



**CITY OF MANHATTAN BEACH CITY HALL**

1400 Highland Avenue, Manhattan Beach, CA 90266

**WEBSITE:** [www.citymb.info](http://www.citymb.info) • **PHONE:** (310) 802-5000

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Steve Charelian, Finance Director

**MEETING:** City Council Meeting, January 19, 2021

**SUBJECT:** Agenda Item No. 7 – Fiscal Year 2019-2020 Comprehensive Annual Financial Report

**DATE:** January 15, 2021

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## **SUPPLEMENTAL ATTACHMENT**

Attachment No. 1 – Fiscal Year 2019-2020 Comprehensive Annual Financial Report (CAFR)

# CITY OF MANHATTAN BEACH

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FISCAL YEAR ENDED JUNE 30, 2020**



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CITY OF MANHATTAN BEACH, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020



Prepared by the Finance Department  
Steve S. Charelian, Finance Director

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CITY OF MANHATTAN BEACH  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page Number</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	i
Directory of City Officials .....	xii
Organization Chart .....	xiii
Certificate of Achievement for Excellence in Financial Reporting.....	xiv
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	1
Management's Discussion and Analysis .....	7
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	27
Statement of Activities.....	28
Governmental Funds - Fund Financial Statements:	
Balance Sheet.....	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	35
Statement of Revenues, Expenditures and Changes in Fund Balances .....	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	39
Proprietary Funds Financial Statements:	
Statement of Fund Net Position .....	40
Statement of Revenues, Expenses and Changes in Fund Net Position.....	42
Statement of Cash Flows .....	44
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Position.....	46
Statement of Changes in Fiduciary Net Position .....	47
Notes to Financial Statements.....	49

CITY OF MANHATTAN BEACH  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page Number</u>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund.....	101
Pension Plan	
Miscellaneous Plan	
Schedule of Changes in Net Pension Liability and Related Ratios.....	102
Schedule of Plan Contributions .....	103
Safety Plan	
Schedule of Proportionate Share of Net Pension Liability .....	104
Schedule of Plan Contributions .....	105
Supplemental Retirement Plan	
Schedule of Changes in Net Pension Liability and Related Ratios.....	106
Schedule of Employer Contributions .....	107
Schedule of Investment Returns .....	108
Single Highest Year Plan	
Schedule of Changes in Net Pension Liability and Related Ratios.....	109
Schedule of Employer Contributions .....	110
Schedule of Investment Returns .....	111
Other Post-Employment Benefits	
Schedule of Changes in Net OPEB Liability and Related Ratios.....	112
Schedule of Plan Contributions .....	113
Notes to Required Supplementary Information .....	114
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
Combining Balance Sheet - Nonmajor Governmental Funds .....	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds .....	122
Budgetary Comparison Schedules - Special Revenue Funds:	
Street Lighting and Landscape .....	125
Gas Tax.....	126
Asset Forfeiture .....	127
Public Safety Grants .....	128
Proposition A.....	129
Prop C .....	130
AB 2766 .....	131
Measure R.....	132
Measure M .....	133

CITY OF MANHATTAN BEACH  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page Number</u>
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (Continued)</b>	
Budgetary Comparison Schedules - Capital Projects Funds:	
Capital Improvement.....	134
Underground Assessment District .....	135
Combining Statement of Fund Net Position - Nonmajor Enterprise Funds.....	138
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds.....	139
Combining Statement of Cash Flows - Nonmajor Enterprise Funds.....	140
Combining Statement of Fund Net Position - Internal Service Funds.....	142
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds.....	143
Combining Statement of Cash Flows - Internal Service Funds.....	144
Combining Balance Sheet - All Agency Funds.....	146
Statement of Changes in Assets and Liabilities – All Agency Funds .....	147
<b>STATISTICAL SECTION</b>	
Financial Trends	
Net Position by Component.....	152
Changes in Net Position.....	154
Program Revenues by Function/Program.....	158
Fund Balances, Governmental Funds.....	160
Revenue Capacity	
Change in Fund Balances, Governmental Funds .....	164
Taxes & Assessment Revenues by Source, Governmental Funds and Assessment .....	167
Assessed Value and Estimated Actual Value of Taxable Property.....	168
Direct and Overlapping Debt Property Tax Rates.....	170
Principal Property Taxpayers Based on Net Values .....	171
Property Tax Levies and Collections.....	173
Taxable Sales by Category .....	174
Direct and Overlapping Sales Tax Rates .....	176
Principal Sales Tax Remitters .....	177



CITY OF MANHATTAN BEACH  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page Number</u>
STATISTICAL SECTION (Continued)	
Debt Capacity	
Ratios of Outstanding Debt by Type .....	180
Direct and Overlapping Governmental Activities Debt.....	183
Legal Debt Margin Information .....	184
Pledged-Revenue Coverage .....	186
Demographic and Economic Information	
Demographic and Economic Statistics.....	191
Principal Employers.....	192
Full-time Authorized City Employees by Function/Program.....	193
Schedule of Insurance in Force .....	194
Operating Indicators by Function/Program .....	196
Capital Asset Statistics by Function/Program .....	197
Demographic Statistical Data .....	198
Bond Disclosure Section .....	201



City Hall                      1400 Highland Avenue                      Manhattan Beach, CA 90266-4795  
Telephone (310) 802-5000                      FAX (310) 802-5001                      TDD (310) 546-3501

*January 19, 2021*

Honorable Mayor, Councilmembers and Citizens of Manhattan Beach  
Manhattan Beach City Hall  
Manhattan Beach, California 90266

We are pleased to present the Comprehensive Annual Financial Report of the City of Manhattan Beach for the Fiscal Year ended June 30, 2020. This report has been prepared in accordance with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). We are also pleased to report that the City has received an unmodified opinion from the independent auditor, meaning that financial statements are presented, in all material respects, in accordance with the applicable financial reporting framework.

The City's financial policies require an external independent audit be performed annually, and that the auditor's opinions be included in the Comprehensive Annual Financial Report (CAFR). Further, it states that the results be reviewed with the Finance Subcommittee, which met with the auditor and discussed the results on January 7, 2021.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All material statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included.

City management is responsible for establishing and maintaining fiscal internal controls designed to safeguard the assets of the government from loss, theft or misuse, and to ensure that accounting data is accurately 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 the cost of controls should not exceed the benefits likely to be derived, and the valuation of costs and benefits require estimates and judgments by management.

The City's financial statements have been audited by Lance, Soll & Lunghard, CPAs, an accounting firm selected by the City Council, based on a recommendation from the Finance Subcommittee. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The

independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the City of Manhattan Beach’s financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with generally accepted accounting principles (GAAP).

The independent auditor’s report is presented as the first component of the financial section of this report.

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

### **Profile of the Government**

The City of Manhattan Beach is located in the South Bay region of Los Angeles County. The current population<sup>1</sup> is 35,250. The City encompasses approximately four-square miles.

Incorporated in 1912 under the general laws of the State of California, the City operates under the Council-Manager form of government. The City Council is comprised of five members elected at-large for overlapping four-year terms. Each member may serve as Mayor for a nine-month period once during his or her four-year term in office. The City Treasurer is also elected to a four-year term and serves as the chairperson for the Finance Subcommittee. City Councilmembers are limited to two consecutive terms. The City conducts its elections with statewide elections scheduled in November.

The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and appointing the City Manager and City Attorney. The City Councilmembers also serve as the governing body of the Manhattan Beach Capital Improvements Corporation (please see Note 1 in the CAFR for more information).

In addition, the City Council appoints the members of the following advisory Boards and Commissions:

Planning Commission	Parking and Public Improvements Commission
Parks & Recreation Commission	Board of Building Appeals
Library Commission	Business Improvement District Advisory Boards
Cultural Arts Commission	

The City is a full-service municipality, and provides a variety of services to the community, including:

Police services	Fire and paramedic services
Culture and recreation	Building and safety
General government	Water and wastewater utilities
Stormwater management	Parking facilities
Street and landscape maintenance	

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<sup>1</sup> State of California, Department of Finance, E-1 Population Estimates for Cities. Sacramento, California, May 2020.

## **Budget Process**

The City operates on an annual budget schedule. The budget development process begins in January of each year. Line-item budget development is accomplished through the City's financial system, which allows each department to build its budget using computerized worksheets. Each department is responsible for developing the Materials & Supplies line items and part-time employee salaries. The remaining Salary & Benefit information is calculated and entered by the Finance Department.

The Finance Director, in coordination with the applicable operating departments, provides the City Manager with proposed revenue projections. These revenue estimates are reviewed with the department budget requests to determine available funding levels for the fiscal year. Supplemental budget requests (new personnel, services or equipment) are subject to City Manager review and approval before becoming part of the proposed operating budget. This process applies to all governmental and enterprise funds.

The City Manager and Finance Director meet with the departments to review all operating expenditures and supplemental budget requests. After this final review and approval by the City Manager, the proposed budget document is presented to the City Council in May. Budget study sessions and a public hearing are then held by the City Council. The budget is adopted by resolution prior to June 30.

During the fiscal year, the budget can be amended as necessary to meet the City's needs. The City Council has the legal authority to amend the budget at any time. Department Heads and their designated representatives may only authorize expenditures based on appropriations approved by City Council action, and only from accounts under their organizational responsibility. Actual expenditures may exceed budget appropriations by line-item. However, total expenditures within each fund may not exceed the total appropriation for that fund. The City Manager has the authority and discretion to approve interdepartmental appropriation transfers as long as they are within the same fund. Inter-fund transfers require a budget amendment by the City Council.

## **Financial Policies**

In 1997-1998, the City Council approved the City's first set of financial policies, designed to promote sound financial management and ensure that the City's fiscal integrity remains intact as staff and Councilmembers change. While presenting General Fund balance in accordance with GASB pronouncements, the City Council established certain policy "reserves" within what GASB defines as the unassigned category. The unassigned category is the residual classification of fund balance that is not in restricted or committed classifications. In the General Fund section of this transmittal letter, General Fund unassigned balance is broken down in accordance with City Council Financial Policy.

## **Long Term Planning**

Each year during the budget process, the City develops a five-year forecast of General Fund revenues and expenditures. During the most recent budget cycle, the forecast concluded that unassigned General Fund balance is at risk of declining if conservative revenue estimates (resulting from the pandemic's economic impacts) and on-going transfers out to other funds continue. The transfers out are currently necessary to support the Stormwater Fund and Street Lighting and Landscape Fund deficits, which may only be mitigated by a Proposition 218 vote. However, by proactively discussing long-term forecasts and plans, the City Council will be able to take action early and smooth out any operational

impacts. The most recent five-year forecast can be found in the fiscal year 2020-2021 Adopted Budget, available online at [www.citymb.info/budget](http://www.citymb.info/budget).

## **Major Initiatives**

### *Business Assistance Initiatives during COVID-19*

The City relies on sales tax as a notable source of revenue. As a result of the COVID-19 pandemic restrictions on businesses such as capacity limitations and prohibitions on in-person dining, the City launched a series of initiatives to assist businesses in remaining viable. The City created an outdoor uses program, enabling retailers, restaurants, and personal service uses to occupy and construct outdoor spaces. This has enabled business owners to retain jobs and keep their doors open. The City partnered with local business organizations to implement a media campaign to encouraging support for local businesses through online ordering, and take-out and delivery services. As the pandemic response duration continued, the City also launched a small business low-interest loan program. While supporting the business community, the City has also committed significant resources nearing \$500,000 to enforcement of COVID-19 protocols, such as mandatory face coverings, in order to ensure a safer environment for businesses to continue operating.

