landscape Improvement Project No. ST1410: This project renovated and replaced the landscaping an irrigation system for \$529,495.
- Ocean Avenue Alley Waterline and Sewer Replacements Project No WT1401: This project replaced the aging sewer and water lines for \$1,001,464.
- 2014 Annual Concrete Repair Program Project No. ST1404: This project replaced various city wide sidewalks, curb and gutters for \$83,512.
- Lampson Avenue Backup Power Project No. WT1102: This project was to install a new generator at the water well site for \$343,399.
- The City Yard Remodel Project No. BG1403: This project renovated the interior of the City Yard Building for \$ 574,908.

- Pier Structural Assessment Implementation Project No. BP1103: This project report analyzed the entire Pier Structure for \$60,813.
- 2015 Annual Slurry Seal Project No. ST1501: This project slurred various city wide streets for \$60,735.
- 2015 Annual Concrete Repair Program Project No. ST1504: This project replaced various city wide sidewalks, curb and gutters for \$50,666.
- 2014 Annual Slurry Seal Project No. ST1401: This project slurred various city wide streets for \$42,744.
- Main Street Lighting Project No. ST1203: This project installed new decorative street and pedestrian lights on Main Street for \$661,509.

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

DEBT ADMINISTRATION

As of June 30, 2015, the City had bonded debt, notes payable, compensated absences, claims payable, and capital leases totaling \$17.8 million compared to \$19.4 million at the end of FY 2013-2014. The City's governmental activities maintained \$11.1 million in bonds, capital leases, compensated absences, and claims payable versus \$12.4 million last year, representing a decrease of approximately \$1.3 million from the previous fiscal year. This decrease reflects interest and principal payments made during FY 2014-2015.

The City's business-type activities debt decreased \$.3 million from \$7.0 million to \$6.7 million. Debt in the business-type activities consists of Sewer Certificates of Participation Payable to provide funds for improvements to the City's sewer system, a State revolving loan for the sewer capital improvement project, and compensated absences.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Compensated absences	\$ 1,123	\$ 1,206	\$ 134	\$ 119	\$ 1,257	\$ 1,325
Capital leases	1,547	1,488	-	-	1,547	1,488
Pension Obligation Bonds	5,270	4,411	-	-	5,270	4,411
Lease Revenue Bonds	4,095	3,675	-	-	4,095	3,675
Certificates of participations	-	-	2,835	2,705	2,835	2,705
Sewer Capital Improv. Proj.	-	-	4,069	3,893	4,069	3,893
Self-insured claims payable	329	315	-	-	329	315
Total	\$ 12,364	\$ 11,095	\$ 7,038	\$ 6,717	\$ 19,402	\$ 17,812

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

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

In FY 2014-2015 the tax revenue decreased overall as a direct result of a decline in the petroleum industry and a decline in the price of oil. In the General Fund, Property Tax revenues increased 6% and Sales Tax decreased 10% compared with the projected revenues at the beginning of the FY 2014-2015. The primary reason for the decline in sales tax was a significant decrease in sales related to the fuel and service stations industry.

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

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

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

The most significant issues facing the City are the aged condition of the City's infrastructure. The City has completed and adopted numerous infrastructure planning documents e.g. (Water Master Plan, Sewer Master Plan, Master Plan of Drainage, Facilities Master Plan, and Pavement Management Plan). These plans identify well over \$150 million in needed improvements throughout the City. The City annually adopts a 5-year Capital Improvement Program (CIP) that strategically plans construction of these needed improvements. The FY 2015-16 CIP recommends \$29.2 million in improvements over the next 5 years. The 5 Year Capital Improvement Program identifies needs in the following areas: Beach and Pier (\$1.8m), Buildings and Facilities (\$7.4m), Sewer System (\$1.8m), Storm Drain System (\$380k), Streets and Transportation (\$5.1m) and Water System (\$11.9m). Based upon the list of known projects there is over \$40 million of capital improvements needed in the near future.

REQUEST FOR INFORMATION

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

CITY OF SEAL BEACH

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 32,271,576	\$ 14,324,780	\$ 46,596,356
Receivables:			
Accounts	1,159,130	1,069,103	2,228,233
Taxes	1,473,402	-	1,473,402
Accrued interest	25,602	-	25,602
Prepaid costs	666,102	-	666,102
Due from other governments	1,425,860	-	1,425,860
Cash with fiscal agent	733,267	-	733,267
Advance to Successor Agency	-	952,344	952,344
Net OPEB asset (Note 12)	651,646	-	651,646
Capital assets not being depreciated	12,443,582	8,168,919	20,612,501
Capital assets, net of depreciation	65,528,353	32,711,481	98,239,834
Total Assets	116,378,520	57,226,627	173,605,147
Deferred Outflows of Resources:			
Deferred charge on refunding	-	168,985	168,985
Deferred pension related items	2,003,340	193,772	2,197,112
Total Deferred Outflows of Resources	2,003,340	362,757	2,366,097
Liabilities:			
Accounts payable	1,288,504	1,104,963	2,393,467
Accrued liabilities	280,828	39,296	320,124
Accrued interest	47,241	75,501	122,742
Unearned revenue	13,773	-	13,773
Deposits payable	339,907	8,385	348,292
Retentions Payable	48,124	207,431	255,555
Noncurrent liabilities:			
Due within one year	1,988,101	359,270	2,347,371
Due in more than one year	9,107,189	6,357,376	15,464,565
Net pension liability	17,256,590	1,812,516	19,069,106
Total Liabilities	30,370,257	9,964,738	40,334,995
Deferred Inflows of Resources:			
Deferred pension related items	5,774,594	703,019	6,477,613
Total Deferred Inflows of Resources	5,774,594	703,019	6,477,613
Net Position:			
Net investment in capital assets	74,296,935	34,451,074	108,748,009
Restricted for:			
Community development projects	384,973	-	384,973
Public safety	38,688	-	38,688
Community services	445,506	-	445,506
Public works	2,251,264	-	2,251,264
Debt service	722,361	-	722,361
Unrestricted	4,097,282	12,470,553	16,567,835
Total Net Position	\$ 82,237,009	\$ 46,921,627	\$ 129,158,636

CITY OF SEAL BEACH

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 6,551,584	\$ 1,820,019	\$ 741,843	\$ -
Public safety	16,022,465	2,132,176	142,603	-
Community development	1,393,712	186,858	489,674	-
Community services	1,129,300	1,020,316	415,339	-
Public works	7,862,892	1,937,305	978,976	20,000
Interest on long-term debt	444,132	-	-	-
Total Governmental Activities	33,404,085	7,096,674	2,768,435	20,000
Business-Type Activities:				
Water Utility	4,037,798	4,556,001	-	-
Sewer Utility	1,661,225	2,765,357	-	-
Total Business-Type Activities	5,699,023	7,321,358	-	-
Total Primary Government	\$ 39,103,108	\$ 14,418,032	\$ 2,768,435	\$ 20,000

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Utility users tax

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Extraordinary gain/(loss)

Transfers

**Total General Revenues, Transfers 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	Totals
\$ (3,989,722)	\$ -	\$ (3,989,722)
(13,747,686)	-	(13,747,686)
(717,180)	-	(717,180)
306,355	-	306,355
(4,926,611)	-	(4,926,611)
(444,132)	-	(444,132)
(23,518,976)	-	(23,518,976)
-	518,203	518,203
-	1,104,132	1,104,132
-	1,622,335	1,622,335
(23,518,976)	1,622,335	(21,896,641)
10,050,815	-	10,050,815
1,525,723	-	1,525,723
4,246,080	-	4,246,080
1,163,595	-	1,163,595
4,646,434	-	4,646,434
344,789	-	344,789
10,659	-	10,659
725,720	109,575	835,295
356,749	3,698	360,447
-	-	-
378,500	(378,500)	-
23,449,064	(265,227)	23,183,837
(69,912)	1,357,108	1,287,196
102,878,187	47,892,744	150,770,931
(21,265,851)	(2,328,225)	(23,594,076)
\$ 81,542,424	\$ 46,921,627	\$ 128,464,051

CITY OF SEAL BEACH

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

		<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
	<u>General</u>	<u>Citywide Grants</u>	<u>Capital Projects and Equipment</u>
Assets:			
Pooled cash and investments	\$ 27,050,425	\$ -	\$ 323,112
Receivables:			
Accounts	1,024,102	-	-
Taxes	1,465,402	-	-
Accrued interest	25,459	-	-
Prepaid costs	666,102	-	-
Due from other governments	378,981	478,633	-
Due from other funds	1,022,102	-	-
Restricted assets:			
Cash and investments with fiscal agents	10,906	-	-
Total Assets	\$ 31,643,479	\$ 478,633	\$ 323,112
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 967,091	\$ -	\$ 276,738
Accrued liabilities	276,711	-	-
Unearned revenues	-	-	-
Deposits payable	339,907	-	-
Due to other funds	-	886,057	-
Retentions Payable	-	-	46,374
Total Liabilities	1,583,709	886,057	323,112
Deferred Inflows of Resources:			
Unavailable revenues	58,157	-	-
Total Deferred Inflows of Resources	58,157	-	-
Fund Balances:			
Nonspendable:			
Prepaid costs	666,102	-	-
Restricted for:			
Community development projects	-	-	-
Public safety	-	-	-
Community services	-	-	-
Public works	-	-	-
Debt service	-	-	-
Assigned to:			
Buildings	457,653	-	-
Storm drain	841,731	-	-
Street improvements	117,167	-	-
Swimming pool	4,836,918	-	-
College park east	477,000	-	-
Community services	893,525	-	-
Unassigned	21,711,517	(407,424)	-
Total Fund Balances	30,001,613	(407,424)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 31,643,479	\$ 478,633	\$ 323,112

CITY OF SEAL BEACH

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 3,024,881	\$ 30,398,418
Receivables:		
Accounts	132,228	1,156,330
Taxes	8,000	1,473,402
Accrued interest	143	25,602
Prepaid costs	-	666,102
Due from other governments	568,246	1,425,860
Due from other funds	-	1,022,102
Restricted assets:		
Cash and investments with fiscal agents	722,361	733,267
Total Assets	\$ 4,455,859	\$ 36,901,083
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 7,130	\$ 1,250,959
Accrued liabilities	4,117	280,828
Unearned revenues	13,773	13,773
Deposits payable	-	339,907
Due to other funds	136,045	1,022,102
Retentions Payable	1,750	48,124
Total Liabilities	162,815	2,955,693
Deferred Inflows of Resources:		
Unavailable revenues	568,236	626,393
Total Deferred Inflows of Resources	568,236	626,393
Fund Balances:		
Nonspendable:		
Prepaid costs	-	666,102
Restricted for:		
Community development projects	384,973	384,973
Public safety	38,688	38,688
Community services	445,506	445,506
Public works	2,251,264	2,251,264
Debt service	722,361	722,361
Assigned to:		
Buildings	-	457,653
Storm drain	-	841,731
Street improvements	-	117,167
Swimming pool	-	4,836,918
College park east	-	477,000
Community services	-	893,525
Unassigned	(117,984)	21,186,109
Total Fund Balances	3,724,808	33,318,997
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,455,859	\$ 36,901,083

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CITY OF SEAL BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balances of governmental funds		\$ 33,318,997
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.		77,004,845
Deferred outflows related to pension related items:		
Contributions made after the measurement date	\$ 1,799,119	
Adjustments due to the differences in proportions	<u>204,221</u>	2,003,340
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Long-term liabilities:		
Bonds payable	\$ (8,086,000)	
Loan	(1,488,358)	
Compensated Absences	(1,206,107)	
Claims and judgments	(314,825)	
Net pension liability	<u>(17,256,590)</u>	(28,351,880)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		651,646
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(47,241)
Deferred inflows related to pension related items:		
Net difference between projected and actual earnings on plan assets	\$ (5,416,034)	
Adjustment due to differences in proportions	(4,606)	
Adjustment due to differences in proportion contributions	<u>(353,954)</u>	(5,774,594)
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.		626,393
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>2,805,503</u>
Net Position of Governmental Activities		<u>\$ 82,237,009</u>

CITY OF SEAL BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Special Revenue Funds Citywide Grants	Capital Projects Funds Capital Projects and Equipment
Revenues:			
Taxes	\$ 21,625,454	\$ -	\$ -
Licenses and permits	1,377,131	-	-
Intergovernmental	487,821	478,633	-
Charges for services	3,831,998	-	-
Use of money and property	698,496	-	-
Fines and forfeitures	1,128,874	-	-
Contributions	330,885	-	-
Miscellaneous	352,175	-	-
Total Revenues	29,832,834	478,633	-
Expenditures:			
Current:			
General government	5,280,473	-	-
Public safety	15,535,509	-	-
Community development	905,313	-	-
Community services	1,129,497	-	-
Public works	5,599,566	-	-
Capital outlay	486	-	4,577,822
Debt service:			
Principal retirement	58,573	-	-
Interest and fiscal charges	18,723	-	-
Total Expenditures	28,528,140	-	4,577,822
Excess of Revenues Over Expenditures	1,304,694	478,633	(4,577,822)
Other Financing Sources (Uses):			
Transfers in (Note 4)	756,609	-	4,508,971
Transfers out (Note 4)	(4,151,521)	(1,033,047)	(3,142)
Total Other Financing Sources (Uses)	(3,394,912)	(1,033,047)	4,505,829
Net Change in Fund Balances	(2,090,218)	(554,414)	(71,993)
Fund Balances, Beginning of Year	32,091,831	146,990	71,993
Fund Balances, End of Year	\$ 30,001,613	\$ (407,424)	\$ -

CITY OF SEAL BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 1,489,422	\$ 23,114,876
Licenses and permits	-	1,377,131
Intergovernmental	758,673	1,725,127
Charges for services	129,693	3,961,691
Use of money and property	27,224	725,720
Fines and forfeitures	17,635	1,146,509
Contributions	-	330,885
Miscellaneous	23,413	375,588
Total Revenues	2,446,060	32,757,527
Expenditures:		
Current:		
General government	182,195	5,462,668
Public safety	276,264	15,811,773
Community development	456,995	1,362,308
Community services	-	1,129,497
Public works	31,449	5,631,015
Capital outlay	-	4,578,308
Debt service:		
Principal retirement	1,279,000	1,337,573
Interest and fiscal charges	422,317	441,040
Total Expenditures	2,648,220	35,754,182
Excess of Revenues Over Expenditures	(202,160)	(2,996,655)
Other Financing Sources (Uses):		
Transfers in (Note 4)	1,747,268	7,012,848
Transfers out (Note 4)	(1,731,671)	(6,919,381)
Total Other Financing Sources (Uses)	15,597	93,467
Net Change in Fund Balances	(186,563)	(2,903,188)
Fund Balances, Beginning of Year	3,911,371	36,222,185
Fund Balances, End of Year	\$ 3,724,808	\$ 33,318,997

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CITY OF SEAL BEACH

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds \$ (3,597,773)

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	\$ 3,360,085	
Depreciation	(2,695,844)	
Gain/(loss) on disposal of capital assets	<u>(13,778)</u>	650,463

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.		1,337,573
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Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

(3,092)

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

238,007

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.

