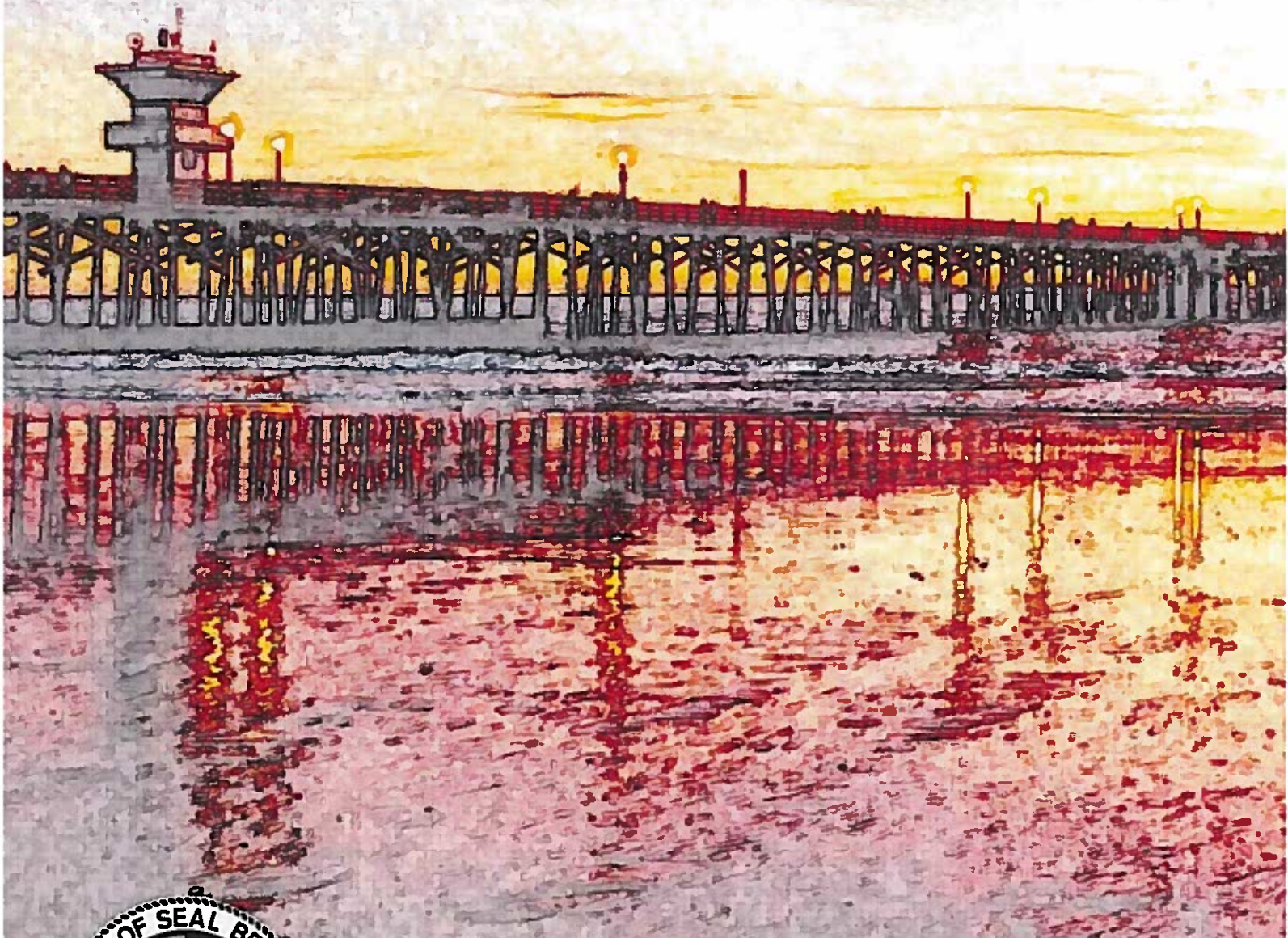


# CITY OF SEAL BEACH, California



**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

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**FISCAL YEAR 2020-2021**




# City of Seal Beach

## Annual Comprehensive Financial Report For the Year Ended June 30, 2021



Prepared by the Finance Department  
Kelly A. Telford, CPA  
Director of Finance/City Treasurer



**The City of Seal Beach provides  
excellent city services to  
enhance the quality of life and to  
preserve our small town  
character.**

**The City of Seal Beach Values:**

**Excellent Customer Service**

**Mutual Respect**

**Teamwork**

**Professionalism**

**Honest & Ethical Behavior**

**City of Seal Beach**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2021**

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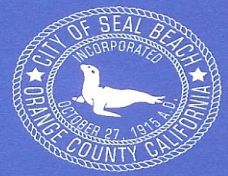
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February 25, 2022

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 Annual Comprehensive Financial Report (ACFR) of the City of Seal Beach (City) for the fiscal year ended June 30, 2021. 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 assurance of the internal control framework.

The City's financial statements have been audited by The Pun Group, 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, 2021, 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 that section. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the ACFR.

## **PROFILE OF THE CITY**

The City of Seal Beach, located on the coast of northwestern Orange County California, was incorporated on October 27, 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 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 and Marine Safety Department but contracts for fire and paramedic services through the Orange County Fire Authority (OCFA). The City also operates water and sewer utilities and contracts for refuse and sanitation treatment services.

Included in the financial statements are the following blended component units: Seal Beach Public Financing Authority, Seal Beach Parking Authority and Seal Beach Cable Communications Foundation.

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.

### **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 one of the longest wooden piers 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 Annual Comprehensive Financial Report is the financial condition of the City at June 30, 2021, it may be best understood when it is considered from the broader perspective of the specific environment within which the City operates. Leading up to Fiscal Year 2020-2021, the country was facing devastating challenges and economic impacts related to COVID-19. The outlook at the beginning of the year was uncertain and many local governments were facing the probability of steep decline in revenues. The City's met this challenge by evaluating how we provide central services to the Seal Beach community and we found ways to reduce operating and capital expenditures to help prevent operating deficits. Throughout Fiscal Year 2020-21, the City has seen a steady increase in revenues and appears to be showing economic recovery.

**Long-term financial planning.** The City of Seal Beach continues to implement cost saving measures to mitigate operating deficits in response to revenue declines related to the COVID-19 pandemic, while continuing to provide the core services for our residents, businesses, visitors, and protect all essential municipal services that contribute to the high quality of life within the City

The City has identified a critical need to invest in updated technology and thus, a major investment will be needed over the next five years. As a result, the City has invested in a new financial software and land management software. The City will be conducting an Information Technology Master Plan to help evaluate and prioritize other projects.

In addition, the City approved changes in the utility rates to address a structural deficit in the City's Water Fund due to the rising cost of purchased water and other operating costs. The increases in operating costs have prevented the City from investing in much needed infrastructure improvements. This was offset by a reduction in sewer rates.

For the upcoming fiscal year, property taxes are expected to show steady growth in future years, which is the result of continued improvement in real estate values.

The Southern California region continues to show signs of economic recovery from the COVID-19 pandemic which can be partially attributed to the availability of a vaccine.

**Major initiatives.** The Strategic Plan goals are approved and/or affirmed by the City Council twice a year. The Strategic Plan goals and objectives are updated monthly at a City Council meeting. Many of these goals were re-prioritized when the pandemic hit, however they remain priorities and include: Fiscal Sustainability, Organizational Culture and Community Outreach and Capital 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 result 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the nineteenth 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 The Pun Group for their professional assistance.

Respectfully submitted,



Sherry E. Johnson, CPA  
Interim Director of Finance/City Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

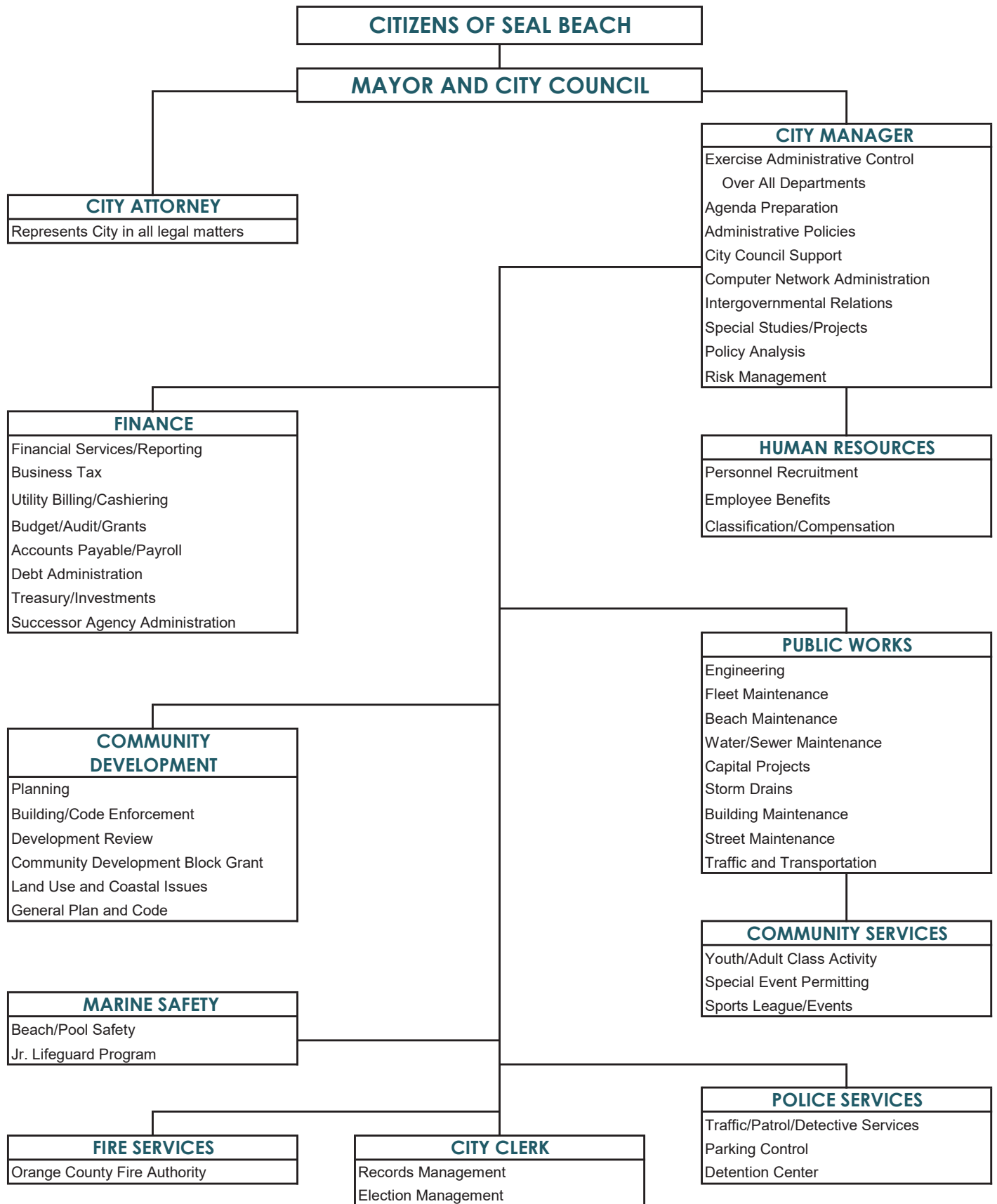
**City of Seal Beach  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO



# **CITY OF SEAL BEACH CALIFORNIA**

## **Principal Officers**

### **City Council**

Joe Kalmick, Mayor  
Mike Varipapa, Mayor Pro Tem  
Thomas Moore, Council Member  
Schelly Sustarsic, Council Member  
Sandra Massa-Lavitt, Council Member

### **Executive Officers**

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

### **Administrative Personnel**

Patrick Gallegos, Assistant City Manager  
Phil Gonshak, Chief of Police  
Steve Myrter, Director of Public Works  
Kelly A. Telford, Director of Finance  
Alexa Smittle, Director of Community Development  
Joe Bailey, Marine Safety Chief  
Gloria D. Harper, City Clerk

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Seal Beach  
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 the City of Seal Beach, California (the "City"), as of and for the year ended June 30, 2021, 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 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Contributions – Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits on pages 5 to 12 and 87 to 95, 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, the Combining and Individual Nonmajor Fund Financial Statements, and the Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and the 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.

To the Honorable Mayor and Members of the City Council  
of the City of Seal Beach  
Seal Beach, California  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022, 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 solely 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 the effectiveness of the City's 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.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California  
February 25, 2022

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**City of Seal Beach**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2021**

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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, 2021, along with comparisons to the fiscal year ended June 30, 2020. 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**

- The City's net position – the difference between its assets and deferred outflows of resources compared to its liabilities and deferred inflows of resources – was \$128.2 million, an increase of \$2.3 or 1.9%. The net position of business-type activities decreased by \$0.3 million or 0.6%, while the net position of governmental activities increased by \$2.6 million or 3.2%.
- The net position of \$128.2 million consisted of: \$115.8 million of net investment in capital assets; \$7.2 million of resources that are subject to external restrictions on how they may be used; \$14.4 million that may be used to meet the City's obligations for its business-type activities; and a \$9.2 million deficit related to its governmental activities.
- Total revenues were \$53.3 million and total expenses were \$51.0 million. Revenues increased by \$3.3 million or 6.6%, while expenses decreased by \$1.8 million or 3.4%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34.7 million, representing an increase of \$2.7 million or 8.6%. Of this amount, \$8.0 million (the sum of assigned and unassigned fund balances) is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$3.6 million or 9.4% of total General Fund expenditures and transfers out. The City's Reserve Fund Policy aims to maintain a minimum balance in the Fiscal Policy Reserve equal to approximately three months' worth of the City's General Fund operating expenditures. As of June 30, 2021, the Committed-Fiscal Policy Reserve has a balance of \$8.7 million, or 25% of General Fund expenditures (less transfers out related to capital projects). This percentage hits the City's target rate and is in accordance with the recommendation of the Government Finance Officers Association (GFOA).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are 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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The *Statement of Net Position* presents information on all assets and liabilities, deferred outflows and inflows with the difference between them reported as net position. Over time, increases or decreases in the City's net position are one indicator of whether its financial condition is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. These changes are reported on a full accrual basis when the economic event occurs, regardless of when cash is received or paid.

**City of Seal Beach**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

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Both 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, recreation, and all its component units that are legally separate but whose activities entirely support the City of Seal Beach. The business-type activities of the City include water and sewer operations.

The government-wide financial statements can be found immediately following this discussion and analysis.

**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** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows in and out of those funds and the balances left at fiscal 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.

The City maintains individual governmental funds organized by their type (general, special revenue, and capital improvements funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Capital Projects and Equipment Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the other governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

**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. Customer charges for various City services are generally reported in proprietary funds. The basic proprietary fund financial statements can be found immediately following the governmental funds financial statements.

**Fiduciary funds** account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. All 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 statement because the City cannot use these assets to finance its operations. The basic fiduciary fund financial statements can be found immediately following the proprietary funds financial statements.

**City of Seal Beach**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

**Notes to the Basic Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fiduciary funds financial statements.

**Required Supplementary Information (Unaudited) and Supplementary Information** – In addition to the required elements of the basic financial statements, a required supplementary information section concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to City employees is included. Also included in this section are the budgetary comparison schedules for the general and major funds. The required supplementary information can be found immediately following the notes to the basic financial statements.

Combining statements and individual fund statements for non-major governmental funds, internal service and custodial funds are presented immediately following the required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

**Analysis of Net Position** – As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position were \$128.2 million and \$125.8 million for the years ended June 30, 2021, and June 30, 2020, respectively, as shown in Table 1.

Table 1  
Condensed Statement of Net Position  
(in Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 39,531	\$ 36,268	\$ 19,423	\$ 18,977	\$ 58,954	\$ 55,245
Capital assets	86,657	86,590	35,794	36,930	122,451	123,520
Total assets	126,188	122,858	55,217	55,907	181,405	178,765
Deferred outflows of resources	9,790	9,218	997	1,019	10,787	10,237
Current liabilities	3,836	3,776	1,315	1,366	5,151	5,142
Long-term liabilities	47,565	45,263	9,546	9,757	57,111	55,020
Total liabilities	51,401	49,039	10,861	11,123	62,262	60,162
Deferred inflows of resources	1,555	2,622	185	373	1,740	2,995
Net position						
Net investment in capital assets	85,059	84,531	30,785	31,474	115,844	116,005
Restricted	7,202	7,601	25	25	7,227	7,626
Unrestricted	(9,239)	(11,716)	14,359	13,931	5,120	2,215
Total net position	\$ 83,022	\$ 80,416	\$ 45,169	\$ 45,430	\$ 128,191	\$ 125,846

As of June 30, 2021, the City continued to report positive balances in all three categories of net position for the government as a whole.

Net position – Net investment in capital assets (\$115.8 million or 90.4% of total net position) represents capital assets, such as land, buildings, infrastructure, and equipment, less any related outstanding debt used to acquire those assets that is still outstanding. This is an overall decrease of \$0.2 million, or 0.1%. The City uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Seal Beach**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

Net position - Restricted (\$7.2 million or 5.6% of total net position) represents resources that are subject to external restrictions on how they may be used. This is a \$0.4 million, or 5.2% decrease. The largest decrease occurred in public works, which decreased \$0.5 million, or 14.3%.

Net position – Unrestricted (\$5.1 million or 4.0% of total net position). This is a \$2.9 million, or 131.2% increase. This change is attributed to the decreases in the other two categories of net position as well as \$2.3 million of revenues in excess of expenses. The governmental activities unrestricted deficit of \$9.2 million is a result of implementing Governmental Accounting Standards Board (GASB) statements related to pension and other post-employment benefits (OPEB) liabilities. The deficit reflects the extent to which the City must defer to future periods the financing of a portion of its pension and OPEB liabilities. Generally accepted accounting principles require financial statement recording when a liability is incurred. However, the City, like many other governments, raises and budgets resources needed to liquidate certain liabilities during the year in which the liability is to be liquidated rather than during the year in which the liability is incurred. The City will continue to fund these obligations on an actuarial basis, contributing the full amount of annual required contributions every year.

**Analysis of Activities** - The City's net position increased by \$2.3 million or 1.9%. The following table provides a summary of the City's operations for the years ended June 30, 2021, and June 30, 2020, as shown in Table 2.

Table 2  
Condensed Statement of Activities  
(in Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 7,652	\$ 7,019	\$ 7,843	\$ 7,276	\$ 15,495	\$ 14,295
Operating grants and capital contributions	4,287	3,457	-	-	4,287	3,457
Capital grants and contributions	11	31	-	-	11	31
General revenues:						
Taxes						
Property taxes	12,927	12,358	-	-	12,927	12,358
Sales taxes	10,147	9,108	-	-	10,147	9,108
Transient occupancy taxes	878	1,299	-	-	878	1,299
Other taxes	5,936	5,722	-	-	5,936	5,722
Use of money and property	151	1,862	257	391	408	2,253
Other	3,271	1,463	-	-	3,271	1,463
Total revenues	<u>45,260</u>	<u>42,319</u>	<u>8,100</u>	<u>7,667</u>	<u>53,360</u>	<u>49,986</u>
Expenses:						
General government	7,232	7,007	-	-	7,232	7,007
Public safety	23,326	24,017	-	-	23,326	24,017
Community development	2,283	1,577	-	-	2,283	1,577
Community services	1,140	867	-	-	1,140	867
Public works	8,291	10,748	-	-	8,291	10,748
Interest on long-term debt	58	87	-	-	58	87
Water	-	-	6,033	5,445	6,033	5,445
Sewer	-	-	2,652	3,035	2,652	3,035
Total expenses	<u>42,330</u>	<u>44,303</u>	<u>8,685</u>	<u>8,480</u>	<u>51,015</u>	<u>52,783</u>
Change in net position before transfers	2,930	(1,984)	(585)	(813)	2,345	(2,797)
Transfers	(324)	376	324	(376)	-	-
Changes in net position	<u>2,606</u>	<u>(1,608)</u>	<u>(261)</u>	<u>(1,189)</u>	<u>2,345</u>	<u>(2,797)</u>
Net position at beginning of year	80,416	82,024	45,430	46,619	125,846	128,643
Net position at end of year	<u>\$ 83,022</u>	<u>\$ 80,416</u>	<u>\$ 45,169</u>	<u>\$ 45,430</u>	<u>\$ 128,191</u>	<u>\$ 125,846</u>



**City of Seal Beach**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

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*Governmental Activities* experienced an increase of \$2.6 million in net position as of June 30, 2021, compared to a decrease of \$1.6 million on June 30, 2020. The primary reasons for the increase in net position is attributable to an increase in other revenue of \$1.8 million or 123.6%, which is due to the receipt of final insurance proceeds on the May 2016 pier fire; and an increase in sales taxes of \$1.0 million or 11.4%, as a result of an improving economy as the City works its way out of the pandemic. In addition, public works saw a decrease in expenses of \$2.5 million or 23%. This was due in part to the reduced use of consultants during the pandemic.

The cost of all governmental activities during the current fiscal year was \$42.3 million, which is a \$2.0 million decrease. As shown on the statement of activities, those who directly benefited from the programs paid \$7.7 million of the cost, and \$4.3 million was financed by contributions and grants received from other governmental organizations. The remaining \$30.4 million in costs of operations was subsidized through general City taxes and other revenue sources. The largest operating cost was comprised of Public Safety, representing 55.1% of total governmental expenditures compared to 54.2% of total governmental expenditures in fiscal year 2019-2020.

*Business-type Activities* net position decreased by \$0.3 million. 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. A new water and sewer rate study was conducted and implemented in fiscal year 2021-2022.

#### **FINANCIAL ANALYSIS OF CITY 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, 2021, the City's governmental funds reported combined ending fund balances of \$34.7 million. Approximately \$3.3 million, or 9.4%, 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 increase of \$2.8 million in fund balance compared to the \$5.1 million increase experienced during the prior fiscal year. The primary reason for the increase in fund balance was due to an increase in sales tax, property tax, and other taxes. The largest decrease in revenue occurred in use of money and property as interest rates continue to decline during the pandemic. Overall expenses increased by 6.51%, as the City began to reopen services and support to residents and businesses.

**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 \$5.0 million and \$9.4 million for the Water and Sewer funds, respectively. The Water fund decreased by \$0.6 million in net position. Both revenues and expenditures increased during the fiscal year by 16.1% and 15.1%, respectively. Transfers in increased by \$0.7 million. This was a one-time repayment from the General Fund for expenditures paid out of the Water fund. The increase of \$0.4 million in the Sewer fund net position resulted from revenue collection.

**City of Seal Beach**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

When preparing its budget, the City attempts to estimate its revenues using realistic, but conservative methods so as to budget its expenditure appropriations in a prudent manner. Amendments were approved during the fiscal year to the adopted budget. The fiscal year 2020-2021 General Fund's original (adopted) budget for revenues was \$36.3 million, and the final budget was \$36.6 million, a net increase of \$0.3 million. The majority of this increase was to charges to services as activities began to reopen as Covid-19 protocols allowed. The fiscal year 2020-2021 General Fund's original (adopted) budget for expenditures was \$36.5 million, and the final budget was \$37.3 million, a net increase of \$0.3 million. Like revenues, as Covid-19 protocols allowed for reopening services, related expense budgets were also increased.

The General Fund reflected a net total positive budget variance of \$8.4 million when comparing actual amounts to the final amended budget for the current fiscal year. Actual revenues show a positive variance of \$3.5 million or 11.7% of the final budget due unanticipated receipts of taxes and the final insurance payment on the pier fire. Actual expenditures of \$35.9 million generated budgetary savings of \$1.4 million, or 3.8% of the final budget. Transfers out generated budgetary savings of \$3.5 million. This savings is due to budgeted capital projects not requiring resources due to work stoppage as a result of the ongoing pandemic. These appropriations will be reallocated and carried forward to the fiscal year 2021-2022 fiscal year.