### *Manhattan Village Mall Enhancement Project*

On December 2, 2014 the City Council approved the Mall Expansion Project with additional conditions. The approval allowed construction of Phases 1 and 2, and deferred Phase 3 (Fry's corner) for future public review and input. On December 20, 2016, the City Council endorsed the updated site plan which includes as Phase 1, the consolidation and expansion of the Macy's property, totaling 60,000 square feet, and construction of a parking structure. This phase was completed in late 2018. Phase 2 encompasses refinement of the plaza area and improved parking and circulation elements, with new restaurants and retail uses totaling 50,000 square feet and will be wrapping up in 2021. Upon completion, the shopping center will total approximately 646,000 square feet and bring a variety of new restaurants and retail elements to the mall portfolio. There have been several Amendments to the project to adjust to changing economic and retail trends, as well as customer and tenant needs. The City continues to work closely with the developer and property owners to add in a replacement of a satellite building and a new building pad for possible future retail.

### *Sepulveda Corridor Plan*

The Sepulveda Boulevard corridor is a major transportation corridor for the South Bay region. In Manhattan Beach, this corridor runs north-south through the heart of the City, functions as a commercial corridor and houses major tenants such as the Manhattan Village Mall and Shopping Center, Target, Toyota, Skechers Headquarters, as well as medical facilities, financial institutions, salons, fitness studios, eateries, automotive shops, and other local businesses.

At the November 7, 2017 City Council meeting, the City Council approved the Sepulveda Corridor Initiatives Work Plan and establishment of a Working Group. The various planning initiatives focused on economic vitality, planning, parking, traffic and corridor beautification. Corresponding Zoning Code changes were adopted in March 2019. The new regulations increase flexibility in development standards, which fosters versatility in land uses and, in turn, encourages establishment of revenue-generating uses within the corridor. One such example is the allowance of additional height for hotel

projects on key larger sites through the Use Permit public hearing process. Commercial parking standards are in the process of being updated and are scheduled to be completed in 2021.

### *Sepulveda Bridge Widening Project*

The Sepulveda Bridge is located on Sepulveda Boulevard (State Route 1) between Rosecrans Avenue and 33rd Street. The existing bridge, and immediately north and south of the bridge, has three northbound and three southbound lanes in each direction, serving an average of 71,000 vehicles per day. The proposed project will widen the east side of the bridge to provide a fourth northbound lane to remove the existing bottleneck at the bridge. Sepulveda Boulevard, including the bridge, is owned and maintained by Caltrans. Due to the local significance of the roadway, the City entered into an agreement with Caltrans in February 2009 to widen the bridge as a joint project with the City taking the lead and Caltrans serving in a supporting role. Since then, the City secured project funding and worked with Caltrans to update seismic retrofit plans in accordance with recent code changes. Grants totaling \$15.9 million were awarded for the project, partially offsetting the total estimated cost of \$18.2 million. Construction of the Bridge commenced in 2020 and is expected to be completed in late 2021.

### *Peck Reservoir Replacement Project*

The Peck Reservoir Facility, at 1800 Peck Avenue, was built in 1967. At almost 60 years old, it had exceeded its useful life and was in need of a full replacement. This reconstruction project was identified as a top priority and recommended as part of the 2010 Water System Master Plan. The replacement of the Peck Reservoir will help ensure the long-term dependability of the water system in our community. The Peck Reservoir Replacement Project consists of the demolition of the existing 7.5-million-gallon, partially buried concrete reservoir, pump station and other facilities situated within the existing 2.7-acre property. A new eight-million-gallon reservoir is being constructed at the same location. The City is in the initial demolition and early construction phase of the project and expects to complete the approximately \$39 million project in 2022.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The economic and cultural shock from the COVID-19 pandemic has been sudden and unprecedented. The California Governor declared a state of emergency on March 5, 2020, and the City of Manhattan Beach declared a local state of emergency on March 13, 2020. These declarations were both still in effect through the end of the 2019-2020 fiscal year.

### *Local Economy*

Local businesses have complied with various restrictions (i.e. capacity limitations, outdoor dining only, take-out/delivery only, etc.) as “Safer-At-Home” public health orders were modified due to changing conditions and concerns for public health. The full effect of these impacts will not be known for some time, but it is clear that consequences will be significant.

The South Bay region is home to a number of industries including aerospace, entertainment, technology, leisure and tourism, and manufacturing. Economists report that the South Bay area has strong fundamentals including high levels of education, high incomes and competitive industries. The most recently available figures indicate that Manhattan Beach has a 6.8% unemployment rate, compared to Los Angeles County at 11.8% and the State of California at 8.7%<sup>2</sup>.



The area typically fares better than some other areas of the state during weak economic conditions. However, few, if any, industries have been unhurt by the COVID-19 pandemic. In particular, local hotels have seen occupancy rates drop significantly due to travel and tourism nearly at a standstill. Additionally, retail and restaurant establishments, including many “boutique”-style small businesses, have been severely impacted by the Safer-At-Home public health orders and lack of tourism.

Considering the COVID-19 pandemic is still ongoing, extensive economic reverberations are expected. The City of Manhattan Beach is expecting declines in several major revenues including, but not limited to, Sales Tax, Transient Occupancy Taxes, and Business License Taxes.

On a positive note, the City’s biggest General Fund revenue source, Property Tax, grew by 5.9% (\$1.9 million) in FY 2019-20. Assessed valuations, which indicate tax revenue and help propel property tax growth, are projected to increase by 7.1% in FY 2020-21, driven by demand and resulting price escalations in the local housing market. Single-family homes valued at pre-1978 levels (before Proposition 13) continue to turn over, resulting in higher assessed valuations being added to the property tax rolls. Roughly 15.9% of single-family parcels within the City remain assessed at pre-1978 values.

### *Long-Term Pension Liability and Issuance of Pension Obligation Bonds*

As a service organization, labor accounts for the majority of the City’s costs - approximately 70% in the General Fund. A major component of these costs are payments to California Public Employees’ Retirement System (CalPERS) toward the City’s long-term pension liability estimated at \$91.5 million. As a proactive measure, and to take advantage of historically low borrowing rates, the City initiated the process to issue Pension Obligation Bonds in 2021. Issuance of the Pension Obligation Bonds is projected to save the City up to \$31.8 million over the next 25 years. More information can be found on the City’s website at <https://www.citymb.info/departments/finance/budget-and-accounting/pension-obligation-bonds>.

## **EXECUTIVE FINANCIAL OVERVIEW**

This top-level overview is presented as a supplement to the more detailed and comprehensive analysis presented in the MD&A. As such, it serves to highlight key financial performance indicators for our major funds. We encourage readers to review the MD&A for a further analysis of the City’s financial condition.

<sup>2</sup> State of California, Employment Development Department, October 2020 (Final)

## General Fund

The General Fund is the primary operating fund of the City of Manhattan Beach. The General Fund balance increased by \$80,751 from 2019. The increase is attributable to net revenues over expenditures of \$284,284 offset by Other Financing Uses (transfers-in, transfers-out) equal to a negative \$203,533. Transfers-in included \$291,250 from the County Parking Lot Fund in line with the contract with the County of Los Angeles. Offsetting this fund balance increase, transfers-out comprised of subsidies to other funds to support operations, including \$169,012 to the Street Lighting and Landscape District Fund, \$298,337 to the Stormwater Fund, and an adjustment back to the County Parking Lot Fund for \$27,434.

Previously included with other Fiduciary Funds, the Pension Trust Fund is now stated with the General Fund and a restatement of \$150,738 is included to adjust the beginning of year fund balance. At the end of fiscal year 2020, the total General Fund balance equaled \$26.7 million, of which \$1.4 million is either nonspendable or restricted and \$130,114 is assigned to City retirement plans, leaving an unassigned fund balance of \$25.1 million. Within the unassigned fund balance, City Council has established earmarks for financial policies and economic uncertainties of \$19.0 million, leaving \$6.1 million available for use at City Council's discretion.

Nearly all General Fund revenue categories declined from the prior year due to economic impacts of the COVID-19 Pandemic. Changes from the prior year for each category are noted in the table below:

Revenue Category	2020 Actual	2019 Actual	Increase/ (Decrease)	%
Property Tax	\$34,002,017	\$32,107,341	\$1,894,676	5.9%
Other Taxes (Sales, Hotel, Business License, etc.)	18,042,366	20,164,760	(\$2,122,394)	(10.5%)
Licenses and Permits (Building, Construction, Film Permits)	2,572,460	3,048,263	(\$475,803)	(15.6%)
Fines (Parking Citations, Vehicle Code Fines)	1,925,543	1,963,412	(\$37,869)	(1.9%)
Use of Money and Property (Interest, Rents and Ground Leases)	4,875,067	5,304,823	(\$429,756)	(8.1%)
Received From Other Agencies (Vehicle License Fees, Grants)	455,990	355,520	\$100,470	28.3%
Service Charges (Plan Check Fees, P&R Class, Ambulance Fees)	7,103,286	8,412,968	(\$1,309,682)	(15.6%)
Interfund Charges (Admin Service Charge)	3,569,704	3,663,481	(\$93,777)	(2.6%)
Miscellaneous*	879,335	1,112,149	(\$232,814)	(20.9%)
<b>Total</b>	<b>\$73,425,768</b>	<b>\$76,132,717</b>	<b>(\$2,706,949)</b>	<b>(3.6%)</b>

\*Includes proceeds from the Sale of Capital Assets.

With the City's relatively high property values, Property Taxes continue to be the main driver of revenue growth at 46% of all General Fund revenues. Property Taxes have been a stable source of funds, including during the Great Recession, with a \$1.9 million (5.9%) increase over the prior year.

In the Other Taxes category, the City's next largest revenue sources, Sales Taxes and Transient Occupancy (Hotel) Taxes, were both directly and significantly impacted by Safer-At-Home orders. Sales Tax, totaling \$8.4 million in FY 2019-20, ended the year \$931,351 (10.0%) below the prior year. Transient Occupancy Taxes (Hotel), which totaled \$3.6 million, decreased by \$785,677 (18.0%)



compared to the prior year. Business License Tax of \$3.7 million was below the prior year by \$400,792 or 9.9%. On a positive note, Real Estate Transfer Tax increased \$45,327 (5.8%) to \$828,842 reflecting the active real estate market.

Building permit revenue decreased by \$311,997 (16.2%) and other construction permits decreased \$59,520 (12.2%) compared to the prior year. Although activity was also impacted by the pandemic, the reduction was also attributed to significant one-time commercial project permits, such as for the Manhattan Village Mall, in the prior year.

In the Use of Money & Property category, the most significant driver of the \$429,756 (8.1%) decrease was the Westdrift Hotel percentage rent, which decreased nearly \$678,932 (46.4%) due to the devastating impacts on the travel and tourism industries. Additionally, this hotel also has event space that was unable to be used when celebrations and gatherings were canceled due to the pandemic.