14,223

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.

(83,503)

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.

356,637

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.

198,146

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.

124,822

Extraordinary gain on a capital asset required to be transferred to the City from the Successor Agency of the Redevelopment Agency.

694,585

Change in net position of governmental activities

\$ (69,912)

CITY OF SEAL BEACH

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Vehicle Replacement Internal Service Fund
	Water Utility	Sewer Utility	Total	
Assets:				
Current:				
Cash and investments	\$ 9,200,231	\$ 5,124,549	\$ 14,324,780	\$ 1,873,158
Receivables:				
Accounts	655,626	413,477	1,069,103	2,800
Total Current Assets	9,855,857	5,538,026	15,393,883	1,875,958
Noncurrent:				
Advance to Successor Agency	-	952,344	952,344	-
Capital assets (Note 6):				
Buildings and improvements	73,284	-	73,284	-
Machinery and equipment	599,599	785,802	1,385,401	169,204
Vehicles	249,768	420,651	670,419	1,137,594
Infrastructure	31,653,574	30,373,873	62,027,447	-
Construction in progress	702,494	7,466,425	8,168,919	-
Accumulated depreciation	(16,612,230)	(14,832,840)	(31,445,070)	(339,708)
Total Noncurrent Assets	16,666,489	25,166,255	41,832,744	967,090
Total Assets	26,522,346	30,704,281	57,226,627	2,843,048
Deferred Outflows of Resources:				
Deferred charge on refunding	-	168,985	168,985	-
Deferred pension related items	124,036	69,736	193,772	-
Total Deferred Outflows of Resources	124,036	238,721	362,757	-
Liabilities:				
Current:				
Accounts payable	698,033	406,930	1,104,963	37,545
Accrued liabilities	26,713	12,583	39,296	-
Accrued interest	-	75,501	75,501	-
Deposits payable	8,385	-	8,385	-
Retentions Payable	54,665	152,766	207,431	-
Accrued compensated absences	35,725	8,269	43,994	-
Bonds, notes, and capital leases	-	315,276	315,276	-
Total Current Liabilities	823,521	971,325	1,794,846	37,545
Noncurrent:				
Accrued compensated absences	41,643	32,698	74,341	-
Bonds, notes, and capital leases	-	6,283,035	6,283,035	-
Net Pension Liability	1,189,695	622,821	1,812,516	-
Total Noncurrent Liabilities	1,231,338	6,938,554	8,169,892	-
Total Liabilities	2,054,859	7,909,879	9,964,738	37,545
Deferred Inflows of Resources:				
Deferred pension related items	461,446	241,573	703,019	-
Total Deferred Inflows of Resources	461,446	241,573	703,019	-
Net Position:				
Net investment in capital assets	16,666,489	17,784,585	34,451,074	967,090
Unrestricted	7,463,588	5,006,965	12,470,553	1,838,413
Total Net Position	\$ 24,130,077	\$ 22,791,550	\$ 46,921,627	\$ 2,805,503

CITY OF SEAL BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities - Vehicle Replacement Internal Service Fund
	Water Utility	Sewer Utility	Total	
Operating Revenues:				
Sales and service charges	\$ 4,556,001	\$ 2,765,357	\$ 7,321,358	\$ -
Miscellaneous	1,142	2,556	3,698	-
Total Operating Revenues	4,557,143	2,767,913	7,325,056	-
Operating Expenses:				
Administration and general	3,493,709	795,794	4,289,503	32,849
Amortization and Depreciation expense	544,089	628,643	1,172,732	141,414
Total Operating Expenses	4,037,798	1,424,437	5,462,235	174,263
Operating Income (Loss)	519,345	1,343,476	1,862,821	(174,263)
Nonoperating Revenues (Expenses):				
Interest revenue	67,722	41,853	109,575	-
Interest expense	-	(236,788)	(236,788)	-
Gain (loss) on disposal of capital assets	-	-	-	14,052
Total Nonoperating Revenues (Expenses)	67,722	(194,935)	(127,213)	14,052
Income (Loss) Before Transfers and extraordinary items	587,067	1,148,541	1,735,608	(160,211)
Transfers in	-	-	-	310,000
Transfers out	(324,500)	(54,000)	(378,500)	(24,967)
Changes in Net Position	262,567	1,094,541	1,357,108	124,822
Net Position:				
Beginning of Year, as previously reported	25,395,705	22,497,039	47,892,744	2,680,681
Restatements	(1,528,195)	(800,030)	(2,328,225)	-
Beginning of Fiscal Year, as restated	23,867,510	21,697,009	45,564,519	2,680,681
End of Fiscal Year	\$ 24,130,077	\$ 22,791,550	\$ 46,921,627	\$ 2,805,503

CITY OF SEAL BEACH

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds			Governmental Activities- Vehicle Replacement Internal Service Fund
	Water Utility	Sewer Utility	Total	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 4,648,651	\$ 2,728,249	\$ 7,376,900	\$ -
Cash paid to suppliers for goods and services	(627,178)	(120,912)	(748,090)	(30,345)
Cash paid to employees for services	(3,005,878)	(290,719)	(3,296,597)	-
Net Cash Provided (Used) by Operating Activities	1,015,595	2,316,618	3,332,213	(30,345)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(525,372)	(2,432,525)	(2,957,897)	(155,916)
Principal paid on capital debt	-	(305,467)	(305,467)	-
Interest paid on capital debt	-	(235,556)	(235,556)	-
Proceeds from sales of capital assets	-	-	-	26,976
Net Cash Provided (Used) by Capital and Related Financing Activities	(525,372)	(2,973,548)	(3,498,920)	(128,940)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	-	(24,967)
Cash transfers in	(324,500)	(54,000)	(378,500)	310,000
Repayment received from advance to Successor Agency	-	247,656	247,656	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(324,500)	193,656	(130,844)	285,033
Cash Flows from Investing Activities:				
Interest received	67,720	49,198	116,918	-
Net Cash Provided (Used) by Investing Activities	67,720	49,198	116,918	-
Net Increase (Decrease) in Cash and Cash Equivalents	233,443	(414,076)	(180,633)	125,748
Cash and Cash Equivalents at Beginning of Year	8,966,788	5,538,625	14,505,413	1,747,410
Cash and Cash Equivalents at End of Year	\$ 9,200,231	\$ 5,124,549	\$ 14,324,780	\$ 1,873,158
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 519,345	\$ 1,343,476	\$ 1,862,821	\$ (174,263)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation and amortization	544,088	628,643	1,172,731	141,414
(Increase) decrease in accounts receivable	94,729	(39,664)	55,065	-
(Increase) decrease in deferred outflows from pensions	(124,036)	(69,736)	(193,772)	-
Increase (decrease) in accounts payable	(80,316)	322,115	241,799	2,504
Increase (decrease) in retentions payable	(54,992)	73,931	18,939	-
Increase (decrease) in deposits payable	(3,220)	-	(3,220)	-
Increase (decrease) in accrued liabilities	5,023	1,847	6,870	-
Increase (decrease) in compensated absences	(7,972)	(8,358)	(16,330)	-
Increase (decrease) in net pension liability	(338,500)	(177,209)	(515,709)	-
Increase (decrease) in deferred inflows from pensions	461,446	241,573	703,019	-
Total Adjustments	496,250	973,142	1,469,392	143,918
Net Cash Provided (Used) by Operating Activities	\$ 1,015,595	\$ 2,316,618	\$ 3,332,213	\$ (30,345)
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of deferred charge on refunding	\$ -	\$ 12,070	\$ 12,070	\$ -

See Notes to Financial Statements

CITY OF SEAL BEACH

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	<u>Agency Funds</u>	<u>Private-Purpose Trust Fund Successor Agency of the Former RDA</u>
Assets:		
Pooled cash and investments	\$ 159,389	\$ 677,261
Receivables:		
Accounts	7,992	-
Accrued interest	-	40
Restricted assets:		
Cash and investments with fiscal agents	1,486,393	740,692
Capital assets:		
Capital assets, net of accumulated depreciation	-	60,862
	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,653,774</u>	<u>1,478,855</u>
Liabilities:		
Accounts payable	\$ 2,242	17,784
Accrued interest	-	68,817
Deposits payable	27,957	-
Advances from the City's Sewer Fund	-	952,344
Due to bondholders	1,623,575	-
Long-term liabilities:		
Due in one year	-	545,000
Due in more than one year	-	3,100,000
	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 1,653,774</u>	<u>4,683,945</u>
Net Position:		
Held in trust for other purposes		<u>(3,205,090)</u>
Total Net Position		<u>\$ (3,205,090)</u>

CITY OF SEAL BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2015

	<u>Private-Purpose Trust Fund</u>
	<u>Successor Agency of the Former RDA</u>
Additions:	
Taxes	\$ 1,084,135
Interest and change in fair value of investments	<u>151</u>
Total Additions	<u>1,084,286</u>
Deductions:	
Administrative expenses	276,944
Contractual services	180,000
Interest expense	199,882
Depreciation expense	3,580
Total Deductions	<u>660,406</u>
Extraordinary gain/(loss)	(694,585)
Changes in Net Position	(270,705)
Net Position - Beginning of the Year	<u>(2,934,385)</u>
Net Position - End of the Year	<u>\$ (3,205,090)</u>

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

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

a. Description of the Reporting Entity

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

Blended Component Units:

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

The City has accounted for the Authority as "blended" component unit. Despite being legally separate, the Authority is so intertwined with the City that it is, in substance, part of the City's operations. The Authority has not had any activity for the year ended June 30, 2015.

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

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

b. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

d. Fund Classification

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

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

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

3. Functional Classifications

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

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

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

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

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

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

4. Prepaid Items

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

5. Capital Assets

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

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

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

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

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

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

6. Deferred Outflows/Inflows of Resources

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

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

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

which are deferred inflows relating to the net pension obligation reported in the government-wide statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments. This amount is deferred and amortized straight-line over a five-year period.

7. Net Position Flow Assumption

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

8. Fund Balance Flow Assumptions

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

9. Compensated Absences

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

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

10. Pension Plans

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

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

11. Long Term Obligations

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

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

12. Fund Equity

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

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

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

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

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

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

13. Change in Accounting Principles

The Entity implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the government-wide statement of activities.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Property Taxes

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

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

The property tax calendar is as follows:

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

b. Use of Estimates

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

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 46,596,356
Restricted:	
Cash and investments with fiscal agent	733,267
Statement of Fiduciary Net Assets:	
Cash and investments	836,650
Restricted:	
Cash and investments with fiscal agent	<u>2,227,085</u>
Total cash and investments	<u>\$ 50,393,358</u>

Cash and investments as of June 30, 2015, consist of the following:

Cash on hand	\$ 7,214
Deposits with financial institutions	1,952,218
Investments	<u>48,433,926</u>
Total cash and investments	<u>\$ 50,393,358</u>

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

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

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

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3: Cash and Investments (Continued)

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

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

Investments Authorized by Debt Agreements

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

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

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

Disclosures Relating to Interest Rate Risk

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

CITY OF SEAL BEACH

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 3: Cash and Investments (Continued)

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

Investment Type	Total	Remaining Maturity (in Months)			
		6 months or less	6 months to 1 year	1 year to 3 years	3 years to 5 years
U.S. Agency Securities	\$ 6,281,848	\$ -	\$ -	\$ 5,099,916	\$ 1,181,932
U.S. Treasury Securities	6,063,675	-	-	-	6,063,675
Medium-term notes	7,179,565	-	-	5,026,667	2,152,898
Obligations of the State of California or any local agency	1,281,622	-	466,183	815,439	-
Certificates of Deposit	4,871,405	-	986,882	3,884,523	-
Registered Treasury Notes or Bonds of Any Other 49 States	317,756	-	-	-	317,756
Local Agency Investment Fund (LAIF)	19,477,703	19,477,703	-	-	-
Held by Fiscal Agent:					
Money Market Mutual Funds	2,960,352	2,960,352	-	-	-
Total	\$ 48,433,926	\$ 22,438,055	\$ 1,453,065	\$ 14,826,545	\$ 9,716,261

Credit Risk

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

Investment Type	Minimum Legal Rating	Total	Remaining as of Year End			
			AA- to AA+	A to A+	A-	Unrated
U.S. Agency Securities	N/A	\$ 6,281,848	\$ 6,281,848	\$ -	\$ -	\$ -
U.S. Treasury Securities	N/A	6,063,675	6,063,675	-	-	-
Medium-term notes	A	7,179,565	4,324,139	2,855,426	-	-
Obligations of the State of California or any local agency	N/A	1,281,622	728,742	412,239	-	140,641
Certificates of Deposit	N/A	4,871,405	-	-	-	4,871,405
Registered Treasury Notes or Bonds of Any Other 49 States	N/A	317,756	317,756	-	-	-
Local Agency Investment Fund (LAIF)	N/A	19,477,703	-	-	-	19,477,703
Held by Fiscal Agent:						
Money Market Mutual Funds	N/A	2,960,352	-	-	-	2,960,352
Total		\$ 48,433,926	\$ 17,716,160	\$ 3,267,665	\$ -	\$ 27,450,101

Custodial Credit Risk

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3: Cash and Investments (Continued)

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

Concentration of Credit Risk

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

Investment in State Investment Pool

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

Note 4: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due From and To Other Funds

Funds	Due to Other Funds:		
	City Wide Grants	Nonmajor Governmental	Total
Due From Other Funds:			
General fund	\$ 886,057	\$ 136,045	\$ 1,022,102

These interfund balances are a result of short-term borrowings to cover deficit cash balances in the Citywide Grants, Supplemental Law Enforcement and Police Grants Fund at June 30, 2015.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

Interfund Transfers

Transfers in:	Transfers Out:							Total
	General Fund	City Wide Grant	Capital Projects and Equipment	Water Utility	Sewer Utility	Internal Service Fund	Nonmajor Governmental Funds	
Fund								
General Fund	\$ -	\$ -	\$ 3,142	\$ 324,500	\$ 54,000	\$ 24,967	\$ 350,000	\$ 756,609
Capital Projects and Equipment Fund	2,094,253	1,033,047	-	-	-	-	1,381,671	4,508,971
Nonmajor Governmental Funds	1,747,268	-	-	-	-	-	-	1,747,268
Internal Service Fund	310,000	-	-	-	-	-	-	310,000
Total	\$ 4,151,521	\$ 1,033,047	\$ 3,142	\$ 324,500	\$ 54,000	\$ 24,967	\$ 1,731,671	\$ 7,322,848

Transfers totaling \$756,609 from the Water Utility Fund, Sewer Utility Fund and various nonmajor governmental funds were made to the General Fund primarily to reimburse the General Fund for certain administrative costs.