**CAPITAL ASSETS**

The City's capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$122.5 million compared to \$123.5 million (net of accumulated depreciation) as of June 30, 2020. The 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 0.1% and the City's investment in capital assets for business-type activities for the current fiscal year decreased 3.1%.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land and land easement	\$ 21,220	\$ 21,220	\$ -	\$ -	\$ 21,220	\$ 21,220
Buildings and improvements	8,994	9,423	-	-	8,994	9,423
Machinery and equipment	1,429	1,583	564	571	1,993	2,154
Vehicles	1,767	1,996	354	353	2,121	2,349
Infrastructure	51,302	51,643	33,606	35,140	84,908	86,783
Construction-in-progress	1,945	725	1,270	866	3,215	1,591
Totals	<u>\$ 86,657</u>	<u>\$ 86,590</u>	<u>\$ 35,794</u>	<u>\$ 36,930</u>	<u>\$ 122,451</u>	<u>\$ 123,520</u>

During fiscal year 2020-2021, major capital projects formally completed include:

- Annual Slurry Seal, Project ST2001 – total cost \$159,000
- Annual Slurry Seal, Project ST2101 – total cost \$213,000
- Arterial Street Resurfacing, Project ST2003 – total cost \$209,000
- Fire Hydrant Relocation at Seal Beach @ PCH, Project WT2108 – total cost \$45,000
- Beach Yard Perimeter Wall Improvements, Project BP2002 – total cost \$69,000
- Annual Local Paving, Project ST2002 – total cost \$325,000
- Annual Local Paving, Project ST2102 – total cost \$247,000

Additional information on the City's capital assets can be found in Note 5 in the notes to the basic financial statements.

**City of Seal Beach**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

**DEBT ADMINISTRATION**

As of June 30, 2021, the City had bonded debt, notes payable, compensated absences, claims payable, and capital leases totaling \$8.4 million compared to \$9.5 million at the end of fiscal year 2019-2020. The City's governmental activities maintained \$3.1 million in bonds, capital leases, compensated absences, and claims payable versus \$3.7 million last fiscal year, representing a decrease of approximately \$0.6 million. This decrease reflects interest and principal payments made during fiscal year 2020-2021.

The City's business-type activities debt decreased \$0.5 million from \$5.7 million to \$5.2 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 Fiscal Year-End  
 (in Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Lease revenue bonds	\$ 1,155	\$ 1,575	\$ -	\$ -	\$ 1,155	\$ 1,575
Certificates of participation	-	-	1,765	1,940	1,765	1,940
Capital leases	380	457	-	-	380	457
Sewer capital improv. proj.	-	-	3,341	3,625	3,341	3,625
Self-insured claims payable	297	301	-	-	297	301
Compensated absences	1,317	1,423	122	137	1,439	1,560
Total	<u>\$ 3,149</u>	<u>\$ 3,756</u>	<u>\$ 5,228</u>	<u>\$ 5,702</u>	<u>\$ 8,377</u>	<u>\$ 9,458</u>

Additional information on the City's long-term debt can be found in Note 6 in the basic financial statements.

**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.

For the upcoming fiscal year, revenues are expected to improve moderately. The passage of the Measure BB is anticipated to generate approximately \$5.7 million in transactions and use tax revenue. Property taxes are expected to increase as well primarily from continued improvement in assessed value and the continued strength in the local real estate market.

The COVID-19 pandemic hit in the middle of fiscal year 2019-2020 resulting in our need to reprioritize goals, objectives, and priorities, and therefore the need for deeper expenditure reductions. While the Southern California region saw a huge increase in the housing market, all other economic sectors declined rapidly comparable to the last Great Recession. The economy and consumer spending are forecasted to continue improving but at a slower rate than fiscal year 2020-2021.

**City of Seal Beach**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2021**

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The City prepared an annual budget for fiscal year 2021-2022. The one-year budget represents a General Fund surplus of operating revenues over operating expenditures (excluding capital projects). 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 fiscal year 2020-2021 budget year were very conservative due to the unknown impacts from the Federal tax reform on the local 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 (i.e., Water Master Plan, Sewer Master Plan, Master Plan of Drainage, Facilities Master Plan, and Pavement Management Plan). These plans identify well over \$160 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 fiscal year 2021-2022 CIP recommends approximately \$39.3 million in improvements over the next 5 years. The 5 Year Capital Improvement Program identifies needs in the following areas: Beach and Pier (\$2.4M), Parks (\$0.2M), Sewer System (\$7.5M), Streets and Transportation (\$8M) and Water System (\$21.2M).

**REQUEST FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Seal Beach**  
**Statement of Net Position**  
**June 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 32,576,460	\$ 18,299,519	\$ 50,875,979
Receivables:			
Accounts	1,154,704	1,067,472	2,222,176
Taxes	2,870,198	-	2,870,198
Interest	112,967	-	112,967
Prepaid items	2,185,461	31,462	2,216,923
Total Current Assets	<u>38,899,790</u>	<u>19,398,453</u>	<u>58,298,243</u>
Noncurrent Assets:			
Restricted cash with fiscal agent	631,082	25,082	656,164
Capital assets:			
Capital assets, not being depreciated	23,164,630	1,269,295	24,433,925
Capital assets, being depreciated, net	63,492,442	34,524,276	98,016,718
Total capital assets, net	<u>86,657,072</u>	<u>35,793,571</u>	<u>122,450,643</u>
Total Noncurrent Assets	<u>87,288,154</u>	<u>35,818,653</u>	<u>123,106,807</u>
<b>Total Assets</b>	<u>126,187,944</u>	<u>55,217,106</u>	<u>181,405,050</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	-	96,563	96,563
Pension related items	8,818,910	804,214	9,623,124
Other postemployment benefits related items	971,459	96,078	1,067,537
<b>Total Deferred Outflows of Resources</b>	<u>9,790,369</u>	<u>996,855</u>	<u>10,787,224</u>



**City of Seal Beach**  
**Statement of Net Position (Continued)**  
**June 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	2,258,919	1,046,601	3,305,520
Accrued liabilities	767,815	100,453	868,268
Accrued interest	1,861	54,637	56,498
Deposits payable	745,814	109,059	854,873
Retention payable	62,584	3,196	65,780
Long-term liabilities, due within one year	745,099	511,562	1,256,661
Total Current Liabilities	<u>4,582,092</u>	<u>1,825,508</u>	<u>6,407,600</u>
Long-term liabilities:			
Long-term liabilities, due in more than one year	2,404,081	4,716,278	7,120,359
Net pension liabilities	39,047,189	3,787,289	42,834,478
Net other postemployment benefits liabilities	5,368,277	530,928	5,899,205
Total Noncurrent Liabilities	<u>46,819,547</u>	<u>9,034,495</u>	<u>55,854,042</u>
<b>Total Liabilities</b>	<u>51,401,639</u>	<u>10,860,003</u>	<u>62,261,642</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	1,218,200	151,917	1,370,117
Other postemployment benefits related items	336,838	33,314	370,152
<b>Total Deferred Inflows of Resources</b>	<u>1,555,038</u>	<u>185,231</u>	<u>1,740,269</u>
<b>NET POSITION</b>			
Net investment in capital assets	85,059,375	30,784,313	115,843,688
Restricted for:			
Community development projects	867,464	-	867,464
Public safety	248,166	-	248,166
Community services	482,763	-	482,763
Public works	2,814,582	-	2,814,582
Debt service	742,148	25,082	767,230
Waste management, park in lieu, and I-405 corridor improvement	2,046,356	-	2,046,356
Total restricted	<u>7,201,479</u>	<u>25,082</u>	<u>7,226,561</u>
Unrestricted (deficit)	<u>(9,239,218)</u>	<u>14,359,332</u>	<u>5,120,114</u>
<b>Total Net Position</b>	<u>\$ 83,021,636</u>	<u>\$ 45,168,727</u>	<u>\$ 128,190,363</u>

**City of Seal Beach**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

Functions/Programs	Program Revenues				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
General government	\$ 7,231,812	\$ 1,486,575	\$ -	\$ -	\$ 1,486,575
Public safety	23,326,809	2,361,646	1,019,745	-	3,381,391
Community development	2,283,377	221,140	1,213,762	-	1,434,902
Community services	1,139,731	985,542	-	-	985,542
Public works	8,290,658	2,596,848	2,054,415	10,692	4,661,955
Interest and fiscal charges	57,902	-	-	-	-
<b>Total Governmental Activities</b>	42,330,289	7,651,751	4,287,922	10,692	11,950,365
<b>Business-Type Activities:</b>					
Water Utility	6,033,692	4,957,483	-	-	4,957,483
Sewer Utility	2,651,801	2,885,699	-	-	2,885,699
<b>Total Business-Type Activities</b>	8,685,493	7,843,182	-	-	7,843,182
<b>Total Primary Government</b>	\$ 51,015,782	\$ 15,494,933	\$ 4,287,922	\$ 10,692	\$ 19,793,547

**City of Seal Beach**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2021**

Functions/Programs	Net (Expense) Revenue and Changes in Net Positions		
	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>			
General government	\$ (5,745,237)	\$ -	\$ (5,745,237)
Public safety	(19,945,418)	-	(19,945,418)
Community development	(848,475)	-	(848,475)
Community services	(154,189)	-	(154,189)
Public works	(3,628,703)	-	(3,628,703)
Interest and fiscal charges	(57,902)	-	(57,902)
<b>Total Governmental Activities</b>	<b>(30,379,924)</b>	<b>-</b>	<b>(30,379,924)</b>
<b>Business-Type Activities:</b>			
Water Utility	-	(1,076,209)	(1,076,209)
Sewer Utility	-	233,898	233,898
<b>Total Business-Type Activities</b>	<b>-</b>	<b>(842,311)</b>	<b>(842,311)</b>
<b>Total Primary Government</b>	<b>(30,379,924)</b>	<b>(842,311)</b>	<b>(31,222,235)</b>
<b>General Revenues:</b>			
Taxes:			
Property taxes, levied for general purpose	12,926,895	-	12,926,895
Sales taxes	10,146,964	-	10,146,964
Franchise taxes	1,067,098	-	1,067,098
Utility users tax	4,129,727	-	4,129,727
Transient occupancy taxes	878,165	-	878,165
Other taxes	720,807	-	720,807
Motor vehicle in lieu- unrestricted	19,070	-	19,070
Use of money and property	151,196	256,845	408,041
Other	3,270,752	-	3,270,752
<b>Transfers</b>	<b>(324,379)</b>	<b>324,379</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>	<b>32,986,295</b>	<b>581,224</b>	<b>33,567,519</b>
<b>Changes in Net Position</b>	<b>2,606,372</b>	<b>(261,087)</b>	<b>2,345,285</b>
<b>Net Position:</b>			
Beginning of Year	80,415,264	45,429,814	125,845,078
End of Year	<b>\$ 83,021,636</b>	<b>\$ 45,168,727</b>	<b>\$ 128,190,363</b>

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**FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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**City of Seal Beach**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General	Capital Projects and Equipment Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 26,738,110	-	\$ 4,944,955	\$ 31,683,065
Receivables:				
Accounts	962,957	-	184,272	1,147,229
Taxes	2,804,406	-	65,792	2,870,198
Interest	112,848	-	119	112,967
Prepaid items	2,069,748	-	115,713	2,185,461
Due from other funds	259,576	-	-	259,576
Restricted assets:				
Cash and investments with fiscal agents	4,647	-	626,435	631,082
<b>Total assets</b>	<u>32,952,292</u>	<u>-</u>	<u>5,937,286</u>	<u>38,889,578</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	1,279,713	143,122	784,840	2,207,675
Accrued liabilities	744,399	-	23,416	767,815
Deposits payable	745,814	-	-	745,814
Due to other funds	-	73,379	186,197	259,576
Retentions payable	-	19,421	43,163	62,584
<b>Total liabilities</b>	<u>2,769,926</u>	<u>235,922</u>	<u>1,037,616</u>	<u>4,043,464</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	185,434	-	-	185,434
<b>Fund Balances:</b>				
Nonspendable	2,069,748	-	-	2,069,748
Restricted	2,046,356	-	5,037,618	7,083,974
Committed	17,546,968	-	-	17,546,968
Assigned	4,704,595	-	-	4,704,595
Unassigned (deficit)	3,629,265	(235,922)	(137,948)	3,255,395
<b>Total fund balances</b>	<u>29,996,932</u>	<u>(235,922)</u>	<u>4,899,670</u>	<u>34,660,680</u>
<b>Total liabilities and fund balances</b>	<u>\$ 32,952,292</u>	<u>-</u>	<u>\$ 5,937,286</u>	<u>\$ 38,889,578</u>

**City of Seal Beach**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Government-Wide Statement of Net Position**  
**June 30, 2021**

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**Total Fund Balances - Total Governmental Funds** \$ 34,660,680

Amounts reported for governmental activities in the Statement of Net Position were reported differently because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Nondepreciable	\$ 23,164,630	
Depreciable, net of \$908,943 reported in Internal Service Fund	<u>62,583,499</u>	85,748,129

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position:

Bonds payable	\$ (1,155,000)	
Loans payable	(380,113)	
Claims and judgments	(297,295)	
Compensated absences	<u>(1,316,772)</u>	(3,149,180)

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds. (1,861)

Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources	\$ 8,818,910	
Aggregate net pension liability	(39,047,189)	
Pension related deferred inflows of resources	<u>(1,218,200)</u>	(31,446,479)

Net other postemployment benefits liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

OPEB related deferred outflows of resources	\$ 971,459	
Net OPEB liability	(5,368,277)	
OPEB related deferred inflows of resources	<u>(336,838)</u>	(4,733,656)

Revenue reported as unavailable revenue in the governmental funds when it is not received soon enough after year-end to be considered available. The availability criteria does not apply to the Government-Wide Financial Statements and, therefore, the revenue is recognized when eligibility requirements are met and earned. 185,434

Internal Service Funds were used by management to charge the costs of certain activities, such as insurance and equipment replacement to individual funds. The assets and liabilities of the Internal Service Funds were included in the governmental activities in the Government-Wide Statement of Net Position. 1,758,569

**Net Position of Governmental Activities** \$ 83,021,636

**City of Seal Beach**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	General Fund	Capital Projects and Equipment Capital Projects Fund	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes	\$ 29,869,656	\$ -	\$ 1,841,573	\$ 31,711,229
Licenses and permits	771,615	-	-	771,615
Intergovernmental	94,978	-	2,100,999	2,195,977
Charges for services	4,740,324	-	112,846	4,853,170
Use of money and property	171,832	-	63,229	235,061
Fines and forfeitures	1,816,837	-	-	1,816,837
Contributions	66,528	-	40,000	106,528
Miscellaneous	3,431,013	-	-	3,431,013
<b>Total revenues</b>	<b>40,962,783</b>	<b>-</b>	<b>4,158,647</b>	<b>45,121,430</b>
<b>Expenditures:</b>				
Current:				
General government	6,649,907	-	63,118	6,713,025
Public safety	21,313,233	-	582,195	21,895,428
Community development	1,182,614	-	1,021,220	2,203,834
Community services	1,131,906	-	-	1,131,906
Public works	5,550,256	-	198,555	5,748,811
Capital outlay	-	1,869,850	1,569,391	3,439,241
Debt service:				
Principal retirement	76,920	-	420,000	496,920
Interest and fiscal charges	14,890	-	55,589	70,479
<b>Total expenditures</b>	<b>35,919,726</b>	<b>1,869,850</b>	<b>3,910,068</b>	<b>41,699,644</b>
<b>Revenues over (under) expenditures</b>	<b>5,043,057</b>	<b>(1,869,850)</b>	<b>248,579</b>	<b>3,421,786</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	460,957	1,772,505	625,192	2,858,654
Transfers out	(2,805,473)	-	(851,966)	(3,657,439)
Proceed from sale of property	119,000	-	-	119,000
<b>Total other financing sources (uses):</b>	<b>(2,225,516)</b>	<b>1,772,505</b>	<b>(226,774)</b>	<b>(679,785)</b>
<b>Net change in fund balances</b>	<b>2,817,541</b>	<b>(97,345)</b>	<b>21,805</b>	<b>2,742,001</b>
<b>Fund Balances:</b>				
Beginning of Year	27,179,391	(138,577)	4,877,865	31,918,679
End of Year	<u>\$ 29,996,932</u>	<u>\$ (235,922)</u>	<u>\$ 4,899,670</u>	<u>\$ 34,660,680</u>

**City of Seal Beach**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2021**

---

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	2,742,001
Governmental activities in the Statement of Activities were reported differently because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		
Capital outlay, net of \$135,916 reported in Internal Service Fund	\$	2,685,563
Depreciation, net of \$233,578 reported in Internal Service Fund		(2,510,920)
Net effect on disposal of capital assets, net of \$9,794 reported in Internal Service Fund		174,643
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		496,920
Interest expense on long-term debt is reported in the Statement of Activities, but do not require the use of current financial resources. Therefore, interest is reported as an expenditure in governmental funds. This amount represents the change in accrued interest from the prior year.		12,577
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.		4,118
Compensated absences were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in the governmental funds.		105,776
Certain pension income (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, net of contribution made after the measurement period in the amount of \$4,296,222.		(1,647,837)
Certain other postemployment benefits income (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, net of contribution made after the measurement period in the amount of \$876,367.		378,183
Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities.		101,232
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.		238,759
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>2,606,372</b>

**PROPRIETARY FUND FINANCIAL STATEMENTS**

**City of Seal Beach**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Water Utility	Sewer Utility		Internal Service Funds
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 7,626,272	\$ 10,673,247	\$ 18,299,519	\$ 893,395
Accounts receivable	610,887	456,585	1,067,472	7,475
Prepaid items	15,731	15,731	31,462	-
<b>Total Current Assets</b>	<b>8,252,890</b>	<b>11,145,563</b>	<b>19,398,453</b>	<b>900,870</b>
<b>Noncurrent Assets:</b>				
Restricted cash	25,082	-	25,082	-
Capital assets, not being depreciated	1,004,720	264,575	1,269,295	-
Capital assets, net of accumulated depreciation	15,376,299	19,147,977	34,524,276	908,943
Total capital assets	16,381,019	19,412,552	35,793,571	908,943
<b>Total Noncurrent Assets</b>	<b>16,406,101</b>	<b>19,412,552</b>	<b>35,818,653</b>	<b>908,943</b>
<b>Total Assets</b>	<b>24,658,991</b>	<b>30,558,115</b>	<b>55,217,106</b>	<b>1,809,813</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refunding	-	96,563	96,563	-
Pension related items	453,518	350,696	804,214	-
Other postemployment benefits related items	53,377	42,701	96,078	-
<b>Total Deferred Outflows of Resources</b>	<b>506,895</b>	<b>489,960</b>	<b>996,855</b>	<b>-</b>

(Continued)

**City of Seal Beach**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2021**

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water Utility	Sewer Utility	Total	Internal Service Funds
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	1,014,129	32,472	1,046,601	51,244
Accrued liabilities	57,215	43,238	100,453	-
Accrued interest	1,303	53,334	54,637	-
Retention payable	3,196	-	3,196	-
Deposits payable	101,789	7,270	109,059	-
Compensated absences, due within one year	16,664	21,002	37,666	-
Long-term debt, due within one year	84,436	389,460	473,896	-
<b>Total Current Liabilities</b>	<b>1,278,732</b>	<b>546,776</b>	<b>1,825,508</b>	<b>51,244</b>
<b>Noncurrent Liabilities:</b>				
Compensated absences, due in more than one year	61,807	22,546	84,353	-
Long-term debt, due in more than one year	485,509	4,146,416	4,631,925	-
Aggregate net pension liabilities	2,135,754	1,651,535	3,787,289	-
Net other postemployment benefits liabilities	294,960	235,968	530,928	-
<b>Total Noncurrent Liabilities</b>	<b>2,978,030</b>	<b>6,056,465</b>	<b>9,034,495</b>	<b>-</b>
<b>Total Liabilities</b>	<b>4,256,762</b>	<b>6,603,241</b>	<b>10,860,003</b>	<b>51,244</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Pension related items	85,670	66,247	151,917	-
Other postemployment benefits related items	18,508	14,806	33,314	-
<b>Total Deferred Inflows of Resources</b>	<b>104,178</b>	<b>81,053</b>	<b>185,231</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	15,811,074	14,973,239	30,784,313	908,943
Restricted	25,082	-	25,082	-
Unrestricted	4,968,790	9,390,542	14,359,332	849,626
<b>Total Net Position</b>	<b>\$ 20,804,946</b>	<b>\$ 24,363,781</b>	<b>\$ 45,168,727</b>	<b>\$ 1,758,569</b>

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**City of Seal Beach**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water Utility	Sewer Utility	Total	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Sales and service charges	\$ 4,953,474	\$ 2,885,699	\$ 7,839,173	\$ -
Miscellaneous	4,009	-	4,009	-
<b>Total Operating Revenues</b>	<b>4,957,483</b>	<b>2,885,699</b>	<b>7,843,182</b>	<b>-</b>
<b>OPERATING EXPENSES:</b>				
Personnel expenses	1,595,410	1,139,973	2,735,383	-
Operating expenses	3,890,826	246,628	4,137,454	40,447
Amortization and depreciation expenses	544,818	1,100,937	1,645,755	233,578
<b>Total Operating Expenses</b>	<b>6,031,054</b>	<b>2,487,538</b>	<b>8,518,592</b>	<b>274,025</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,073,571)</b>	<b>398,161</b>	<b>(675,410)</b>	<b>(274,025)</b>
<b>NONOPERATING INCOME (LOSS):</b>				
Interest revenues	104,808	152,037	256,845	-
Interest expenses	(4,440)	(164,263)	(168,703)	-
Gain on sale of assets	1,802	-	1,802	38,378
<b>Total Nonoperating Income (Loss)</b>	<b>102,170</b>	<b>(12,226)</b>	<b>89,944</b>	<b>38,378</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(971,401)</b>	<b>385,935</b>	<b>(585,466)</b>	<b>(235,647)</b>
<b>TRANSFERS:</b>				
Transfers in	683,442	19,437	702,879	474,406
Transfers out	(324,500)	(54,000)	(378,500)	-
<b>Total Transfers</b>	<b>358,942</b>	<b>(34,563)</b>	<b>324,379</b>	<b>474,406</b>
<b>CHANGES IN NET POSITION</b>	<b>(612,459)</b>	<b>351,372</b>	<b>(261,087)</b>	<b>238,759</b>
<b>NET POSITION:</b>				
Beginning of the Year	21,417,405	24,012,409	45,429,814	1,519,810
End of the Year	<b>\$ 20,804,946</b>	<b>\$ 24,363,781</b>	<b>\$ 45,168,727</b>	<b>\$ 1,758,569</b>