The significant decline in Service Charges was primarily due to the loss of fee revenue from canceled Parks and Recreation facility reservation and recreation classes. Overall, these fees were down \$661,491 (18.2%) from the prior year. Also included in Services Charges is Plan Check Fees and Planning Filing Fees, which were down \$489,370 (23.3%).

On an overall basis, General Fund revenues totaled \$73.4 million, down by \$2.7 million or 3.6% from the prior year and under budget estimates by \$3.3 million (excluding transfers and capital leases).

General Fund expenditures totaled \$73.1 million in FY 2019-20, a decrease of nearly \$1.1 million over the prior fiscal year but about \$2.0 million under the total budget. When compared to the prior year's actual, Salaries and Benefits increased by \$1.8 million or 3.5% due to higher full-time salaries and benefits as well as higher CalPERS Pension Liability payments. Materials and Services, which includes Contract and Legal Services, decreased by \$1.9 million or 13.7% from the prior year, mainly due to a one-time payment of \$1.0 million to the Manhattan Beach Unified School District for enhanced safety and security measures that occurred in FY 2018-2019. Capital Outlay decreased significantly by \$1.2 million or 81.8% due to a one-time purchase of public safety digital radio equipment in the previous year. Overall, City departments were uniformly under budget with variances offset by savings in other areas.

## **Other Funds**

### *Underground Assessment District*

Three new Utility Undergrounding Assessment Districts were approved by property owners in FY 2019-20. Construction of all other previously approved underground districts was completely managed by the utility companies for lump sum pricing. For the three new districts (19-4, 19-12, 19-14) in FY 2019-20, the City's Public Works Department is directly overseeing construction and, as a result, the bond proceeds (revenues) and expenditures are flowing through a City governmental fund. Property owners were given an opportunity to prepay their assessment in cash or to pay in annual installments following the issuance of bonds. Construction commenced in 2020 following the cash collection period and subsequent sale of bonds for remaining assessments. Completion of the utility undergrounding projects is expected in 2023.

## *Capital Improvement Fund*

Although a non-major fund in FY 2019-20, the Capital Improvement Projects (CIP) Fund is important to highlight given its significance in managing general governmental infrastructure and facilities capital projects. In FY 2019-20, CIP Fund total revenues were \$1.7 million, which included \$430,598 in one-time grant funds, and expenditures were \$2.8 million.

As of June 30, 2020, the total balance of the CIP Fund is \$6.4 million. Carryover funds for defined major capital projects at year end include:

- \$2.0 million in various facilities improvements
- \$1.0 million towards the renovation of the Senior and Scout House facility
- \$991,335 for Polliwog Park Resurfacing and Playground Equipment replacement
- \$330,134 for design of the replacement Fire Station #2
- \$3.2 million for other building improvements and street projects

Although some of these projects, such as the Polliwog Park Playground equipment replacement, will be offset by grants, it should be noted that on-going projected revenues of \$1.2 million less debt service of \$0.8 million result in a steady state excess of only \$0.4 million. With Transient Occupancy Tax and Parking Meter revenues now getting impacted by the pandemic Safer-At-Home public health orders, General Fund transfers, grants or new revenues will be required to finance larger scale projects in the future.

## *Enterprise, Internal Service, and Special Revenue Funds*

This group includes the City's enterprises such as Water, Waste Water, Stormwater and Refuse funds; internal service funds such as Fleet, Insurance, Building Maintenance and Information Technology; and Special Revenue funds including Gas Tax, Proposition A & C, Measure R & M, Asset Forfeiture, etc. Among this group, several funds deserve attention.

For several years, the Water Fund continued to build resources for planned capital improvements needed to sustain the utility's operation and infrastructure. In FY 2019-2020, net income from operations totaled \$3.4 million, a slight increase from the prior year which had an operating income of \$3.3 million. Operating revenue from sales and service charges decreased by \$194,258 (1.3%), while operating expenses (labor, materials, services, etc.) decreased by \$140,928 (1.2%). During FY 2009-10, the City Council approved water and wastewater rate increases to support system infrastructure needs and bolster the fiscal integrity of those funds. A new study is being conducted and is expected to be completed by July 2021 with rates going into effect the summer of 2021. Accumulated fund balances provide resources for planned capital improvements to the utility's infrastructure, estimated at \$61.0 million over the next five years, including the recently started replacement of Peck Reservoir which is estimated to cost nearly \$39.0 million.

The net operating income for the Wastewater Fund was \$1,832,084 versus \$1,723,228 in FY 2018-19, an increase of \$108,856 or 6.3%. Operating revenue increased \$138,422 (4.0%) and operating expenses increased \$28,117 (1.6%). Wastewater rates were last adjusted along with the water rates in January 2010. Similar to the water utility, the new rates are being utilized to fund needed capital improvements to the wastewater system. Since the Wastewater revenues are based on water consumption, water conservation efforts may result in lower Wastewater revenues without the benefit

of lower operational costs as is the case in the Water Fund, where conservation results in less pumping and less water being purchased.

Continuing an ongoing trend of losses, the Stormwater Fund net operating loss in FY 2019-20 was \$703,035. Accumulated losses for the prior five fiscal years are over \$3.9 million. The combination of fixed fees and rising costs requires General Fund subsidies. The General Fund provided \$298,337 in FY 2019-20. Additionally, due to legislative mandates, additional capital improvements will result in increased costs. Current assessments were set in 1996. A Proposition 218 assessment vote will be necessary to adjust assessments. Measure W, which is a Los Angeles County-wide stormwater parcel tax passed in November 2018, will provide some relief, but the City's funding allocation will not fully eliminate the operational deficits given restrictions written into the allowable use of funds.

The Street Lighting Fund continues to run deficits each year. For FY 2019-20, expenditures exceeded revenues by \$134,012. As in the case of the Stormwater Fund, assessments have been constant for 20 years. Because there is no fund balance to draw upon, the General Fund contributes the entire amount needed for continued operations. These contributions will be necessary until a Proposition 218 assessment vote is successful in raising the assessment rates and revenues.

The fund balance for the Insurance Fund increased by \$321,950 to negative \$1.7 million. The unpredictable nature of claims payments, compounded by rising medical costs and claim judgments, caused internal service fund charge-outs to fall behind funding needs in previous years. In FY 2019-20, outstanding claims against the City remained constant overall, and the City continued efforts to stabilize the Fund by incrementally increasing internal service fund charge-outs for Workers Compensation claims.

### *Trust and Agency Funds*

In several cases, the City acts as a custodian of funds held for the benefit of others which mostly relates to the administration of employee pension and 401(a) and 457 deferred compensation plans. All such plan funding requirements have been maintained. This financial report does not include the value of trust holdings in any of the employees' deferred compensation plans at June 30, 2020, thus recognizing enacted legislation establishing the City as a plan trustee and protecting these employee-owned assets from external creditors.

The trust and agency fund group also includes debt service funds held in trust on behalf of Utility Undergrounding Assessment Districts (UUAD). The City refunded the outstanding bonds of five Underground Districts in March 2018 to take advantage of lower interest rates and reduce assessments for property owners. Interest rates for the new refunding bonds were set at a uniform annual rate of 3.00%, compared to the previous rates that ranged from 4.72% to 4.95%. The 2018 refunding bonds mature in September 2026.

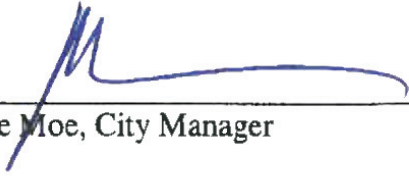
Debt service on the bonds issued for the three new Districts (19-4, 19-12, and 19-14) currently in construction will be included in the City's FY 2020-2021 CAFR.

## **OTHER INFORMATION**

Manhattan Beach's history of prudent financial decision-making has earned and maintained a sound financial condition. In fact, Standard & Poor's reaffirmed the City's AAA Credit Rating on

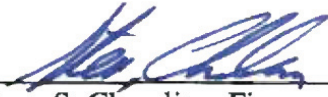
November 4, 2016. Established reserves remain funded, and the City continues to operate efficiently and effectively, all while continuing to provide outstanding services for the community.

**Acknowledgments:** This report was made possible through the efforts and teamwork of the highly dedicated Finance staff. Special thanks to Henry Mitzner, Julie Bondarchuk and Libby Bretthauer. After nearly 48 years of service to the City, Henry Mitzner retired in December 2020 leaving a legacy of prudent financial management and reporting. Appreciation is also expressed to the City Council and City Treasurer for their interest and support, which made this presentation possible. Finally, thanks to the City's auditing firm of Lance, Soll & Lunghard, LLP for their professionalism and diligence in preparing this year-end financial report.



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Bruce Moe, City Manager



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Steve S. Charelian, Finance Director