The General Fund, Citywide Grants Fund and Nonmajor Governmental Funds transferred \$4,508,971 to the Capital Projects and Equipment Fund for infrastructure projects such as street improvements, public work facilities, and storm drain improvements.

The General Fund transferred \$1,747,268 to various nonmajor governmental funds to pay for debt service and to cover other budgeted amounts.

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

Note 5: Advance to Successor Agency

In 2012, the Sewer Fund advanced \$1,200,000 to the former redevelopment agency. This was subsequently denied by the Department of Finance (DOF). The City appealed the DOF decision and, in 2014, this advance was approved. Interest on the advance is consistent Local Agency Investment Fund (LAIF) interest rate at the time the Oversight Board made the finding that the advance was for legitimate redevelopment purposes, which is at 0.00367%. The balance of the advance at June 30, 2015, was \$952,344.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Transfer From Successor Agency	Transfers of CIP	Additions	Deletions	Ending Balance
Governmental Activities:						
Capital assets, not being depreciated						
Land	\$ 10,116,655	\$ 403,192	\$ -	\$ -	\$ -	\$ 10,519,847
Intangible asset - land easement	900,000	-	-	-	-	900,000
Construction-in-progress	3,028,271	-	(2,899,439)	894,903	-	1,023,735
Total Capital Assets, Not Being Depreciated	14,044,926	403,192	(2,899,439)	894,903	-	12,443,582
Capital assets, being depreciated:						
Buildings and improvements	13,289,479	1,099,484	263,964	-	-	14,652,927
Machinery and equipment	2,231,012	-	-	-	20,898	2,210,114
Vehicles	1,947,569	-	-	215,923	130,566	2,032,926
Infrastructure	77,014,928	-	2,635,475	2,440,216	-	82,090,619
Total Capital Assets, Being Depreciated	94,482,988	1,099,484	2,899,439	2,656,139	151,464	100,986,586
Less accumulated depreciation:						
Buildings and improvements	3,840,295	808,091	-	366,166	-	5,014,552
Machinery and equipment	1,708,261	-	-	115,594	20,898	1,802,957
Vehicles	998,424	-	-	165,569	101,063	1,062,930
Infrastructure	25,387,865	-	-	2,189,929	-	27,577,794
Total Accumulated Depreciation	31,934,845	808,091	-	2,837,258	121,961	35,458,233
Total Capital Assets, Being Depreciated, Net	62,548,143	291,393	2,899,439	(181,119)	29,503	65,528,353
Governmental Activities Capital Assets, Net	\$ 76,593,069	\$ 694,585	\$ -	\$ 713,784	\$ 29,503	\$ 77,971,935

Depreciation expense was charged in the following functions in the Statement of Activities for the year ended June 30, 2015, as follows:

Governmental Activities:	
General Government	\$ 223,563
Public safety	215,933
Public works	2,228,414
Community development	27,934
Internal Service funds	141,414
Total Depreciation Expense - Governmental Activities	\$ 2,837,258

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 6: Capital Assets (Continued)

	Beginning Balance	Transfers of CIP	Increases	Decreases	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Construction-in-progress - water	\$ 1,441,370	\$ (930,166)	\$ 191,290	\$ -	\$ 702,494
Construction-in-progress - sewer	5,911,362	(581,417)	2,136,479	-	7,466,425
Total Capital Assets, Not Being Depreciated	7,352,732	(1,511,583)	2,327,769	-	8,168,919
Capital assets, being depreciated:					
Building and improvements - water	73,284	-	-	-	73,284
Machinery and equipment - water	563,747	-	35,851	-	599,599
Machinery and equipment - sewer	785,802	-	-	-	785,802
Vehicles - water	228,063	-	21,705	-	249,768
Vehicles - sewer	398,359	-	22,293	-	420,651
Infrastructure - water	30,446,882	930,166	276,526	-	31,653,574
Infrastructure - sewer	29,518,703	581,417	273,753	-	30,373,873
Total Capital Assets, Being Depreciated	62,014,840	1,511,583	630,128	-	64,156,551
Less accumulated depreciation:					
Building and improvements - water	70,922	-	674	-	71,595
Machinery and equipment - water	461,862	-	9,426	-	471,287
Machinery and equipment - sewer	191,299	-	14,928	-	206,227
Vehicles - water	142,908	-	19,182	-	162,091
Vehicles - sewer	62,278	-	47,704	-	109,982
Infrastructure - water	15,392,451	-	514,806	-	15,907,257
Infrastructure - sewer	13,962,689	-	553,941	-	14,516,631
Total Accumulated Depreciation	30,284,409	-	1,160,661	-	31,445,070
Total Capital Assets, Being Depreciated, Net	31,730,431	1,511,583	(530,533)	-	32,711,481
Business-type Activities Capital Assets, Net	\$ 39,083,163	\$ -	\$ 1,797,236	\$ -	\$ 40,880,400

Depreciation expense was charged in the following programs of the primary government for the year ended June 30, 2015, as follows:

Business-type Activities:	
Water	\$ 544,088
Sewer	616,573
Total Depreciation Expense - Business-type Activities	\$ 1,160,661

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Long-Term Debt

The following is a schedule of changes in long-term debt of the City for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
2008 Taxable Pension Obligation Bonds, Series A-2	\$ 5,270,000	\$ -	\$ 859,000	\$ 4,411,000	\$ 950,000
2009 Lease Revenue Bonds	4,095,000	-	420,000	3,675,000	420,000
Municipal Finance Corporation	1,546,931	-	58,573	1,488,358	120,150
Claims payable	329,048	8,739	22,962	314,825	22,962
Compensated absences	1,122,604	751,400	667,897	1,206,107	474,989
Total	\$ 12,363,583	\$ 760,139	\$ 2,028,432	\$ 11,095,290	\$ 1,988,101

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, 2015. The balance in the 2008A-2 bonds at June 30, 2015, was \$4,411,000.

Year Ending June 30,	2008 Taxable Pension Obligation Bonds, Series A-2	
	Principal	Interest
2016	\$ 950,000	\$ 225,320
2017	1,047,000	169,059
2018	1,151,000	107,153
2019	1,263,000	39,129
Total	\$ 4,411,000	\$ 540,661

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Long-Term Debt (Continued)

2009 Series Lease Revenue Bonds

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

The balances of the 2009 Series Lease Revenue bonds at June 30, 2015, were \$3,675,000.

Year Ending June 30,	2009 Series Lease Revenue Bonds	
	Principal	Interest
2016	\$ 420,000	\$ 130,499
2017	420,000	114,917
2018	420,000	99,335
2019	420,000	83,753
2020	420,000	68,171
2021-2024	1,575,000	116,865
Total	<u>\$ 3,675,000</u>	<u>\$ 613,540</u>

Municipal Finance Corporation Loan

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

The balance of the Municipal Finance Corporation Loan at June 30, 2015, was \$1,488,358.

Year Ending June 30,	Municipal Finance Corporation Loan	
	Principal	Interest
2016	\$ 120,150	\$ 49,591
2017	124,270	45,472
2018	128,531	41,211
2019	132,938	36,803
2020	137,497	32,245
2021-2025	761,520	87,188
2026	83,452	1,419
Total	<u>\$ 1,488,358</u>	<u>\$ 293,929</u>

Compensated Absences Payable

The City's policy relating to compensated absences is described in Note 1 of the Notes to Financial Statements. This liability will be paid in future years from future resources. The outstanding liability for compensated absences earned was \$1,206,107 governmental and \$118,335 business-type totaling \$1,324,442. The general fund typically has been used to liquidate the liability for compensated absences.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Long-Term Debt (Continued)

Claims Payable

The City is exposed to various risks of loss to its operation, including losses associated with errors and omissions, injuries to employees and members of the public. The claims and judgments reported in the Government-wide financial statements is based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2015, claims payable including estimated claims for incurred but not reported claims, amounted to \$314,825.

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2013-14	\$ 300,793	\$ 32,371	\$ (4,116)	\$ 329,048
2014-15	329,048	8,739	(22,962)	314,825

The following is a summary of changes in Proprietary Fund long-term debt for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
2011 Sewer Revenue Refunding Bonds	\$ 2,835,000	\$ -	\$ 130,000	\$ 2,705,000	\$ 140,000
Sewer Capital Improvement Project #1	2,416,036	-	106,963	2,309,073	109,744
Sewer Capital Improvement Project #2	1,652,742	-	68,504	1,584,238	65,532
Compensated absences	134,665	102,163	118,493	118,335	43,994
Total	\$ 7,038,443	\$ 102,163	\$ 423,960	\$ 6,716,646	\$ 359,270

A description of Proprietary Fund long-term debt outstanding as of June 30, 2015, follows:

2011 Sewer System Revenue Refunding Bonds

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

Interest rate on the 2011 Sewer System Revenue Refunding Bonds is 4.8%, and the balance of the 2011 Sewer System Revenue Refunding Bonds at June 30, 2015, was \$2,705,000.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Long-Term Debt (Continued)

Year Ending June 30,	2011 Sewer System Revenue Refunding Bonds	
	Principal	Interest
2016	\$ 140,000	\$ 128,160
2017	145,000	121,440
2018	150,000	114,360
2019	160,000	107,040
2020	170,000	99,240
2021-2025	975,000	365,400
2026-2029	965,000	107,160
Total	<u>\$ 2,705,000</u>	<u>\$ 1,042,800</u>

Sewer Capital Improvement Project Loan #1

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,644,356 or the eligible costs of the project, whichever is less. At June 30, 2015, 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, 2015, is \$2,309,073.

Year Ending June 30,	Sewer Capital Improvement Project Loan #1	
	Principal	Interest
2016	\$ 109,744	\$ 60,036
2017	112,598	57,183
2018	115,525	54,255
2019	118,529	51,251
2020	121,611	48,170
2021-2025	657,158	191,744
2026-2030	747,148	101,754
2031-2035	326,760	12,798
Total	<u>\$ 2,309,073</u>	<u>\$ 577,191</u>

Sewer Capital Improvement Project Loan #2

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,125,112 or the eligible costs of the project, whichever is less. At June 30, 2015, the State Water Resources Control Board had disbursed \$1,652,742. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2015, is \$1,584,238.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7: Long-Term Debt (Continued)

Year Ending June 30,	Sewer Capital Improvement Project Loan #2	
	Principal	Interest
2016	\$ 65,532	\$ 41,190
2017	67,237	39,486
2018	68,985	37,738
2019	70,778	35,945
2020	72,618	34,104
2021-2025	392,413	141,199
2026-2030	446,151	87,463
2031-2034	400,524	26,368
Total	<u>\$ 1,584,238</u>	<u>\$ 443,493</u>

Note 8: Debt Issued Without Government Commitment

Surfside Colony Reassessment District No. 2000-1

The Surfside Colony Reassessment District No. 2000-1 was formed to finance improvements within the Surfside Colony and to refund the outstanding unmatured portion of the Assessment District 94-1 (Surfside Colony) limited obligation improvement bonds. The debt service payments on the bonds will be included on property tax bills within the reassessment district and will be collected by the City and then forwarded to the paying agent. A Reserve Fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor have the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2015, was \$125,000.

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, 2015, was \$3,425,000.

Note 8: Debt Issued Without Government Commitment (Continued)

Pacific Gateway Business Center Community Facilities District No 2005-01

The Pacific Gateway Business Center Community Facilities District No. 2005-01 (District) was formed to finance public facilities within the District. The debt service payments on the bonds will be included on property tax bills within the community facilities district and will be collected by the City and then forwarded to the paying agent. A Reserve Fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor has the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2015, was \$8,430,000.

Note 9: Retirement Plans

Plan Descriptions

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

Benefits Provided

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9: Retirement Plans (Continued)

	Cost-sharing Plans		
	PEPRA		
	Miscellaneous*	Miscellaneous	Safety*
	Prior to January 1, 2013	January 1, 2013 and after	Prior to January 1, 2013
Hire date	1, 2013	and after	January 1, 2013
Benefit formula	2% @ 55	2% @ 62	3% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively	3.000%, 50+ yrs
Required employee contribution rates	6.891%	6.308%	8.986%
Required employer contribution rates	9.874%	6.700%	27.877%

* Closed to new entrants

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as a reduction to the total net pension liability for all plans was \$1,996,438.

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

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

Proportionate Share of Net Pension Liability	
Miscellaneous	\$ 7,245,132
Miscellaneous PEPRA	181
Safety	11,823,793
Total Net Pension Liability:	\$ 19,069,106

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The City's proportion of the net pension

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Retirement Plans (Continued)

liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014, was as follows:

	PEPRA			Total Plans
	Miscellaneous	Miscellaneous	Safety	
Proportion - June 30, 2013	0.32863%	0.00001%	0.35912%	0.68776%
Proportion - June 30, 2014	0.29315%	0.00001%	0.31522%	0.60838%
Change - Increase (Decrease)	-0.03548%	0.00000%	-0.04390%	-0.07938%

For the year ended June 30, 2015, the City recognized a total pension expense of \$1,712,522 for all plans in total. At June 30, 2015, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ 6,031,919
Adjustment due to Difference in Proportions	240,120	6,142
Adjustment due to Difference in Proportionate share of contributions	-	439,552
District contribution subsequent to the measurement date	1,956,992	-
Total	\$ 2,197,112	\$ 6,477,613

\$1,956,992 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (1,540,086)
2017	(1,540,085)
2018	(1,556,802)
2019	1,600,520

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014, total pension liabilities were based on the following actuarial methods and assumptions:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Retirement Plans (Continued)

Actuarial Cost Method Actuarial Assumptions	Entry Age Normal Cost Method
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% (1)
Mortality Rate Table (2)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

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

All other actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. More information can be found on the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Retirement Plans (Continued)

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

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

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

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

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

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

Plans Net Pension Liability/(Asset)	Discount Rate - 1% Current Discount Rate +1%		
	6.50%	7.50%	8.50%
Miscellaneous	\$ 12,961,047	\$ 7,245,132	\$ 2,501,465
Miscellaneous PEPRA	322	181	64
Safety	20,347,217	11,823,793	4,800,860
TOTAL:	\$ 33,308,586	\$ 19,069,106	\$ 7,302,389

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Retirement Plans (Continued)

Pension Plan Fiduciary Net Position

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

Note 10: Joint Ventures

Orange County Fire Authority

The City of Seal Beach entered into a joint powers agreement with seventeen other cities and the County of Orange in January 1995, and subsequently amended on September 23, 1999, to create the Orange County Fire Authority (the Authority). Since 1995, other cities within the County have also joined the Authority to bring the total members in the Authority to twenty-two. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, hazardous materials regulation as well as providing facilities and personnel for such services. The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through either the property tax roll or with cash contributions based on the Authority's annual budget. The County pays all structural fire fees it collects to the Authority. In 2014-2015 the City of Seal Beach paid \$4,609,538 to the Authority.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2015. 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, 2014 (the most recent data available).