**City of Seal Beach**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water Utility	Sewer Utility	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers and users	\$ 5,064,385	\$ 2,845,629	\$ 7,910,014	\$ -
Cash paid to suppliers for goods and services	(3,956,987)	(289,190)	(4,246,177)	(30,634)
Cash paid to employees for services	(1,558,033)	(1,104,218)	(2,662,251)	-
<b>Net cash provided by (used in) operating activities</b>	<u>(450,635)</u>	<u>1,452,221</u>	<u>1,001,586</u>	<u>(30,634)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash transfers in	683,442	19,437	702,879	474,406
Cash transfers out	(324,500)	(54,000)	(378,500)	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>358,942</u>	<u>(34,563)</u>	<u>324,379</u>	<u>474,406</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(433,276)	(69,880)	(503,156)	(135,916)
Proceed on disposal of assets	10,737	-	10,737	40,697
Principal paid on capital debt	(84,436)	(374,279)	(458,715)	-
Interest paid on debt	(4,412)	(168,304)	(172,716)	-
<b>Net cash (used in) capital and related financing activities</b>	<u>(511,387)</u>	<u>(612,463)</u>	<u>(1,123,850)</u>	<u>(95,219)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	104,808	152,037	256,845	-
<b>Net cash provided by investing activities</b>	<u>104,808</u>	<u>152,037</u>	<u>256,845</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	(498,272)	957,232	458,960	348,553
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	8,149,626	9,716,015	17,865,641	\$ 544,842
End of year	<u>\$ 7,651,354</u>	<u>\$ 10,673,247</u>	<u>\$ 18,324,601</u>	<u>\$ 893,395</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS:</b>				
Cash and investments	\$ 7,626,272	\$ 10,673,247	\$ 18,299,519	\$ 893,395
Restricted cash	25,082	-	25,082	-
<b>Total cash and cash equivalents</b>	<u>\$ 7,651,354</u>	<u>\$ 10,673,247</u>	<u>\$ 18,324,601</u>	<u>\$ 893,395</u>

(Continued)

**City of Seal Beach**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Water Utility	Sewer Utility		Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to to Net Cash Provided by (Used in)</b>				
<b>Operating Activities:</b>				
Operating income (loss)	\$ (1,073,571)	\$ 398,161	(675,410)	\$ (274,025)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Amortization and depreciation expenses	544,818	1,100,937	1,645,755	233,578
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivables	69,757	(40,070)	29,687	-
(Increase)/decrease in prepaid items	(8,606)	(8,606)	(17,212)	-
(Increase)/decrease in deferred outflows of resources related to pensions	18,705	8,988	27,693	-
(Increase)/decrease in deferred outflows of resources related to OPEB	(10,021)	(8,017)	(18,038)	-
Increase/(decrease) in accounts payable	(57,555)	(33,956)	(91,511)	9,813
Increase/(decrease) in accrued liabilities	(1,734)	4,939	3,205	-
Increase/(decrease) in deposits payable	37,145	-	37,145	-
Increase/(decrease) in compensated absences	2,023	(17,141)	(15,118)	-
Increase/(decrease) in net pension liabilities	140,383	131,697	272,080	-
Increase/(decrease) in net OPEB liabilities	(4,953)	(3,962)	(8,915)	-
Increase/(decrease) in deferred inflows of resources related to pensions	(101,220)	(76,105)	(177,325)	-
Increase/(decrease) in deferred inflows of resources related to OPEB	(5,806)	(4,644)	(10,450)	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (450,635)</u>	<u>\$ 1,452,221</u>	<u>\$ 1,001,586</u>	<u>\$ (30,634)</u>

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**FIDUCIARY FUND FINANCIAL STATEMENTS**

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**City of Seal Beach**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

	Custodial Funds	Successor Agency Private-purpose Trust Fund
<b>ASSETS</b>		
Cash and investments	\$ 864,633	\$ 16,789
Receivables:		
Accounts	25,000	-
Restricted investments with fiscal agent	947,949	-
<b>Total Assets</b>	<u>1,837,582</u>	<u>16,789</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	75,164	870
Deposit payable	466,682	-
Interest payable	111,862	-
<b>Total current liabilities</b>	<u>653,708</u>	<u>870</u>
<b>Total liabilities</b>	<u>653,708</u>	<u>870</u>
<b>NET POSITION</b>		
<b>Restricted</b>		
For individual, organization and other government	<u>\$ 1,183,874</u>	<u>\$ 15,919</u>
<b>Total fiduciary net position</b>		

**City of Seal Beach**  
**Statement of Change in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	Custodial Fund	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS:</b>		
Redevelopment property tax trust fund	\$ -	\$ 20,484
Assessment revenue collected	807,094	-
Investment income	4,050	94
<b>Total Additions</b>	<b>811,144</b>	<b>20,578</b>
<b>DEDUCTIONS:</b>		
Administrative expenses	-	21,835
Interest expense	-	11,319
Payment of special assessment district debt service	782,081	-
<b>Total Deductions</b>	<b>782,081</b>	<b>33,154</b>
<b>Change in Net Position</b>	<b>29,063</b>	<b>(12,576)</b>
<b>NET POSITION:</b>		
Beginning of Year, as restated (Note 14)	1,154,811	28,495
End of Year	<u>\$ 1,183,874</u>	<u>\$ 15,919</u>



**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**City of Seal Beach**  
**Index to the Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

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**City of Seal Beach**  
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**For the Year Ended June 30, 2021**

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**City of Seal Beach**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies**

The basic financial statements of the City of Seal Beach, California, (the “City”) have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City’s significant policies:

**A. Financial Reporting Entity**

The 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 U.S. GAAP these financial statements present the City (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.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body’s financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization’s governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

*Blended Component Units:*

Management determined that the following entities should be reported as blended component units based on the criteria above. Although the following entities are legally separate from the City, they have been “blended” as though they are part of the City because the component units’ governing bodies are substantially the same as the City’s and there is a financial benefit or burden relationship between the City and the component units; and management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though they do not provide services directly to it.

The Seal Beach Public Financing Authority (the “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 and the former Seal Beach Redevelopment Agency. The City Council of the City is the governing board. Management of the primary government has operational responsibility for the blended component unit. The Authority was formed to undertake the financing of public capital improvements. On June 12, 2017, the City Council adopted Resolution No. 6741, to create the Parking Authority, and the Parking Authority became a new member to the Authority. On the same date, the Successor Agency Board of Directors adopted Resolution No. SA 17-3, approving the Successor Agency’s withdrawal of its Authority membership. On June 28, 2017, the Oversight Board to the Successor Agency adopted Resolution No. OB17-03, approving such withdrawal. Resolution No. OB17-03 became effective upon the State of California Department of Finance’s approval, received by the Successor Agency on August 18, 2017. The Authority does not issue separate financial statements.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**A. Financial Reporting Entity (Continued)**

Blended Component Units (Continued):

The Seal Beach Parking Authority (“the Parking Authority”) was formed on June 12, 2017, pursuant to the Part 2 of Division 18 of the California Streets and Highway Code. The Parking Authority is governed by the Board of Director which is the City Council of the City of Seal Beach. The Parking Authority is blended into general fund. The Parking Authority does not issue separate financial statements.

The Seal Beach Cable Communications Foundation (the “Foundation”) was organized under the laws of the State of California on August 27, 1984, to foster and promote civic advancement through activities related to cable communications, community promotion, and other public services deemed appropriate by the foundation. The Foundation is governed by a board of directors consisting of seven members, all appointed by the City Council of the City of Seal Beach. The Foundation is blended into special revenue fund. The Foundation does not issue separate financial statements.

**B. Basis of Accounting and Measurement Focus**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The government-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Fiduciary activities of the City are not included in these statements.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated. In the statement of activities, internal service fund transactions have been included in the governmental activities. The following interfund activities have been eliminated:

- Due from and to other funds, which are short-term loans within the primary government
- Transfers in and out, which are flows of assets between funds without the requirement for repayment

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Accounting and Measurement Focus (Continued)***

*Governmental Fund Financial Statements (Continued)*

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, current liabilities, and deferred inflows of resources are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) which are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, intergovernmental revenues and other taxes. Business license fees are recorded as received. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences.

The City reports the following major Governmental Fund:

General Fund – The General Fund is the City’s principal operating fund. It accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government except those required to be accounted for in another fund.

Capital Projects and Equipment Capital Projects Fund – To account for major capital projects with various revenues sources but exclude the Water and Sewer Capital Improvement Fund. These sources get transferred into the Capital Projects and Equipment Projects Fund.

*Proprietary Fund Financial Statements*

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***B. Basis of Accounting and Measurement Focus (Continued)***

*Proprietary Fund Financial Statements (Continued)*

The City reports the following major Proprietary Funds:

Water Utility Enterprise Fund – This fund accounts for the capital, 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.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City has Vehicle Replacement Internal Service Fund that provides services directly to other City funds.

*Fiduciary Fund Financial Statements*

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City’s fiduciary funds represent custodial funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting where the assets associated with the activity are controlled by the City and the assets are not derived 1) solely from the government’s own-source revenues or 2) from government-mandated nonexchange transactions or voluntary nonexchange transactions.

The City reports the following fiduciary funds:

Custodial Funds – To accounts for assets for the benefit of individuals and the City does not have administrative involvement with the assets or direct financial involvement with the assets or for the benefit of organizations or other governments that are not part of the City. In addition, the assets are not derived from the City’s provision of goods or services to those individuals, organizations, or other governments. The custodial funds account for the deposits for individuals and organizations and the debt service and related expenses for the Heron Pointe and Pacific Gateway Community Facility Districts.

Private-purpose Trust Fund – This fund accounts for the assets and liabilities of the former redevelopment agency through a trust equivalent and its apportioned redevelopment property tax trust fund to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated. All outstanding debt were paid off during the year ended June 30, 2021.

***C. Cash and Investments***

The City’s cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. All cash and investments of proprietary funds are held in the City’s investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for statement of cash flows purposes.



**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***D. Fair Value Measurement***

Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

The three levels of the fair value measurement hierarchy are described below:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

***E. Property Taxes Receivable***

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities in the current period.

Under California law, property taxes are assessed and collected by the counties at 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.

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

***F. Prepaid Items***

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended using purchase method.

***G. Interfund Transactions***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., current portion of interfund loans).

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***H. Capital Assets***

Capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g., roads, sidewalks, and similar items), are recorded at historical cost or estimated historical if purchased or constructed. Donated capital assets are valued at the estimated acquisition value on the date donated. City policy has set the capitalization threshold for reporting capital assets with an initial, individual cost of more than \$5,000 and an estimated useful life of one year or more.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include street network, street appurtenances, and storm drains.

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. 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.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method. The lives used for depreciation purposes are as follows:

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

***I. Unearned and Unavailable Revenue***

Unearned revenue is reported for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the government-wide financial statements are grant revenues received in advance.

In the governmental fund financial statements, unavailable revenue is reported when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City reports unavailable revenue when an asset is reported in governmental fund financial statements but the revenue is not available.

***J. Compensated Absences Payable***

City employees have vested interest in varying levels of vacation, sick leave and compensatory time based on their length of employment. It is the policy of the City to pay all accumulated vacation pay and all or a portion of sick pay when an employee retires or terminates. The long-term amount is included as a liability in the governmental activities of the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All of the liability for compensated absences applicable to proprietary funds is reported in those funds.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**K. Claims Payable**

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "incurred but not reported" ("IBNR") claims. There is no fixed payment schedule to pay these liabilities.

**L. Pensions**

For purposes of measuring the aggregate net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

**M. Other Postemployment Benefits**

For purposes of measuring the net other postemployment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***N. Deferred Outflows/Inflows of Resources***

The financial statements report separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

***O. Long-Term Liabilities***

Long-term debt and other long-term liabilities are reported as liabilities in the 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.

***P. Net Position***

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, capital related debt and deferred charges, and retention payable.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

***Q. Fund Balances***

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Nonspendable fund balances include amounts that cannot be spent because they are not in a spendable form, such as unrestricted loans receivable or prepaid items, or because resources legally or contractually must remain intact.

Restricted – Restricted fund balances are the portion of fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantor, laws and regulations of other governments or enabling legislation.

Committed – Committed fund balances are self-imposed limitations by the highest level of decision-making authority, namely the City Council, prior to the end of the reporting period. City Council adoption of a resolution is required to commit resources or to rescind the commitment.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

***Q. Fund Balances (Continued)***

*Assigned* – Assigned fund balances are limitations imposed by management based on the intended use of the funds. Modifications or rescissions of the constraints can be removed by the same type of action that limited the use of the funds. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the Finance Director for that purpose.

*Unassigned* – Unassigned fund balances represent the residual net resources in excess of the other classifications. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

***R. Spending Policy***

*Government-Wide Financial Statements and the Proprietary Fund Financial Statements*

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's practice is to apply the restricted component of net position first, then use the unrestricted component of net position as needed.

*Governmental Fund Financial Statements*

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's practice is to apply restricted fund balances first, then use unrestricted fund balances as needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order, except for instances wherein an ordinance specifies the fund balance:

- Committed
- Assigned
- Unassigned

***S. Use of Estimates***

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***T. Tax Abatement***

Tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. City policy has set the threshold for disclosing tax abatement agreements greater than \$50,000.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**U. Implementation of New GASB Pronouncements**

During fiscal year ended June 30, 2021, the City has implemented the GASB Statement No. 84 Fiduciary Activities. This statement establishes standards relating accounting and financial reporting for identifying and financial reporting of fiduciary activities. Those provisions are effective for reporting periods beginning after December 15, 2019, as amended by GASB Statement No. 95. See Note 14 for restatement of beginning fiduciary net position as result of implementation.

**Note 2 – Cash and Investments**

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds.

The City had the following cash and investments at June 30, 2021:

	Government-Wide Statement of Net Position	Statement of Fiduciary Net Position	Total
Cash and investments	\$ 50,875,979	\$ 881,422	\$ 51,757,401
Restricted cash and investment with fiscal agent	656,164	947,949	1,604,113
Total cash and investments	\$ 51,532,143	\$ 1,829,371	\$ 53,361,514

The City's cash and investments at June 30, 2021 in more detail:

Cash and Investments:	
Petty cash	\$ 8,850
Demand deposits	1,825,097
Restricted cash	29,729
Investments	51,497,838
Total cash investments	\$ 53,361,514

**A. Demand Deposits**

The carrying amounts of the City's demand deposits were \$1,825,097 at June 30, 2021. Bank balances at that date were \$2,213,333, the total amount of which was insured or collateralized with accounts held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 2 – Cash and Investments (Continued)**

**A. Demand Deposits (Continued)**

The fair value of pledged securities must equal at least 110% of the City’s cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City’s total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). The City, however, has not waived the collateralization requirements.

**B. Investments Authorized by the California Government Code and the City’s Investment Policy**

The table below identifies the investment types that are authorized by the City’s investment policy and the California Government Code. 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 trustee 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.

Authorized Investment Type	Maturity	Maximum Portfolio*	Maximum One Issuer*
U.S. Treasury securities	5 years	100%	None
U.S. agency and U.S. government sponsored enterprise securities	5 years	20%	None
Obligation 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%
Nonnegotiable certificate of deposit	5 years	100%	None
Negotiable certificate of deposit	5 years	30%	None
Medium term notes	5 years	30%	10%
Money market mutual funds	5 years	10%	10%
Local Agency Investment Fund (LAIF)	None	100%	50 Million/account

\*The table is based on state law requirements or investment policy requirements, whichever is more restrictive.

**C. Investments Authorized by Debt Agreements**

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
U.S. Treasury securities	None	None	None
U.S. agency and U.S. government sponsored enterprise securities	None	None	None
Bankers' acceptance	180 days	None	30%
Commercial paper	270 days	None	None
Money market mutual funds	5 years	None	None
Investment contracts	30 years	None	None
Local Agency Investment Fund (LAIF)	None	None	None

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 2 – Cash and Investments (Continued)**

**C. Investments Authorized by Debt Agreements (Continued)**

Investments 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 table on the following page identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, and concentration of credit risk.

**D. Fair Value Measurement**

At June 30, 2021, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within the fair value hierarchy in which the fair value measurements fall at June 30, 2021:

Investment Type	Value	Fair Value Measurement		Cash Equivalent
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Investments:				
US Treasury bonds/notes	\$ 11,755,902	\$ 11,755,902	\$ -	\$ -
Supra-National Agency Note	214,382	-	214,382	-
US government sponsored enterprise securities	9,760,526	-	9,760,526	-
Municipal bonds	1,213,600	-	1,213,600	-
Corporate note	4,431,190	-	4,431,190	-
Negotiable certificates of deposit	1,759,868	-	1,759,868	-
LAIF	20,787,986	-	-	20,787,986
Investments with Fiscal Agent:				
Money Market Mutual Funds	1,574,384	-	-	1,574,384
<b>Total investments</b>	<b>\$ 51,497,838</b>	<b>\$ 11,755,902</b>	<b>\$ 17,379,566</b>	<b>\$ 22,362,370</b>

Investments in municipal bonds/notes, U.S. government sponsored enterprise securities, and corporate note are valued based on institutional bond quotes. Investments in negotiable certificates of deposits are valued based on certificate of deposits pricing.



**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 2 – Cash and Investments (Continued)**

**E. Risk Disclosures**

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 is, the greater the sensitivity of its fair value 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. The sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is as follows:

Investment Type	Amount	Investment Maturities (in Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
Investments:						
US Treasury bonds/notes	\$ 11,755,902	\$ 937,430	\$ 2,386,009	\$ 3,005,937	\$ 2,984,511	\$ 2,442,015
Supra-National Agency Note	214,382	-	214,382	-	-	-
US government sponsored enterprise securities	9,760,526	496,629	2,534,413	2,704,116	1,918,318	2,107,050
Municipal bonds	1,213,600			283,168	543,457	386,975
Corporate note	4,431,190	710,235	1,267,184	699,062	1,654,491	100,218
Negotiable certificates of deposit	1,759,868	277,481	1,482,387			
LAIF	20,787,986	20,787,986				
Investments with Fiscal Agent:						
Money Market Mutual Funds	1,574,384	1,574,384				
<b>Total investments</b>	<b>\$ 51,497,838</b>	<b>\$ 24,784,145</b>	<b>\$ 7,884,375</b>	<b>\$ 6,692,283</b>	<b>\$ 7,100,777</b>	<b>\$ 5,036,258</b>

Disclosures Relating to 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 fiscal year end for each investment type.

Investment Type	Minimum Legal Rating	Total	Rating				
			AAA	AA- to AA+	A- to A+	BBB	Unrated
Investments:							
US Treasury bonds/notes	N/R	\$ 11,755,902	\$ 11,755,902	\$ -	\$ -	\$ -	\$ -
Supra-National Agency Note		214,382	214,382				
US government sponsored enterprise securities	A	9,760,526	9,760,526				
Municipal bonds		1,213,600	194,507	959,292	59,801		
Corporate note	A	4,431,190		609,609	3,202,827	618,754	
Negotiable certificates of deposit	N/R	1,759,868		612,914	1,146,954		
LAIF	N/A	20,787,986					20,787,986
Investments with Fiscal Agent:							
Money Market Mutual Funds	N/R	1,574,384	1,574,384				
<b>Total investments</b>		<b>\$ 51,497,838</b>	<b>\$ 23,499,701</b>	<b>\$ 2,181,815</b>	<b>\$ 4,409,582</b>	<b>\$ 618,754</b>	<b>\$ 20,787,986</b>

N/R - Not Required by the City's investment policy

N/A - Not applicable

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 2 – Cash and Investments (Continued)**

***E. Risk Disclosures (Continued)***

*Concentration of Credit Risk*

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City's investment in Fannie Mae Agency Note and Freddie Mac notes in amounts of \$5,425,892 and \$3,038,740 represented 10.9% and 6.1% of total City investments, respectively.

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. 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 public deposits. At June 30, 2021, the City deposits (bank balances were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California law.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

***F. Investment in Local Agency Investment Fund ("LAIF")***

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2021 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities, which included the following:

*Structured Notes* - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

*Asset-Backed Securities* - generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, collateralized mortgage obligations), or credit card receivables.

As of June 30, 2021, the City had \$20,787,986 invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes, Medium-term Asset-Backed Securities, and Short-term Asset Backed Commercial Paper. LAIF is reported at amortized costs, which approximates fair value.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 3 – Interfund Transactions**

**A. Due From/To Other Funds**

At June 30, 2021, the City had the following due from/to other funds:

	Due From Other Funds	
Due To Other Funds	General Fund	
Nonmajor Governmental Funds	\$	186,197
Capital Projects and Equipment Capital Projects Fund		73,379
<b>Total</b>	<b>\$</b>	<b>259,576</b>

The above amounts resulted from deficits in the pooled cash account.

**B. Transfers**

During the year ended June 30, 2021, the City had the following transfers:

	Transfers out					
	General Fund	Nonmajor Governmental Funds	Water Utility Enterprise Fund	Sewer Utility Enterprise Fund	Total	
Transfers in						
General Fund	\$ -	\$ 82,457	\$ 324,500	\$ 54,000		\$ 460,957
Capital Projects and Equipment Capital Projects Fund	1,002,996	769,509	-	-		1,772,505
Nonmajor Governmental Funds	625,192	-	-	-		625,192
Water Utility Enterprise Fund	683,442	-	-	-		683,442
Sewer Utility Enterprise Fund	19,437	-	-	-		19,437
Internal Service Fund	474,406	-	-	-		474,406
<b>Total</b>	<b>\$ 2,805,473</b>	<b>\$ 851,966</b>	<b>\$ 324,500</b>	<b>\$ 54,000</b>		<b>\$ 4,035,939</b>

In general, transfers are used to 1) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and 2) to transfer to the General Fund to fund administration services.

Transfers totaling \$378,500 from the Water and Sewer Utility Enterprise Funds were made to the General Fund to provide funding for certain administrative costs. Transfers of \$82,457 from Nonmajor Governmental Funds (Gas Tax, CFD Loan, and Pacific Gateway) were made to the General Fund for non-capital expenditures.

The General Fund and the Nonmajor Governmental Funds transferred \$1,002,996 and \$769,509 to the Capital Projects and Equipment Capital Projects Fund to pay for capital projects.

The General Fund transferred a total of \$625,192 to the Nonmajor Governmental Funds (City Debt Service Debt Service Fund) for debt service-related costs.

The General Fund transferred \$683,442 to the Water Utility Enterprise Funds to repay amounts paid on behalf of the General Fund.