## Elected Officials & Executive Staff

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### Elected Officials

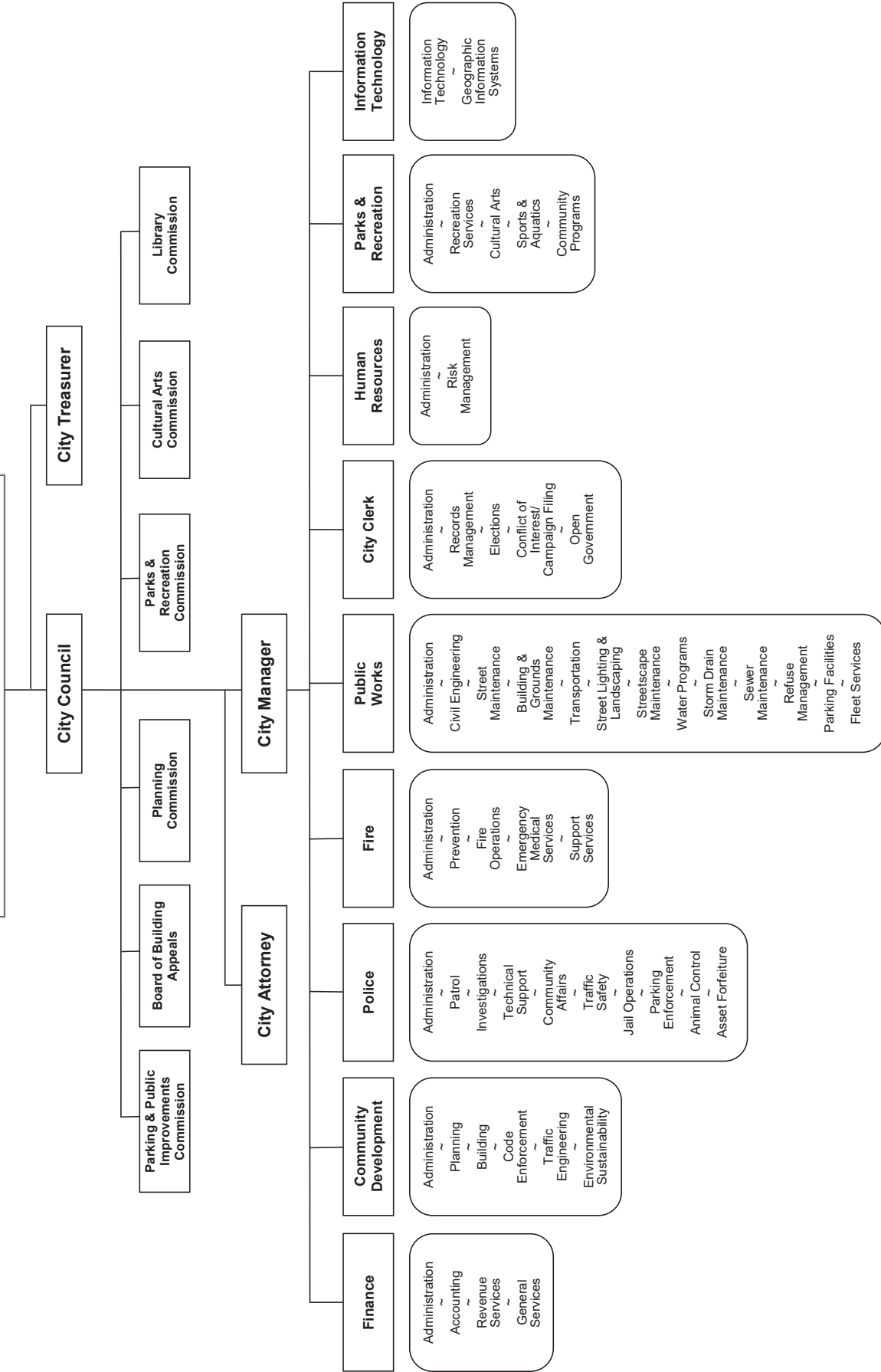
### Term Ends

<i>Mayor</i>	<i>Richard Montgomery</i>	<i>November 2020</i>
<i>Mayor Pro-Tem</i>	<i>Suzanne Hadley</i>	<i>November 2022</i>
<i>City Council Members</i>	<i>Hildy Stern</i>	<i>November 2022</i>
	<i>Steve Napolitano</i>	<i>November 2020</i>
	<i>Nancy Hersman</i>	<i>November 2020</i>
<i>City Treasurer</i>	<i>Tim Lilligren</i>	<i>November 2020</i>

### Executive Staff

<i>City Manager</i>	<i>Bruce Moe</i>
<i>City Clerk</i>	<i>Liza Tamura</i>
<i>City Attorney</i>	<i>Quinn M. Barrow</i>
<i>Finance Director</i>	<i>Steve S. Charelian</i>
<i>Human Resources Director</i>	<i>Lisa Jenkins</i>
<i>Parks &amp; Recreation Director</i>	<i>Mark Leyman</i>
<i>Police Chief</i>	<i>Derrick Abell</i>
<i>Interim Fire Chief</i>	<i>Wolfgang Knabe</i>
<i>Community Development Director</i>	<i>Carrie Tai, AICP</i>
<i>Public Works Director</i>	<i>Stephanie Katsouleas, P.E.</i>
<i>Information Technology Director</i>	<i>Terry Hackelman</i>

# CITIZENS OF MANHATTAN BEACH





Government Finance Officers Association

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Reporting

Presented to

**City of Manhattan Beach  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Manhattan Beach, California, (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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





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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manhattan Beach, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Other Information*

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021, 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.

*Lance, Solt & Lingham, LLP*

Brea, California  
January 13, 2021

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***CITY OF MANHATTAN BEACH***  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Manhattan Beach, we offer our readers of these financial statements this narrative overview and analysis of the financial activities of the City of Manhattan Beach for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to xi of this report.

### FINANCIAL HIGHLIGHTS

#### *Government Wide Financial Basis*

- As of June 30, 2020, the City's total net position Citywide (including all governmental and business type activities) totaled \$214,570,240, an increase from the prior fiscal year of \$14,163,477 or 4.6% due to operations.
  - Governmental net position for the fiscal year totaled \$105,834,753, an increase of \$6,111,150 or 6.1%. This increase is due to revenues totaling \$100,973,307 (program revenues of \$42,458,125 and general revenue of \$58,515,182) less activity expenses of \$94,827,636 and transfers out of \$34,521.
  - Business-type activity net position totaled \$108,735,487, an increase of \$8,052,327 or 8.0%. This change in net position is a result of operations (program revenues of \$28,116,357 non-program revenues of \$2,630,662 and transfers in of \$34,521 less expenses of \$22,612,591 and prior adjustment of \$116,622).
- Unrestricted net position, which may be used to meet the government's on-going obligations within certain parameters and requirements, totaled \$31,511,078. This is a decrease of \$5,036,414 or 13.8% from FY 2018-19.
- Governmental Activities
  - Governmental Unrestricted Net Position is negative \$29,141,204 – a decrease of \$9,385,030. Unrestricted net position is defined as total net position less difference between capital assets and accumulated depreciation less associated bonding including premiums/discounts. Since over 95% of pension liabilities are carried by the governmental funds, the effect of net pension position reduced unrestricted net position by \$65,506,546.
  - Pension position of \$65,506,546 is made of net pension liability of \$79,349,800 less net deferred outflows/inflows of \$13,843,254. Amortization of the net pension liability is one of the single biggest economic challenge to the City. To meet this challenge, the City will be issuing pension obligation bonds carrying an interest rate at least 3% lower than current discount rate in the spring of 2021, which will liquidate the net pension liability and realize implicit interest savings. Since these numbers are based on GASB 68 valuation as of June 30, 2019, the City will obtain a projection of the NPL as close to issue date as possible.
  - The negative Unrestricted Net Position was expected with the implementation of GASB 68 (recognition of pension liabilities) in fiscal year 2014-15 and will continue as long as net pension liability exists. If pension obligation bonds are issued, the City's CalPERS pension liability will be replaced by bond debt with reduced interest rates and level debt service.
- Business Type activities
  - Unrestricted Net Position is \$60,652,282, an increase of \$4,348,616 compared to the prior year primarily due to Water and Wastewater operations and the accumulation of cash in the Water Fund for the Peck Reservoir replacement project. Since the employee population in Business Type activities is small relative to Governmental and includes

non-sworn employees only, the Business Type activities share of net pension position is correspondingly lower at \$1.64 million. Net pension liability of \$1,958,057 will be included in the Pension Obligation Bonds issue. The City anticipates a lower unrestricted net position in the future when large projects, such as reconstruction of Peck Reservoir, will absorb working capital and correspondingly increase investment in capital assets.

- Citywide capital assets (land, work in progress, completed) net of depreciation increased by \$4,022,761 (See Note 5). Governmental net capital assets increased by \$959,236. Capital additions of \$5,102,177 were offset by depreciation expense (\$4,071,039) and the net book value of disposal of vehicles not fully depreciated (\$71,902). Business-type net capital assets increased by \$3,063,525; additions were \$4,404,004, which were offset by depreciation expense of \$1,340,479. Future expenditures for capital projects will not affect the overall net position of the government wide position as the expenditure would be offset by an increase in non-current assets but may have an impact on level of working capital.
- The City's bond debt decreased by \$1,485,000 during FY 2019-20 (See Note 6). This decrease is attributable to the scheduled principal pay down of issued bonds by both governmental activities (\$820,000) and business-type activities (\$665,000). The City had no capital lease obligations in FY 2019-20.
- Long-term liability and workers compensation insurance claim reserves increased by \$425,004 (See Note 13). Decrease in workers' compensation claims activity resulted in a reserve decrease of \$286,990 while general liability claims activity resulted in an increase in general liability reserves of \$711,993. The events FY 2019-2020, contrast sharply with those in FY 2018-2019. In the previous year workers' compensation reserves increased, while those of liability decreased. This situation illustrates volatility in workers compensation and liability due to small population.

#### *Fund Financial Basis – Governmental Funds*

- As of June 30, 2020, the General Fund balance was \$26,686,085. Fund revenues exceeded expenditures by \$284,284. Other sources (uses) were net transfers out of \$203,533, resulting in a net change of \$80,751. A prior period adjustment of \$150,738 was due to reclassification of former Pension Trust Fund to the General Fund.
- Governmental Funds (General, Capital Improvement and Special Revenue) revenue totaled \$100,143,414, an increase of an increase of \$16,677,439, (20.0%) from FY 2018-19. The increase is attributable to creation of three new underground assessment districts (UAD) projects generating construction bond proceeds and home owner pay offs totaling \$18,496,956. This increase was offset by decreases in non-property tax revenues such as licenses & permits, interest/rents, and services. These decreases are attributable to the economic repercussions due to the pandemic.
- Governmental Funds expenditures totaled \$87,796,184, down \$204,111 (.2%) from the prior year. General Fund Expenditures were \$73,141,484 down by \$1,078,268 (1.45%). Capital expenditures were down \$5,119,371 due the number of projects in design versus construction. While City capital projects were down, public works was engaged non City capital project expenditures of \$7,600,099, which are classified current expenditures and are reflected in the Underground Assessment Fund. The excess of revenues over expenditures in fiscal 2020 was \$12,347,230 compared to a deficiency in fiscal 2019 of \$4,534,320, wholly attributable to assessment proceeds of \$18,496,956.
- General Fund net transfers-out totaled \$203,533. Transfers-out included \$298,337 to the Stormwater Fund, \$169,012 to the Street Lighting and Landscape Fund, and net transfers in of \$263,816 to the County Parking Lot Fund. Transfers are required to maintain adequate funding levels or eliminate deficits (See Note 4 for more information).

## USING THIS ANNUAL REPORT

### Overview of the Financial Statements

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

### Reporting on the City as a Whole

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

The *statement of net position* presents information on all of the City's assets, deferred inflows/outflows of resources and liabilities, with the difference between these items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Manhattan Beach is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs on a full-accrual basis, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government wide statement of activities has two components:

#### *Governmental Activities*

This is a consolidation of all governmental funds and includes the General Fund, Capital Improvements Funds, Special Revenue Funds and Internal Service Funds. These funds are supported by taxes, intergovernmental revenues, grants, and charges for services. Expenses include materials and labor, depreciation, and amortization of prepaid pension obligations. Governmental fund expenditures for payment of principal on long-term debt and capital assets are excluded. All intra-governmental charges and expenses and transfers within governmental funds are eliminated.

All internal service fund expenses and depreciation on capital assets are fully allocated to each functional program. Expenses are classified among the following programs: general government, public safety, culture and recreation, and public works. Program activities that produce revenues or receive grant support are applied against program expenses to yield the net expenses. Revenues that cannot be attributed to a specific program, such as taxes and interest (e.g. General Revenues), are shown separately. The total of General Revenues, less net program expenses, generates the change in net position. Total net position of governmental activities differs from fund balances of governmental funds by long-term assets (capital and prepaid pension), long-term liabilities and the total of internal service fund net position.

#### *Business Type Activities*

All enterprise funds (Water, Wastewater, Stormwater, Refuse and Parking Funds) are included in Business Type activities. These activities have been traditionally presented as enterprise funds and tie directly to the *Statement of Revenues, Expenses, and Change in Net position – Proprietary Funds*, as shown in the Funds section of this report.

The government-wide financial statements can be found on pages 27 to 28 of this report.