Governmental Activities

Total Assets	<u>\$ 396,694,637</u>
Total Liabilities	<u>\$ 152,940,022</u>
Total Revenues	\$ 311,595,747
Total Expenses	<u>324,600,955</u>
Changes in Net Position	(13,005,208)
Net Position, Beginning	<u>256,759,823</u>
Net Position, Ending	<u>\$ 243,754,615</u>

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

Note 10: Joint Ventures (Continued)

West Communications Financing Authority

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

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

Each City pays a contractual fee to the Authority, which consists of personnel costs, capital expenditures and reserves to fund accrued employee leave and equipment purchases. The contractual fee remains stable from year to year. In 2014-2015, the City of Seal Beach paid \$665,981 to the Authority.

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

Note 11: Liability, Property and Workers Compensation Protection

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

The City of Seal Beach is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverages. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years are closed, on a pool-wide basis. This subsequent cost re-allocation among members, based on actual claim development, can result in adjustments of either refunds or additional deposits required. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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

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

Liability

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

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

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

Workers' Compensation

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

For 2014-15, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

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

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

c. Purchased Insurance

Pollution Legal Liability Insurance

The City of Seal Beach participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Seal Beach. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Seal Beach participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Seal Beach property is currently insured according to a schedule of covered property submitted by the City of Seal Beach to the Authority. City of Seal Beach property currently has all-risk property insurance protection in the amount of \$46,911,682. 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 \$46,795,179. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

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

d. Adequacy of Protection

During the past three fiscal years, none of the programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2014-15.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 12: Other Post-Employment Benefits Other than Pension

Plan Descriptions

The City of Seal Beach provides postretirement medical benefits to employees who retire directly from the City under CalPERS under a single-employer defined benefit post-employment benefits plan. Eligible retirees can continue participation in the City medical plans (PEMHCA). For miscellaneous retirees, the City contributes up to a capped dollar amount which varies by bargaining unit, medical coverage, and years of service. For police safety retirees, the City contribution rate varies by date of hire and date of retirement.

City's Funding Policy

The contribution requirements of plan members and the City are established and may be amended by City Council. For fiscal year 2014-15, the City contributed \$502,000 to the plan, including premiums.

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 326,401
Interest on net OPEB obligation	(23,114)
Adjustment to annual required contribution	<u>33,675</u>
Annual OPEB cost (expense)	336,962
Contributions made (including premiums paid)	693,599
Increase (decrease) in net OPEB obligation	(356,637)
Net OPEB obligation (asset) – beginning of year	<u>(295,009)</u>
Net OPEB obligation (asset) – end of year	<u>\$ (651,646)</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB OPEB Obligation (Asset)
6/30/2013	\$ 507,830	98.0%	\$ (301,116)
6/30/2014	332,508	88.7%	(295,009)
6/30/2015	336,962	193.4%	(651,646)

Funded Status and Funding Progress

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

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

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

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

Actuarial Methods and Assumptions

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

Actuarial valuation date	7/1/2013
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	2.75%
* Includes an inflation assumption of 4%.	

Note 13: Commitments and Contingencies

Construction Commitments

As of June 30, 2015, budgeted funds committed for major capital projects included the following:

	Contract Amount	Expenditures To Date	Unexpended Balance
BG-0904: New Swimming Pool: Westbert+White Inc.	\$ 238,930	\$ 5,576	\$ 233,354
BG-1302: Emerg. Backup Power: Fakouri Electrical	455,060	87,880	367,180
BG-1403: City Yard Building Improvements: IBN	373,225	353,982	19,243
BP-1401: Pier Storage Area Repair: GSCI	80,000	39,230	40,770
SS-0901: 10 yr Sewer Improvement Master Plan: AKM	489,506	228,190	261,316
SS-0901: 10 yr Sewer Improvement Master Plan: SANCON	1,655,112	1,303,924	351,188
ST-1106: College Park West: Wildan Engineering	151,039	66,650	84,389
WT-1201: Ocean Ave. Alley 6st St. to Main St. - Charles King Co.	786,500	703,237	83,263
WT-1401: Ocean Ave Alley 6st St. to 1st St. - Charles King Co.	944,825	941,176	3,649
ST1409: Westminster Ave. Improvements - R.J. Noble	1,462,243	1,345,912	116,331
ST1501: Annual Slurry Seal - Doug Martin Contracting Co.	62,709	53,716	8,993
ST1402 - Local Street Resurfacing - R.J. Noble	89,720	62,701	27,019
BP1103: Pier Structural Assesmtment Repairs - John Meek	76,361	56,548	19,813
Total	<u>\$ 6,865,230</u>	<u>\$ 5,248,721</u>	<u>\$ 1,616,508</u>

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 14: Extraordinary Gain

During the year ended June 30, 2015, the Successor Agency transferred land and buildings to the City resulting in an extraordinary gain for the City in the amount of \$694,585.

Note 15: Net Position Restatement

Net Position has been restated by \$23,594,076 as a result of the implementation of GASB Statement 68 and recognition of the City's proportionate share of the net pension liability.

Note 16: Subsequent Events

On July 1, 2015, the City issued Community Facilities District No. 2002-01 (Heron Pointe) 2015 Special Tax Refunding Bonds in an aggregate principal amount of \$3,480,000 to defease and refund the Community Facilities District No. 2002-01 (Heron Pointe) Special Tax Bonds, Series 2005.

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency

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

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

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

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

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

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

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

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

a. Cash and investments

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

Cash and investments pooled with the City	\$ 677,261
Cash and investments with fiscal agent	<u>740,692</u>
	<u>\$ 1,417,953</u>

b. Capital Assets

	Beginning Balance	Transferred to City	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	<u>403,192</u>	<u>(403,192)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, being depreciated:					
Buildings and improvements	1,470,288	(1,099,484)	-	-	370,804
Machinery and equipment	64,784	-	-	-	64,784
Total Capital Assets, Being Depreciated	<u>1,535,072</u>	<u>(1,099,484)</u>	<u>-</u>	<u>-</u>	<u>435,588</u>
Less accumulated depreciation:					
Buildings and improvements	1,114,455	(808,091)	3,579	-	309,942
Machinery and equipment	64,784	-	-	-	64,784
Total Accumulated Depreciation	<u>1,179,239</u>	<u>(808,091)</u>	<u>3,579</u>	<u>-</u>	<u>374,726</u>
Total Capital Assets, Being Depreciated, Net	<u>355,833</u>	<u>(291,393)</u>	<u>(3,579)</u>	<u>-</u>	<u>60,862</u>
Governmental Activities Capital Assets, Net	<u>\$ 759,025</u>	<u>\$ (694,585)</u>	<u>\$ (3,579)</u>	<u>\$ -</u>	<u>\$ 60,862</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**c. Long-term Debt**

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Fiduciary Activities					
2000 Tax Allocation Bonds Series A	\$ 3,895,000	\$ -	\$ 470,000	\$ 3,425,000	\$ 495,000
2000 Tax Allocation Bonds Series B	265,000	-	45,000	220,000	50,000
Total bonds	4,160,000	-	515,000	3,645,000	545,000
Advance from Sewer Fund	1,200,000	-	247,656	952,344	-
Total	<u>\$ 5,360,000</u>	<u>\$ -</u>	<u>\$ 762,656</u>	<u>\$ 4,597,344</u>	<u>\$ 545,000</u>

A description of the individual issues of bonds of the Successor Agency of the former redevelopment agency outstanding as of June 30, 2015, follows:

Agency 2000 Tax Allocation Refunding Bonds

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

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

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

The balances in the Series A and B bonds outstanding at June 30, 2015, were \$3,895,000 and \$265,000 respectively. This liability was transferred to the Successor Agency upon dissolution of the redevelopment agency.

CITY OF SEAL BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The annual debt service requirements on the tax allocation bonds as of June 30, 2015, 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
2016	\$ 495,000	\$ 166,200	\$ 50,000	\$ 11,213
2017	520,000	140,565	55,000	8,194
2018	545,000	113,271	55,000	5,031
2019	575,000	84,288	60,000	1,725
2020	605,000	53,078	-	-
2021-2025	685,000	75,922	-	-
Total	<u>\$ 3,425,000</u>	<u>\$ 633,324</u>	<u>\$ 220,000</u>	<u>\$ 26,163</u>

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

Advance from the City

In 2012, the sewer fund advanced \$1,200,000 to the former redevelopment agency. This was subsequently denied by the Department of Finance (DOF). The City appealed the DOF decision and, in 2014, this advance was approved. Interest on the advance is consistent Local Agency Investment Fund (LAIF) interest rate at the time the Oversight Board made the finding that the advance was for legitimate redevelopment purposes, which is at 0.00367%. The balance of the advance at June 30, 2015, was \$952,344.

d. Pledged Revenue

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

Description of Pledged Revenue	Annual Amount of Revenue	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Property tax	\$ 1,084,135	\$ 710,832	65.6%

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

e. Insurance

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

f. Extraordinary Loss

During the year ended June 30, 2015, the Successor Agency transferred land and buildings to the City resulting in an extraordinary loss for the Successor Agency in the amount of \$694,585.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015**

Note 1: Budgetary Comparison Information

a. Budget Data

General Budget Policies

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

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

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

Traffic Relief Grant Fund

c. Excess of expenditures over appropriations are as follows:

Expenditures for the year ended June 30, 2015, exceeded the appropriations of the General and Major Special Revenue Funds are as follows:

Fund	Expenditures	Appropriations	Excess
General Fund:			
General Government	\$ 5,280,473	\$ 5,253,093	\$ 27,380
Community Development	905,313	889,100	16,213
Public Works	5,599,566	4,861,278	738,288
Principal Retirement	58,573	-	58,573
Interest and Fiscal Charges	18,723	-	18,723

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 32,091,831	\$ 32,091,831	\$ 32,091,831	\$ -
Resources (Inflows):				
Taxes	21,704,700	21,704,700	21,625,454	(79,246)
Licenses and permits	1,220,500	1,220,500	1,377,131	156,631
Intergovernmental	392,400	392,400	487,821	95,421
Charges for services	3,806,300	3,806,300	3,831,998	25,698
Use of money and property	420,000	420,000	698,496	278,496
Fines and forfeitures	1,057,300	1,057,300	1,128,874	71,574
Contributions	-	-	330,885	330,885
Miscellaneous	268,500	277,500	352,175	74,675
Transfers in	1,523,400	2,397,500	756,609	(1,640,891)
Amounts Available for Appropriations	62,484,931	63,368,031	62,681,274	(686,757)
Charges to Appropriation (Outflow):				
General government	5,190,300	5,253,093	5,280,473	(27,380)
Public safety	15,490,000	15,566,977	15,535,509	31,468
Community development	889,100	889,100	905,313	(16,213)
Community services	1,233,700	1,243,578	1,129,497	114,081
Public works	4,687,600	4,861,278	5,599,566	(738,288)
Capital outlay	7,500	7,500	486	7,014
Debt service:				
Principal retirement	-	-	58,573	(58,573)
Interest and fiscal charges	-	-	18,723	(18,723)
Transfers out	6,401,700	10,928,468	4,151,521	6,776,947
Total Charges to Appropriations	33,899,900	38,749,994	32,679,661	6,070,333
Budgetary Fund Balance, June 30	\$ 28,585,031	\$ 24,618,037	\$ 30,001,613	\$ 5,383,576

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 CITYWIDE GRANTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 146,990	\$ 146,990	\$ 146,990	\$ -
Resources (Inflows):				
Intergovernmental	1,636,700	1,636,700	478,633	(1,158,067)
Amounts Available for Appropriations	1,783,690	1,783,690	625,623	(1,158,067)
Charges to Appropriation (Outflow):				
Transfers out	1,586,700	3,187,510	1,033,047	2,154,463
Total Charges to Appropriations	1,586,700	3,187,510	1,033,047	2,154,463
Budgetary Fund Balance, June 30	\$ 196,990	\$ (1,403,820)	\$ (407,424)	\$ 996,396

CITY OF SEAL BEACH

**MISCELLANEOUS PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015
Proportion of the Net Pension Liability	
Miscellaneous	0.01164%
Miscellaneous PEPRAs	0.00000%
Proportionate Share of the Net Pension Liability	
Miscellaneous	\$ 7,245,132
Miscellaneous PEPRAs	181
Covered-Employee Payroll	
Miscellaneous	\$ 4,308,433
Miscellaneous PEPRAs	315,408
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	
Miscellaneous	168.16%
Miscellaneous PEPRAs	0.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.15%

Notes to Schedule:

Benefit Changes: None

Changes of Assumptions: None

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

CITY OF SEAL BEACH

**MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Actuarially Determined Contribution	
Miscellaneous	\$ 576,325
Miscellaneous PEPR	38,342
Contribution in Relation to the Actuarially Determined Contribution	
Miscellaneous	(576,325)
Miscellaneous PEPR	(38,342)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	
Miscellaneous	\$ 4,102,234
Miscellaneous PEPR	502,805
Contributions as a Percentage of Covered-Employee Payroll	
Miscellaneous	14.05%
Miscellaneous PEPR	7.63%