The General Fund transferred \$19,437 to the Sewer Project Fund to fund capital project costs, and \$474,406 to the Internal Service Fund to start the newly formed Information Technology Internal Service Fund.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 4 – Capital Assets**

The summary of changes in governmental activities capital assets for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Reclassifications	Balance June 30, 2021
<i>Capital assets not being depreciated:</i>					
Land	\$ 20,319,847	\$ -	\$ -	\$ -	\$ 20,319,847
Intangible asset-land easement	900,000	-	-	-	900,000
Construction in progress	725,531	1,475,361	-	(256,109)	1,944,783
Total capital assets not being depreciated	<u>21,945,378</u>	<u>1,475,361</u>	<u>-</u>	<u>(256,109)</u>	<u>23,164,630</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	16,731,683	-	-	-	16,731,683
Machinery and equipment	3,789,069	38,588	-	-	3,827,657
Vehicles	3,677,215	130,865	(291,386)	-	3,516,694
Infrastructure	90,280,460	1,176,665	-	256,109	91,713,234
Total capital assets being depreciated	<u>114,478,427</u>	<u>1,346,118</u>	<u>(291,386)</u>	<u>256,109</u>	<u>115,789,268</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	(7,308,192)	(429,116)	-	-	(7,737,308)
Machinery and equipment	(2,206,505)	(192,024)	-	-	(2,398,529)
Vehicles	(1,681,624)	(350,401)	281,592	-	(1,750,433)
Infrastructure	(38,637,626)	(1,772,957)	-	-	(40,410,583)
Total accumulated depreciation	<u>(49,833,947)</u>	<u>(2,744,498)</u>	<u>281,592</u>	<u>-</u>	<u>(52,296,853)</u>
Total capital assets being depreciated, net	<u>64,644,480</u>	<u>(1,398,380)</u>	<u>(9,794)</u>	<u>256,109</u>	<u>63,492,442</u>
<b>Total governmental activities</b>	<u>\$ 86,589,858</u>	<u>\$ 76,981</u>	<u>\$ (9,794)</u>	<u>\$ -</u>	<u>\$ 86,657,072</u>

Depreciation expense was charged to functions/programs of governmental activities for the year ended June 30, 2021 as follows:

General government	\$ 452,920
Public safety	267,201
Community development	9,932
Public works	1,780,867
Internal service funds	233,578
<b>Total depreciation expense</b>	<u>\$ 2,744,498</u>

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 4 – Capital Assets (Continued)**

The summary of changes in business-type activities capital assets for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Reclassifications	Balance June 30, 2021
<i>Capital assets not being depreciated:</i>					
Construction in progress-water	\$ 671,946	\$ 341,710	\$ (8,935)	\$ -	\$ 1,004,721
Construction in progress-sewer	194,695	69,879	-	-	264,574
Total capital assets not being depreciated	<u>866,641</u>	<u>411,589</u>	<u>(8,935)</u>	<u>-</u>	<u>1,269,295</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements - water	73,284	-	-	-	73,284
Machinery and equipment - water	602,278	14,781	-	-	617,059
Machinery and equipment - sewer	785,802	-	-	-	785,802
Vehicles - water	273,061	79,982	(55,748)	-	297,295
Vehicles - sewer	610,229	-	(20,457)	-	589,772
Infrastructure - water	34,265,102	-	-	-	34,265,102
Infrastructure - sewer	38,622,844	-	-	-	38,622,844
Total capital assets being depreciated	<u>75,232,600</u>	<u>94,763</u>	<u>(76,205)</u>	<u>-</u>	<u>75,251,158</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements - water	(73,284)	-	-	-	(73,284)
Machinery and equipment - water	(536,516)	(6,876)	-	-	(543,392)
Machinery and equipment - sewer	(280,868)	(14,928)	-	-	(295,796)
Vehicles - water	(203,553)	(21,222)	55,748	-	(169,027)
Vehicles - sewer	(326,967)	(57,476)	20,457	-	(363,986)
Infrastructure - water	(18,574,018)	(516,720)	-	-	(19,090,738)
Infrastructure - sewer	(19,174,196)	(1,016,463)	-	-	(20,190,659)
Total accumulated depreciation	<u>(39,169,402)</u>	<u>(1,633,685)</u>	<u>76,205</u>	<u>-</u>	<u>(40,726,882)</u>
Total capital assets being depreciated, net	<u>36,063,198</u>	<u>(1,538,922)</u>	<u>-</u>	<u>-</u>	<u>34,524,276</u>
<b>Total business-type activities</b>	<u>\$ 36,929,839</u>	<u>\$ (1,127,333)</u>	<u>\$ (8,935)</u>	<u>\$ -</u>	<u>\$ 35,793,571</u>

Depreciation expense was charged to functions/programs of business-type activities for the year ended June 30, 2021 as follows:

Water Utility	\$ 544,818
Sewer Utility	<u>1,088,867</u>
<b>Total depreciation expense</b>	<u>\$ 1,633,685</u>

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 5 – Long-Term Liabilities**

**A. Governmental Activities**

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Classification	
					Due within One Year	Due in more than One Year
<u>Private Placement</u>						
2009 Lease Revenue Bonds	\$ 1,575,000	\$ -	\$ (420,000)	\$ 1,155,000	\$ 315,000	\$ 840,000
<u>Direct Borrowing</u>						
Municipal Finance Corporation	457,033	-	(76,920)	380,113	79,558	300,555
Claims payable	301,413	-	(4,118)	297,295	55,399	241,896
Compensated absences	1,422,548	1,200,048	(1,305,824)	1,316,772	295,142	1,021,630
Total	<u>\$ 3,755,994</u>	<u>\$ 1,200,048</u>	<u>\$ (1,806,862)</u>	<u>\$ 3,149,180</u>	<u>\$ 745,099</u>	<u>\$ 2,404,081</u>

The General Fund has been used to liquidate the majority of the liability for compensated absences, other post-employment benefits liabilities and net pension liabilities in the current and prior years.

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 total balance of the 2009 Series Lease Revenue bonds at June 30, 2021 was \$1,155,000.

The 2009 Bonds are equally secured by a pledge, charge and lien on the revenues of the sublease. If an event of default under the sublease occurs then the trustee shall, within 30 days of such notice, give written notice by first class mail to the owner of each Series 2009 bond unless the default has been cured within the 30 day period. The trustee shall have no right to declare the principal of, or interest on, the Series 2009 bonds to be due and payable immediately.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2022	420,000	37,007	457,007
2023	420,000	21,425	441,425
2024	315,000	5,844	320,844
Total	<u>\$ 1,155,000</u>	<u>\$ 64,276</u>	<u>\$ 1,219,276</u>

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 5 – Long-Term Liabilities (Continued)**

**A. Governmental Activities (Continued)**

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, 2021 was \$380,113. In the event of a termination or cancellation of the agreement by the City, due to no fault or failure of performance by Climatec LLC, Climatec LLC shall be paid based on the percentage of work that is satisfactory and of beneficial use. If on the scheduled date of termination of this Lease the rental payments have not been fully paid, then the terms shall be extended until the date upon which all such rental payments are made, except that the term of this Lease shall in no event extend beyond the date that corresponds to the end of the useful life of the property. In the event the City fails to pay any part of the rental payments within 30 days of the due date, the City shall upon the lessor's written request, pay interest on such delinquent rental payments from the date it was due until the date it is paid at the rate of 8% per annum or the maximum legal rate, whatever is less. In the event of a default the lessor does not have the right to accelerate the rental payments due in future periods or declare any rental payments not then in default to be immediately due and payable.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ 79,558	\$ 12,253	\$ 91,811
2023	82,286	9,525	91,811
2024	85,107	6,704	91,811
2025	88,025	3,786	91,811
2026	45,137	767	45,904
Total	<u>\$ 380,113</u>	<u>\$ 33,035</u>	<u>\$ 413,148</u>

**B. Business-Type Activities**

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2021 is as follows:

	Balance			Balance June 30, 2021	Classification	
	July 1, 2020	Additions	Deletions		Due within One Year	Due in more than One Year
<u>Private Placement</u>						
2011 Sewer Revenue Refunding Bonds	\$ 1,940,000	\$ -	\$ (175,000)	\$ 1,765,000	\$ 185,000	\$ 1,580,000
<u>Direct Borrowing</u>						
Sewer Capital Improvement Project #1	1,731,067	-	(124,773)	1,606,294	128,017	1,478,277
Sewer Capital Improvement Project #2	1,239,088	-	(74,506)	1,164,582	76,443	1,088,139
West Orange County Water Board Loan	654,381	-	(84,436)	569,945	84,436	485,509
Compensated absences	137,137	287,523	(302,641)	122,019	37,666	84,353
Total	<u>\$ 5,701,673</u>	<u>\$ 287,523</u>	<u>\$ (761,356)</u>	<u>\$ 5,227,840</u>	<u>\$ 511,562</u>	<u>\$ 4,716,278</u>

The Water Utility Fund and Sewer Utility Fund have been used to liquidate the liability for compensated absences and net pension liabilities.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 5 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

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, 2021 was \$1,765,000. In the event of a default the City may be required to pay all principal components of the unpaid installment payments, together with accrued interest at the overdue rate from the preceding interest payment date which will become immediately due and payable.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ 185,000	\$ 82,560	\$ 267,560
2023	195,000	73,560	268,560
2024	205,000	64,080	269,080
2025	215,000	54,120	269,120
2026	225,000	43,680	268,680
2027-2029	740,000	63,480	803,480
Total	<u>\$ 1,765,000</u>	<u>\$ 381,480</u>	<u>\$ 2,146,480</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. As of June 30, 2021, the City had drawn down the entire loan fund. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2021 was \$1,606,294.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ 128,017	\$ 41,764	\$ 169,781
2023	131,345	38,435	169,780
2024	134,760	35,020	169,780
2025	138,263	31,516	169,779
2026	141,859	27,922	169,781
2027-2031	766,573	82,328	848,901
2032	165,477	4,302	169,779
Total	<u>\$ 1,606,294</u>	<u>\$ 261,287</u>	<u>\$ 1,867,581</u>



**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 5 – Long-Term Liabilities (Continued)**

**B. Business-Type Activities (Continued)**

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, 2021, 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, 2021 was \$1,164,582.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ 76,443	\$ 30,279	\$ 106,722
2023	78,431	28,292	106,723
2024	80,470	26,252	106,722
2025	82,563	24,160	106,723
2026	84,709	22,014	106,723
2027-2031	457,751	75,863	533,614
2032-2034	304,215	15,954	320,169
Total	<u>\$ 1,164,582</u>	<u>\$ 222,814</u>	<u>\$ 1,387,396</u>

West Orange County Water Board Loan

On December 11, 2017, the City entered into financial participation agreement with the West Orange County Water Board (the “WOCWB”) for relocation of the City’s allocated 14.3% ownership in the waterline. The City’s portion of project costs was in the amount of \$894,928. The repayments are due quarterly on the first of the month commencing June 1, 2018. The interest rate ranges from 1.414% to 5.314% with maturity date on March 1, 2028. The outstanding balance at June 30, 2021 was \$569,945.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2022	\$ 84,436	\$ 9,587	\$ 94,023
2023	84,436	9,895	94,331
2024	84,436	9,553	93,989
2025	84,436	8,483	92,919
2026	84,436	6,764	91,200
2027-2028	147,765	5,672	153,437
Total	<u>\$ 569,945</u>	<u>\$ 49,954</u>	<u>\$ 619,899</u>

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 5 – Long-Term Liabilities (Continued)**

**C. Fiduciary Activities**

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
2000 Tax Allocation Bonds Series A - Publicly Offered	\$ 685,000	\$ -	\$ (685,000)	\$ -

2000 Tax Allocation Refunding Bonds

On December 20, 2000, the Agency issued 2000 Tax Allocation Refunding Bonds, Series A and B for the Riverfront Redevelopment Project in the amounts of \$8,520,000 and \$685,000, 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 Series A bonds were paid off during the year ended June 30, 2021. The Series B bonds were paid off during the year ended June 30, 2019. This liability was transferred to the Successor Agency upon dissolution of the redevelopment agency. In the event of default the trustee may, upon written request of the owners of not less than a majority of the principal at the time outstanding, declare the principal of the bonds outstanding and interest accrued to be due and payable immediately. The unpaid interest and principal will accrue interest at the rate of 10% per annum. The bonds were fully paid off during the year ended June 30, 2021.

**Note 6 – Non-City Obligations**

**A. 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 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, 2021, was \$2,815,000.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 6 – Non-City Obligations (Continued)**

***B. Pacific Gateway Business Center Community Facilities District No 2005-01***

The Pacific Gateway Business Center Community Facilities District No. 2005-01 was formed to finance public facilities within the Pacific Gateway. 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 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, 2021, was \$7,315,000.

**Note 7 – Risk Management and Self Insurance Program**

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

The City is a member of the California Joint Powers Insurance Authority (the “Authority”). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

**Primary 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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority’s website: <https://cjpia.org/coverage/risk-sharing-pools/>.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 7 – Risk Management and Self Insurance Program (Continued)**

***B. Self-Insurance Programs of the Authority (Continued)***

*Primary 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 \$75,000 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 \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2020-21 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

***C. Purchased Insurance***

*Pollution Legal Liability Insurance*

The City of Seal Beach participates in the pollution legal liability insurance program 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 \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

*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 \$52,409,044. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

*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 \$52,277,663. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

*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.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 7 – Risk Management and Self Insurance Program (Continued)**

**C. Purchased Insurance (Continued)**

Special Event Tenant User Liability Insurance

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

**D. Adequacy of Protection**

During the past three fiscal years, none of the above 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 2020-21.

**E. Claims Activity**

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were workers' compensation claims that remained outstanding for claims occurred prior to joining the Authority. At June 30, 2021, the amount of these liabilities was \$297,295 and was the City's best estimate based on available information. The General Fund is typically used to liquidate these liabilities.

A summary of the changes in claims liabilities for the past three fiscal years is as follows:

<u>Workers' Compensation</u>	<u>Balance Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance End of Year</u>
2018-2019	\$ 387,471	\$ 92,274	\$ (56,398)	\$ 423,347
2019-2020	423,347	-	(121,934)	301,413
2020-2021	301,413	-	(4,118)	297,295

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Defined Benefit Pension Plans**

The following is a summary of net pension liabilities and related deferred outflows and inflows of resources as of June 30, 2021 and pension expenses for the year then ended June 30, 2021:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Deferred outflows of resources:</b>			
Pension contribution made after measurement date:			
Miscellaneous	\$ 1,064,302	\$ 379,407	\$ 1,443,709
Safety	3,231,920	-	3,231,920
Changes of assumptions:			
Miscellaneous	-	-	-
Safety	-	-	-
Difference between expected and actual experience:			
Miscellaneous	562,616	200,563	763,179
Safety	2,204,076	-	2,204,076
Difference in projected and actual earnings on pension investments:			
Miscellaneous	324,323	115,616	439,939
Safety	617,754	-	617,754
Adjustment due to differences in proportions:			
Miscellaneous	304,719	108,628	413,347
Safety	509,200	-	509,200
<b>Total deferred outflows of resources</b>	<u>\$ 8,818,910</u>	<u>\$ 804,214</u>	<u>\$ 9,623,124</u>
<b>Net pension liabilities:</b>			
Miscellaneous	\$ 10,624,008	\$ 3,787,289	\$ 14,411,297
Safety	28,423,181	-	28,423,181
<b>Total net pension liabilities</b>	<u>\$ 39,047,189</u>	<u>\$ 3,787,289</u>	<u>\$ 42,834,478</u>
<b>Deferred inflows of resources:</b>			
Changes of assumptions:			
Miscellaneous	\$ 77,869	\$ 27,759	\$ 105,628
Safety	94,677	-	94,677
Difference between City's contributions and proportionate share of contributions:			
Miscellaneous	348,283	124,158	472,441
Safety	697,371	-	697,371
<b>Total deferred inflows of resources</b>	<u>\$ 1,218,200</u>	<u>\$ 151,917</u>	<u>\$ 1,370,117</u>
<b>Pension expenses (credit):</b>			
Miscellaneous	\$ 1,455,567	\$ (11,858)	\$ 1,443,709
Safety	4,488,492	-	4,488,492
<b>Total pension expense</b>	<u>\$ 5,944,059</u>	<u>\$ (11,858)</u>	<u>\$ 5,932,201</u>

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Defined Benefit Pension Plans (Continued)**

**A. General Information about the Pension Plan**

Plan Description

The City contributes to the California Public Employees’ Retirement System (“CalPERS”), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of the CalPERS annual financial report may be obtained from <https://www.calpers.ca.gov/page/publications>.

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

	Miscellaneous	Misc PEPR	Safety	Safety Fire	Safety Police PEPR	Other Safety PEPR
Active employees	39	15	32	-	7	1
Transferred and terminated employees	38	7	6	-	-	-
Separated	26	1	5	1	1	-
Retired Employees and Beneficiaries	149	-	95	38	-	-
Total	252	23	138	39	8	1

Benefit Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic and PEPR Safety CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPR miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

	Cost-sharing Rate Plans			
	Miscellaneous Rate Plan*	PEPR Miscellaneous Rate Plan	Safety Rate Plan*	PEPR Safety Rate Plan
Hire date	Prior to January 1, 2013	January 1, 2013 and after	Prior to January 1, 2013	January 1, 2013 and after
Benefit formula	2% @ 55	2% @ 62	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs	minimum 50 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	2.000%-2.7000%, 52 yrs - 57+ yrs, respectively

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Defined Benefit Pension Plans (Continued)**

**A. General Information about the Pension Plan (Continued)**

Benefit Provided (Continued)

Participants are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Public agency cost-sharing plans covered by either the Safety risk pools, the Plan's 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 measurement period ended June 30, 2020 (the measurement date), the contribution rates were as follows:

	<b>Cost-sharing Rate Plans</b>			
	PEPRA			PEPRA Safety Rate Plan
	Miscellaneous Rate Plan*	Miscellaneous Rate Plan	Safety Rate Plan*	
Required employee contribution rates	7.000%	6.500%	9.000%	12.750%
Required employer contribution rates	10.868%	7.072%	23.654%	13.786%

\* Closed to new entrants



**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 8 – Defined Benefit Pension Plans (Continued)**

***B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension***

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

The June 30, 2019 valuation was rolled forward to determine June 30, 2020 total pension liability based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

<sup>1</sup>The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

*Change of Assumption*

In 2020, there were no changes in assumptions.

*Long-term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Defined Benefit Pension Plans (Continued)**

***B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)***

*Long-term Expected Rate of Return (Continued)*

Asset Class <sup>(1)</sup>	Current Target Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

<sup>1</sup> In the CalPERS's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup> An expected inflation of 2.00% used for this period

<sup>3</sup> An expected inflation of 2.92% used for this period.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's 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 of the Plan as of the measurement date, calculated using the discount rate of 7.15%, 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 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 23,013,669	\$ 14,411,297	\$ 7,303,427
Safety	\$ 42,781,436	\$ 28,423,181	\$ 16,640,874

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Defined Benefit Pension Plans (Continued)**

***B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)***

*Pension Plan Fiduciary Net Position*

Detail information about the plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

*Proportionate Share of Net Pension Liability and Pension Expense*

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Miscellaneous</b>			
Balance at: 6/30/19 (Valuation date)	\$ 49,819,798	\$ 36,499,565	\$ 13,320,233
Balance at: 6/30/20 (Measurement date)	50,971,659	36,560,362	14,411,297
Net Changes during 2019-2020	1,151,861	60,797	1,091,064
<b>Safety</b>			
Balance at: 6/30/19 (Valuation date)	\$ 91,349,819	\$ 65,106,126	\$ 26,243,693
Balance at: 6/30/20 (Measurement date)	95,105,297	66,682,116	28,423,181
Net Changes during 2019-2020	3,755,478	1,575,990	2,179,488

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2019). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2020). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2020 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2019-2020).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan’s share of the actuarial accrued liability. FNP is allocated based on the rate plan’s share of the fair value assets.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Defined Benefit Pension Plans (Continued)**

***B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)***

*Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

(5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocate based on the City’s share of contributions during measurement period.

The City’s proportionate share of the net pension liability was as follows:

	<b>Miscellaneous</b>	<b>Safety</b>
June 30, 2019	0.13493%	0.25611%
June 30, 2020	0.13777%	0.26123%
Change - Increase (Decrease)	0.00284%	0.00512%

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (“EARSLS”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSLS for risk pool for the 2019-2020 measurement period is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired).

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Miscellaneous</b>		<b>Safety</b>	
	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>	<b>Deferred outflows of Resources</b>	<b>Deferred inflows of Resources</b>
Pension contribution after measurement date	\$ 1,443,709	\$ -	\$ 3,231,920	\$ -
Changes of assumptions	-	(105,628)	-	(94,677)
Difference between expected and actual experience	763,179	-	2,204,076	-
Difference between projected and actual earning on pension plan investments	439,939	-	617,754	-
Adjustment due to differences in proportions	413,347	-	509,200	-
Difference between City contributions and proportionate share of contributions	-	(472,441)	-	(697,371)
Total	\$ 3,060,174	\$ (578,069)	\$ 6,562,950	\$ (792,048)

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 8 – Defined Benefit Pension Plans (Continued)**

**B. Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)**

*Proportionate Share of Net Pension Liability and Pension Expense (Continued)*

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous	Safety
2021	95,261	592,208
2022	395,474	956,423
2023	336,654	680,821
2024	211,007	309,530
2025	-	-
Thereafter	-	-
	<u>\$ 1,038,396</u>	<u>\$ 2,538,982</u>

**Note 9 – Other Postemployment Benefits (“OPEB”) Plan**

The following is a summary of net other postemployment benefits (“OPEB”) liabilities and related deferred outflows and inflows of resources as of June 30, 2021 and pension expenses for the year then ended June 30, 2021:

	Governmental Activities	Business-type Activities	Total
<b>Deferred outflows of resources:</b>			
OPEB contribution made after measurement date	\$ 876,368	\$ 86,674	\$ 963,042
Difference in projected and actual earnings on OPEB investments	95,090	9,405	104,495
<b>Total deferred outflows of resources</b>	<u>\$ 971,459</u>	<u>\$ 96,078</u>	<u>\$ 1,067,537</u>
<b>Net OPEB liabilities</b>	<u>\$ 5,368,277</u>	<u>\$ 530,928</u>	<u>\$ 5,899,205</u>
<b>Deferred inflows of resources:</b>			
Changes of assumptions	\$ 230,679	\$ 22,814	\$ 253,493
Difference between expected and actual experience	106,160	10,499	116,659
<b>Total deferred inflows of resources</b>	<u>\$ 336,838</u>	<u>\$ 33,314</u>	<u>\$ 370,152</u>
<b>OPEB expenses</b>	<u>\$ 498,184</u>	<u>\$ 49,271</u>	<u>\$ 547,455</u>

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 9 – Other Postemployment Benefits (“OPEB”) Plan (Continued)**

**A. General Information about the OPEB Plan**

Plan Description

The City 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 (“PEMCHA”). 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.

Benefits Provided

Future Retirees are eligible for PEMCHA minimum medical benefits (\$143 per month in 2021) if they retire at Age 50 and above. For legacy hires, reimbursements are generally subject to a maximum, which varies by bargaining group and service years. Dependents are eligible to enroll subject to service year requirements.

Employees Covered by Benefit Term

Active employees	83
Active employees waiving coverage	11
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	74
Total	168

Contributions

The City makes contributions based on an actuarially determined rate.