## Reporting on the City's Most Significant Funds

**Fund financial statements:** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Manhattan Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental 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 near-term inflows and outflows of spend-able resources, as well as on balances of spendable resources available at the end of the fiscal year. In effect, the budgetary governmental fund statements are working capital flow of funds statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds *Balance Sheet*, and *Statement of Revenues, Expenditures and Changes in Fund Balances*, there are respective reconciliations of the fund balance to *Statement of Net position*, and *Net Change in Fund Balances* – total governmental funds to change in net position of governmental activities. As discussed above, the reconciliations include treatment of capital expenditures, depreciation, changes in capital assets, long-term debt, prepaid pension costs, full accrual versus modified accrual and change in net position of internal service funds.

The City of Manhattan Beach maintains thirteen individual governmental 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, Gas Tax Fund, Proposition C Fund, and Capital Projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in the fund financial statements section of this report.

The City of Manhattan Beach currently operates on a biennial budget cycle where the first year is adopted and the second year is approved. The second year of the budget is formally adopted in June of the second year before the fiscal year. The FY 2019-20 Budget was adopted on June 4, 2019. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 32 to 39 of this report.

**Proprietary funds:** Proprietary funds account for goods and services provided to customers and for cost recovery via service charges. There are two types of proprietary funds: enterprise funds which provide services to outside users (residents and businesses of Manhattan Beach), and internal service funds, which provide services to City departments. The City uses internal service funds to account for its fleet of vehicles, information systems, shared building and maintenance costs, and City-wide insurance costs. Because these services predominantly benefit the governmental function, they have been included within governmental activities in the government-wide financial statements and related intra-governmental charges and transfers have been eliminated accordingly, except for charges and transfers to the enterprise funds, which are quasi-internal transactions.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements. Three of the City's seven enterprise funds are considered major funds and presented as such in the fund financial statements. The four non-major funds, Stormwater,

Refuse, County Parking Lot, and State Pier and Parking lots, are presented individually in the combining statements.

The combining statements referred to earlier in connection with non-major governmental funds, proprietary and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 118 to 147 of this report.

**Notes to the 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 financial statements can be found on pages 49 to 97 of this report.

### The City as Trustee

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents the City's progress in funding its obligation to provide pension benefits to its employees and the budget-to-actual financial comparisons for the General Fund. The City has elected to present this information within the basic financial statement and financial statement sections of the report. Note 9 and Note 10 provides detailed analysis of City retirement plans.

All of the City's fiduciary activities are reporting distinctly in a separate Statement of Fiduciary Assets and Liabilities. These figures are not combined with other financial statements because the City cannot use these assets to finance present or future operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position serves as an indicator of a government's financial position. In the case of the City of Manhattan Beach, net position totaled \$214,570,240 at June 30, 2020 versus \$200,406,763 at June 30, 2019 – an increase of \$14,163,477. The reason for this increase is primarily due to the operations in the Business-Type Activities and in Governmental Activities, the balance of Underground Assessment proceeds.

Net position of the City's *Governmental* activities amounted to \$105,834,753 an increase from the prior year of \$6,111,150. On the table of Net Position below, \$113,205,816 is net investment in capital assets<sup>1</sup> such as land, buildings, machinery, infrastructure, equipment and other improvements; restricted net position of \$21,770,141 is equal to total of section 115 investment, restricted City capital projects and Special Revenue Fund resources restricted for debt service, capital projects, post-employment benefits, or for Special Revenue Fund resources that are subject to external restrictions on use. Governmental activities' unrestricted net position decreased by \$9,385,030 from the prior year to negative \$29,141,204 primarily due to net pension liabilities. Significant components of non-current liabilities and deferrals include 1) net pension liabilities of \$79,738,700 (including PERS plan and City Plan); 2) OPEB \$7,136,407; 3) long term debt totaling \$12,003,516; 4) accrued workers compensation and liability claims and judgments of \$6,732,808; and 5) accrued employee benefits of \$3,697,964.

Net position of the City's *Business-type* activities totaled \$108,735,487. This represents an increase from FY 2018-19 of \$8,052,327. Net investments in capital assets (land, buildings, machinery, equipment, etc.) less associated bonding totals \$47,574,700, while \$508,505 is restricted for business improvement district use. Significant components of non-current liabilities and deferrals include: 1) long term debt totaling \$8,048,487; 2) net pension liabilities of \$1,958,058; 3) OPEB of \$325,502; and 4) accrued employee benefits of \$83,138. Business-type activities' unrestricted net position increased by \$4,348,616 from the prior year to \$60,652,282, primarily as a result of operations in the Water and Wastewater Fund.

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<sup>1</sup> Net investment in capital assets is calculated by taking total capital assets net of depreciation, less corresponding bonds and lease payable, less the balance of unamortized bond premium, plus deferred charges on refunding bonds.

### City of Manhattan Beach Net Position

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current Assets	\$85,086,228	\$75,274,818	\$68,592,709	\$61,405,916	\$153,678,937	\$136,680,734
Total Capital Assets Net of Depreciation	125,679,166	124,719,930	56,303,187	53,239,663	181,982,353	177,959,593
Other Non-Current Assets	45,074	3,784,896	-	224,306	45,074	4,009,202
<b>Total Assets</b>	<b>\$210,810,468</b>	<b>\$203,779,644</b>	<b>\$124,895,896</b>	<b>\$114,869,885</b>	<b>\$335,706,364</b>	<b>\$318,649,529</b>
Deferred Charge on Refunding	\$370,166	\$402,354	-	-	\$370,166	\$402,354
Deferred Pension Related Items	18,297,907	18,258,168	384,541	396,184	18,682,448	18,654,352
Deferred OPEB Related Items	10,108,185	25,283	510,824	1,264	10,619,009	26,547
<b>Deferred Outflows of Resources</b>	<b>\$28,776,258</b>	<b>\$18,685,805</b>	<b>\$895,365</b>	<b>\$397,448</b>	<b>\$29,671,623</b>	<b>\$19,083,253</b>
Current Liabilities	\$19,784,104	\$23,717,251	\$6,560,126	\$3,888,975	\$26,344,230	\$27,606,226
Non-Current Liabilities	109,309,395	95,142,974	10,415,185	10,595,068	119,724,580	105,738,042
<b>Total Liabilities</b>	<b>\$129,093,499</b>	<b>\$118,860,225</b>	<b>\$16,975,311</b>	<b>\$14,484,043</b>	<b>\$146,068,810</b>	<b>\$133,344,268</b>
Deferred Pension Related Items	\$4,454,653	\$3,881,621	\$70,162	100,130	\$4,524,815	\$3,981,751
Deferred OPEB related items	\$203,821		\$10,301		\$214,122	-
<b>Deferred Inflows of Resources</b>	<b>\$4,658,474</b>	<b>\$3,881,621</b>	<b>\$80,463</b>	<b>\$100,130</b>	<b>\$4,738,937</b>	<b>\$3,981,751</b>
Net Investment in Capital Assets	\$113,205,816	\$111,406,609	\$47,574,700	\$43,807,896	\$160,780,516	\$155,214,505
Restricted	21,770,141	8,073,168	508,505	571,598	22,278,646	8,644,766
Unrestricted	(29,141,204)	(19,756,174)	60,652,282	56,303,666	31,511,078	36,547,492
<b>Total Net Position</b>	<b>\$105,834,753</b>	<b>\$99,723,603</b>	<b>\$108,735,487</b>	<b>\$100,683,160</b>	<b>\$214,570,240</b>	<b>\$200,406,763</b>

The City's total change in net position amounts to an increase of \$14,163,477. Governmental activities' total net position increased by \$6,111,150. Business-type activities' total net position increased by \$8,052,327.

The following table condenses the Government-wide Statement of Activities and Change in Net Position for the fiscal years ending June 30, 2020 and June 30, 2019:

**City of Manhattan Beach Changes in Net Position**

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for Services	\$16,974,988	\$19,331,681	\$28,093,267	\$27,808,577	\$45,068,255	\$47,140,258
Operating Contributions and Grants	2,800,719	2,190,097	23,090	117,833	2,823,809	2,307,930
Capital Contributions and Grants	22,682,418	4,046,717	-	-	22,682,418	4,046,717
General Revenues:						
Property Taxes	34,002,017	32,107,341	-	-	34,002,017	32,107,341
Other Taxes	18,942,606	21,176,590	-	-	18,942,606	21,176,590
Motor Vehicle in Lieu	28,431	17,276	-	-	28,431	17,276
Use of Money and Property	5,499,131	5,747,403	2,554,232	2,237,070	8,053,363	7,984,473
Other	42,997	27,943	76,430	-	119,427	27,943
<b>Total Revenues</b>	<b>\$100,973,307</b>	<b>\$84,645,048</b>	<b>\$30,747,019</b>	<b>\$30,163,480</b>	<b>\$131,720,326</b>	<b>\$114,808,528</b>
Expenses:						
General Government	\$17,765,606	\$15,887,856	-	-	\$17,765,606	\$15,887,856
Public Safety	49,316,528	46,314,516	-	-	49,316,528	46,314,516
Public Works	18,749,101	9,922,148	-	-	18,749,101	9,922,148
Culture & Recreation	8,580,759	10,805,410	-	-	8,580,759	10,805,410
Interest on Long-Term Debt	415,642	439,858	-	-	415,642	439,858
Water, Waste, Storm	-	-	14,899,581	14,948,884	14,899,581	14,948,884
Refuse	-	-	4,241,681	4,109,233	4,241,681	4,109,233
Parking	-	-	3,471,329	3,561,198	3,471,329	3,561,198
<b>Total Expenses</b>	<b>\$94,827,636</b>	<b>\$83,369,788</b>	<b>\$22,612,591</b>	<b>\$22,619,315</b>	<b>\$117,440,227</b>	<b>\$105,989,103</b>
Revenues Over Expenses	6,145,671	1,275,260	8,134,428	7,544,165	14,280,099	8,819,425
Transfers In (Out)	(34,521)	(1,009,910)	34,521	1,009,910	-	-
<b>Increase (Decrease) in Net Position</b>	<b>\$6,111,150</b>	<b>\$265,350</b>	<b>\$8,168,949</b>	<b>\$8,554,075</b>	<b>\$14,280,099</b>	<b>\$8,819,425</b>
<b>Net Position - Beginning</b>	<b>\$99,723,603</b>	<b>\$99,458,253</b>	<b>\$100,683,160</b>	<b>\$92,129,085</b>	<b>\$200,406,763</b>	<b>\$191,587,338</b>
Restatement of Net Position	-	-	(116,622)	-	(116,622)	-
<b>Net Position - June 30 (Year End)</b>	<b>\$105,834,753</b>	<b>\$99,723,603</b>	<b>\$108,735,487</b>	<b>\$100,683,160</b>	<b>\$214,570,240</b>	<b>\$200,406,763</b>