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

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Cost method
Amortization method	Level percent of payroll
Remaining amortization period	19 years as of valuation date, closed
Assets valuation method	15 year smooth market
Inflation	2.75%
Salary Increases	3.30% to 14.208%, Varies by Entry Age, Service, and type of employment
Investment rate of return	7.50% net of administrative expenses
Retirement age	Minimum 50 years
Mortality	Derived using CalPERS' Membership Data for all Funds

CITY OF SEAL BEACH

SAFETY PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	<u>2015</u>
Proportion of the Net Pension Liability	0.19002%
Proportionate Share of the Net Pension Liability	\$ 11,823,793
Covered-Employee Payroll	\$ 4,279,174
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	276.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.83%

Notes to Schedule:

Benefit Changes: None

Changes of Assumptions: None

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

CITY OF SEAL BEACH

**SAFETY PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Actuarially Determined Contribution	\$ 1,342,325
Contribution in Relation to the Actuarially Determined Contribution	<u>(1,342,325)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 4,666,068
Contributions as a Percentage of Covered-Employee Payroll	28.77%

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

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Cost method
Amortization method	Level percent of payroll, closed
Remaining amortization period	19 years as of valuation date
Assets valuation method	15 year smooth market
Inflation	2.75%
	3.30% to 14.208%, Varies by Entry Age, Service, and
Salary Increases	type of employment
Investment rate of return	7.50% net of administrative expenses
Retirement age	Minimum 50 years
Mortality	Derived using CalPERS' Membership Data for all Funds

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
Assets:				
Pooled cash and investments	\$ -	\$ 30,674	\$ 8,975	\$ 6,840
Receivables:				
Accounts	-	-	-	-
Taxes	2,528	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	8	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 2,528	\$ 30,682	\$ 8,975	\$ 6,840
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,073	\$ -	\$ -	\$ -
Accrued liabilities	-	969	-	2,518
Unearned revenues	-	-	-	-
Due to other funds	1,455	-	-	64,572
Retentions payable	-	-	-	-
Total Liabilities	2,528	969	-	67,090
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	29,713	8,975	-
Community services	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	(60,250)
Total Fund Balances	-	29,713	8,975	(60,250)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,528	\$ 30,682	\$ 8,975	\$ 6,840

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Air Quality Improvement</u>	<u>Parks Improvement</u>	<u>Traffic Impact AB 1600</u>	<u>State Gasoline Tax</u>
Assets:				
Pooled cash and investments	\$ 6	\$ 48,441	\$ 659,599	\$ 717,701
Receivables:				
Accounts	8,006	-	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 8,012</u>	<u>\$ 48,441</u>	<u>\$ 659,599</u>	<u>\$ 717,701</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Retentions payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Community services	-	48,441	-	-
Public works	8,012	-	659,599	717,701
Debt service	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>8,012</u>	<u>48,441</u>	<u>659,599</u>	<u>717,701</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,012</u>	<u>\$ 48,441</u>	<u>\$ 659,599</u>	<u>\$ 717,701</u>

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue Funds			
	Measure M2	Community Development Block Grant	Police Grants	Traffic Relief Grant
Assets:				
Pooled cash and investments	\$ 797,255	\$ -	\$ -	\$ -
Receivables:				
Accounts	68,697	26,056	-	-
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Due from other governments	-	-	568,238	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 865,952	\$ 26,056	\$ 568,238	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	13,773	-
Due to other funds	-	28,464	41,554	-
Retentions payable	-	-	-	-
Total Liabilities	-	28,464	55,327	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	568,236	-
Total Deferred Inflows of Resources	-	-	568,236	-
Fund Balances:				
Restricted for:				
Community development projects	-	1	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Public works	865,952	-	-	-
Debt service	-	-	-	-
Unassigned	-	(2,409)	(55,325)	-
Total Fund Balances	865,952	(2,408)	(55,325)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 865,952	\$ 26,056	\$ 568,238	\$ -

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Landscape District</u>	<u>Heron Pointe</u>	<u>Pacific Gateway</u>	<u>Seal Beach Cable</u>
Assets:				
Pooled cash and investments	\$ 94,941	\$ 59,645	\$ 233,351	\$ 367,453
Receivables:				
Accounts	-	-	-	29,469
Taxes	5,472	-	-	-
Accrued interest	-	-	-	143
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 100,413</u>	<u>\$ 59,645</u>	<u>\$ 233,351</u>	<u>\$ 397,065</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,805	\$ -	\$ 1,252	\$ -
Accrued liabilities	315	-	315	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Retentions payable	1,750	-	-	-
Total Liabilities	<u>6,870</u>	<u>-</u>	<u>1,567</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Community development projects	93,543	59,645	231,784	-
Public safety	-	-	-	-
Community services	-	-	-	397,065
Public works	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>93,543</u>	<u>59,645</u>	<u>231,784</u>	<u>397,065</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 100,413</u>	<u>\$ 59,645</u>	<u>\$ 233,351</u>	<u>\$ 397,065</u>

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>City Debt Service</u>	
Assets:		
Pooled cash and investments	\$ -	\$ 3,024,881
Receivables:		
Accounts	-	132,228
Taxes	-	8,000
Accrued interest	-	143
Due from other governments	-	568,246
Restricted assets:		
Cash and investments with fiscal agents	722,361	722,361
Total Assets	<u>\$ 722,361</u>	<u>\$ 4,455,859</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ 7,130
Accrued liabilities	-	4,117
Unearned revenues	-	13,773
Due to other funds	-	136,045
Retentions payable	-	1,750
Total Liabilities	<u>-</u>	<u>162,815</u>
Deferred Inflows of Resources:		
Unavailable revenues	-	568,236
Total Deferred Inflows of Resources	<u>-</u>	<u>568,236</u>
Fund Balances:		
Restricted for:		
Community development projects	-	384,973
Public safety	-	38,688
Community services	-	445,506
Public works	-	2,251,264
Debt service	722,361	722,361
Unassigned	<u>-</u>	<u>(117,984)</u>
Total Fund Balances	<u>722,361</u>	<u>3,724,808</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 722,361</u>	<u>\$ 4,455,859</u>

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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, 2015

	Special Revenue Funds			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
Revenues:				
Taxes	\$ 142,157	\$ -	\$ -	\$ -
Intergovernmental	-	92,499	-	-
Charges for services	-	-	10,953	-
Use of money and property	-	266	-	30
Fines and forfeitures	-	-	-	-
Miscellaneous	-	23,413	-	-
Total Revenues	142,157	116,178	10,953	30
Expenditures:				
Current:				
General government	182,195	-	-	-
Public safety	-	111,378	3,366	67,117
Community development	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	182,195	111,378	3,366	67,117
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,038)	4,800	7,587	(67,087)
Other Financing Sources (Uses):				
Transfers in	40,038	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	40,038	-	-	-
Net Change in Fund Balances	-	4,800	7,587	(67,087)
Fund Balances, Beginning of Year	-	24,913	1,388	6,837
Fund Balances, End of Year	\$ -	\$ 29,713	\$ 8,975	\$ (60,250)

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Air Quality Improvement	Parks Improvement	Traffic Impact AB 1600	State Gasoline Tax
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 743,143
Intergovernmental	30,510	20,000	-	-
Charges for services	-	-	2,904	-
Use of money and property	21	267	5,116	6,998
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	30,531	20,267	8,020	750,141
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	30,423	-	-	1,026
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	30,423	-	-	1,026
Excess (Deficiency) of Revenues Over (Under) Expenditures	108	20,267	8,020	749,115
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(800,851)
Total Other Financing Sources (Uses)	-	-	-	(800,851)
Net Change in Fund Balances	108	20,267	8,020	(51,736)
Fund Balances, Beginning of Year	7,904	28,174	651,579	769,437
Fund Balances, End of Year	\$ 8,012	\$ 48,441	\$ 659,599	\$ 717,701

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Measure M2	Community Development Block Grant	Police Grants	Traffic Relief Grant
Revenues:				
Taxes	\$ 394,297	\$ -	\$ -	\$ -
Intergovernmental	-	180,000	67,664	318,000
Charges for services	-	-	-	-
Use of money and property	7,774	-	-	-
Fines and forfeitures	-	-	17,635	-
Miscellaneous	-	-	-	-
Total Revenues	402,071	180,000	85,299	318,000
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	92,403	-
Community development	-	180,000	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	180,000	92,403	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	402,071	-	(7,104)	318,000
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(417,378)	-	-	-
Total Other Financing Sources (Uses)	(417,378)	-	-	-
Net Change in Fund Balances	(15,307)	-	(7,104)	318,000
Fund Balances, Beginning of Year	881,259	(2,408)	(48,221)	(318,000)
Fund Balances, End of Year	\$ 865,952	\$ (2,408)	\$ (55,325)	\$ -

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Landscape District	Heron Pointe	Pacific Gateway	Seal Beach Cable
Revenues:				
Taxes	\$ 161,583	\$ -	\$ 48,242	\$ -
Intergovernmental	-	25,000	25,000	-
Charges for services	-	-	-	115,836
Use of money and property	3,190	470	1,746	1,346
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	164,773	25,470	74,988	117,182
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	143,817	8,065	36,137	88,976
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	143,817	8,065	36,137	88,976
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,956	17,405	38,851	28,206
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(473,852)	(11,000)	(26,000)	(2,590)
Total Other Financing Sources (Uses)	(473,852)	(11,000)	(26,000)	(2,590)
Net Change in Fund Balances	(452,896)	6,405	12,851	25,616
Fund Balances, Beginning of Year	546,439	53,240	218,933	371,449
Fund Balances, End of Year	\$ 93,543	\$ 59,645	\$ 231,784	\$ 397,065

CITY OF SEAL BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>City Debt Service</u>	
Revenues:		
Taxes	\$ -	\$ 1,489,422
Intergovernmental	-	758,673
Charges for services	-	129,693
Use of money and property	-	27,224
Fines and forfeitures	-	17,635
Miscellaneous	-	23,413
	<u>-</u>	<u>2,446,060</u>
Total Revenues		
Expenditures:		
Current:		
General government	-	182,195
Public safety	2,000	276,264
Community development	-	456,995
Public works	-	31,449
Debt service:		
Principal retirement	1,279,000	1,279,000
Interest and fiscal charges	422,317	422,317
	<u>1,703,317</u>	<u>2,648,220</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,703,317)</u>	<u>(202,160)</u>
Other Financing Sources (Uses):		
Transfers in	1,707,230	1,747,268
Transfers out	-	(1,731,671)
	<u>1,707,230</u>	<u>15,597</u>
Total Other Financing Sources (Uses)		
Net Change in Fund Balances	<u>3,913</u>	<u>(186,563)</u>
Fund Balances, Beginning of Year	<u>718,448</u>	<u>3,911,371</u>
Fund Balances, End of Year	<u><u>\$ 722,361</u></u>	<u><u>\$ 3,724,808</u></u>

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	144,200	144,200	142,157	(2,043)
Transfers in	65,800	65,800	40,038	(25,762)
Amounts Available for Appropriations	210,000	210,000	182,195	(27,805)
Charges to Appropriation (Outflow):				
General government	210,000	210,000	182,195	27,805
Total Charges to Appropriations	210,000	210,000	182,195	27,805
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 24,913	\$ 24,913	\$ 24,913	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	92,499	(7,501)
Use of money and property	400	400	266	(134)
Miscellaneous	-	-	23,413	23,413
Amounts Available for Appropriations	125,313	125,313	141,091	15,778
Charges to Appropriation (Outflow):				
Public safety	121,300	121,300	111,378	9,922
Total Charges to Appropriations	121,300	121,300	111,378	9,922
Budgetary Fund Balance, June 30	\$ 4,013	\$ 4,013	\$ 29,713	\$ 25,700

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
DETENTION CENTER
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,388	\$ 1,388	\$ 1,388	\$ -
Resources (Inflows):				
Charges for services	16,000	16,000	10,953	(5,047)
Amounts Available for Appropriations	17,388	17,388	12,341	(5,047)
Charges to Appropriation (Outflow):				
Public safety	16,000	16,000	3,366	12,634
Total Charges to Appropriations	16,000	16,000	3,366	12,634
Budgetary Fund Balance, June 30	\$ 1,388	\$ 1,388	\$ 8,975	\$ 7,587

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
POLICE ASSET FORFEITURE
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 6,837	\$ 6,837	\$ 6,837	\$ -
Resources (Inflows):				
Intergovernmental	173,400	173,400	-	(173,400)
Use of money and property	-	-	30	30
Amounts Available for Appropriations	180,237	180,237	6,867	(173,370)
Charges to Appropriation (Outflow):				
Public safety	178,300	178,300	67,117	111,183
Total Charges to Appropriations	178,300	178,300	67,117	111,183
Budgetary Fund Balance, June 30	\$ 1,937	\$ 1,937	\$ (60,250)	\$ (62,187)

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,904	\$ 7,904	\$ 7,904	\$ -
Resources (Inflows):				
Intergovernmental	30,000	30,000	30,510	510
Use of money and property	-	-	21	21
Amounts Available for Appropriations	37,904	37,904	38,435	531
Charges to Appropriation (Outflow):				
Public works	30,000	30,000	30,423	(423)
Total Charges to Appropriations	30,000	30,000	30,423	(423)
Budgetary Fund Balance, June 30	\$ 7,904	\$ 7,904	\$ 8,012	\$ 108

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 PARK IMPROVEMENT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 28,174	\$ 28,174	\$ 28,174	\$ -
Resources (Inflows):				
Intergovernmental	-	-	20,000	20,000
Use of money and property	200	200	267	67
Amounts Available for Appropriations	28,374	28,374	48,441	20,067
Budgetary Fund Balance, June 30	\$ 28,374	\$ 28,374	\$ 48,441	\$ 20,067

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC IMPACT AB 1600
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 651,579	\$ 651,579	\$ 651,579	\$ -
Resources (Inflows):				
Charges for services	-	-	2,904	2,904
Use of money and property	3,800	3,800	5,116	1,316
Amounts Available for Appropriations	655,379	655,379	659,599	4,220
Charges to Appropriation (Outflow):				
Transfers out	140,000	205,608	-	205,608
Total Charges to Appropriations	140,000	205,608	-	205,608
Budgetary Fund Balance, June 30	\$ 515,379	\$ 449,771	\$ 659,599	\$ 209,828