**B. Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal level percentage of salary
Actuarial Assumptions:	
Inflation	2.50%
Salary increases	Base salary increases in year one: 2.75%
	Base salary increases in subsequent years: 2.75%
	Additional merit-based increases based on CalPERS.
Investment rate of return	6.50%
Healthcare cost trend rates	6.40% for FY2020, trending down to 4.00% in FY2076 and later years.
Mortality rate	Derived using CalPERS' Membership Data for all Funds.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 9 – Other Postemployment Benefits (“OPEB”) Plan (Continued)**

**B. Net OPEB Liability (Continued)**

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

**C. Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2019	\$ 11,623,641	\$ 5,625,386	\$ 5,998,255
Changes during the measurement period:			
Service cost	253,910	-	253,910
Interest	751,631	-	751,631
Differences between expected and actual experience	(109,256)	-	(109,256)
Change of assumptions	(49,484)	-	(49,484)
Contributions:			
Employer - City's contribution	-	588,400	(588,400)
Employer - implicit subsidy	-	-	-
Employee	-	-	-
Net investment income	-	360,219	(360,219)
Benefit payments, including refunds of employee Contributions	(516,782)	(516,782)	-
Implicit rate subsidy fulfilled	-	-	-
Administrative expenses	-	(2,768)	2,768
Net changes during measurement period 2019-2020	330,019	429,069	(99,050)
Balances as of June 30, 2020 (Measurement Date)	<u>\$ 11,953,660</u>	<u>\$ 6,054,455</u>	<u>\$ 5,899,205</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) follows:

Net OPEB Liability/(Asset)		
Discount Rate - 1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate + 1% (7.50%)
\$ 7,352,236	\$ 5,899,205	\$ 4,684,300

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 9 – Other Postemployment Benefits (“OPEB”) Plan (Continued)**

**C. Changes in the Net OPEB Liability (Continued)**

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.40%) or one percentage point higher (7.40%) than current healthcare cost trend rates follows:

Net OPEB Liability/(Asset)		
Healthcare		
1% Decrease (5.40% to 3.00%)	Cost Trend Rate (6.40% to 4.00%)	1% Increase (7.40% to 5.00%)
\$ 4,678,279	\$ 5,899,205	\$ 7,368,661

**D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the City recognized an OPEB expense of \$547,455. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
OPEB contribution after measurement date	\$ 963,042	\$ -
Difference between expected and actual experience	-	(253,493)
Changes of assumptions	-	(116,659)
Difference between projected and actual earning on OPEB plan investments	104,495	-
Total	\$ 1,067,537	\$ (370,152)

Deferred outflows of resources related to OPEB resulting from City's contributions subsequent to the measurement date in the amount of \$963,042 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2021	\$ (92,055)
2022	(67,372)
2023	(58,953)
2024	(20,509)
2025	(22,251)
Thereafter	(4,516)
	\$ (265,656)



**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

**Note 10 – Classification of Fund Balances**

At June 30, 2021, fund balances are classified in the governmental funds as follows:

	General Fund	Capital Projects and Equipment Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>				
Prepaid items	\$ 2,069,748	\$ -	\$ -	\$ 2,069,748
<b>Restricted:</b>				
Waste Management	182,969	-	-	182,969
Parking In-lieu	175,867	-	-	175,867
I-405 Corridor Improvements	1,687,520	-	-	1,687,520
Supplemental Law Enforcement	-	-	158,483	158,483
Detention Center	-	-	28,398	28,398
Air Quality Improvements	-	-	40,114	40,114
Parks Improvement	-	-	52,559	52,559
Traffic Impact	-	-	190,024	190,024
State Gasoline Tax	-	-	839,117	839,117
Measure M2	-	-	1,000,613	1,000,613
Community Development Block Grant	-	-	62,118	62,118
Landscape District	-	-	648,508	648,508
Heron Pointe	-	-	56,937	56,937
Pacific Gateway	-	-	99,901	99,901
Seal Beach Cable	-	-	482,763	482,763
SB 1	-	-	519,316	519,316
CARES Act	-	-	-	-
Citywide Grants	-	-	116,619	116,619
City Debt Service	-	-	742,148	742,148
Total restricted	<u>2,046,356</u>	<u>-</u>	<u>5,037,618</u>	<u>7,083,974</u>
<b>Committed:</b>				
College Park East	477,000	-	-	477,000
Swimming Pool	4,545,207	-	-	4,545,207
Economic Contingency	1,750,000	-	-	1,750,000
Street Improvement	117,167	-	-	117,167
Fiscal Policy	8,718,424	-	-	8,718,424
Capital Project Improvement	1,939,170	-	-	1,939,170
Total restricted	<u>17,546,968</u>	<u>-</u>	<u>-</u>	<u>17,546,968</u>
<b>Assigned:</b>				
Community Development	1,191,618	-	-	1,191,618
Pier Restaurant	1,395,638	-	-	1,395,638
Compensated Absences	1,316,772	-	-	1,316,772
Encumbrances	511,833	-	-	511,833
Other	288,734	-	-	288,734
Total assigned	<u>4,704,595</u>	<u>-</u>	<u>-</u>	<u>4,704,595</u>
<b>Unassigned (deficit)</b>	<u>3,629,265</u>	<u>(235,922)</u>	<u>(137,948)</u>	<u>3,255,395</u>
<b>Total fund balances</b>	<u>\$ 29,996,932</u>	<u>\$ (235,922)</u>	<u>\$ 4,899,670</u>	<u>\$ 34,660,680</u>

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 11 – Commitments and Contingencies**

**A. Commitments**

The City had no material commitments or encumbrances as of June 30, 2021.

**B. Contingencies**

The City is a defendant in a number of lawsuits, which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty.

**C. Grants**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of noncompliance were disclosed by the audit of the financial statements or single audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

**Note 12 – Individual Fund Disclosure – Deficit Fund Balances**

Funds with deficit fund balances at June 30, 2021 are as follows:

	Deficit
Capital Projects and Equipment Capital Projects Fund	\$ (235,922)
Police Asset Forfeiture Special Revenue Fund	(118,911)
Police Grants Special Revenue Fund	(19,037)

The City plans to eliminate the deficit fund balances with future grant revenues.

**Note 13 – Subsequent Events**

**A. Seal Beach Historic Resources Foundation**

On July 26, 2021, the City Council adopted resolution 7185 approving the formation of Seal Beach Historic Resources Foundation. The Seal Beach Historic Resources Foundation will be presented as a component unit of the City.

**B. Successor Agency Private Purpose Trust Fund**

During the year ended June 30, 2021 the City started the process of winding down the Successor Agency Private Purpose Trust Fund as all the outstanding debt was paid off. The approval from the California Department of Finance is still pending as of the report issuance date.

**City of Seal Beach**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2021**

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**Note 14 – Restatement of Beginning Net Position**

The beginning net position of the fiduciary funds were restated due to implementation of GASB 84 as follows:

	Agency Funds	Restatement	Custodial Funds
Net position, as previously reported	\$ -		\$ -
Total assets	1,531,968	-	1,531,968
Total liabilities	(1,531,968)	1,154,811	(377,157)
Net position, as restated	\$ -	\$ 1,154,811	\$ 1,154,811

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**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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**City of Seal Beach**  
**Required Supplementary Information (Unaudited)**  
**Budgetary Comparison Schedule – General Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 28,079,700	\$ 28,079,700	\$ 29,869,656	\$ 1,789,956
Licenses and permits	788,800	788,800	771,615	(17,185)
Intergovernmental	161,000	161,000	94,978	(66,022)
Charges for services	4,887,700	5,151,188	4,740,324	(410,864)
Use of money and property	602,600	602,600	171,832	(430,768)
Fines and forfeitures	1,220,500	1,220,500	1,816,837	596,337
Contributions	10,000	60,000	66,528	6,528
Miscellaneous	522,600	607,600	3,431,013	2,823,413
<b>Total revenues</b>	36,272,900	36,671,388	40,962,783	4,291,395
<b>Expenditures:</b>				
Current:				
General government	6,923,500	7,115,823	6,649,907	465,916
Public safety	20,991,500	21,169,625	21,313,233	(143,608)
Community development	1,410,300	1,500,300	1,182,614	317,686
Community services	973,300	1,114,300	1,131,906	(17,606)
Public works	6,102,600	6,331,214	5,550,256	780,958
Debt service:				
Principal retirement	76,900	76,900	76,920	(20)
Interest and fiscal charges	14,900	14,900	14,890	10
<b>Total expenditures</b>	36,493,000	37,323,062	35,919,726	1,403,336
<b>Revenues over (under) expenditures</b>	(220,100)	(651,674)	5,043,057	5,694,731
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,368,800	1,399,328	460,957	(938,371)
Transfers out	(4,443,200)	(6,282,178)	(2,805,473)	3,476,705
Proceed from sale of assets	-	-	119,000	119,000
<b>Total other financing sources (uses)</b>	(3,074,400)	(4,882,850)	(2,225,516)	2,657,334
<b>Net change in fund balance</b>	\$ (3,294,500)	\$ (5,534,524)	2,817,541	\$ 8,352,065
<b>Fund Balance:</b>				
Beginning of year			27,179,391	
End of year			\$ 29,996,932	

**City of Seal Beach**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2021**

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**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan**

Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>
City's Proportion of the Net Pension Liability	0.13777%	0.12949%
City's Proportionate Share of the Net Pension Liability	\$ 14,411,297	\$ 13,320,233
City's Covered Payroll	\$ 5,243,738	\$ 4,721,968
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>274.83%</u>	<u>282.09%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>71.73%</u>	<u>73.26%</u>

**California Public Employees' Retirement System ("CalPERS") Safety Plan**

Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>
City's Proportion of the Net Pension Liability	0.26123%	0.25611%
City's Proportionate Share of the Net Pension Liability	\$ 28,423,181	\$ 26,243,693
City's Covered Payroll	\$ 5,607,704	\$ 5,137,216
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>506.86%</u>	<u>510.85%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>70.11%</u>	<u>71.27%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is implemented. Additional years will be presented as they become available.



**City of Seal Beach**  
**Required Supplementary Information (Unaudited)**  
**Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)**  
**For the Year Ended June 30, 2021**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan**

Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability	0.12641%	0.12396%	0.12144%	0.11333%	0.11644%
City's Proportionate Share of the Net Pension Liability	\$ 12,180,833	\$ 12,293,741	\$ 10,508,345	\$ 7,778,736	\$ 7,245,313
City's Covered Payroll	\$ 4,713,200	\$ 4,385,712	\$ 4,226,024	\$ 4,710,212	\$ 4,503,370
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>258.44%</u>	<u>280.31%</u>	<u>248.66%</u>	<u>165.15%</u>	<u>160.89%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>75.18%</u>	<u>75.11%</u>	<u>76.88%</u>	<u>82.15%</u>	<u>83.18%</u>

**California Public Employees' Retirement System ("CalPERS") Safety Plan**

Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014 <sup>1</sup>
City's Proportion of the Net Pension Liability	0.25383%	0.24294%	0.24301%	0.23685%	0.19002%
City's Proportionate Share of the Net Pension Liability	\$ 24,459,736	\$ 24,093,096	\$ 21,027,509	\$ 16,257,122	\$ 11,823,793
City's Covered Payroll	\$ 4,833,363	\$ 4,200,942	\$ 4,454,998	\$ 4,734,950	\$ 4,290,168
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>506.06%</u>	<u>573.52%</u>	<u>472.00%</u>	<u>343.34%</u>	<u>275.60%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>72.12%</u>	<u>72.09%</u>	<u>73.44%</u>	<u>78.58%</u>	<u>81.42%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is implemented. Additional years will be presented as they become available.

**City of Seal Beach**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions**  
**For the Year Ended June 30, 2021**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan**

Fiscal year	2020-21	2019-20	2018-19
Actuarially Determined Contribution	\$ 1,443,709	\$ 1,275,186	\$ 1,076,211
Contribution in Relation to the Actuarially Determined Contribution	<u>(1,443,709)</u>	<u>(1,275,186)</u>	<u>(1,076,211)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll <sup>2</sup>	<u>\$ 5,387,941</u>	<u>\$ 5,243,738</u>	<u>\$ 4,721,968</u>
Contributions as a Percentage of Covered Payroll	<u>26.80%</u>	<u>24.32%</u>	<u>22.79%</u>

**California Public Employees' Retirement System ("CalPERS") Safety Plan**

Fiscal year	2020-21	2019-20	2018-19
Actuarially Determined Contribution	\$ 3,231,920	\$ 2,882,385	\$ 2,509,250
Contribution in Relation to the Actuarially Determined Contribution	<u>(3,231,920)</u>	<u>(2,882,385)</u>	<u>(2,509,250)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll <sup>2</sup>	<u>\$ 5,761,916</u>	<u>\$ 5,607,704</u>	<u>\$ 5,137,216</u>
Contributions as a Percentage of Covered Payroll	<u>56.09%</u>	<u>51.40%</u>	<u>48.84%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is implemented. Additional years will be presented as they become available.

<sup>2</sup> Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year 2019-20.

**Notes to Schedule:**

Benefit Changes: There were no changes to benefit terms.

Changes of Assumptions: In 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

**City of Seal Beach**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Pensions (Continued)**  
**For the Year Ended June 30, 2021**

**Last Ten Fiscal Years**

**California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan**

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution	\$ 911,168	\$ 791,754	\$ 709,945	\$ 734,255	\$ 614,667
Contribution in Relation to the Actuarially Determined Contribution	<u>(911,168)</u>	<u>(791,754)</u>	<u>(709,945)</u>	<u>(734,255)</u>	<u>(614,667)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 4,713,200</u>	<u>\$ 4,385,712</u>	<u>\$ 4,226,024</u>	<u>\$ 4,710,212</u>	<u>\$ 4,597,510</u>
Contributions as a Percentage of Covered Payroll	<u>19.33%</u>	<u>18.05%</u>	<u>16.80%</u>	<u>15.59%</u>	<u>13.37%</u>

**California Public Employees' Retirement System ("CalPERS") Safety Plan**

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14 <sup>1</sup>
Actuarially Determined Contribution	\$ 2,127,080	\$ 1,748,129	\$ 1,608,716	\$ 1,476,452	\$ 2,157,763
Contribution in Relation to the Actuarially Determined Contribution	<u>(2,127,080)</u>	<u>(1,748,129)</u>	<u>(1,608,716)</u>	<u>(1,476,452)</u>	<u>(2,157,763)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 4,833,363</u>	<u>\$ 4,200,942</u>	<u>\$ 4,454,998</u>	<u>\$ 4,734,950</u>	<u>\$ 3,995,001</u>
Contributions as a Percentage of Covered Payroll	<u>44.01%</u>	<u>41.61%</u>	<u>36.11%</u>	<u>31.18%</u>	<u>54.01%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is implemented. Additional years will be presented as they become available.

**Notes to Schedule:**

Benefit Changes: There were no changes to benefit terms.

Changes of Assumptions: In 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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**City of Seal Beach**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios**  
**For the Year Ended June 30, 2021**

Last Ten Fiscal Years

**Other Postemployment Benefits ("OPEB")**

Measurement period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017 <sup>1</sup>
<b>Total OPEB liability</b>				
Service cost	\$ 253,910	\$ 262,452	\$ 275,665	\$ 267,961
Interest	751,631	736,104	786,251	752,721
Differences between expected and actual experience	(109,256)	(109,256)	-	-
Changes of assumption	(49,484)	(49,484)	(413,262)	-
Benefit payments	(516,782)	(419,956)	(406,031)	(454,685)
Implicit rate subsidy fulfilled	-	(136,833)	(123,043)	(114,993)
<b>Net change in total OPEB liability</b>	<b>330,019</b>	<b>283,027</b>	<b>119,580</b>	<b>451,004</b>
<b>Total OPEB liability, beginning</b>	<b>11,623,641</b>	<b>11,340,614</b>	<b>11,221,034</b>	<b>10,770,030</b>
<b>Total OPEB liability, ending (a)</b>	<b>\$ 11,953,660</b>	<b>\$ 11,623,641</b>	<b>\$ 11,340,614</b>	<b>\$ 11,221,034</b>
<b>OPEB fiduciary net position</b>				
Contributions:				
Employer - City's contribution	\$ 588,400	\$ 710,200	\$ 720,871	\$ 567,185
Employer - Implicit subsidy	-	136,833	123,043	114,993
Net investment income	360,219	324,350	346,820	411,482
Other additions	-	-	3,763	-
Benefit payments	(516,782)	(419,956)	(406,031)	(454,685)
Implicit rate subsidy fulfilled	-	(136,833)	(123,043)	(114,993)
Administrative expense	(2,768)	(1,095)	(2,323)	(1,995)
Other deductions	-	-	(5,765)	-
<b>Net change in plan fiduciary net position</b>	<b>429,069</b>	<b>613,499</b>	<b>657,335</b>	<b>521,987</b>
<b>Plan fiduciary net position, beginning</b>	<b>5,625,386</b>	<b>5,011,887</b>	<b>4,354,552</b>	<b>3,832,565</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>6,054,455</b>	<b>5,625,386</b>	<b>5,011,887</b>	<b>4,354,552</b>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<b>\$ 5,899,205</b>	<b>\$ 5,998,255</b>	<b>\$ 6,328,727</b>	<b>\$ 6,866,482</b>
<b>Plan's fiduciary net position as a percentage of the total OPEB liability</b>	<b>50.65%</b>	<b>48.40%</b>	<b>44.19%</b>	<b>38.81%</b>
<b>Covered payroll</b>	<b>\$ 10,666,519</b>	<b>\$ 9,923,172</b>	<b>\$ 9,518,945</b>	<b>\$ 8,807,230</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>55.31%</b>	<b>60.45%</b>	<b>66.49%</b>	<b>77.96%</b>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is implemented.

**City of Seal Beach**  
**Required Supplementary Information (Unaudited)**  
**Schedule of Contributions - Other Postemployment Benefits**  
**For the Year Ended June 30, 2021**

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**Last Ten Fiscal Years**

**Other Postemployment Benefits ("OPEB")**

Fiscal year end	2020-21	2019-20	2018-19	2017-18	2016-17 <sup>1</sup>
Actuarially determined contribution <sup>2</sup>	\$ 794,339	\$ 763,351	\$ 755,936	\$ 833,241	\$ 812,317
Contribution in relation to the actuarially determined contribution <sup>2</sup>	(963,041)	(867,112)	(847,033)	(843,914)	(682,178)
Contribution deficiency/(excess)	<u>\$ (168,702)</u>	<u>\$ (103,761)</u>	<u>\$ (91,097)</u>	<u>\$ (10,673)</u>	<u>\$ 130,139</u>
Covered-employee payroll <sup>3</sup>	<u>\$ 10,959,848</u>	<u>\$ 10,666,519</u>	<u>\$ 9,923,172</u>	<u>\$ 9,518,945</u>	<u>\$ 8,807,230</u>
Contributions as a percentage of covered-employee payroll	<u>8.79%</u>	<u>8.13%</u>	<u>8.54%</u>	<u>8.87%</u>	<u>7.75%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is implemented.

<sup>2</sup> The June 30, 2019 actuarial valuation provided the actuarially determined contributions for fiscal year ended June 30, 2021.

<sup>3</sup> Includes one year's payroll growth using 2.75 percent payroll assumption from fiscal year 2019-19.

**Notes to Schedule:**

Valuation date:	June 30, 2019
Methods and assumptions used to determine contribution rates:	
Actuarial cost method:	Entry age normal, level percent of pay
Inflation:	2.50% per year
Assumed payroll growth:	2.75% year one and thereafter
Healthcare cost trend:	6.40%, trending down to 4.00%
Rate of return on assets:	6.50%
Mortality:	Based on assumptions for Public Agency Miscellaneous and Police members published in the December 2017 CalPERS Experience Study

**City of Seal Beach**  
**Required Supplementary Information (Unaudited)**  
**Notes to the Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2021**

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**Budgetary Control and Accounting Policy**

The City prepares its budgets on the basis of estimated revenues and expenditures and, accordingly, the budget amounts included in the accompanying financial statements are presented on a basis substantially consistent with generally accepted accounting principles. Encumbrance accounting is utilized during the fiscal year, whereby purchase orders, contracts and other commitments are recorded in order to control appropriations. However, at fiscal year end, all appropriations lapse. Accordingly, encumbrances are cancelled and generally are re-appropriated as part of the following year's budget. Encumbrances are not included in reported expenditures.

Annual budgets are adopted for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds, except for Parks Improvement Special Revenue Fund. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year.

The budgetary level of control for all governmental fund types is the fund level. The City Manager has the discretion to transfer appropriations between departments within a fund, but transfers between funds must be approved by the City Council.

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## **SUPPLEMENTARY INFORMATION**

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**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Capital Projects and Equipment Capital Projects Fund**  
**For the Year Ended June 30, 2021**

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>Expenditures:</b>				
Current				
Capital outlay	\$ 1,928,000	\$ 5,282,393	\$ 1,869,850	\$ 3,412,543
<b>Other Financing Sources:</b>				
Transfers in	2,987,600	5,084,393	1,772,505	(3,311,888)
<b>Net change in fund balance</b>	<u>\$ 1,059,600</u>	<u>\$ (198,000)</u>	(97,345)	<u>\$ 100,655</u>
<b>Fund Balance:</b>				
Beginning of Year			(138,577)	
End of Year			<u>\$ (235,922)</u>	

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## NONMAJOR GOVERNMENTAL FUNDS

***Street Lighting Special Revenue Fund***: To account for special assessments that are restricted for the maintenance of streetlights and to finance the electricity used by the streetlights.

***Supplemental Law Enforcement Special Revenue Fund***: To account for funds received from the State under the State Citizens Option for Public Safety Program. Certain procedures are required to be implemented prior to the use of the funds, and the funds cannot be used to supplant existing funding for law enforcement.

***Detention Center Special Revenue Fund***: To account for funds initially funded by monies seeded the previous jail services vendor. The revenues also derived from sales of commissary items to the prisoners for their benefit.

***Police Asset Forfeiture Special Revenue Fund***: To accounts for revenues derived from monies and property seized in Federal, State, and Local drug-related incidents.

***Air Quality Improvement Special Revenue Fund***: To accounts for supplemental vehicle license fee revenue distributed to Cities by the South Coast Air Quality Management District pursuant to Assembly Bill 2766. Expenditures are restricted for programs that will reduce air pollution by reducing, directly or indirectly, mobile source emission pollutants.

***Park Improvement Special Revenue Fund***: To account for the Quimby Act Fees received by developers that are restricted for the improvement of parks and recreation facilities.

***Traffic Impact Special Revenue Fund***: To account for fair-share based fees that will serve to offset, or mitigate, the traffic impacts caused by new development.

***State Gasoline Tax Special Revenue Fund***: To accounts for locally shared gas tax monies collected by the State. Expenditures are restricted for repair, construction, maintenance and right-of-way acquisitions relating to streets and highways.

***Measure M2 Special Revenue Fund***: To account for restricted funds for transportation improvements through the Measure M Transportation Investment Plan (M2) such as major improvement plans target Orange County freeways, streets and roads, transit and environmental programs.

***Community Development Block Grant (CDBG) Special Revenue Fund***: To account for resources that are restricted for a wide variety of unique community development needs.

***Police Grants Special Revenue Fund***: To account for various grants include the Urban Area Security Initiative (UASI), the Office of Traffic Safety (OTS) DUI grant reimburses funds advanced by the City for DUI enforcement, the Bullet Proof Vest Protection (BVP) grant which provides matching funds that are restricted for the purchase of bullet-resistant vests, the Alcoholic Beverage Control (ABC) grant and the Justice Assistance Grant (JAG).

***Landscape District Special Revenue Fund***: To account for special assessment that are restricted for costs related to the maintenance of parks, parkways and open space within the Community Facility District 2002-02 (Landscape Maintenance).

***Heron Pointe Special Revenue Fund***: To account for the construction and acquisition of certain public street improvements, water and sanitary sewer improvements, dry utility improvements, park and landscaping improvements.

***Pacific Gateway Special Revenue Fund***: To account for special assessment that are restricted for costs related to the maintenance of parks, parkways and open space within the District (Landscape Maintenance).

***Seal Beach Cable Special Revenue Fund***: To account for revenues derived from PEGS fees which provide for channel capacity to be restricted for public, education, or government use.

***SB 1 Special Revenue Fund***: To account for revenue restricted for a wide range of transportation improvement projects.

***CARES Act Special Revenue Fund***: To account for the revenues and expenditures of CARES Act funds.

***Citywide Grants Special Revenue Fund***: The Citywide Grants Special Revenue Fund is used to account for various Federal and State grants that are restricted to expenditures for specific projects or purposes.

***City Debt Service Debt Service Fund***: To accounts for resources that are restricted for the payments of long-term debt.