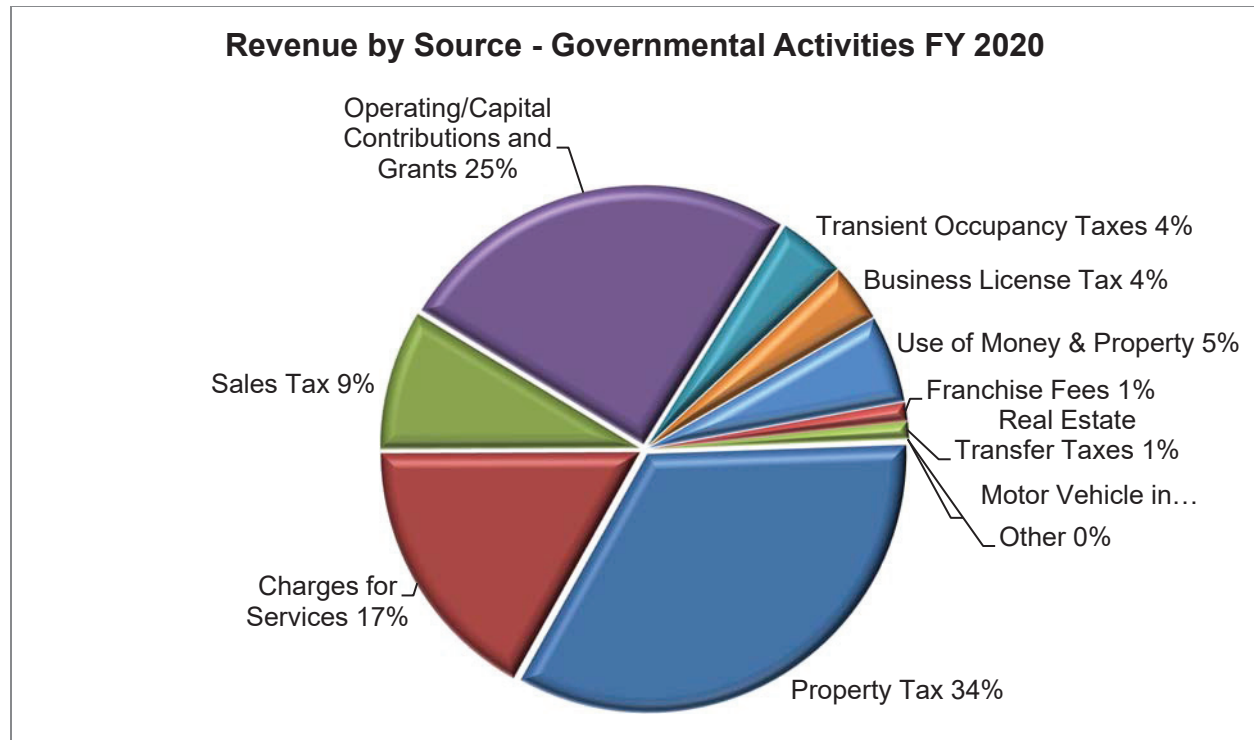
**Changes in Net Position - Governmental Activities**

The City's governmental activities in FY 2019-20 increased net position by \$6,111,150 compared to an increase of \$265,350 in FY 2018-19

Total program revenue increased by \$16,889,630, total expenses increased by \$11,457,848. The principal driver of these increases is activity in newly formed Underground Assessment Districts. These districts generated revenues of \$18,496,958 and expenses of \$7,600,099. While property taxes increased by \$1,894,676, other taxes such as sales and business licenses decreased by \$2,404,290 due to the pandemic. Charges for services decreased by \$2,356,693 attributable to General Government and Recreation activities curtailed again by the pandemic.

Expense increase of \$11,457,848 is primarily due to pension and UAD expenses. Pension expense was \$15,623,225 compared to \$12,119,937 in fiscal 2018-19, and increase of \$3,503,288. The expense includes current (normal) cost, interest on the net pension liability as well as assumption changes. The City intends to mitigate interest expense by issuing Pension Obligation Bonds with rate lower than charged by the California Public Employees' Retirement System (CalPERS). Salaries of \$36,661,920 and benefits excluding pension of \$5,102,334 were virtually flat. Materials and services were \$29,942,688, an increase of \$5,900,897 due primarily new to UAD activity.

Total governmental activities revenue of \$100,973,307, excluding transfers-out of \$34,521, is broken out as follows:

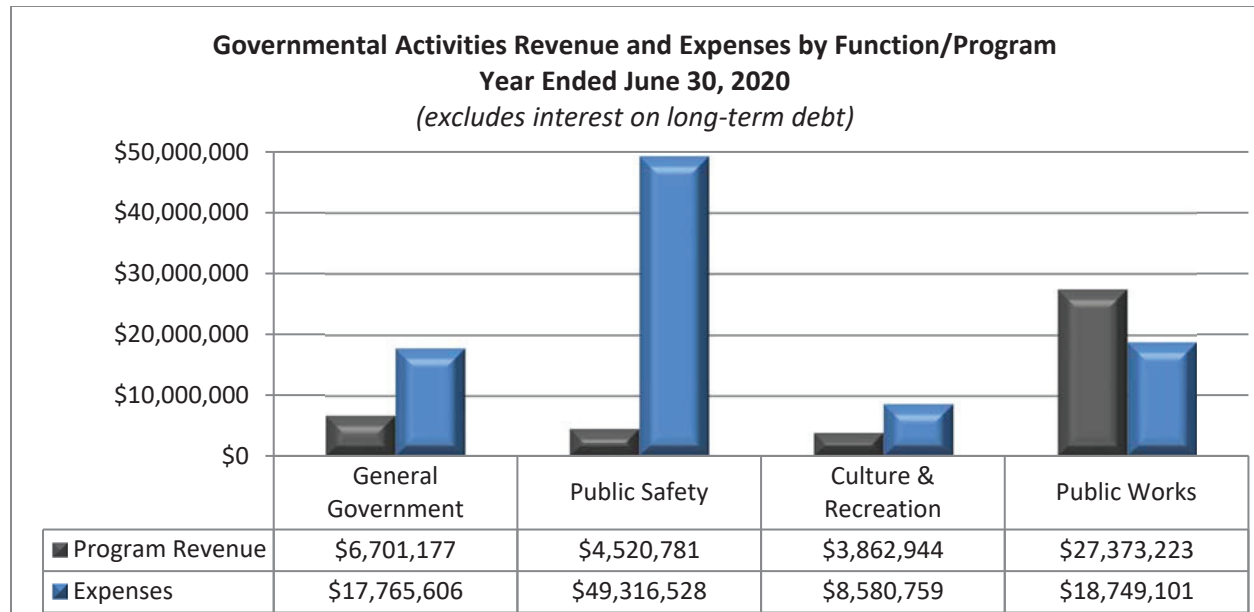


Functional expenses (excluding interest on debt) for the years ending June 30, 2020 and June 30, 2019 were as follows:

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General Government	17,765,606	15,887,856	(11,064,429)	(7,821,910)
Public Safety	49,316,528	46,314,516	(44,795,747)	(42,512,188)
Culture and Recreation	8,580,759	9,922,148	(4,717,815)	(5,452,640)
Public Works	18,749,101	10,805,410	8,624,122	(1,574,697)
<b>Total</b>	<b>\$94,411,994</b>	<b>\$82,929,930</b>	<b>(\$51,953,869)</b>	<b>(\$57,361,435)</b>

The total cost of services increased from the prior year by \$11,482,064 (13.8%), while the net cost of services decreased by \$5,407,566 (9.4%) from the prior year. The increase in total cost of services was offset by an increase in revenue of \$16,328,259. The UAD proceeds increased capital contributions and UAD expenses which are reflected in the increase of the total cost of services for Public Works of \$7,943,691. Total costs for Public Safety increased by \$3,002,012, General Government increased by \$1,877,750, and Culture and Recreation decreased by \$1,341,389 due to class closures from statewide Stay at Home orders.

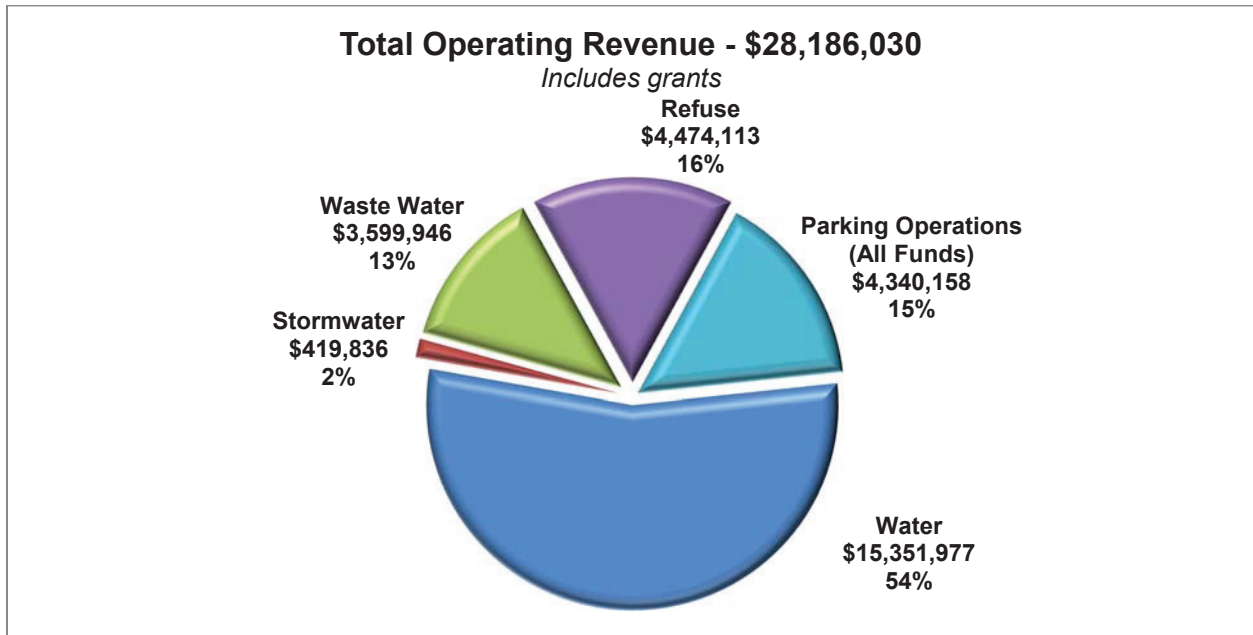
The following chart illustrates governmental revenues and expenses by function for the year ended June 30, 2020.