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
STATE GASOLINE TAX
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 769,437	\$ 769,437	\$ 769,437	\$ -
Resources (Inflows):				
Taxes	658,400	658,400	743,143	84,743
Use of money and property	3,500	3,500	6,998	3,498
Amounts Available for Appropriations	1,431,337	1,431,337	1,519,578	88,241
Charges to Appropriation (Outflow):				
Public works	2,000	2,000	1,026	974
Transfers out	1,065,000	1,538,943	800,851	738,092
Total Charges to Appropriations	1,067,000	1,540,943	801,877	739,066
Budgetary Fund Balance, June 30	\$ 364,337	\$ (109,606)	\$ 717,701	\$ 827,307

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 MEASURE M2
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 881,259	\$ 881,259	\$ 881,259	\$ -
Resources (Inflows):				
Taxes	370,000	370,000	394,297	24,297
Use of money and property	3,800	3,800	7,774	3,974
Amounts Available for Appropriations	1,255,059	1,255,059	1,283,330	28,271
Charges to Appropriation (Outflow):				
Transfers out	1,095,000	1,804,030	417,378	1,386,652
Total Charges to Appropriations	1,095,000	1,804,030	417,378	1,386,652
Budgetary Fund Balance, June 30	\$ 160,059	\$ (548,971)	\$ 865,952	\$ 1,414,923

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (2,408)	\$ (2,408)	\$ (2,408)	\$ -
Resources (Inflows):				
Intergovernmental	180,000	180,000	180,000	-
Amounts Available for Appropriations	177,592	177,592	177,592	-
Charges to Appropriation (Outflow):				
Community improvement	180,000	180,000	180,000	-
Total Charges to Appropriations	180,000	180,000	180,000	-
Budgetary Fund Balance, June 30	\$ (2,408)	\$ (2,408)	\$ (2,408)	\$ -

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 POLICE GRANTS
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (48,221)	\$ (48,221)	\$ (48,221)	\$ -
Resources (Inflows):				
Intergovernmental	196,600	329,200	67,664	(261,536)
Fines and forfeitures	58,800	58,800	17,635	(41,165)
Amounts Available for Appropriations	207,179	339,779	37,078	(302,701)
Charges to Appropriation (Outflow):				
Public safety	255,400	388,000	92,403	295,597
Total Charges to Appropriations	255,400	388,000	92,403	295,597
Budgetary Fund Balance, June 30	\$ (48,221)	\$ (48,221)	\$ (55,325)	\$ (7,104)

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 LANDSCAPE DISTRICT
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 546,439	\$ 546,439	\$ 546,439	\$ -
Resources (Inflows):				
Taxes	140,200	140,200	161,583	21,383
Use of money and property	2,500	2,500	3,190	690
Amounts Available for Appropriations	689,139	689,139	711,212	22,073
Charges to Appropriation (Outflow):				
Community improvement	127,900	127,900	143,817	(15,917)
Transfers out	113,000	564,562	473,852	90,710
Total Charges to Appropriations	240,900	692,462	617,669	74,793
Budgetary Fund Balance, June 30	\$ 448,239	\$ (3,323)	\$ 93,543	\$ 96,866

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 HERON POINTE
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 53,240	\$ 53,240	\$ 53,240	\$ -
Resources (Inflows):				
Intergovernmental	25,000	25,000	25,000	-
Use of money and property	300	300	470	170
Amounts Available for Appropriations	78,540	78,540	78,710	170
Charges to Appropriation (Outflow):				
Community improvement	8,000	8,000	8,065	(65)
Transfers out	11,000	11,000	11,000	-
Total Charges to Appropriations	19,000	19,000	19,065	(65)
Budgetary Fund Balance, June 30	\$ 59,540	\$ 59,540	\$ 59,645	\$ 105

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
PACIFIC GATEWAY
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Budgetary Fund Balance, July 1	\$ 218,933	\$ 218,933	\$ 218,933	\$ -
Resources (Inflows):				
Taxes	50,000	50,000	48,242	(1,758)
Intergovernmental	25,000	25,000	25,000	-
Use of money and property	1,200	1,200	1,746	546
Amounts Available for Appropriations	295,133	295,133	293,921	(1,212)
Charges to Appropriation (Outflow):				
Community improvement	58,300	58,300	36,137	22,163
Transfers out	26,000	26,000	26,000	-
Total Charges to Appropriations	84,300	84,300	62,137	22,163
Budgetary Fund Balance, June 30	\$ 210,833	\$ 210,833	\$ 231,784	\$ 20,951

CITY OF SEAL BEACH

BUDGETARY COMPARISON SCHEDULE
 SEAL BEACH CABLE
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 371,449	\$ 371,449	\$ 371,449	\$ -
Resources (Inflows):				
Charges for services	90,000	90,000	115,836	25,836
Use of money and property	2,000	2,000	1,346	(654)
Amounts Available for Appropriations	463,449	463,449	488,631	25,182
Charges to Appropriation (Outflow):				
Community development	75,000	75,000	88,976	(13,976)
Transfers out	225,000	446,208	2,590	443,618
Total Charges to Appropriations	300,000	521,208	91,566	429,642
Budgetary Fund Balance, June 30	\$ 163,449	\$ (57,759)	\$ 397,065	\$ 454,824

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS AND EQUIPMENT
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 71,993	\$ 71,993	\$ 71,993	\$ -
Resources (Inflows):				
Transfers in	7,128,700	14,332,179	4,508,971	(9,823,208)
Amounts Available for Appropriations	7,200,693	14,404,172	4,580,964	(9,823,208)
Charges to Appropriation (Outflow):				
Capital outlay	7,128,700	14,332,179	4,577,822	9,754,357
Transfers out	-	-	3,142	(3,142)
Total Charges to Appropriations	7,128,700	14,332,179	4,580,964	9,751,215
Budgetary Fund Balance, June 30	\$ 71,993	\$ 71,993	\$ -	\$ (71,993)

CITY OF SEAL BEACH

**BUDGETARY COMPARISON SCHEDULE
CITY DEBT SERVICE
YEAR ENDED JUNE 30, 2015**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 718,448	\$ 718,448	\$ 718,448	\$ -
Resources (Inflows):				
Transfers in	1,704,000	1,704,000	1,707,230	3,230
Amounts Available for Appropriations	2,422,448	2,422,448	2,425,678	3,230
Charges to Appropriation (Outflow):				
Public safety	2,500	2,500	2,000	500
Debt service:				
Principal retirement	1,279,000	1,279,000	1,279,000	-
Interest and fiscal charges	422,500	422,500	422,317	183
Total Charges to Appropriations	1,704,000	1,704,000	1,703,317	683
Budgetary Fund Balance, June 30	\$ 718,448	\$ 718,448	\$ 722,361	\$ 3,913

CITY OF SEAL BEACH

COMBINING BALANCE SHEET
 ALL AGENCY FUNDS
 JUNE 30, 2015

	Deposits	Assessment District 94-1 and 2000-1	Community Facilities District 2002-01	Community Facilities District 2005-01	Totals
Assets:					
Pooled cash and investments	\$ 27,957	\$ -	\$ 168	\$ 131,264	\$ 159,389
Receivables:					
Accounts	-	236	7,756	-	7,992
Restricted assets:					
Cash and investments with fiscal agents	-	198,918	450,302	837,173	1,486,393
Total Assets	\$ 27,957	\$ 199,154	\$ 458,226	\$ 968,437	\$ 1,653,774
Liabilities:					
Accounts payable	\$ -	\$ 2,242	\$ -	\$ -	\$ 2,242
Deposits payable	27,957	-	-	-	27,957
Due to bondholders	-	196,912	458,226	968,437	1,623,575
Total Liabilities	\$ 27,957	\$ 199,154	\$ 458,226	\$ 968,437	\$ 1,653,774

CITY OF SEAL BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2015

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
<u>Deposits</u>				
Assets:				
Pooled cash and investments	\$ 21,701	\$ 47,617	\$ 41,361	\$ 27,957
Total Assets	\$ 21,701	\$ 47,617	\$ 41,361	\$ 27,957
Liabilities:				
Accounts payable	\$ 10,400	\$ 3,661	\$ 14,061	\$ -
Deposits payable	11,301	47,617	30,961	27,957
Total Liabilities	\$ 21,701	\$ 51,278	\$ 45,022	\$ 27,957
<u>Assessment District 94-1 and 2000-1</u>				
Assets:				
Pooled cash and investments	\$ 54,669	\$ 83,433	\$ 138,102	\$ -
Receivables:				
Accounts	808	236	808	236
Restricted assets:				
Cash and investments with fiscal agents	198,898	20	-	198,918
Total Assets	\$ 254,375	\$ 83,689	\$ 138,910	\$ 199,154
Liabilities:				
Accounts payable	\$ 4,477	\$ 140,223	\$ 142,458	\$ 2,242
Due to bondholders	249,898	89,780	142,766	196,912
Total Liabilities	\$ 254,375	\$ 230,003	\$ 285,224	\$ 199,154
<u>Community Facilities District 2002-01</u>				
Assets:				
Pooled cash and investments	\$ 173,375	\$ 298,426	\$ 471,633	\$ 168
Receivables:				
Accounts	17,685	7,756	17,685	7,756
Restricted assets:				
Cash and investments with fiscal agents	270,649	179,654	1	450,302
Total Assets	\$ 461,709	\$ 485,836	\$ 489,319	\$ 458,226
Liabilities:				
Due to bondholders	\$ 461,709	\$ 129,580	\$ 133,063	\$ 458,226
Total Liabilities	\$ 461,709	\$ 129,580	\$ 133,063	\$ 458,226
<u>Community Facilities District 2005-01</u>				
Assets:				
Pooled cash and investments	\$ 94,865	\$ 598,013	\$ 561,614	\$ 131,264
Receivables:				
Accounts	34,223	-	34,223	-
Cash and investments with fiscal agents	837,093	81	1	837,173
Total Assets	\$ 966,181	\$ 598,094	\$ 595,838	\$ 968,437
Liabilities:				
Due to bondholders	\$ 966,181	\$ 164,275	\$ 162,019	\$ 968,437
Total Liabilities	\$ 966,181	\$ 164,275	\$ 162,019	\$ 968,437
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 344,610	\$ 1,027,489	\$ 1,212,710	\$ 159,389
Receivables:				
Accounts	52,716	7,992	52,716	7,992
Restricted assets:				
Cash and investments with fiscal agents	1,306,640	179,755	2	1,486,393
Total Assets	\$ 1,703,966	\$ 1,215,236	\$ 1,265,428	\$ 1,653,774
Liabilities:				
Accounts payable	\$ 14,877	\$ 143,884	\$ 156,519	\$ 2,242
Deposits payable	11,301	47,617	30,961	27,957
Due to bondholders	1,677,788	383,635	437,848	1,623,575
Total Liabilities	\$ 1,703,966	\$ 575,136	\$ 625,328	\$ 1,653,774

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CITY OF SEAL BEACH
Comprehensive Annual Financial Report
Year Ended June 30, 2015

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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Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	132

CITY OF SEAL BEACH

Net Position by Component

Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets,	\$ 62,319,804	\$ 64,630,230	\$ 64,607,970	\$ 68,117,517
Restricted	4,725,123	5,004,891	6,190,852	5,179,337
Unrestricted	30,271,762	32,204,164	30,050,739	27,557,417
Total governmental activities net position	<u>\$ 97,316,689</u>	<u>\$ 101,839,285</u>	<u>\$ 100,849,561</u>	<u>\$ 100,854,271</u>
Business-type activities:				
Net investment in capital assets,	\$ 24,136,274	\$ 27,007,845	\$ 27,416,082	\$ 29,552,934
Restricted	-	396,321	294,407	-
Unrestricted	12,471,364	12,314,589	14,376,270	13,633,764
Total business-type activities net position	<u>\$ 36,607,638</u>	<u>\$ 39,718,755</u>	<u>\$ 42,086,759</u>	<u>\$ 43,186,698</u>
Primary government:				
Net investment in capital assets,	\$ 86,456,078	\$ 91,638,075	\$ 92,024,052	\$ 97,670,451
Restricted	4,725,123	5,401,212	6,485,259	5,179,337
Unrestricted	42,743,126	44,518,753	44,427,009	41,191,181
Total primary government net position	<u>\$ 133,924,327</u>	<u>\$ 141,558,040</u>	<u>\$ 142,936,320</u>	<u>\$ 144,040,969</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.