**City of Seal Beach**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
<b>ASSETS</b>				
Cash and investments	\$ 54,788	\$ 169,418	\$ 28,398	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	1,664	-	-	-
Interest	-	-	-	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<u>\$ 56,452</u>	<u>\$ 169,418</u>	<u>\$ 28,398</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 17,118	\$ 5,103	\$ -	\$ 659
Accrued wages and benefits payable	-	5,832	-	9,055
Due to other funds	39,334	-	-	109,197
Retention payable	-	-	-	-
<b>Total Liabilities</b>	<u>56,452</u>	<u>10,935</u>	<u>-</u>	<u>118,911</u>
<b>Fund Balances:</b>				
Restricted	-	158,483	28,398	-
Unassigned (deficit)	-	-	-	(118,911)
<b>Total Fund Balances</b>	<u>-</u>	<u>158,483</u>	<u>28,398</u>	<u>(118,911)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 56,452</u>	<u>\$ 169,418</u>	<u>\$ 28,398</u>	<u>\$ -</u>

**City of Seal Beach**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue			
	Air Quality Improvement	Park Improvement	Traffic Impact	State Gasoline Tax
<b>ASSETS</b>				
Cash and investments	\$ 31,816	\$ 52,559	\$ 190,024	\$ 1,173,360
Receivables:				
Accounts	8,298	-	-	-
Taxes	-	-	-	64,128
Interest	-	-	-	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 40,114</b>	<b>\$ 52,559</b>	<b>\$ 190,024</b>	<b>\$ 1,237,488</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 372,413
Accrued wages and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Retention payable	-	-	-	25,958
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>398,371</b>
<b>Fund Balances:</b>				
Restricted	40,114	52,559	190,024	839,117
Unassigned (deficit)	-	-	-	-
<b>Total Fund Balances</b>	<b>40,114</b>	<b>52,559</b>	<b>190,024</b>	<b>839,117</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 40,114</b>	<b>\$ 52,559</b>	<b>\$ 190,024</b>	<b>\$ 1,237,488</b>

(Continued)

**City of Seal Beach**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue			
	Measure M2	Community Development Block Grant	Police Grants	Landscape District
<b>ASSETS</b>				
Cash and investments	\$ 945,764	\$ 59,262	\$ 527	\$ 660,123
Receivables:				
Accounts	71,349	3,446	22,836	-
Taxes	-	-	-	-
Interest	-	-	-	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,017,113</b>	<b>\$ 62,708</b>	<b>\$ 23,363</b>	<b>\$ 660,123</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 5,855	\$ 590	497	\$ 9,469
Accrued wages and benefits payable	-	-	4,237	2,146
Due to other funds	-	-	37,666	-
Retention payable	10,645	-	-	-
<b>Total Liabilities</b>	<b>16,500</b>	<b>590</b>	<b>42,400</b>	<b>11,615</b>
<b>Fund Balances:</b>				
Restricted	1,000,613	62,118	-	648,508
Unassigned (deficit)	-	-	(19,037)	-
<b>Total Fund Balances</b>	<b>1,000,613</b>	<b>62,118</b>	<b>(19,037)</b>	<b>648,508</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,017,113</b>	<b>\$ 62,708</b>	<b>\$ 23,363</b>	<b>\$ 660,123</b>



**City of Seal Beach**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue			
	Heron Pointe	Pacific Gateway	Seal Beach Cable	SB 1
<b>ASSETS</b>				
Cash and investments	\$ 56,937	\$ 106,394	\$ 455,708	\$ 642,399
Receivables:				
Accounts	-	-	26,936	45,164
Taxes	-	-	-	-
Interest	-	-	119	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 56,937</b>	<b>\$ 106,394</b>	<b>\$ 482,763</b>	<b>\$ 687,563</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 4,347	\$ -	\$ 168,246
Accrued wages and benefits payable	-	2,146	-	-
Due to other funds	-	-	-	-
Retention payable	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>6,493</b>	<b>-</b>	<b>168,246</b>
<b>Fund Balances:</b>				
Restricted	56,937	99,901	482,763	519,317
Unassigned (deficit)	-	-	-	-
<b>Total Fund Balances</b>	<b>56,937</b>	<b>99,901</b>	<b>482,763</b>	<b>519,317</b>
<b>of Resources and Fund Balances</b>	<b>\$ 56,937</b>	<b>\$ 106,394</b>	<b>\$ 482,763</b>	<b>\$ 687,563</b>

(Continued)

**City of Seal Beach**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue		Debt Service	Total Other Governmental Funds
	CARES Act	Citywide Grants	City Debt Service	
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 317,478	\$ -	\$ 4,944,955
Receivables:				
Accounts	-	6,243	-	184,272
Taxes	-	-	-	65,792
Interest	-	-	-	119
Prepaid items	-	-	115,713	115,713
Restricted assets:				
Cash and investments with fiscal agents	-	-	626,435	626,435
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 323,721</b>	<b>\$ 742,148</b>	<b>\$ 5,937,286</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ 200,543	\$ -	\$ 784,840
Accrued wages and benefits payable	-	-	-	23,416
Due to other funds	-	-	-	186,197
Retention payable	-	6,560	-	43,163
<b>Total Liabilities</b>	<b>-</b>	<b>207,103</b>	<b>-</b>	<b>1,037,616</b>
<b>Fund Balances:</b>				
Restricted	-	116,618	742,148	5,037,618
Unassigned (deficit)	-	-	-	(137,948)
<b>Total Fund Balances</b>	<b>-</b>	<b>116,618</b>	<b>742,148</b>	<b>4,899,670</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 323,721</b>	<b>\$ 742,148</b>	<b>\$ 5,937,286</b>

(Concluded)

**City of Seal Beach**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2021**

	Special Revenue			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
<b>Revenues:</b>				
Taxes	\$ 140,447	\$ -	\$ -	\$ -
Intergovernmental	-	156,731	-	25,869
Charges for services	-	-	428	-
Use of money and property	-	3,086	79	134
Contributions	-	-	-	-
<b>Total revenues</b>	<b>140,447</b>	<b>159,817</b>	<b>507</b>	<b>26,003</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	185,720	203	208,266
Community development	-	-	-	-
Public works	195,235	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>195,235</b>	<b>185,720</b>	<b>203</b>	<b>208,266</b>
<b>Revenues over (under) expenditures</b>	<b>(54,788)</b>	<b>(25,903)</b>	<b>304</b>	<b>(182,263)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	54,788	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>54,788</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(25,903)</b>	<b>304</b>	<b>(182,263)</b>
<b>Fund Balance:</b>				
Beginning of Year	-	184,386	28,094	63,352
End of Year	\$ -	\$ 158,483	\$ 28,398	\$ (118,911)

(Continued)

**City of Seal Beach**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2021**

	Special Revenue			
	Air Quality Improvement	Park Improvement	Traffic Impact	State Gasoline Tax
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 565,588
Intergovernmental	32,635	10,000	-	-
Charges for services	-	-	1,463	-
Use of money and property	232	692	2,801	15,345
Contributions	-	-	-	-
<b>Total revenues</b>	<u>32,867</u>	<u>10,692</u>	<u>4,264</u>	<u>580,933</u>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	619	-	-	2,701
Capital outlay	-	-	-	630,374
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<u>619</u>	<u>-</u>	<u>-</u>	<u>633,075</u>
<b>Revenues over (under) expenditures</b>	<u>32,248</u>	<u>10,692</u>	<u>4,264</u>	<u>(52,142)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(139,267)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(139,267)</u>
<b>Net change in fund balances</b>	<u>32,248</u>	<u>10,692</u>	<u>4,264</u>	<u>(191,409)</u>
<b>Fund Balance:</b>				
Beginning of Year	7,866	41,867	185,760	1,030,526
End of Year	<u>\$ 40,114</u>	<u>\$ 52,559</u>	<u>\$ 190,024</u>	<u>\$ 839,117</u>

**City of Seal Beach**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2021**

	Special Revenue			
	Measure M2	Community Development Block Grant	Police Grants	Landscape District
<b>Revenues:</b>				
Taxes	\$ 425,244	\$ -	\$ -	\$ 184,665
Intergovernmental	-	230,302	190,828	-
Charges for services	-	-	-	-
Use of money and property	14,518	-	-	9,044
Contributions	-	-	-	-
<b>Total revenues</b>	<b>439,762</b>	<b>230,302</b>	<b>190,828</b>	<b>193,709</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	188,006	-
Community development	-	178,425	-	113,158
Public works	-	-	-	-
Capital outlay	245,306	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>245,306</b>	<b>178,425</b>	<b>188,006</b>	<b>113,158</b>
<b>Revenues over (under) expenditures</b>	<b>194,456</b>	<b>51,877</b>	<b>2,822</b>	<b>80,551</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(263,263)	-	-	(13,000)
<b>Total other financing sources (uses)</b>	<b>(263,263)</b>	<b>-</b>	<b>-</b>	<b>(13,000)</b>
<b>Net change in fund balances</b>	<b>(68,807)</b>	<b>51,877</b>	<b>2,822</b>	<b>67,551</b>
<b>Fund Balance:</b>				
Beginning of Year	1,069,420	10,241	(21,859)	580,957
End of Year	<u>\$ 1,000,613</u>	<u>\$ 62,118</u>	<u>\$ (19,037)</u>	<u>\$ 648,508</u>

(Continued)

**City of Seal Beach**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2021**

	Special Revenue			
	Heron Pointe	Pacific Gateway	Seal Beach Cable	SB1
	\$	\$	\$	\$
<b>Revenues:</b>				
Taxes	-	66,532	-	459,097
Intergovernmental	-	-	-	-
Charges for services	-	-	110,955	-
Use of money and property	-	-	5,072	11,044
Contributions	15,000	25,000	-	-
<b>Total Revenues</b>	<b>15,000</b>	<b>91,532</b>	<b>116,027</b>	<b>470,141</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	63,118	-
Public safety	-	-	-	-
Community development	7,527	88,134	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	427,429
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>7,527</b>	<b>88,134</b>	<b>63,118</b>	<b>427,429</b>
<b>Revenues over (under) expenditures</b>	<b>7,473</b>	<b>3,398</b>	<b>52,909</b>	<b>42,712</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(11,000)	(26,000)	-	(203,300)
<b>Total other financing sources (uses)</b>	<b>(11,000)</b>	<b>(26,000)</b>	<b>-</b>	<b>(203,300)</b>
<b>Net Change in Fund Balances</b>	<b>(3,527)</b>	<b>(22,602)</b>	<b>52,909</b>	<b>(160,588)</b>
<b>Fund Balance:</b>				
Beginning of Year	60,464	122,503	429,854	679,905
End of Year	<u>\$ 56,937</u>	<u>\$ 99,901</u>	<u>\$ 482,763</u>	<u>\$ 519,317</u>

(Continued)

**City of Seal Beach**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2021**

	Special Revenue		Debt Service	Total Other Governmental Funds
	CARES Act	Citywide Grants	City Debt Service	
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,841,573
Intergovernmental	1,069,576	385,058	-	2,100,999
Charges for services	-	-	-	112,846
Use of money and property	1,115	-	67	63,229
Contributions	-	-	-	40,000
<b>Total revenues</b>	<b>1,070,691</b>	<b>385,058</b>	<b>67</b>	<b>4,158,647</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	63,118
Public safety	-	-	-	582,195
Community development	556,976	77,000	-	1,021,220
Public works	-	-	-	198,555
Capital outlay	-	266,282	-	1,569,391
Debt service:				
Principal	-	-	420,000	420,000
Interest and fiscal charges	-	-	55,589	55,589
<b>Total expenditures</b>	<b>556,976</b>	<b>343,282</b>	<b>475,589</b>	<b>3,910,068</b>
<b>Revenues over (under) expenditures</b>	<b>513,715</b>	<b>41,776</b>	<b>(475,522)</b>	<b>248,579</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	570,404	625,192
Transfers out	(2,457)	(193,679)	-	(851,966)
<b>Total other financing sources (uses)</b>	<b>(2,457)</b>	<b>(193,679)</b>	<b>570,404</b>	<b>(226,774)</b>
<b>Net change in fund balances</b>	<b>511,258</b>	<b>(151,903)</b>	<b>94,882</b>	<b>21,805</b>
<b>Fund Balance:</b>				
Beginning of Year	(511,258)	268,521	647,266	4,877,865
End of Year	\$ -	\$ 116,618	\$ 742,148	\$ 4,899,670

(Concluded)

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Street Lighting Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 141,700	\$ 141,700	\$ 140,447	\$ (1,253)
<b>Expenditures:</b>				
Current:				
Public works	211,800	211,800	195,235	16,565
<b>Revenues over (under) expenditures</b>	<b>(70,100)</b>	<b>(70,100)</b>	<b>(54,788)</b>	<b>15,312</b>
<b>Other Financing Sources:</b>				
Transfers in	70,100	70,100	54,788	(15,312)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Fund Balance:</b>				
Beginning of Year			-	
End of Year			\$ -	



**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Supplemental Law Enforcement Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 155,000	\$ 165,000	\$ 156,731	\$ (8,269)
Use of money and property	700	700	3,086	2,386
<b>Total revenues</b>	<u>155,700</u>	<u>165,700</u>	<u>159,817</u>	<u>(5,883)</u>
<b>Expenditures:</b>				
Current:				
Public safety	<u>129,100</u>	<u>139,100</u>	<u>185,720</u>	<u>(46,620)</u>
<b>Net change in fund balance</b>	<u>\$ 26,600</u>	<u>\$ 26,600</u>	<u>(25,903)</u>	<u>\$ (52,503)</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>184,386</u>	
End of Year			<u>\$ 158,483</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Detention Center Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 4,000	\$ 4,000	\$ 428	\$ (3,572)
Use of money or property	10,000	10,000	79	(9,921)
<b>Total revenues</b>	<u>14,000</u>	<u>14,000</u>	<u>507</u>	<u>(13,493)</u>
<b>Expenditures:</b>				
Current:				
Public safety	20,000	20,000	203	19,797
<b>Revenues over (under) expenditures</b>	<u>(6,000)</u>	<u>(6,000)</u>	<u>304</u>	<u>6,304</u>
<b>Other Financing Uses:</b>				
Transfers out	-	(28,000)	-	28,000
<b>Net change in fund balance</b>	<u>\$ (6,000)</u>	<u>\$ (34,000)</u>	<u>304</u>	<u>\$ 34,304</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>28,094</u>	
End of Year			<u>\$ 28,398</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Police Asset Forfeiture Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 258,000	\$ 258,000	\$ 25,869	\$ (232,131)
Use of money and property	600	600	134	(466)
<b>Total revenues</b>	<u>258,600</u>	<u>258,600</u>	<u>26,003</u>	<u>(232,597)</u>
<b>Expenditures:</b>				
Current:				
Public safety	214,900	214,900	208,266	6,634
<b>Net change in fund balance</b>	<u>\$ 43,700</u>	<u>\$ 43,700</u>	<u>(182,263)</u>	<u>\$ (225,963)</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>63,352</u>	
End of Year			<u>\$ (118,911)</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Air Quality Improvement Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 32,635	\$ 2,635
Use of money and property	-	-	232	232
<b>Total revenues</b>	<u>30,000</u>	<u>30,000</u>	<u>32,867</u>	<u>2,867</u>
<b>Expenditures:</b>				
Current:				
Public works	<u>31,000</u>	<u>31,000</u>	<u>619</u>	<u>30,381</u>
<b>Net change in fund balance</b>	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	<u>32,248</u>	<u>\$ 33,248</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>7,866</u>	
End of Year			<u>\$ 40,114</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Traffic Impact AB 1600 Special Revenue Fund**  
**For the Year Ended June 30, 2021**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charge for service	\$ -	\$ -	\$ 1,463	\$ 1,463
Use of money and property	2,000	2,000	2,801	801
<b>Total revenues</b>	<u>2,000</u>	<u>2,000</u>	<u>4,264</u>	<u>2,264</u>
<b>Net change in fund balance</b>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	4,264	<u>\$ 2,264</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>185,760</u>	
End of Year			<u>\$ 190,024</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**State Gasoline Tax Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 600,751	\$ 600,751	\$ 565,588	\$ (35,163)
Use of money and property	5,000	5,000	15,345	10,345
<b>Total revenues</b>	<u>605,751</u>	<u>605,751</u>	<u>580,933</u>	<u>(24,818)</u>
<b>Expenditures:</b>				
Current:				
Public works	1,800	1,800	2,701	(901)
Capital outlay	670,000	845,882	630,374	215,508
<b>Total expenditures</b>	<u>671,800</u>	<u>847,682</u>	<u>633,075</u>	<u>214,607</u>
<b>Revenues over (under) expenditures</b>	<u>(66,049)</u>	<u>(241,931)</u>	<u>(52,142)</u>	<u>189,789</u>
<b>Other Financing Uses:</b>				
Transfers out	(30,000)	(316,568)	(139,267)	177,301
<b>Net change in fund balance</b>	<u>\$ (96,049)</u>	<u>\$ (558,499)</u>	<u>(191,409)</u>	<u>\$ 367,090</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>1,030,526</u>	
End of Year			<u>\$ 839,117</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Measure M2 Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 400,000	\$ 400,000	\$ 425,244	\$ 25,244
Use of money and property	10,000	10,000	14,518	4,518
<b>Total revenues</b>	<u>410,000</u>	<u>410,000</u>	<u>439,762</u>	<u>29,762</u>
<b>Expenditures:</b>				
Capital outlay	500,000	500,000	245,306	254,694
<b>Revenues over (under) expenditures</b>	<u>(90,000)</u>	<u>(90,000)</u>	<u>194,456</u>	<u>284,456</u>
<b>Other Financing Sources:</b>				
Transfers out	-	(666,431)	(263,263)	403,168
<b>Net change in fund balance</b>	<u>\$ (90,000)</u>	<u>\$ (756,431)</u>	<u>(68,807)</u>	<u>\$ 687,624</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>1,069,420</u>	
End of Year			<u>\$ 1,000,613</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Community Development Block Grant Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 230,302	\$ 50,302
<b>Expenditures:</b>				
Current:				
Community development	180,000	180,000	178,425	1,575
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	51,877	<u>\$ 51,877</u>
<b>Fund Balance:</b>				
Beginning of Year			10,241	
End of Year			<u>\$ 62,118</u>	



**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Police Grants Special Revenue Fund**  
**For the Year Ended June 30, 2021**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 321,700	\$ 241,095	\$ 190,828	\$ (50,267)
<b>Expenditures:</b>				
Current:				
Public safety	321,700	241,095	188,006	53,089
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	2,822	<u>\$ 2,822</u>
<b>Fund Balance:</b>				
Beginning of Year			(21,859)	
End of Year			<u>\$ (19,037)</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Landscape District Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 166,700	\$ 166,700	\$ 184,665	\$ 17,965
Use of money and property	2,000	2,000	9,044	7,044
<b>Total revenues</b>	<u>168,700</u>	<u>168,700</u>	<u>193,709</u>	<u>25,009</u>
<b>Expenditures:</b>				
Current:				
Community development	121,400	121,400	113,158	8,242
<b>Revenues over expenditures</b>	<u>47,300</u>	<u>47,300</u>	<u>80,551</u>	<u>33,251</u>
<b>Other Financing Uses:</b>				
Transfers out	(13,000)	(13,000)	(13,000)	-
<b>Net change in fund balance</b>	<u>\$ 34,300</u>	<u>\$ 34,300</u>	67,551	<u>\$ 33,251</u>
<b>Fund Balance:</b>				
Beginning of Year			580,957	
End of Year			<u>\$ 648,508</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Heron Pointe Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue:</b>				
Contributions	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
<b>Expenditures:</b>				
Current:				
Community development	8,100	8,100	7,527	573
<b>Revenues over (under) expenditures</b>	<b>6,900</b>	<b>6,900</b>	<b>7,473</b>	<b>573</b>
<b>Other Financing Uses:</b>				
Transfers out	(11,000)	(11,000)	(11,000)	-
<b>Net change in fund balance</b>	<b>\$ (4,100)</b>	<b>\$ (4,100)</b>	<b>(3,527)</b>	<b>\$ 573</b>
<b>Fund Balance:</b>				
Beginning of Year			60,464	
End of Year			<u>\$ 56,937</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Pacific Gateway Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 58,000	\$ 58,000	\$ 66,532	\$ 8,532
Contributions	25,000	25,000	25,000	-
<b>Total revenues</b>	<u>83,000</u>	<u>83,000</u>	<u>91,532</u>	<u>8,532</u>
<b>Expenditures:</b>				
Current:				
Community development	109,400	109,400	88,134	21,266
<b>Revenues over (under) expenditures</b>	<u>(26,400)</u>	<u>(26,400)</u>	<u>3,398</u>	<u>29,798</u>
<b>Other Financing Uses:</b>				
Transfers out	(26,000)	(26,000)	(26,000)	-
<b>Net change in fund balance</b>	<u>\$ (52,400)</u>	<u>\$ (52,400)</u>	<u>(22,602)</u>	<u>\$ 29,798</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>122,503</u>	
End of Year			<u>\$ 99,901</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Seal Beach Cable Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 100,000	\$ 100,000	\$ 110,955	\$ 10,955
Use of money and property	4,000	4,000	5,072	1,072
<b>Total revenues</b>	<u>104,000</u>	<u>104,000</u>	<u>116,027</u>	<u>12,027</u>
<b>Expenditures:</b>				
Current:				
General government	75,000	75,000	63,118	11,882
<b>Revenues over (under) expenditures</b>	<u>29,000</u>	<u>29,000</u>	<u>52,909</u>	<u>23,909</u>
<b>Other Financing Uses:</b>				
Transfer out	-	(24,381)	-	24,381
<b>Net change in fund balance</b>	<u>\$ 29,000</u>	<u>\$ 4,619</u>	52,909	<u>\$ 48,290</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>429,854</u>	
End of Year			<u>\$ 482,763</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**SB1 Program Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 430,921	\$ 430,921	\$ 459,097	\$ 28,176
Use of money and property	1,500	1,500	11,044	9,544
<b>Total revenues</b>	<u>432,421</u>	<u>432,421</u>	<u>470,141</u>	<u>37,720</u>
<b>Expenditures:</b>				
Capital outlay	400,000	400,000	427,429	\$ 27,429
<b>Revenues over (under) expenditures</b>	<u>32,421</u>	<u>32,421</u>	<u>42,712</u>	<u>10,291</u>
<b>Other Financing Uses:</b>				
Transfers out	-	(224,676)	(203,300)	21,376
<b>Net change in fund balance</b>	<u>\$ 32,421</u>	<u>\$ (192,255)</u>	<u>(160,588)</u>	<u>\$ 31,667</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>679,905</u>	
End of Year			<u>\$ 519,317</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**CARES Act Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 562,803	\$ 562,803	\$ 1,069,576	\$ 506,773
Use of money and property	-	-	1,115	1,115
<b>Total revenues</b>	<u>562,803</u>	<u>562,803</u>	<u>1,070,691</u>	<u>507,888</u>
<b>Expenditures:</b>				
Current:				
Community Development	562,803	562,803	556,976	5,827
<b>Revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>513,715</u>	<u>513,715</u>
<b>Other Financing Uses:</b>				
Transfers out	-	-	(2,457)	(2,457)
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>511,258</u>	<u>\$ 511,258</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>(511,258)</u>	
End of Year			<u>\$ -</u>	

**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Citywide Grants Special Revenue Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 1,305,000	\$ 1,708,000	\$ 385,058	\$ (1,322,942)
<b>Expenditures:</b>				
Current:				
Community development	77,000	77,000	77,000	-
Capital outlay	1,255,000	1,631,000	266,282	1,364,718
<b>Total expenditures</b>	<u>1,332,000</u>	<u>1,708,000</u>	<u>343,282</u>	<u>1,364,718</u>
<b>Revenues over (under) expenditures</b>	<u>(27,000)</u>	<u>-</u>	<u>41,776</u>	<u>41,776</u>
<b>Other Financing Uses:</b>				
Transfers out	-	(431,668)	(193,679)	237,989
<b>Net change in fund balance</b>	<u>\$ (27,000)</u>	<u>\$ (431,668)</u>	<u>(151,903)</u>	<u>\$ 279,765</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>268,521</u>	
End of Year			<u>\$ 116,618</u>	