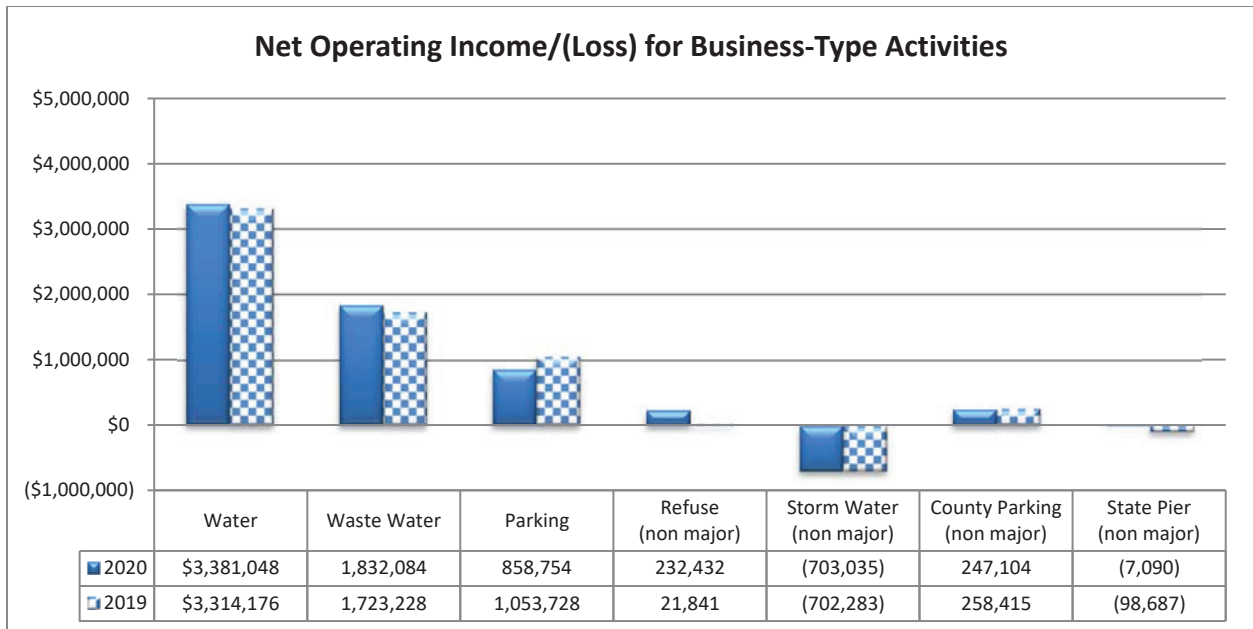
#### Change in Net Position - Business Type Activities

In fiscal year 2019-20, total revenues for the City's business-type activities amounted to \$30,747,019. Operating revenues totaled \$28,116,357, interest revenues totaled \$2,554,232, and other revenues totaled \$76,430. Expenses totaled \$22,612,591 of which operating expenses equaled \$22,344,733, and non-operating expenses (including debt interest expense) totaled \$267,858. Total income from operations was \$5,841,297 while net income before transfers was \$8,134,428. After net transfers-in totaling \$34,521, net position increased by \$8,168,949 compared to an increase of \$8,554,075 in FY 2018-19. A restatement of net position due to closing out the street sweeping refunds totaled negative \$116,622.

**Operating Revenues by Source - Business Type Activities FY 2019**



Operating Income varied across the business-type activities in FY 2019-20. A year-over-year comparison is presented below. Further analysis of the major funds is discussed later in this report.



In recent years, GASB has released Statements 68, 74, and 75. These statements have a significant financial impact on the City's Financial Statements and in particular, the government wide statements. Public agencies must recognize the net noncurrent liabilities (accrued liabilities less fiduciary assets) of pension plans and other postemployment benefit plans. Due to the magnitude of these net liabilities, the City's government wide net position is significantly reduced. In addition, since these liabilities must be amortized over a fixed period of time, there will be an increase demand on future working capital. For this reason, City is considering issuance of pension obligation bonds.

### *Accounting and Financial Reporting for Pensions - GASB 68*

Net pension liability (\$81,307,858) is most significant due to its impact on the City's reported Net Position. Net position is comprised of three components - Net investment in capital assets, Restricted and Unrestricted. Governmental and Business-type activities' net position captures the corresponding share of net pension liabilities. In the case of Governmental activities (which absorb over 95% of pension expense for general government, public safety, public works and recreation employees), the result is a net pension liability of \$79,349,800. Net pension liability attributed to public safety for sworn employees is \$55,463,474. Due to the significantly smaller employee population in Business-type activities, these funds have a much smaller net pension liability of \$1,958,058. Because of the significant impact of pension liabilities on the City's financial status, a thorough explanation is included at the end under the section *Effect of Pension Activity on Net Position*.

### *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions – GASB 74/75*

In FY 2017-2018, the City implemented the pronouncements of GASB 74 and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB). GASB 74 replaces the requirements for GASB 43 and 57. GASB 75 replaces the requirements for GASB 45. The purpose of GASB 74 and GASB 75 is to establish new accounting and financial reporting standards for OPEB that is provided to employees by state and local governments.

The City has a two retiree medical plans that fall under the definition of an OPEB plan under the criteria set by GASB 74/75. One is the City plan, which provides a fixed stipend to qualifying retirees until age 65. The other is a contribution to all retirees who enroll in the CalPERS medical plan as mandated by the Public Employee Medical and Hospital Care Act (PEMHCA).

The plans are financed by actuarially determined contributions and interest earnings. The funds are held in Section 115 trust fund managed by California Employees' Retirement Benefit Trust (CERBT), which is under the CalPERS umbrella. There was a change of assumptions regarding implied subsidies and a lowered discount rate causing a significant increase of in total OPEB liability of \$11,835,293, from \$6,314,885 in the prior year to \$18,150,178. Offsetting the increase in OPEB liability is an increase in deferred outflow/inflow by \$10,378,340. Taking into account new assumptions as well as service cost, interest on total OPEB liability, investment income, the OPEB expense was \$1,050,777.

As of the valuation date, plan fiduciary net position totaled \$10,688,269 and OPEB liability totaled \$18,150,178, resulting in a net OPEB liability of \$7,461,909 government wide. The Governmental Activities share of net OPEB liability was \$7,136,407 and the Business-Type Activities reported a net OPEB liability of \$325,502.

Please refer to Note 11 for more information on the post-employment benefit plans.

## **FUND FINANCIAL STATEMENTS**

### **Governmental Funds**

As of the end of the 2020 fiscal year, the City's governmental funds ending fund balances totaled \$53,520,400, an increase of \$12,463,447 (30.4%) in comparison with the prior year.

Within the Governmental Funds total, \$25,117,005 (46.9%) constitutes unassigned fund balance. The unassigned fund balance exists only in the General Fund. The remainder of the fund balance (\$28,403,395) is non-spendable, restricted or committed indicating these funds are not available for new spending because it has already been committed for on-going capital projects, advanced to other funds for legally restricted use, long term notes receivable, or for legally-required debt service reserves.



Notwithstanding Governmental Accounting Standards Board (GASB) pronouncements, the City Council has established earmarks within the unassigned category for working capital and budgetary capital planning initiatives. Of the \$25.1 million unassigned governmental fund balance noted above, \$19 million has been designated by City Council policy.

#### *General Fund*

The General Fund is the chief operating fund of the City of Manhattan Beach. At the end of the 2019-20 fiscal year, unassigned fund balance of the General Fund was \$25,117,005 while total fund balance was \$26,686,085. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4.1 months of total General Fund expenditures, while total fund balance represents 4.4 months of General Fund expenditures.

During the year, General Fund revenues exceeded expenditures by \$284,284. The non-spendable portion of fund balance decreased \$618,068 from the prior year due to a decrease in prepaid costs. Fund balance increase of \$80,751 included net transfer activity of negative \$203,533 due to the following transfers:

- \$298,337 was transferred to the Stormwater Fund to relieve a deficit fund balance due to operations.
- \$169,012 was transferred to the Street Lighting Fund to relieve a deficit fund balance.
- \$263,816 of excess revenues from the County Parking Lot Fund was transferred to the General Fund in line with the contract with the County of Los Angeles.

Please see Note 4 for more information.

#### *Underground Assessment District Fund*

In fiscal year 2019-20, residents in three district (19-4, 19-12, and 19-14) approved the undergrounding of utilities by a Proposition 218 ballot. As a result, the Manhattan Beach City Council authorized the issuance of bonds to finance the Utility Underground Project in these three assessment districts. Bond assessments are paid by homeowners over a period of 20-years through the annual consolidated property tax bill.

Bond proceeds and payoffs totaled \$18,573,325 and \$7,600,099 has been spent on design and development resulting in an increase of \$10,973,226 in the governmental fund balance. All the revenue received in FY 2019-20 is sufficient to fund the project. As the project progresses, the fund balance is will be drawn down.

Additionally, the City Council approved the creation of an Assessment Deferral Program to provide financial assistance to help property owners with limited income to cover the cost of the utility undergrounding based on certain criteria. The financial assistance is provided in the form of a low interest loan program that will be repaid after the assessment ends or after a transfer of the property.

#### *Other Governmental Funds*

For Special Revenue funds, revenues in the Gas Tax and Proposition C Funds totaled \$1,577,749 and \$2,232,163, respectively. These revenues are dedicated to street maintenance as well as street infrastructure projects. Gas Tax Fund Expenditures totaled \$1,071,915 for maintenance projects such as slurry seal as well as capital outlay projects, including street resurfacing and improvements. Expenditures in the Proposition C Fund of \$1,369,003 primarily due to expenditures for the planned Sepulveda Bridge Widening and Seismic Retrofit project.

The Street Lighting Fund continues to run deficits each year. For FY 2019-20, expenditures exceeded revenues by \$134,012. Since there is no fund balance to draw upon, the General Fund contributes the entire amount to make up for the deficit in the Street Lighting Fund. These contributions will be necessary until a Proposition 218 assessment vote is successful in raising the assessment rates and revenues. In

fiscal 2019-20 \$169,012 was transferred in providing an ending fund balance of \$35,000 for future extraordinary expenditures.

Other non-major governmental funds include all Special Revenue funds used exclusively to account for intergovernmental and assessment proceeds, which are restricted in use by law. This group of funds includes the Proposition A Fund, Measure R Fund, Measure M Fund, Asset Forfeiture Fund, Police Safety Grant Fund, and the AB2766 Fund. The majority of the dollars which flow through these funds are used for the maintenance of streets, parks, local transportation programs and the purchase of safety and fuel-efficient equipment.

The Capital Improvement Fund serves to plan and manage the construction and maintenance of non-enterprise projects which are funded through dedicated revenue sources as well as General Fund surpluses which may arise from year to year. The City adopts a five-year capital project plan in which City Council priorities are planned. The Capital Improvement Fund is one of the major funds covered in that City-wide plan.

At the end of fiscal year 2019-20, total fund balance of \$6,430,018 in the Capital Improvement Fund was committed to capital projects.

A partial list of identified long-term project commitments at year-end includes:

- \$2.6 million in various facilities improvements
- \$1.0 million for the Senior and Scout House improvements
- \$991,000 for Polliwog Park Facilities
- \$1.8 million for other building improvements and street projects

During Fiscal Year 2019-20, the Capital Improvement Project Fund balance decreased by \$1,168,117 (15.4%). Total revenues of \$1,667,961 were down \$356,731 due to a decrease in dedicated revenues affected by the COVID-19 pandemic. Current year revenues were offset by capital and maintenance expenditures of \$2,064,040 and debt service of \$772,038.

Of the \$1,667,961 in total revenues to the Capital Improvement Fund, certain dedicated revenues described below totaled \$1,219,203 in FY 2019-20. The following revenues are earmarked for funding general government capital improvement projects in the effort to maintain and enhance City infrastructure:

**Hotel Tax:** 15% of the Transient Occupancy Tax has been dedicated to funding CIP's, generating \$626,267 in revenue for the year, which is \$155,563 (19.9%) below prior year levels.

**Parking Meter Rates:** Fifty cents of the \$1.75 per hour on-street parking meter rates is dedicated to capital improvements. This source generated revenue of \$520,676 this fiscal year, down \$128,350 or 19.8% from the prior year.