2012	2013	2014	2015
\$ 70,801,667	\$ 73,693,829	\$ 72,498,068	\$ 74,296,935
2,662,285	3,271,671	4,426,990	3,842,792
29,666,427	23,570,750	25,953,129	4,097,282
<u>\$ 103,130,379</u>	<u>\$ 100,536,250</u>	<u>\$ 102,878,187</u>	<u>\$ 82,237,009</u>
\$ 32,020,831	\$ 32,645,747	\$ 32,360,440	\$ 34,451,074
-	-	-	-
11,318,443	12,593,950	15,532,304	12,470,553
<u>\$ 43,339,274</u>	<u>\$ 45,239,697</u>	<u>\$ 47,892,744</u>	<u>\$ 46,921,627</u>
\$ 102,822,498	\$ 106,339,576	\$ 104,858,508	\$ 108,748,009
2,662,285	3,271,671	4,426,990	3,842,792
40,984,870	36,164,700	41,485,433	16,567,835
<u>\$ 146,469,653</u>	<u>\$ 145,775,947</u>	<u>\$ 150,770,931</u>	<u>\$ 129,158,636</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
Governmental activities:				
General government	\$ 6,099,316	\$ 5,713,338	\$ 6,462,182	\$ 8,135,200
Public safety	13,477,966	13,191,707	14,322,026	13,493,413
Community development	2,279,543	1,979,889	3,332,329	1,654,009
Community services	1,033,362	978,504	1,109,303	1,040,723
Public works	3,889,902	5,307,470	7,745,817	6,304,343
Interest on long-term debt	525,974	1,083,063	889,721	1,012,516
Total governmental activities expenses	<u>\$ 27,306,063</u>	<u>\$ 28,253,971</u>	<u>\$ 33,861,378</u>	<u>\$ 31,640,204</u>
Business-type activities:				
Water utility	\$ 3,770,266	\$ 3,815,798	\$ 4,063,497	\$ 4,005,747
Sewer utility	1,050,711	1,331,610	1,452,748	1,412,326
Total business-type activities expenses	<u>4,820,977</u>	<u>5,147,408</u>	<u>5,516,245</u>	<u>5,418,073</u>
Total primary government expenses	<u>\$ 32,127,040</u>	<u>\$ 33,401,379</u>	<u>\$ 39,377,623</u>	<u>\$ 37,058,277</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 2,515,890	\$ 2,506,070	\$ 2,190,386	\$ 1,770,024
Public safety	1,265,791	1,424,996	1,725,519	1,515,727
Community development	71,084	95,824	92,163	92,131
Community services	564,504	619,334	737,470	815,779
Public works	2,159,284	1,909,011	1,817,794	1,738,965
Operating contributions and grants	1,484,287	1,604,904	1,999,260	1,775,825
Capital grants and contributions	642,433	224,264	422,645	23,967
Total governmental activities program revenues	<u>\$ 8,703,273</u>	<u>\$ 8,384,403</u>	<u>\$ 8,985,237</u>	<u>\$ 7,732,418</u>
Business-type activities:				
Charges for services:				
Water utility	\$ 5,783,125	\$ 5,818,135	\$ 5,655,433	\$ 4,190,824
Sewer utility	1,901,950	2,075,431	2,184,287	2,212,559
Operating grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>\$ 7,685,075</u>	<u>\$ 7,893,566</u>	<u>\$ 7,839,720</u>	<u>\$ 6,403,383</u>
Total primary government program revenues	<u>\$ 16,388,348</u>	<u>\$ 16,277,969</u>	<u>\$ 16,824,957</u>	<u>\$ 14,135,801</u>
Net revenues (expenses):				
Governmental activities	(18,602,790)	(19,869,568)	(24,876,141)	(23,907,786)
Business-type activities	2,864,098	2,746,158	2,323,475	985,310
Total net revenues (expenses)	<u>\$(15,738,692)</u>	<u>\$(17,123,410)</u>	<u>\$(22,552,666)</u>	<u>\$(22,922,476)</u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 6,477,795	\$ 5,373,180	\$ 5,040,070	\$ 6,551,584
14,152,774	15,005,590	15,999,900	16,022,465
1,372,334	1,781,188	1,306,898	1,393,712
940,754	1,272,680	1,079,006	1,129,300
6,577,233	6,212,516	6,902,521	7,862,892
693,065	574,763	487,221	444,132
<u>\$ 30,213,955</u>	<u>\$ 30,219,917</u>	<u>\$ 30,815,616</u>	<u>\$ 33,404,085</u>
\$ 4,165,575	\$ 4,267,840	\$ 4,439,797	\$ 4,037,798
1,402,249	1,520,478	1,730,940	1,661,225
<u>5,567,824</u>	<u>5,788,318</u>	<u>6,170,737</u>	<u>5,699,023</u>
<u>\$ 35,781,779</u>	<u>\$ 36,008,235</u>	<u>\$ 36,986,353</u>	<u>\$ 39,103,108</u>
\$ 1,462,840	\$ 450,911	\$ 1,632,975	\$ 1,820,019
1,667,184	1,565,527	1,384,701	2,132,176
130,118	111,008	182,021	186,858
930,501	981,440	1,062,796	1,020,316
1,869,575	1,980,116	1,962,242	1,937,305
5,890,556	5,837,093	2,402,490	2,768,435
44,405	-	10,000	20,000
<u>\$ 11,995,179</u>	<u>\$ 10,926,095</u>	<u>\$ 8,637,225</u>	<u>\$ 9,885,109</u>
\$ 4,376,906	\$ 4,924,109	\$ 5,092,152	\$ 4,556,001
2,442,608	2,675,201	2,775,332	2,765,357
-	-	-	-
<u>\$ 6,819,514</u>	<u>\$ 7,599,310</u>	<u>\$ 7,867,484</u>	<u>\$ 7,321,358</u>
\$ 18,814,693	\$ 18,525,405	\$ 16,504,709	\$ 17,206,467
(18,218,776)	(19,293,822)	(22,178,391)	(23,518,976)
1,251,690	1,810,992	1,696,747	1,622,335
<u>\$(16,967,086)</u>	<u>\$(17,482,830)</u>	<u>\$(20,481,644)</u>	<u>\$(21,896,641)</u>

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

	Fiscal Year			
	2008	2009	2010	2011
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	\$ 10,304,847	\$ 11,054,451	\$ 10,738,530	\$ 10,794,375
Transient occupancy taxes	1,065,996	1,198,376	1,108,785	1,221,491
Sales tax	5,127,969	3,974,341	4,680,846	4,160,359
Franchise taxes	1,053,907	980,148	941,785	1,030,736
Utility users taxes	5,599,065	5,326,486	5,056,233	5,310,666
Other taxes	355,169	393,570	151,724	228,449
Motor vehicle in lieu, unrestricted	115,074	88,304	76,234	119,022
Use of money and property	1,576,333	892,341	752,771	735,082
Other	441,440	43,881	319,134	312,316
Transfers	-	-	60,375	-
Extraordinary Gain(loss)	-	-	-	-
Total governmental activities	<u>\$ 25,639,800</u>	<u>\$ 23,951,898</u>	<u>\$ 23,886,417</u>	<u>\$ 23,912,496</u>
Business-type activities:				
Use of money and property	\$ 507,453	\$ 278,754	\$ 92,259	\$ 109,160
Other	503	800	12,645	5,469
Transfers	-	-	(60,375)	-
Extraordinary Gain(loss)	-	-	-	-
Total business-type activities	<u>\$ 507,956</u>	<u>\$ 279,554</u>	<u>\$ 44,529</u>	<u>\$ 114,629</u>
Total primary government	<u>\$ 26,147,756</u>	<u>\$ 24,231,452</u>	<u>\$ 23,930,946</u>	<u>\$ 24,027,125</u>
Changes in net position:				
Governmental activities	\$ 7,037,010	\$ 4,082,330	\$ (989,724)	\$ 4,710
Business-type activities	<u>3,372,054</u>	<u>3,025,712</u>	<u>2,368,004</u>	<u>1,099,939</u>
Total primary government	<u>\$ 10,409,064</u>	<u>\$ 7,108,042</u>	<u>\$ 1,378,280</u>	<u>\$ 1,104,649</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

Source: Finance Department, City of Seal Beach.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 10,337,486	\$ 9,958,198	\$ 9,498,277	\$ 10,050,815
970,275	1,289,007	1,509,095	1,525,723
4,930,037	5,408,756	4,742,859	4,246,080
1,008,031	1,126,398	1,324,860	1,163,595
5,484,256	4,732,597	4,644,218	4,646,434
338,176	328,743	555,804	344,789
12,868	13,333	11,035	10,659
714,342	372,693	674,875	725,720
230,997	331,175	544,406	356,749
-	-	378,500	378,500
(3,531,584)	-	-	694,585
<u>\$ 20,494,884</u>	<u>\$ 23,560,900</u>	<u>\$ 23,883,929</u>	<u>\$ 24,143,649</u>
\$ 96,774	\$ 84,371	\$ 133,995	\$ 109,575
4,112	5,060	805	3,698
-	-	(378,500)	(378,500)
(1,200,000)	-	1,200,000	-
<u>\$ (1,099,114)</u>	<u>\$ 89,431</u>	<u>\$ 956,300</u>	<u>\$ (265,227)</u>
<u>\$ 19,395,770</u>	<u>\$ 23,650,331</u>	<u>\$ 24,840,229</u>	<u>\$ 23,878,422</u>
\$ 2,276,108	\$ 4,267,078	\$ 1,705,538	\$ 624,673
152,576	1,900,423	2,653,047	1,357,108
<u>\$ 2,428,684</u>	<u>\$ 6,167,501</u>	<u>\$ 4,358,585</u>	<u>\$ 1,981,781</u>

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

	Fiscal Year			2011
	2008	2009	2010	
General fund:				
Reserved	\$ 182,500	\$ 211,000	\$ 30,300	
Unreserved	33,262,310	36,254,127	29,988,551	
Total general fund	\$33,444,810	\$36,465,127	\$30,018,851	
All other governmental funds:				
Reserved	\$ 2,126,571	\$ 1,888,229	\$ 1,880,130	
Unreserved, reported in:				
Low and moderate housing	1,538,662	1,699,688	1,268,309	
Special revenue funds	2,087,018	2,397,828	2,264,014	
Debt service funds	1,363,543	2,108,727	1,922,685	
Capital project funds	2,569,235	4,202,108	4,126,432	
Total all other governmental funds	\$ 9,685,029	\$12,296,580	\$11,461,570	
General Fund:				
Nonspendable				\$ 100
Restricted				-
Assigned				9,371,679
Unassigned				16,952,806
Total general fund				\$26,324,585
All Other government funds:				
Nonspendable				\$ 1,957,603
Restricted				5,179,337
Assigned				2,825,953
Unassigned				(134,079)
Total all Other government funds:				\$ 9,828,814

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

Source: Finance Department, City of Seal Beach

2012	2013	2014	2015
------	------	------	------

\$ -	\$ -	\$ 1,549,735	\$ 666,102
-	-	-	-
9,106,458	8,301,699	8,227,258	7,623,994
19,263,118	21,149,350	22,314,838	21,711,517
<u>\$28,369,576</u>	<u>\$29,451,049</u>	<u>\$32,091,831</u>	<u>\$30,001,613</u>

\$ -	\$ -	\$ -	\$ -
2,662,285	3,271,671	4,426,990	3,842,792
87,375	89,004	71,993	-
(470,485)	(56,810)	(368,629)	(525,408)
<u>\$ 2,279,175</u>	<u>\$ 3,303,865</u>	<u>\$ 4,130,354</u>	<u>\$ 3,317,384</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Taxes	\$24,051,063	\$23,399,203	\$22,689,660	\$23,624,925
Licenses and permits	1,903,316	1,527,024	1,586,337	1,179,759
Intergovernmental	1,417,738	1,572,675	1,644,511	949,294
Charges for services	3,821,352	4,183,018	4,150,239	3,769,165
Use of money and property	1,594,900	893,879	626,019	735,082
Fines and forfeitures	1,005,130	944,950	1,029,510	983,702
Contributions from other governments	-	-	-	-
Miscellaneous	364,746	76,510	337,986	312,316
Total revenues	<u>\$34,158,245</u>	<u>\$32,597,259</u>	<u>\$32,064,262</u>	<u>\$31,554,243</u>
Expenditures				
Current:				
General government	\$ 5,968,260	\$ 5,611,104	\$ 6,280,260	\$ 7,211,870
Public safety	24,267,574	12,485,796	13,377,245	13,297,057
Community development	2,272,462	1,949,425	3,346,961	1,649,921
Parks and recreation	958,757	908,708	1,036,376	965,222
Public works	2,214,002	3,557,704	2,817,379	4,059,001
Capital outlay	5,192,028	4,725,348	9,438,315	6,622,692
Debt service:				
Principal retirement	570,036	1,418,230	1,942,476	2,066,373
Interest and fiscal charges	421,528	1,048,026	903,286	1,027,743
Bond issuance costs	91,510	1,316	-	-
Total expenditures	<u>\$41,956,157</u>	<u>\$31,705,657</u>	<u>\$39,142,298</u>	<u>\$36,899,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,797,912)</u>	<u>\$ 891,602</u>	<u>\$ (7,078,036)</u>	<u>\$ (5,345,636)</u>
Other financing sources (uses):				
Transfers in	\$ 7,029,205	\$11,180,500	\$12,577,549	\$ 9,370,333
Transfers out	(7,029,205)	(13,180,500)	(12,780,799)	(9,370,333)
Debt issuance	-	6,300,000	-	-
Proceeds on sale of assets	-	-	-	18,614
Proceeds of Debt	10,945,000	-	-	-
Total other financing sources (uses)	<u>\$10,945,000</u>	<u>\$ 4,300,000</u>	<u>\$ (203,250)</u>	<u>\$ 18,614</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ 3,147,088</u>	<u>\$ 5,191,602</u>	<u>\$ (7,281,286)</u>	<u>\$ (5,327,022)</u>
Debt service as a percentage of noncapital expenditures	2.9%	9.2%	9.6%	10.2%

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

2012	2013	2014	2015
\$24,165,883	\$23,831,431	\$23,476,034	\$23,114,876
926,761	1,247,750	1,369,275	1,377,131
5,058,175	3,002,321	869,294	1,725,127
4,044,566	4,117,034	3,895,371	3,961,691
714,342	372,693	674,875	725,720
1,085,291	1,063,172	1,013,695	1,146,509
-	10,209	341,698	330,885
234,597	301,771	579,125	375,588
<u>\$36,229,615</u>	<u>\$33,946,381</u>	<u>\$32,219,367</u>	<u>\$32,757,527</u>

\$ 5,169,799	\$ 5,062,467	\$ 4,493,594	\$ 5,462,668
13,948,663	14,460,833	15,439,757	15,811,773
1,353,068	1,420,065	1,298,071	1,362,308
880,983	1,182,716	1,048,427	1,129,497
4,047,013	4,156,616	4,871,887	5,631,015
5,530,575	3,316,684	2,094,120	4,578,308
2,195,014	1,734,446	1,265,135	1,337,573
790,581	562,184	492,935	441,040
-	-	-	-
<u>\$33,915,696</u>	<u>\$31,896,011</u>	<u>\$31,003,926</u>	<u>\$35,754,182</u>

<u>\$ 2,313,919</u>	<u>\$ 2,050,370</u>	<u>\$ 1,215,441</u>	<u>\$ (2,996,655)</u>
---------------------	---------------------	---------------------	-----------------------

\$ 8,209,025	\$ 5,825,432	\$ 4,363,955	\$ 7,012,848
(8,209,025)	(6,135,432)	(4,295,455)	(6,919,381)
-	-	1,546,931	-
-	-	-	-
-	-	-	-

<u>\$ -</u>	<u>\$ (310,000)</u>	<u>\$ 1,615,431</u>	<u>\$ 93,467</u>
-------------	---------------------	---------------------	------------------

<u>\$ (7,818,567)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-----------------------	-------------	-------------	-------------

<u>\$ (5,504,648)</u>	<u>\$ 1,740,370</u>	<u>\$ 2,830,872</u>	<u>\$ (2,903,188)</u>
-----------------------	---------------------	---------------------	-----------------------

10.5%

8.0%

6.0%

5.5%

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	
2006	\$ 3,018,869,834	\$ 171,000,511	\$ 3,189,870,345
2007	3,373,750,311	211,551,053	3,585,301,364
2008	3,691,176,766	184,725,523	3,875,902,289
2009	4,031,469,067	225,415,156	4,256,884,223
2010	4,067,713,475	173,507,894	4,241,221,369
2011	4,114,053,573	167,978,268	4,282,031,841
2012	4,219,133,372	215,211,254	4,434,344,626
2013	4,304,310,243	176,246,398	4,480,556,641
2014	4,408,299,607	172,172,784	4,580,472,391
2015	4,706,609,532	184,449,987	4,891,059,519