**City of Seal Beach**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**City Debt Service Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 400	\$ 400	\$ 67	\$ (333)
<b>Expenditures:</b>				
Debt service:				
Principal retirement	420,000	420,000	420,000	-
Interest and fiscal charges	55,600	55,600	55,589	11
<b>Total Expenditures</b>	<u>475,600</u>	<u>475,600</u>	<u>475,589</u>	<u>11</u>
<b>Revenues over (under) expenditures</b>	<u>(475,200)</u>	<u>(475,200)</u>	<u>(475,522)</u>	<u>(322)</u>
<b>Other Financing Sources:</b>				
Transfers in	475,200	475,200	570,404	95,204
<b>Total other financing sources</b>	<u>475,200</u>	<u>475,200</u>	<u>570,404</u>	<u>95,204</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	94,882	<u>\$ 94,882</u>
<b>Fund Balance:</b>				
Beginning of Year			647,266	
End of Year			<u>\$ 742,148</u>	

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**INTERNAL SERVICE FUND FINANCIAL STATEMENTS**

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**City of Seal Beach**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2021**

	Vehicle Replacement Fund	Information Technology Fund	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and investments	\$ 444,975	\$ 448,420	\$ 893,395
Accounts receivable	7,475	-	7,475
<b>Total current assets</b>	<b>452,450</b>	<b>448,420</b>	<b>900,870</b>
<b>Noncurrent Assets:</b>			
Capital assets, net of accumulated depreciation	908,943	-	908,943
Total capital assets	908,943	-	908,943
<b>Total noncurrent assets</b>	<b>908,943</b>	<b>-</b>	<b>908,943</b>
<b>Total assets</b>	<b>1,361,393</b>	<b>448,420</b>	<b>1,809,813</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	41,247	9,997	51,244
<b>Total current liabilities</b>	<b>41,247</b>	<b>9,997</b>	<b>51,244</b>
<b>Total Liabilities</b>	<b>41,247</b>	<b>9,997</b>	<b>51,244</b>
<b>NET POSITION</b>			
Net investment in capital assets	908,943	-	908,943
Unrestricted	411,203	438,423	849,626
<b>Total Net Position</b>	<b>\$ 1,320,146</b>	<b>\$ 438,423</b>	<b>\$ 1,758,569</b>

**City of Seal Beach**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2021**

	Vehicle Replacement Fund	Information Technology Fund	Total
<b>OPERATING EXPENSES:</b>			
Operating expenses	\$ 4,464	\$ 35,983	\$ 40,447
Amortization and depreciation expenses	233,578	-	233,578
<b>Total operating expenses</b>	<b>238,042</b>	<b>35,983</b>	<b>274,025</b>
<b>OPERATING (LOSS)</b>	<b>(238,042)</b>	<b>(35,983)</b>	<b>(274,025)</b>
<b>NONOPERATING INCOME:</b>			
Gain on sale of assets	38,378	-	38,378
<b>Total nonoperating income</b>	<b>38,378</b>	<b>-</b>	<b>38,378</b>
<b>(Loss) before transfers</b>	<b>(199,664)</b>	<b>(35,983)</b>	<b>(235,647)</b>
<b>TRANSFERS:</b>			
Transfers in		474,406	474,406
<b>CHANGES IN NET POSITION</b>	<b>(199,664)</b>	<b>438,423</b>	<b>238,759</b>
<b>NET POSITION:</b>			
Beginning of the Year	1,519,810	-	1,519,810
End of the Year	<u>\$ 1,320,146</u>	<u>\$ 438,423</u>	<u>\$ 1,758,569</u>

**City of Seal Beach**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2021**

	Vehicle Replacement Fund	Information Technology Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash paid to suppliers for goods and services	\$ (4,648)	\$ (25,986)	\$ (30,634)
<b>Net cash (used in) operating activities</b>	<b>(4,648)</b>	<b>(25,986)</b>	<b>(30,634)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(135,916)	-	(135,916)
Proceed on disposal of assets	40,697	-	40,697
Cash received from other fund	-	474,406	474,406
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(95,219)</b>	<b>474,406</b>	<b>379,187</b>
<b>Net change in cash and cash equivalents</b>	<b>(99,867)</b>	<b>448,420</b>	<b>348,553</b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	544,842	-	544,842
End of year	<u>\$ 444,975</u>	<u>\$ 448,420</u>	<u>\$ 893,395</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating (loss)	\$ (238,042)	\$ (35,983)	(274,025)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Amortization and depreciation expenses	233,578	-	233,578
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivables	-	-	-
Increase/(decrease) in accounts payable	(184)	9,997	9,813
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (4,648)</b>	<b>\$ (25,986)</b>	<b>\$ (30,634)</b>

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**CUSTODIAL FUNDS FINANCIAL STATEMENTS**

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**City of Seal Beach**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2021**

	<u>Deposits</u>	<u>Community Facilities District Heron Pointe</u>	<u>Community Facilities District - Heron Pacific Gateway</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash and investments	\$ 526,846	\$ 125,254	\$ 212,533	\$ 864,633
Restricted investments with fiscal agents	-	254,358	693,591	947,949
Accounts receivables	<u>15,000</u>	<u>10,000</u>	<u>-</u>	<u>25,000</u>
<b>Total Assets</b>	<u>541,846</u>	<u>389,612</u>	<u>906,124</u>	<u>1,837,582</u>
<b>LIABILITIES:</b>				
Accounts payable	75,164	-	-	75,164
Deposits payable	466,682	-	-	466,682
Interest payable	<u>-</u>	<u>33,852</u>	<u>78,010</u>	<u>111,862</u>
<b>Total Liabilities</b>	<u>541,846</u>	<u>33,852</u>	<u>78,010</u>	<u>653,708</u>
<b>NET POSITION:</b>				
Restricted for:				
Individual, organization and other government	<u>\$ -</u>	<u>\$ 355,760</u>	<u>\$ 828,114</u>	<u>\$ 1,183,874</u>

**City of Seal Beach**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the Year Ended June 30, 2021**

	Deposits	Community Facilities District Heron Pointe	Community Facilities District - Heron Pacific Gateway	Total
<b>ADDITIONS:</b>				
Assessment revenue collected	\$ -	\$ 273,397	\$ 533,697	\$ 807,094
Investment income	-	1,583	2,467	4,050
<b>Total additions</b>	<b>-</b>	<b>274,980</b>	<b>536,164</b>	<b>811,144</b>
<b>DEDUCTIONS:</b>				
Payment of special assessment district debt service	-	258,496	523,585	782,081
<b>Change in net position</b>	<b>-</b>	<b>16,484</b>	<b>12,579</b>	<b>29,063</b>
<b>NET POSITION:</b>				
Beginning of year, as restated (Note 14)	-	339,276	815,535	1,154,811
End of year	<u>\$ -</u>	<u>\$ 355,760</u>	<u>\$ 828,114</u>	<u>\$ 1,183,874</u>

## **STATISTICAL SECTION**

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**City of Seal Beach**  
**Statistical Section**  
**Description of Statistical Section Contents**  
**For the Year Ended June 30, 2021**

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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.

	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	144 - 153
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate it's property and sales taxes.	154 - 157
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	158 - 164
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	165 - 166
<b>Operating Information</b>	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	167 - 170

**City of Seal Beach**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental activities:					
Net investment in capital assets,	\$ 70,801,667	\$ 73,693,829	\$ 72,498,068	\$ 74,296,935	\$ 73,939,948
Restricted	2,662,285	3,271,671	4,426,990	3,842,792	3,866,679
Unrestricted	29,666,427	23,570,750	25,953,129	4,097,282	4,713,193
Total governmental activities net position	<u>\$ 103,130,379</u>	<u>\$ 100,536,250</u>	<u>\$ 102,878,187</u>	<u>\$ 82,237,009</u>	<u>\$ 82,519,820</u>
Business-type activities:					
Net investment in capital assets,	\$ 32,020,831	\$ 32,645,747	\$ 32,360,440	\$ 34,451,074	\$ 34,145,069
Restricted	-	-	-	-	-
Unrestricted	11,318,443	12,593,950	15,532,304	12,470,553	13,544,158
Total business-type activities net position	<u>\$ 43,339,274</u>	<u>\$ 45,239,697</u>	<u>\$ 47,892,744</u>	<u>\$ 46,921,627</u>	<u>\$ 47,689,227</u>
Primary government:					
Net investment in capital assets,	\$ 102,822,498	\$ 106,339,576	\$ 104,858,508	\$ 108,748,009	\$ 108,085,017
Restricted	2,662,285	3,271,671	4,426,990	3,842,792	3,866,679
Unrestricted	40,984,870	36,164,700	41,485,433	16,567,835	18,257,351
Total primary government net position	<u>\$ 146,469,653</u>	<u>\$ 145,775,947</u>	<u>\$ 150,770,931</u>	<u>\$ 129,158,636</u>	<u>\$ 130,209,047</u>

Source: Finance Department, City of Seal Beach.



**City of Seal Beach**  
**Net Position by Component (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2017 (As Restated)	2018	2019	2020	2021
Governmental activities:					
Net investment in capital assets,	\$ 72,399,752	\$ 72,667,466	\$ 87,071,592	\$ 84,530,565	\$ 85,059,375
Restricted	4,587,081	4,207,675	4,825,412	7,601,451	7,201,479
Unrestricted	(3,660,561)	(4,911,027)	(9,873,029)	(11,716,752)	(9,239,218)
Total governmental activities net position	<u>\$ 73,326,272</u>	<u>\$ 71,964,114</u>	<u>\$ 82,023,975</u>	<u>\$ 80,415,264</u>	<u>\$ 83,021,636</u>
Business-type activities:					
Net investment in capital assets,	\$ 33,109,258	\$ 31,663,486	\$ 32,937,448	\$ 31,473,936	\$ 30,784,313
Restricted	-	25,082	25,082	25,082	25,082
Unrestricted	12,625,701	14,709,960	13,656,457	13,930,796	14,359,332
Total business-type activities net position	<u>\$ 45,734,959</u>	<u>\$ 46,398,528</u>	<u>\$ 46,618,987</u>	<u>\$ 45,429,814</u>	<u>\$ 45,168,727</u>
Primary government:					
Net investment in capital assets,	\$ 105,509,010	\$ 104,330,952	\$ 120,009,040	\$ 116,004,501	\$ 115,843,688
Restricted	4,587,081	4,232,757	4,850,494	7,626,533	7,226,561
Unrestricted	8,965,140	9,798,933	3,783,428	2,214,044	5,120,114
Total primary government net position	<u>\$ 119,061,231</u>	<u>\$ 118,362,642</u>	<u>\$ 128,642,962</u>	<u>\$ 125,845,078</u>	<u>\$ 128,190,363</u>

Source: Finance Department, City of Seal Beach.

**City of Seal Beach**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 6,477,795	\$ 5,373,180	\$ 5,040,070	\$ 6,551,584	\$ 6,264,368
Public safety	14,152,774	15,005,590	15,999,900	16,022,465	16,972,880
Community development	1,372,334	1,781,188	1,306,898	1,393,712	1,100,110
Community services	940,754	1,272,680	1,079,006	1,129,300	1,036,627
Public works	6,577,233	6,212,516	6,902,521	7,862,892	6,956,443
Interest on long-term debt	693,065	574,763	487,221	444,132	349,652
Total governmental activities expenses	<u>30,213,955</u>	<u>30,219,917</u>	<u>30,815,616</u>	<u>33,404,085</u>	<u>32,680,080</u>
Business-type activities:					
Water utility	4,165,575	4,267,840	4,439,797	4,037,798	4,102,228
Sewer utility	1,402,249	1,520,478	1,730,940	1,661,225	1,676,651
Total business-type activities expenses	<u>5,567,824</u>	<u>5,788,318</u>	<u>6,170,737</u>	<u>5,699,023</u>	<u>5,778,879</u>
Total primary government expenses	<u>35,781,779</u>	<u>36,008,235</u>	<u>36,986,353</u>	<u>39,103,108</u>	<u>38,458,959</u>
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
General government	1,462,840	450,911	1,632,975	1,820,019	2,074,448
Public safety	1,667,184	1,565,527	1,384,701	2,132,176	1,521,220
Community development	130,118	111,008	182,021	186,858	192,878
Community services	930,501	981,440	1,062,796	1,020,316	1,015,517
Public works	1,869,575	1,980,116	1,962,242	1,937,305	1,832,289
Operating contributions and grants	5,890,556	5,837,093	2,402,490	2,768,435	2,122,139
Capital grants and contributions	44,405	-	10,000	20,000	10,000
Total governmental activities program revenues	<u>11,995,179</u>	<u>10,926,095</u>	<u>8,637,225</u>	<u>9,885,109</u>	<u>8,768,491</u>
Business-type activities:					
Charges for services:					
Water utility	4,376,906	4,924,109	5,092,152	4,556,001	4,261,566
Sewer utility	2,442,608	2,675,201	2,775,332	2,765,357	2,466,869
Total business-type activities program revenues	<u>6,819,514</u>	<u>7,599,310</u>	<u>7,867,484</u>	<u>7,321,358</u>	<u>6,728,435</u>
Total primary government program revenues	<u>18,814,693</u>	<u>18,525,405</u>	<u>16,504,709</u>	<u>17,206,467</u>	<u>15,496,926</u>
<b>Net revenues (expenses):</b>					
Governmental activities	(18,218,776)	(19,293,822)	(22,178,391)	(23,518,976)	(23,911,589)
Business-type activities	<u>1,251,690</u>	<u>1,810,992</u>	<u>1,696,747</u>	<u>1,622,335</u>	<u>949,556</u>
Total net revenues (expenses)	<u>\$ (16,967,086)</u>	<u>\$ (17,482,830)</u>	<u>\$ (20,481,644)</u>	<u>\$ (21,896,641)</u>	<u>\$ (22,962,033)</u>

Source: Finance Department, City of Seal Beach.

**City of Seal Beach**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Expenses:</b>					
<b>Governmental activities:</b>					
General government	\$ 5,894,947	\$ 6,161,230	\$ 6,479,347	\$ 6,868,616	\$ 7,231,812
Public safety	19,867,060	19,877,068	21,497,362	24,079,442	23,326,808
Community development	1,218,902	1,593,008	1,499,652	1,581,361	2,283,377
Community services	995,468	964,634	945,425	866,786	1,139,731
Public works	6,992,604	7,367,882	7,752,351	11,180,509	8,290,658
Interest on long-term debt	342,951	225,675	143,040	88,274	57,902
<b>Total governmental activities expenses</b>	<b>35,311,932</b>	<b>36,189,497</b>	<b>38,317,177</b>	<b>44,664,988</b>	<b>42,330,288</b>
<b>Business-type activities:</b>					
Water utility	4,977,160	4,668,618	4,909,193	5,444,834	6,033,692
Sewer utility	2,639,043	2,539,783	2,523,366	3,035,447	2,651,801
<b>Total business-type activities expenses</b>	<b>7,616,203</b>	<b>7,208,401</b>	<b>7,432,559</b>	<b>8,480,281</b>	<b>8,685,493</b>
<b>Total primary government expenses</b>	<b>42,928,135</b>	<b>43,397,898</b>	<b>45,749,736</b>	<b>53,145,269</b>	<b>51,015,781</b>
<b>Program revenues:</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government	1,913,909	2,062,987	1,913,201	1,207,956	1,486,575
Public safety	2,045,589	1,903,530	1,907,577	2,124,798	2,361,646
Community development	217,486	300,640	597,318	231,087	221,140
Community services	707,813	733,456	840,428	700,877	985,542
Public works	2,105,747	2,398,039	2,556,857	2,732,164	2,596,848
Operating contributions and grants	1,721,167	2,334,480	2,588,454	3,442,883	4,287,922
Capital grants and contributions	174,685	79,175	9,777,900	30,707	10,692
<b>Total governmental activities program revenues</b>	<b>8,886,396</b>	<b>9,812,307</b>	<b>20,181,735</b>	<b>10,470,472</b>	<b>11,950,365</b>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Water utility	4,782,468	5,097,807	4,851,274	4,268,610	4,957,483
Sewer utility	2,784,942	2,928,885	2,854,208	3,007,958	2,885,699
<b>Total business-type activities program revenues</b>	<b>7,567,410</b>	<b>8,026,692</b>	<b>7,705,482</b>	<b>7,276,568</b>	<b>7,843,182</b>
<b>Total primary government program revenues</b>	<b>16,453,806</b>	<b>17,838,999</b>	<b>27,887,217</b>	<b>17,747,040</b>	<b>19,793,547</b>
<b>Net revenues (expenses):</b>					
Governmental activities	(26,425,536)	(26,377,190)	(18,135,442)	(34,194,516)	(30,379,923)
Business-type activities	(48,793)	818,291	272,923	(1,203,713)	(842,311)
<b>Total net revenues (expenses)</b>	<b>\$ (26,474,329)</b>	<b>\$ (25,558,899)</b>	<b>\$ (17,862,519)</b>	<b>\$ (35,398,229)</b>	<b>\$ (31,222,234)</b>

Source: Finance Department, City of Seal Beach.

**City of Seal Beach**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2012	2013	2014	2015	2016
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 10,337,486	\$ 9,958,198	\$ 9,498,277	\$ 10,050,815	\$ 10,408,505
Transient occupancy taxes	970,275	1,289,007	1,509,095	1,525,723	1,655,376
Sales tax	4,930,037	5,408,756	4,742,859	4,246,080	4,228,730
Franchise taxes	1,008,031	1,126,398	1,324,860	1,163,595	955,922
Utility users taxes	5,484,256	4,732,597	4,644,218	4,646,434	4,445,180
Other taxes	338,176	328,743	555,804	344,789	197,166
Motor vehicle in lieu, unrestricted	12,868	13,333	11,035	10,659	9,960
Use of money and property	714,342	372,693	674,875	725,720	1,004,572
Other	230,997	331,175	544,406	356,749	536,175
Transfers	-	-	378,500	378,500	378,500
Extraordinary Gain(loss)	(3,531,584)	-	-	694,585	-
Total governmental activities	<u>20,494,884</u>	<u>23,560,900</u>	<u>23,883,929</u>	<u>24,143,649</u>	<u>23,820,086</u>
Business-type activities:					
Use of money and property	96,774	84,371	133,995	109,575	176,437
Other	4,112	5,060	805	3,698	20,107
Transfers	-	-	(378,500)	(378,500)	(378,500)
Extraordinary Gain(loss)	(1,200,000)	-	1,200,000	-	-
Total business-type activities	<u>(1,099,114)</u>	<u>89,431</u>	<u>956,300</u>	<u>(265,227)</u>	<u>(181,956)</u>
Total primary government	<u>19,395,770</u>	<u>23,650,331</u>	<u>24,840,229</u>	<u>23,878,422</u>	<u>23,638,130</u>
Changes in net position:					
Governmental activities	2,276,108	4,267,078	1,705,538	624,673	(91,503)
Business-type activities	152,576	1,900,423	2,653,047	1,357,108	767,600
Total primary government	<u>\$ 2,428,684</u>	<u>\$ 6,167,501</u>	<u>\$ 4,358,585</u>	<u>\$ 1,981,781</u>	<u>\$ 676,097</u>

Source: Finance Department, City of Seal Beach.

**City of Seal Beach**  
**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2017	2018	2019	2020	2021
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 11,012,246	\$ 11,180,197	\$ 11,481,535	\$ 12,358,059	\$ 12,926,895
Transient occupancy taxes	1,693,515	1,666,996	1,631,445	1,298,707	878,165
Sales tax	4,379,341	4,303,618	5,546,264	9,108,334	10,146,964
Franchise taxes	1,016,938	1,059,581	1,097,774	1,034,280	1,067,098
Utility users taxes	4,177,713	4,186,554	4,061,031	3,941,877	4,129,727
Other taxes	190,510	163,277	227,978	724,854	720,807
Motor vehicle in lieu, unrestricted	11,235	13,102	12,473	21,133	19,070
Use of money and property	425,014	300,817	1,692,720	1,862,213	151,196
Other	214,219	1,762,390	2,065,583	1,463,177	3,270,753
Transfers	378,500	378,500	378,500	376,483	(324,379)
Extraordinary Gain(loss)	-	-	-	-	-
Total governmental activities	<u>23,499,231</u>	<u>25,015,032</u>	<u>28,195,303</u>	<u>32,189,117</u>	<u>32,986,296</u>
Business-type activities:					
Use of money and property	167,661	223,778	326,036	391,016	256,845
Other	-	-	-	-	-
Transfers	(378,500)	(378,500)	(378,500)	(376,483)	324,379
Extraordinary Gain(loss)	-	-	-	-	-
Total business-type activities	<u>(210,839)</u>	<u>(154,722)</u>	<u>(52,464)</u>	<u>14,533</u>	<u>581,224</u>
Total primary government	<u>23,288,392</u>	<u>24,860,310</u>	<u>28,142,839</u>	<u>32,203,650</u>	<u>33,567,520</u>
Changes in net position:					
Governmental activities	23,499,231	25,015,032	10,059,861	(2,005,399)	2,606,373
Business-type activities	<u>(210,839)</u>	<u>(154,722)</u>	<u>220,459</u>	<u>(1,189,180)</u>	<u>(261,087)</u>
Total primary government	<u>\$ 23,288,392</u>	<u>\$ 24,860,310</u>	<u>\$ 10,280,320</u>	<u>\$ (3,194,579)</u>	<u>\$ 2,345,286</u>

Source: Finance Department, City of Seal Beach.