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

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

NOTE:

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

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

Redevelopment Agency

	Secured	Unsecured	Taxable Assessed Value	Total Direct Tax Rate
\$	291,579,619	\$ 2,720,275	\$ 294,299,894	1.00%
	391,953,993	37,126,974	429,080,967	1.00%
	415,609,878	7,010,892	422,620,770	1.00%
	427,188,898	5,536,607	432,725,505	1.00%
	434,606,835	9,702,557	444,309,392	1.00%
	408,349,567	10,330,287	418,679,854	1.00%
	410,499,845	6,813,130	417,312,975	1.00%
	424,660,008	7,294,003	431,954,011	1.00%
	453,448,325	8,270,821	461,719,146	1.00%
	556,548,983	3,863,246	560,412,229	1.00%

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

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City Direct Rates:				
City Direct Rate	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:				
Orange County Bonds	0.01545	0.01599	0.01501	0.01472
Metropolitan Water District	0.00520	0.00470	0.00450	0.00430
Other Districts	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Direct Rate	<u>1.02065</u>	<u>1.02069</u>	<u>1.01951</u>	<u>1.01902</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

Source: Orange County Auditor Controller's Office

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.01673	0.01750	0.01754	0.01881	0.03015	0.03092
0.00430	0.03347	0.00370	0.00350	0.00350	0.00350
<u>0.01995</u>	<u>0.00370</u>	<u>0.03603</u>	<u>0.04124</u>	<u>0.04830</u>	<u>0.05219</u>
<u>1.04098</u>	<u>1.05467</u>	<u>1.05727</u>	<u>1.06355</u>	<u>1.08195</u>	<u>1.08661</u>

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

Taxpayer	2015		2006	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Seal Beach Mutual	\$ 705,534,817	14.42%	\$ 550,492,915	17.26%
ASN Long Beach LLC	167,006,959	3.41%		
OXY Long Beach Inc	152,315,621	3.11%		
CPT Shops at Rossmoor LLC	127,841,584	2.61%		
Boeing North American	117,865,436	2.41%	229,724,816	7.20%
Terra Funding-Bixby Ranch LLC	85,385,900	1.75%	53,875,012	1.69%
DCOR, LLC	51,205,140	1.05%		
Al United States Seal Beach Senior Housing Ranch Town Center LLC	47,219,048	0.97%		
	43,478,340	0.89%		
Levine Investments LP			40,003,161	1.25%
Century National Properties Inc			37,788,488	1.18%
Bixby Ranch Company			26,093,031	0.82%
WL Homes LLC			18,924,842	0.59%
Hellman Properties LLC	33,122,715	0.68%	18,888,607	0.59%
Plains Exploration			18,215,646	0.57%
Target Corporation			17,462,205	0.55%
	\$ 1,530,975,560	31.30%	\$ 1,011,468,723	31.70%

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
2006	\$6,318,985	\$6,154,444	97.40%	\$ 91,264	\$ 6,245,708	98.84%
2007	8,332,294	8,055,355	96.68%	91,659	8,147,014	97.78%
2008	8,102,060	7,854,441	96.94%	151,578	8,006,019	98.81%
2009	8,567,293	\$8,285,120	96.71%	107,589	8,392,709	97.96%
2010	8,362,560	\$7,314,382	87.47%	257,026	7,571,408	90.54%
2011	8,385,415	8,190,860	97.68%	178,283	8,369,142	99.81%
2012	8,608,773	8,404,621	97.63%	125,019	8,529,640	99.08%
2013	8,814,252	8,629,271	97.90%	118,645	8,747,916	99.25%
2014	9,407,263	9,240,201	98.22%	103,007	9,343,208	99.32%
2015	10,438,079	10,222,017	97.93%	73,362	10,295,379	98.63%

NOTE:

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

Source: Orange County Tax Ledger

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

Government-wide Activities								
Fiscal Year Ended June 30	Capital Lease	Countrywide Financing Authority Lease	Tax Allocation Bonds	Pension Obligation Bonds	Fire Station Bonds	Climatec	Advance to RDA	Total Governmental Activities
2007	\$ 736,710	\$ 530,000	\$ 7,170,000	\$ -	\$ -	\$ -	\$ -	\$ 8,436,710
2008	631,674	435,000	6,800,000	10,945,000	-	-	-	18,811,674
2009	534,444	335,000	6,410,000	10,219,000	6,195,000	-	-	23,693,444
2010	433,968	230,000	6,005,000	9,307,000	5,775,000	-	-	21,750,968
2011	323,595	120,000	5,575,000	8,311,000	5,355,000	-	1,200,000	20,884,595
2012	202,581	-	-	7,227,000	4,935,000	-	1,200,000	13,564,581
2013	70,135	-	-	6,045,000	4,515,000	-	1,200,000	11,830,135
2014	-	-	-	5,270,000	4,095,000	1,562,400	1,200,000	12,127,400
2015	-	-	-	4,411,000	3,675,000	1,488,358	952,344	10,526,702

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

Notes:

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

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

*Data not readily available.

Source: Finance Department, City of Seal Beach

Business-type Activities

Economic Development Administration Loan	Capital Equipment Lease	Sewer Certificates of Participation	Sewer 2011 Installment Agreement	Sewer State Revolving Agreement	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
\$ 142,317	\$ -	\$ 3,730,000	\$ -	\$ -	\$ 3,872,317	\$ 12,309,027	*	478
132,388	-	3,645,000	-	-	3,777,388	22,589,062	*	874
121,962	-	3,555,000	-	-	3,676,962	27,370,406	*	1,058
111,016	-	3,460,000	-	-	3,571,016	25,321,984	*	974
99,521	-	-	3,200,000	-	3,299,521	24,184,116	*	930
87,453	-	-	3,085,000	-	3,172,453	16,737,034	*	687
74,780	-	-	2,965,000	4,645,401	7,685,181	19,515,316	*	750
-	-	-	2,835,000	4,068,778	6,903,778	19,031,178	*	732
-	-	-	2,705,000	3,893,311	6,598,311	17,125,013	*	697

CITY OF SEAL BEACH

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds	Private Placement Bonds	Total Bonds	Percent of Assessed Value ¹	Per Capita
2006	\$ 7,170,000	\$ -	\$7,170,000	0.15%	\$ 282
2007	7,170,000	-	7,170,000	0.15%	278
2008	6,800,000	-	6,800,000	0.14%	263
2009	6,410,000	16,414,000	22,824,000	0.47%	882
2010	6,005,000	15,082,000	21,087,000	0.43%	811
2011	5,575,000	13,666,000	19,241,000	0.38%	790
2012	-	12,162,000	12,162,000	0.24%	497
2013	-	10,560,000	10,560,000	0.21%	406
2014	-	9,365,000	9,365,000	0.19%	360
2015	-	8,086,000	8,086,000	0.15%	329

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 dissolved on February 1, 2012. The debt was transferred to the Successor Agency to the Seal Beach Redevelopment Agency

Source: Finance Department, City of Seal Beach

CITY OF SEAL BEACH
Schedule of Direct and Overlapping Debt
June 30, 2015

2014-15 Assessed Valuation: \$4,891,059,519

	% Applicable ⁽¹⁾	Total Debt 6/30/2015	City's Share of Debt 6/30/15
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	0.211%	\$ 110,420,000	\$ 232,986
Coast Community College District	3.132%	609,598,698	19,092,631
North Orange Jt. Community College District	1.251%	187,039,001	2,339,858
Los Alamitos Unified School District School Facilities Imp District No.1	51.764%	100,560,124	52,053,943
Huntington Beach Union High School District	0.0001%	202,489,998	202
City of Seal Beach Community Facilities District No. 2002-1	100.000%	3,480,000	3,480,000 ⁽²⁾
City of Seal Beach Community Facilities District No. 2005-1	100.000%	8,430,000	8,430,000
City of Seal Beach 1915 Act Bonds	100.000%	125,000	125,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 85,754,620
OVERLAPPING GENERAL FUND DEBT:			
Orange County General Fund Obligations	1.038%	98,906,000	\$ 1,026,644
Orange County Pension Obligations	1.038%	366,854,623	3,807,951
Orange County Board of Education Certificates of Participation	1.038%	15,190,000	157,672
Municipal Water District of Orange County Water Facilities Corporation	1.241%	5,360,000	66,518
North Orange County Regional Occupation Program Certificates of Participation	4.661%	10,450,000	487,075
Los Alamitos Unified School District Certificates of Participation	56.087%	43,516,874	24,407,309
Other School District General Fund Obligations	0.001-0.0003%	74,416,090	104
City of Seal Beach Fire Station Lease Revenue Bonds	100%	3,675,000	3,675,000
City of Seal Beach Lease Agreement	100%	1,488,358	1,488,358
City of Seal Beach Taxable Pension Obligations	100%	4,411,000	4,411,000
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT			\$ 39,527,631
Less: MWDOC Water Facilities Corporation (100% self-supporting)			66,518
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 39,461,113
TOTAL DIRECT DEBT			\$ 9,574,358
TOTAL GROSS OVERLAPPING DEBT			\$119,352,893
SUBTOTAL OVERLAPPING DEBT			\$119,286,375
GROSS COMBINED TOTAL DEBT			\$128,927,251 ⁽³⁾
GRAND TOTAL OF DIRECT AND OVERLAPPING DEBT			\$128,860,733

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

⁽²⁾ Refunding Bonds dated 7/1/15. Excludes issue refunded.

⁽³⁾ 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	1.75%
Total Direct Debt (\$9,574,358)	0.20%
Gross Combined Total Debt	2.64%
Net Combined Total Debt	2.63%

Ratios to Redevelopment Incremental Valuation (\$527,411,660):

Total Overlapping Tax Increment Debt	0.69%
--------------------------------------	-------

Source: California Municipal Statistics, Inc.

CITY OF SEAL BEACH

Legal Debt Margin Information

Last Nine Years

	Fiscal Year			
	2007	2008	2009	2010
Debit limit	\$ 602,157,350	\$ 644,778,459	\$ 703,441,459	\$ 702,829,614
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 602,157,350</u>	<u>\$ 644,778,459</u>	<u>\$ 703,441,459</u>	<u>\$ 702,829,614</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Valuation	\$ 5,451,471,748
Debt percentage ¹	<u>15%</u>
Debt limit	\$ 817,720,762
Debt applicable to limit	-
Legal debt margin	<u>\$ 817,720,762</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

CITY OF SEAL BEACH

Legal Debt Margin Information

Last Nine Years

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 705,106,754	\$ 760,030,328	\$ 736,876,598	\$ 756,328,731	\$ 817,720,762
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 705,106,754</u>	<u>\$ 760,030,328</u>	<u>\$ 736,876,598</u>	<u>\$ 756,328,731</u>	<u>\$ 817,720,762</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	Tax	Debt Service		Coverage
Ended	Increment	Principal	Interest	
June 30				
2006	\$ 1,138,441	\$ 335,000	\$ 389,316	1.57
2007	2,426,176	355,000	373,933	3.33
2008	1,933,042	370,000	357,514	2.66
2009	1,930,719	390,000	338,879	2.65
2010	1,768,919	405,000	318,054	2.45
2011	1,784,964	430,000	296,183	2.46
2012	1,034,695	450,000	396,408	1.22
2013	1,790,960	470,000	330,684	2.24
2014	1,222,425	495,000	229,406	1.69
2015	1,084,135	515,000	204,269	1.51

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

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

Source: Finance Department, City of Seal Beach

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

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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%
2013	24,591	1,082,963	44,039	3.7%
2014	24,586	1,074,777	43,715	4.8%

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 Elementry School	100	0.99%		
Romano's Macaroni Grill	100	0.99%		
Marie Calender's	90	0.90%		
Walt's Wharf Restaurant	90	0.90%		
Total	<u>4,981</u>	<u>49.53%</u>		

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

**Information not available

Source: HDL Coren & Cone

CITY OF SEAL BEACH

Full-time and Part-time City Employees
by Function

Last Six Fiscal Years

Function	Full-Time and Part-Time Employees as of June 30,					
	2010	2011	2012	2013	2014	2015
General government	14.52	14.52	13.83	10.97	10.56	14.64
Public safety	65.88	65.88	64.77	63.91	76.78	79.13
Public works	15.40	15.40	8.36	11.49	11.03	10.94
Community development	10.18	10.18	8.80	10.60	12.01	18.16
Water	12.55	12.68	12.48	12.29	12.60	13.80
Sewer	3.42	3.75	3.95	3.95	5.28	5.91
Total	<u>121.95</u>	<u>122.41</u>	<u>112.19</u>	<u>113.21</u>	<u>128.26</u>	<u>142.58</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

	2010	2011	2012	2013	2014	2015
Police:						
Arrests	1,151	834	705	819	758	798
Parking citations issued	18,824	17,377	18,528	18,451	18,931	21,043
Public works:						
Street centerline miles resurfaced	4	3	2	2	1	2
Number of public right of way permits issued	420	141	127	96	140	151
Number of street related service requests	25	124	121	134	35	45
Parks and recreation:						
Number of recreation classes	799	457	456	2,156	678	781
Number of facility rentals	402	308	562	3,182	1,763	2,633
Water:						
Number of water meters replaced	148	158	112	128	85	57
Acre feet of water used	3,680	3,498	3,534	3,818	3,878	3,540
Sewer:						
Number of feet of sewer cleaned	239,209	184,047	203,584	245,986	253,099	253,099
Number of catch basins cleaned	388	350	417	417	401	434

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

	2010	2011	2012	2013	2014	2015
Police:						
Stations	2	2	2	2	2	2
Patrol units	36	36	34	34	34	34
Public works:						
Streets (center line miles)	43	43	43	43	43	43
Sidewalk (miles)	86	86	86	86	86	86
Signalized intersections	23	23	23	23	23	23
Parks and recreation:						
Parks	10	10	10	10	10	10
Community centers	3	3	3	3	3	3
Water:						
Water pipe (miles)	72	72	72	72	72	72
Reservoirs	2	2	2	2	2	2
Sewer						
Sanitary sewers (miles)	37	37	37	37	37	37
Storm sewers (miles)	4	4	4	4	4	4
Sewer lift/pump stations	7	7	7	7	7	7

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

Source: City of Seal Beach

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