**City of Seal Beach**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund:					
Nonspendable	\$ -	\$ -	\$ 1,549,735	\$ 666,102	\$ 682,859
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	9,106,458	8,301,699	8,227,258	7,623,994	7,610,286
Unassigned	19,263,118	21,149,350	22,314,838	21,711,517	20,811,037
<b>Total general fund</b>	<b><u>\$ 28,369,576</u></b>	<b><u>\$ 29,451,049</u></b>	<b><u>\$ 32,091,831</u></b>	<b><u>\$ 30,001,613</u></b>	<b><u>\$ 29,104,182</u></b>
All Other government funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	2,662,285	3,271,671	4,426,990	3,842,792	3,866,679
Assigned	87,375	89,004	71,993	-	-
Unassigned	(470,485)	(56,810)	(368,629)	(525,408)	(51,254)
<b>Total all Other government funds:</b>	<b><u>\$ 2,279,175</u></b>	<b><u>\$ 3,303,865</u></b>	<b><u>\$ 4,130,354</u></b>	<b><u>\$ 3,317,384</u></b>	<b><u>\$ 3,815,425</u></b>

Source: Finance Department, City of Seal Beach

**City of Seal Beach**  
**Fund Balances of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2017	2018	2019	2020	2021
General Fund:					
Nonspendable	\$ 2,877	\$ 32,495	\$ 33,795	\$ 41,776	\$ 2,069,748
Restricted	12,277	5,266	5,419	2,190,469	2,046,356
Committed	-	-	-	17,067,216	17,546,968
Assigned	7,478,281	8,289,150	10,152,504	4,370,059	4,704,595
Unassigned	19,770,202	17,491,623	11,922,370	3,509,871	3,629,265
<b>Total general fund</b>	<b><u>\$ 27,263,637</u></b>	<b><u>\$ 25,818,534</u></b>	<b><u>\$ 22,114,088</u></b>	<b><u>\$ 27,179,391</u></b>	<b><u>\$ 29,996,932</u></b>
All Other government funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,131,203	4,110,558	4,819,993	5,410,982	5,037,618
Assigned	-	-	-	-	-
Unassigned	(184,908)	(34,159)	(425,639)	(671,694)	(373,870)
<b>Total all Other government funds:</b>	<b><u>\$ 3,946,295</u></b>	<b><u>\$ 4,076,399</u></b>	<b><u>\$ 4,394,354</u></b>	<b><u>\$ 4,739,288</u></b>	<b><u>\$ 4,663,748</u></b>

Source: Finance Department, City of Seal Beach

**City of Seal Beach**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Revenues:</b>					
Taxes	\$ 24,165,883	\$ 23,831,431	\$ 23,476,034	\$ 23,114,876	\$ 22,828,144
Licenses and permits	926,761	1,247,750	1,369,275	1,377,131	1,304,924
Intergovernmental	5,058,175	3,002,321	869,294	1,725,127	1,388,056
Charges for services	4,044,566	4,117,034	3,895,371	3,961,691	4,214,690
Use of money and property	714,342	372,693	674,875	725,720	1,004,572
Fines and forfeitures	1,085,291	1,063,172	1,013,695	1,146,509	1,110,606
Contributions from other governments	-	10,209	341,698	330,885	283,222
Miscellaneous	234,597	301,771	579,125	375,588	537,777
Total revenues	<u>36,229,615</u>	<u>33,946,381</u>	<u>32,219,367</u>	<u>32,757,527</u>	<u>32,671,991</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	5,169,799	5,062,467	4,493,594	5,462,668	5,351,130
Public safety	13,948,663	14,460,833	15,439,757	15,811,773	16,378,416
Community development	1,353,068	1,420,065	1,298,071	1,362,308	1,175,339
Community services	880,983	1,182,716	1,048,427	1,129,497	1,075,282
Public works	4,047,013	4,156,616	4,871,887	5,631,015	4,862,058
Capital outlay	5,530,575	3,316,684	2,094,120	4,578,308	2,645,823
<b>Debt service:</b>					
Principal retirement	2,195,014	1,734,446	1,265,135	1,337,573	1,490,150
Interest and fiscal charges	790,581	562,184	492,935	441,040	355,819
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>33,915,696</u>	<u>31,896,011</u>	<u>31,003,926</u>	<u>35,754,182</u>	<u>33,334,017</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,313,919</u>	<u>2,050,370</u>	<u>1,215,441</u>	<u>(2,996,655)</u>	<u>(662,026)</u>
<b>Other financing sources (uses):</b>					
Transfers in	8,209,025	5,825,432	4,363,955	7,012,848	5,602,944
Transfers out	(8,209,025)	(6,135,432)	(4,295,455)	(6,919,381)	(5,340,308)
Debt issuance	-	-	1,546,931	-	-
Proceeds on sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(310,000)</u>	<u>1,615,431</u>	<u>93,467</u>	<u>262,636</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	<u>(7,818,567)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (5,504,648)</u>	<u>\$ 1,740,370</u>	<u>\$ 2,830,872</u>	<u>\$ (2,903,188)</u>	<u>\$ (399,390)</u>
Debt service as a percentage of noncapital expenditures	10.5%	8.0%	6.1%	5.7%	6.0%

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



**City of Seal Beach**  
**Changes in Fund Balances of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Revenues:</b>					
Taxes	\$ 23,368,371	\$ 24,021,668	\$ 25,903,080	\$ 27,481,580	\$ 31,711,229
Licenses and permits	1,234,590	1,480,971	1,416,737	844,274	771,615
Intergovernmental	744,904	1,530,815	857,923	4,330,159	2,195,977
Charges for services	5,349,083	4,586,949	4,878,405	4,684,076	4,853,170
Use of money and property	426,418	347,117	1,772,775	2,003,529	235,061
Fines and forfeitures	152,845	1,089,515	946,048	1,239,154	1,816,837
Contributions from other governments	180,511	55,765	45,994	60,942	106,528
Miscellaneous	492,245	520,420	2,319,864	2,995,022	3,431,013
Total revenues	<u>31,948,967</u>	<u>33,633,220</u>	<u>38,140,826</u>	<u>43,638,736</u>	<u>45,121,430</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	5,673,309	5,757,859	6,169,490	6,083,705	6,713,025
Public safety	17,395,965	18,148,871	19,240,608	20,921,107	21,895,428
Community development	1,186,081	1,488,921	1,446,025	1,408,699	2,203,834
Community services	1,004,690	954,018	942,804	852,664	1,131,906
Public works	4,586,373	4,967,066	5,160,373	6,672,230	5,748,811
Capital outlay	1,506,476	2,567,080	7,378,774	1,729,166	3,439,241
<b>Debt service:</b>					
Principal retirement	2,162,379	1,640,521	1,754,905	494,370	496,920
Interest and fiscal charges	353,322	231,779	152,863	88,612	70,479
Bond issuance costs					
	<u>33,868,595</u>	<u>35,756,115</u>	<u>42,245,842</u>	<u>38,250,553</u>	<u>41,699,644</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,919,628)</u>	<u>(2,122,895)</u>	<u>(4,105,016)</u>	<u>5,388,183</u>	<u>3,421,788</u>
<b>Other financing sources (uses):</b>					
Transfers in	4,472,129	5,714,614	9,381,712	4,141,526	2,858,654
Transfers out	(4,262,176)	(4,906,717)	(8,663,187)	(4,119,472)	(3,657,439)
Debt issuance	-	-	-	-	-
Proceeds on sale of assets	-	-	-	-	119,000
Total other financing sources (uses)	<u>209,953</u>	<u>807,897</u>	<u>718,525</u>	<u>22,054</u>	<u>(679,785)</u>
Extraordinary gain/(loss) on dissolution of redevelopment agency	-	-	-	-	-
Net change in fund balances	<u>\$ (1,709,675)</u>	<u>\$ (1,314,998)</u>	<u>\$ (3,386,491)</u>	<u>\$ 5,410,237</u>	<u>\$ 2,742,001</u>
Debt service as a percentage of noncapital expenditures	7.8%	5.6%	5.5%	1.6%	1.5%

**City of Seal Beach**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	City			Redevelopment Agency			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
2012	4,219,133,372	215,211,254	4,434,344,626	410,499,845	6,813,130	417,312,975	1.00%
2013	4,304,310,243	176,246,398	4,480,556,641	424,660,008	7,294,003	431,954,011	1.00%
2014	4,408,299,607	172,172,784	4,580,472,391	453,448,325	8,270,821	461,719,146	1.00%
2015	4,706,609,532	184,449,987	4,891,059,519	556,548,983	3,863,246	560,412,229	1.00%
2016	4,794,299,125	287,392,225	5,081,691,350	530,597,248	32,693,247	563,290,495	1.00%
2017	4,978,010,106	189,618,406	5,167,628,512	300,533,393	2,090,757	302,624,150	1.00%
2018	5,233,421,188	194,765,328	5,428,186,516	309,374,617	2,150,646	311,525,263	1.00%
2019	5,475,549,249	150,370,464	5,625,919,713	320,174,015	2,103,366	322,277,381	1.00%
2020	5,817,397,419	163,933,178	5,981,330,597	363,940,344	3,281,367	367,221,711	1.00%
2021	6,051,394,489	149,026,764	6,200,421,253	375,196,393	5,389,789	380,586,182	1.00%

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

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time it is sold to a new owner.

At that point, the new assessed value is reassessed at the purchase price of the property sold.

The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

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

**City of Seal Beach**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Direct Rates:										
City Direct Rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:										
Orange County Bonds	0.01754	0.01881	0.03015	0.03015	0.03092	0.03092	0.03116	0.03052	0.03100	0.03181
Metropolitan Water District	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Other Districts	0.03603	0.04124	0.04830	0.04821	0.05219	0.05219	0.04833	0.04921	0.07990	0.09287
<b>Total Direct Rate</b>	<u>1.05467</u>	<u>1.05727</u>	<u>1.06355</u>	<u>1.08195</u>	<u>1.08661</u>	<u>1.08661</u>	<u>1.08299</u>	<u>1.08323</u>	<u>1.11440</u>	<u>1.12818</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

**City of Seal Beach**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2021		2012	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Seal Beach Mutual	\$ 1,080,629,651	17.41%	\$ 637,280,111	14.37%
Western National Life Insurance Company	-	-	130,718,735	2.95%
CPT Shops at Rossmoor LLC	132,176,593	2.13%	80,563,664	1.82%
ASN Long Beach LLC	127,023,919	2.05%	60,451,799	1.36%
Boeing North American	123,867,353	2.00%	83,822,179	1.89%
Terra Funding-Bixby Ranch LLC	96,029,112	1.55%	-	-
DCOR LLC	-	-	54,040,548	1.22%
Ranch Town Center LLC	48,734,669	0.79%	41,489,664	0.94%
Al United States Seal Beach Senior Housing	44,297,836	0.71%	46,613,978	1.05%
OXY Long Beach Inc	44,091,595	0.71%	144,692,821	3.26%
Hellman Properties	-	-	33,747,938	0.76%
Columbia Regency Retail Partners LLC	29,379,112	0.47%	-	-
Rexford Industrial Realty LP	23,650,905	0.38%	-	-
	<u>\$ 1,749,880,745</u>	<u>28.20%</u>	<u>\$ 1,313,421,437</u>	<u>29.62%</u>

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

Source: HDL Coren & Cone

**City of Seal Beach**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2012	\$ 8,608,773	\$ 8,404,621	97.63%	\$ 125,019	\$ 8,529,640	99.08%
2013	8,814,252	8,629,271	97.90%	118,645	8,747,916	99.25%
2014	9,407,263	9,240,201	98.22%	103,007	9,343,208	99.32%
2015	10,438,079	10,222,017	97.93%	73,362	10,295,379	98.63%
2016	10,472,603	10,196,356	97.36%	81,860	10,278,216	98.14%
2017	10,945,834	10,710,665	97.85%	65,706	10,776,371	98.45%
2018	11,415,167	11,226,591	98.35%	66,149	11,292,740	98.93%
2019	12,131,891	11,590,056	95.53%	60,234	11,650,289	96.03%
2020	13,319,047	7,667,943	57.57%	62,614	7,730,557	58.04%
2021	13,672,323	7,158,823	52.36%	72,624	7,231,447	52.89%

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 Ten Fiscal Years**

Governmental Activities

Fiscal Year Ended June 30	Capital Lease	Countrywide Financing Authority Lease	Tax Allocation Bonds	Pension Obligation Bonds	Fire Station Bonds	Climatec	Total Governmental Activities
2012	\$ 202,581	\$ -	\$ -	\$ 7,227,000	\$ 4,935,000	\$ -	\$ 12,364,581
2013	70,135	-	-	6,045,000	4,515,000	-	10,630,135
2014	-	-	-	5,270,000	4,095,000	1,562,400	10,927,400
2015	-	-	-	4,411,000	3,675,000	1,488,358	9,574,358
2016	-	-	-	3,461,000	3,255,000	1,368,208	8,084,208
2017	-	-	-	2,414,000	2,835,000	672,829	5,921,829
2018	-	-	-	1,263,000	2,415,000	603,308	4,281,308
2019	-	-	-	-	1,995,000	531,403	2,526,403
2020	-	-	-	-	1,575,000	457,033	2,032,033
2021	-	-	-	-	1,155,000	380,113	1,535,113

Notes:

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

<sup>1</sup>See the schedule of Demographic and Economic Statistics on page 155 for personal income and population data.

\*Data not readily available.

Source: Finance Department, City of Seal Beach

**City of Seal Beach**  
**Ratios of Outstanding Debt by Type (Continued)**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Business-type Activities							
	Economic Development Administration Loan	Sewer Certificates of Participation	Sewer 2011 Installment Agreement	Sewer State Revolving Agreement	Total Business-type Activities	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Debt Per Capita <sup>1</sup>
2012	\$ 87,453	\$ -	\$ 3,085,000	\$ -	\$ 3,172,453	\$ 16,737,034	*	687
2013	74,780	-	2,965,000	4,645,401	7,685,181	19,515,316	*	750
2014	-	-	2,835,000	4,068,778	6,903,778	19,031,178	*	732
2015	-	-	2,705,000	3,893,311	6,598,311	17,125,013	*	697
2016	-	-	2,565,000	3,718,034	6,283,034	15,081,352	*	613
2017	-	-	2,420,000	3,538,201	5,958,201	5,958,201	*	483
2018	-	-	2,270,000	3,353,690	5,623,690	9,904,998	*	398
2019	-	-	2,110,000	3,164,384	5,274,384	7,800,787	*	313
2020	-	-	1,940,000	2,970,155	4,910,155	6,942,188	*	278
2021	-	-	1,765,000	2,770,876	4,535,876	6,070,989	*	243

Notes:

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

<sup>1</sup>See the schedule of Demographic and Economic Statistics on page 155 for personal income and population data.

\*Data not readily available.

Source: Finance Department, City of Seal Beach

**City of Seal Beach**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Bonds	Private Placement Bonds	Total Bonds	Percent of Assessed Value <sup>1</sup>	Per Capita
2012	\$ -	\$ 12,162,000	\$ 12,162,000	0.24%	\$ 497
2013	-	10,560,000	10,560,000	0.21%	406
2014	-	9,365,000	9,365,000	0.19%	360
2015	-	8,086,000	8,086,000	0.15%	329
2016	-	6,716,000	6,716,000	0.12%	273
2017	-	4,507,180	5,249,000	0.10%	213
2018	-	2,937,013	2,937,013	0.05%	118
2019	-	1,995,000	1,995,000	0.03%	80
2020	-	1,575,000	1,575,000	0.02%	63
2021	-	1,155,000	1,155,000	0.02%	46

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

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

Note:

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 that provides for the dissolution of all redevelopment agencies in the State of California. The Redevelopment Agency was 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, 2021**

<u>2020-21 Assessed Valuation:</u>	\$6,200,421,253		Total Debt	City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable <sup>(1)</sup></u>	<u>6/30/2021</u>	<u>Debt 6/30/21</u>	
Metropolitan Water District	0.190%	\$ 26,830,000	\$ 50,977	
Coast Community College District	2.885%	886,289,825	25,569,461	
North Orange Jt. Community College District	1.166%	245,604,001	2,863,743	
Los Alamitos Unified School District School Facilities Imp District No.1	48.831%	201,205,227	98,250,524	
Huntington Beach Union High School District	0.001%	174,584,998	1,746	
Ocean View School District	0.004%	77,480,000	3,099	
City of Seal Beach Community Facilities District No. 2002-1	100.000%	2,815,000	2,815,000	
City of Seal Beach Community Facilities District No. 2005-1	100.000%	7,315,000	<u>7,315,000</u>	
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b><u>\$ 136,869,550</u></b>	
<u>OVERLAPPING GENERAL FUND DEBT:</u>				
Orange County General Fund Obligations	0.946%	\$ 381,885,000	\$ 3,612,632	
Orange County Pension Obligations	0.946%	485,318,204	4,591,110	
Orange County Board of Education Certificates of Participation	0.946%	12,310,000	116,453	
North Orange County Regional Occupation Program Certificates of Participation	4.377%	8,590,000	375,984	
Coast Community College District Certificates of Participation	2.885%	2,240,000	64,624	
Coast Community College District Pension Obligation Bonds	2.885%	2,280,000	65,778	
Los Alamitos Unified School District Certificates of Participation	53.986%	36,529,430	19,720,778	
Huntington Beach Union High School District Certificates of Participation	0.001%	61,411,090	614	
Ocean View School District General Fund Obligations	0.004%	17,990,000	720	
City of Seal Beach Fire Station Lease Revenue Bonds	<b>100%</b>	<b>1,155,000</b>	<b>1,155,000</b>	
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b><u>\$ 29,703,693</u></b>	
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	<b>100%</b>	<b>\$ 525,000</b>	<b>\$ 525,000</b>	
<b>TOTAL DIRECT DEBT</b>			<b><u>\$ 1,155,000</u></b>	
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 165,943,243</b>	
<b>COMBINED TOTAL DEBT</b>			<b>\$ 167,098,243 <sup>(2)</sup></b>	

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

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

Ratios to Adjusted Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.21%
<b>Total Direct Debt (\$3,378,000)</b>	<b>0.02%</b>
Combined Total Debt	2.69%

Ratios to Redevelopment Incremental Valuation (\$379,270,564):

Total Overlapping Tax Increment Debt	0.14%
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Source: California Municipal Statistics, Inc.

**City of Seal Beach**  
**Legal Debt Margin Information**  
**Last Ten Years**

	Fiscal Year				
	2012	2013	2014	2015	2016
Debit limit	\$ 760,030,328	\$ 736,876,598	\$ 756,328,731	\$ 817,720,762	\$ 846,747,277
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 760,030,328</u>	<u>\$ 736,876,598</u>	<u>\$ 756,328,731</u>	<u>\$ 817,720,762</u>	<u>\$ 846,747,277</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

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

Source: Orange County Tax Assessor's Office

**City of Seal Beach**  
**Legal Debt Margin Information (Continued)**  
**Last Ten Years**

	Fiscal Year				
	2017	2018	2019	2020	2021
Debit limit	\$ 820,537,899	\$ 860,757,686	\$ 892,030,484	\$ 952,282,846	\$ 930,063,188
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 820,537,899</u>	<u>\$ 860,757,686</u>	<u>\$ 892,030,484</u>	<u>\$ 952,282,846</u>	<u>\$ 930,063,188</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Valuation	\$ 6,200,421,253
Debt percentage <sup>1</sup>	<u>15%</u>
Debt limit	\$930,063,187.95
Debt applicable to limit	-
Legal debt margin	<u>\$ 930,063,188</u>

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

Source: Orange County Tax Assessor's Office

**City of Seal Beach**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

2000 Tax Allocation Refunding Bonds

Fiscal Year Ended June 30	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2012	\$ 1,034,695	\$ 450,000	\$ 396,408	1.22
2013	1,790,960	470,000	330,684	2.24
2014	1,222,425	495,000	229,406	1.69
2015	1,084,135	515,000	204,269	1.51
2016	1,329,344	545,000	177,413	1.84
2017	1,218,363	575,000	148,759	1.68
2018	1,125,053	600,000	118,302	1.57
2019	1,198,637	635,000	86,013	1.66
2020	234,102	605,000	53,078	0.36
2021	530,978	160,000	32,519	2.76

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**

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Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2011	24,354	1,035,313	42,511	6.4%
2012	24,487	1,065,674	43,520	4.1%
2013	24,591	1,082,963	44,039	3.7%
2014	24,586	1,074,777	43,715	4.8%
2015	25,078	1,141,053	45,500	3.9%
2016	24,890	1,164,182	46,773	3.5%
2017	25,984	1,199,969	46,181	3.2%
2018	25,073	1,277,436	50,948	3.3%
2019	24,992	1,370,609	54,841	3.2%
2020	24,443	1,398,936	57,232	8.2%

Sources: HDL Coren & Cone

**City of Seal Beach**  
**Top 25 Sales Tax Producers**  
**Current Year and Ten Years Ago**

Business Name	2020-21	2011-12	Business Category
76	X	X	Service Stations
AT&T Mobility		X	Electronics/Appliance Store
Bed Bath & Beyond	X	X	Home Furnishings
Burlington	X		Family Apparel
California Pizza Kitchen	X	X	Casual Dining
Chevron	X	X	Service Stations
Chevron	X		Service Stations
Chevron & Auto Repair		X	Service Stations
Chick Fil A	X		Quick-Service Restaurants
CVS Pharmacy	X	X	Drug Stores
Energy Tubulars		X	Petroleum Prod/Equip
Home Goods	X	X	Home Furnishings
In N Out Burgers	X		Quick-Service Restaurants
Islands		X	Casual Dining
Kohls	X	X	Department Stores
Leisure World Automotive 76		X	Service Stations
Mahe		X	Casual Dining
Marshalls	X	X	Family Apparel
Mobil	X	X	Service Stations
Old Ranch Country Club	X	X	Leisure/Entertainment
Original Parts Group	X	X	Automotive Supply Stores
Pavillions	X	X	Grocery Stores Liquor
Petsmart	X		Specialty Stores
Ralphs	X	X	Grocery Stores Liquor
Roger Dunn Golf Shop	X	X	Sporting Goods/Bike Stores
Seal Beach	X		Casual Dining
Seal Beach Chevron		X	Service Stations
Spaghettini	X	X	Fine Dining
Sprouts Farmers Market	X	X	Grocery Stores Beer/Wine
Staples	X		Office Supplies/Furniture
Target	X	X	Discount Dept Stores
Ulta Beauty	X		Specialty Stores
Walts Wharf		X	Fine Dining
2020-21 Percent of Fiscal Year Total Paid by Top 25 Accounts = 68.11%			
2011-12 Percent of Fiscal Year Total Paid by Top 25 Accounts = 75.51%			

Firms Listed Alphabetically: Period July Thru March

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

**City of Seal Beach**  
**Full-Time and Part-Time City Employees by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	13.83	10.97	10.56	14.64	14.34	15.92	13.00	13.48	13.48	14.75
Public safety	64.77	63.91	76.78	79.13	74.12	77.19	78.50	79.82	79.82	80.78
Public works	8.36	11.49	11.03	10.94	4.97	3.98	6.00	5.00	5.00	17.99
Community development	8.80	10.60	12.01	18.16	17.25	16.53	13.60	14.76	14.76	13.88
Water	12.48	12.29	12.60	13.80	13.82	12.60	12.90	13.15	13.15	8.90
Sewer	3.95	3.95	5.28	5.91	7.11	7.69	6.71	6.89	6.89	5.86
Total	<u>112.19</u>	<u>113.21</u>	<u>128.26</u>	<u>142.58</u>	<u>131.61</u>	<u>133.91</u>	<u>130.71</u>	<u>133.10</u>	<u>133.10</u>	<u>142.16</u>

Source: Finance Department, City of Seal Beach

**City of Seal Beach**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

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

Source: City of Seal Beach



**City of Seal Beach**  
**Operating Indicators by Function (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2017	2018	2019	2020	2021
<b>Police:</b>					
Arrests	781	854	787	709	806
Parking citations issued	18,319	19,929	17,663	20,913	28,644
<b>Public works:</b>					
Street centerline miles resurfaced	-	1	1	4	3
Number of public right of way permits issued	259	231	253	242	232
Number of street related service requests	68	109	92	44	39
<b>Parks and recreation:</b>					
Number of recreation classes	710	1,070	1,100	790	1,113
Number of facility rentals	585	1,030	1,045	690	314
<b>Water:</b>					
Number of water meters replaced	56	49	49	104	154
Acre feet of water used	3,259	3,208	3,360	3,276	3,471
<b>Sewer:</b>					
Number of feet of sewer cleaned	-	217,619	154,000	146,619	126,563
Number of catch basins cleaned	216	216	216	216	217

Source: City of Seal Beach

**City of Seal Beach**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	34	34	34	34	34	34	34	34	34	34
Public works:										
Streets (center line miles)	43	43	43	43	43	43	43	43	43	43
Sidewalk (miles)	86	86	86	86	86	86	86	86	86	86
Signalized intersections	23	23	23	23	23	23	23	23	23	23
Parks and recreation:										
Parks	10	10	10	10	10	10	10	10	10	10
Community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water pipe (miles)	72	72	72	72	72	72	72	72	72	72
Reservoirs	2	2	2	2	2	2	2	2	2	2
Sewer										
Sanitary sewers (miles)	37	37	37	37	37	37	37	37	37	37
Storm sewers (miles)	4	4	4	4	4	4	4	4	4	4
Sewer lift/pump stations	7	7	7	7	7	7	7	7	7	7

Source: City of Seal Beach