**Parking Citation Rates:** Most parking citations include four dollars dedicated to the CIP fund. For FY 2019-20, revenue of \$72,260 was realized; a decrease of \$16,020 (18.1%) from the prior year.

Grant funds received as reimbursement for capital project expenditures totaled \$430,598 and was comparable to \$448,758 grant revenue received in fiscal 2018-19.

Capital Improvement Fund expenditures totaled \$2,836,078. Capital outlay expenditures totaled \$1,487,512, operating expenditures of \$576,528, and debt service of \$772,038. Capital expenditures exceeding \$100,000 consisted of:

- \$667,755 – Downtown Streetscape Traffic Signal Pole
- \$326,573 – Facilities Improvements
- \$256,084 – Fire Station 2 Design
- \$237,100 – Other projects in design or construction

## Proprietary Funds

The City's proprietary funds consist of enterprise funds and internal service funds. The enterprise funds include Water, Wastewater and Parking Funds (major funds), as well as Stormwater, Refuse and both the County and State Pier & Parking Lot Funds (which are considered non-major). Internal service funds include Insurance Reserve, Information Systems, Fleet Management and Building Maintenance and Operations.

### *Enterprise (Business) Funds*

At year-end, total net position of all enterprise funds amounted to \$108,735,487. Net investment in capital assets totaled \$47,574,700 and \$508,505 is restricted for a business improvement district. The balance of \$60,652,282 is unrestricted net position. This presentation mirrors statement of net position of Business Type Activities included in the Government Wide Financial Statements section.

Overall, the combined net income of enterprise funds was \$8,134,428 before transfers. Operations resulted in a \$5,841,297 increase in net position. Transfer activity included a net transfer-out of \$263,873 from the County Parking Lots Fund to the General Fund and a transfer-in of \$298,337 from the General Fund to cover the deficit in the Storm Drain Fund.

Several enterprise funds are worth noting:

- The Water Fund continues to build the resources for planned capital improvements needed to sustain the utility's operation and infrastructure. Net income from operations totaled \$3,381,048, a slight increase from the prior year which had net operating income of \$3,314,176. Revenue from sales decreased by 1.3%, while operating expenses (labor, materials, services, etc.) increased by 1.2%. Accumulated fund balances provide resources for planned capital improvements to the utility's infrastructure, estimated at \$61.8 million over the next five years.
- The Wastewater fund net operating income for FY 2019-20 was \$1,832,084 versus \$1,723,228 in FY 2018-19 – an increase of \$108,856, or 6.3%. Operating revenue increased \$69,730 (19.9%) while operating expenses increased \$28,117 (1.6%). It is important to note that Wastewater revenues are based on water consumption, and increases or decreases in consumption due to water conservation efforts also impact Wastewater revenues.
- The Parking Fund net operating income for FY 2019-20 was \$858,754, down \$194,974 or 18.5% from the prior year. Operating revenue remain relatively flat with a decrease of \$85,050 in FY 2020, down 2.8% compared to the prior year. Total operating expenses of \$2,094,686 were up \$109,924 or 5.5% from the prior year. Although operating income was \$858,754, income before transfers was 733,194, working capital was only \$887,912, and future capital improvement projects as well debt service of bond principal will require an increase in cash flow.
- The City plans to eliminate the Refuse Fund in FY 2020-21. Historically, the City was the intermediary that billed the customers for trash hauling services and passed the revenue on to the hauling company. Starting FY 2020-21, the hauling company will bill the customers directly, removing the need for the Refuse Fund. All the working capital will be transferred to the General Fund (\$378,926) and CIP Fund (\$800,000). The noncurrent net position attributable to pension and OPEB (negative \$148,434) will be transferred to Governmental Activities. Starting FY 2013-14, the City voluntarily commenced issuing refunds for past street sweeping charges collected on utility bills where the eligibility period ended in FY 2019-20. Restatements to the Refuse Fund balance totaled \$116,623 in FY 2019-20 to recognize the street sweeping refunds issued from prior year revenues, and restatements from FY 2013-14 to date totaled \$946,320.
- The Stormwater Fund net operating loss in FY 2019-20 totaled \$703,035. This loss is a continuation of prior year net losses in FY2018-19 (702,283), FY 2017-18 (\$1,307,998), FY 2016-17 (\$656,955), FY 2015-16 (\$771,508), FY 2014-15 (\$424,468), FY 2013-14 (\$420,831), and FY 2012-13 (\$57,093). The combination of fixed assessments (that have remained unchanged since 1996) and

rising costs currently requires a General Fund cash subsidy. The General Fund transferred \$298,337 in FY 2019-20 to relieve the operational deficit and fund necessary capital improvements in addition to \$1,273,783 transferred in FY 2018-19. Available working capital is \$1,465,997. Additional capital improvements due to legislative mandates will also result in increased costs in the near future. Ongoing transfers from the General Fund will be necessary. A Proposition 218 assessment vote will be necessary to properly fund operations in the long run.

*Internal Service Funds*

Total net position of the Internal Service Funds was \$7,015,576. Unrestricted net position of the internal service funds at the end of the year was \$2,407,103, the difference of \$4,608,473 being Fleet Management Fund vehicles net of depreciation. Total net position increased by \$346,043 from the prior year primarily driven by activity in the Insurance Fund.

The Insurance Fund net position at year-end was negative \$1,684,123, compared to negative \$2,006,073 in the prior year. Net position increased since interdepartmental charges exceeded expense by \$321,950. Claims expense increased by \$550,000 to \$5,500,000 were still lower than the average of the previous five years year-over-year increases by almost \$1,000,000. However, while workers compensation self-insured component of paid claims decreased by \$850,000, liability self-insured paid claims increased by \$1,250,000 and is the primary cause of the increase in total operating expenses of \$500,000. FY 2019-20 workers compensation and liability claims expense totaled \$5.65 million. For comparison, prior year workers compensation and liability paid claims expense are below:

FY 2019-20	\$5.65 million
FY 2018-19	5.10 million
FY 2017-18	8.08 million
FY 2016-17	6.35 million
FY 2015-16	6.66 million
FY 2014-15	6.56 million
FY 2013-14	5.17 million
FY 2012-13	3.77 million
FY 2011-12	4.96 million
FY 2010-11	3.59 million

The unpredictable nature of workers compensation and liability claims activity causes these fluctuations in claims expense from year to year. The City continually looks for ways to proactively manage risk and reduce these costs.

Net position in the Fleet Fund increased by \$224,017, to \$8,373,522, reflecting departmental charge-outs (revenues to the fund) for vehicle rent and maintenance. Capital purchases totaled \$338,841 versus \$1,414,100 in FY 2018-19. Accumulated working capital will be used for the purchase of large vehicles such fire trucks as well as maintenance trucks and police vehicles.

Net position in the Building Maintenance and Operations Fund is negative \$422,384 due to the net pension liability of \$639,266 and OPEB liability of \$111,335. The negative net position will be relieved by increased charges to user departments which will be used to pay down net pension liability. Since charge outs are based on a pure cost recovery, any relief of the negative net position will depend on CalPERS to meet its actuarial objectives. Even with issuance of pension obligation bonds, it will take an indefinite amount of years to relieve negative net position short of modifying the method of charge outs, for example, adding a surcharge to maintenance charges or transfer from the General Fund.

The Information Systems Fund has a net position of \$748,561. Net pension liability in this fund totals \$1,079,301 and OPEB liability totals \$175,610. The operating expenditure is offset by departmental charge-outs borne primarily by the General Fund.

## General Fund Budgetary Highlights

### *Estimated and Actual Revenues*

General Fund revenues were estimated at \$76,263,166 in the FY 2019-20 Adopted Budget. Subsequent budget increases were due to the following amendments:

- \$ 330,666 general government Los Angeles County Measure H grant for homeless programs
- \$ 65,000 police traffic safety grant.

Actual General Fund Revenues of \$73,425,768 (excluding transfers) underperformed the final budget of \$76,658,832 by \$3,233,064 and were lower than fiscal year 2018-19 revenues of \$76,132,717 by \$2,706,949 (3.6%).

The fundamental cause of these variances is due to the economic slowdown caused by the COVID-19 pandemic beginning in March 2020. Revenues that are driven by the economy such as sales tax, transient occupancy tax, rents, community development services, and recreation programs were directly affected by the pandemic and resulting stay at home public health orders. Taxes other than property tax underperformed budget by \$2,111,833 primarily due to Hotel Tax underperforming budget by \$1,178,691 and Sales Tax by \$742,047. Fines and Forfeitures underperformed the final budget by \$521,457 mainly due to lower parking citation revenue. Charges for Services were under budget by \$1,401,440, mainly due to canceled and modified recreation programs. Offsetting these decreases were Property tax, which exceeded budget by \$890,273, and Use of Money and Property, which exceeded budget by \$810,788 mainly due to an investment gain of \$976,791.

### *Appropriations and Expenditures*

The General Fund adopted budget included \$75,265,437 in appropriations. The final amended General Fund appropriations budget increased overall by \$1,245,068 over the adopted appropriations as follows:

The budget adjustments were due to carrying forward prior year encumbrances and budget adjustments approved by City Council as follows:

- \$639,335 due to the carry-forward of prior year encumbrances
- \$327,553 General Government Los Angeles County Measure H homeless program (\$324,053) and a local TEDx program sponsorship (\$3,500)
- \$198,180 for Public Works activities, including underground assessment district engineering oversight (\$168,180) & tree trimming and maintenance (\$30,000)
- \$80,000 towards Public Safety for a traffic safety grant (\$65,000) & additional crossing guards (\$15,000).

Overall, revenues exceeded expenditures of \$73,141,484 (excluding transfers) by \$284,284. Actual expenditures excluding transfers were under the final budget by \$2,874,237. Net transfers (out) were \$203,533 resulting in a net change in fund balance of \$80,751. The beginning fund balance as restated was \$26,605,334 and ending fund balance was \$26,686,334. This balance should provide sufficient liquidity to meet General Fund expenditures in fiscal year 2020-2021.

In summary, fiscal year 2019-2020 has been atypical. In prior fiscal years, there has been an increase in revenues from year-over-year and substantial positive excess of actual over estimated. The COVID-19 pandemic was entirely unforeseen but the City's diverse mix of revenues is expected to help sustain operations until events return to normal.

## Capital Asset and Debt Administration

**Capital Assets:** Government-wide, the City's investment in capital assets (net of accumulated depreciation) as of June 30, 2020 is \$181,982,353. This is an increase from the prior year of \$4,022,761.

This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture and other equipment.

**City of Manhattan Beach Capital Assets**  
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$33,634,565	\$33,634,565	\$2,607,434	\$2,607,434	\$36,241,999	\$36,241,999
Buildings	29,936,857	30,796,997	15,273,561	15,501,718	45,210,418	46,298,715
Machinery & Equipment	1,862,836	1,044,273	611,734	643,755	2,474,570	1,688,028
Vehicles	4,608,473	5,146,632	-	-	4,608,473	5,146,632
Infrastructure	40,354,291	40,456,276	31,010,302	31,561,670	71,364,593	72,017,946
Invested in Joint Venture (RCC)	2,218,469	2,372,378	-	-	2,218,469	2,372,378
Work in Progress	13,063,675	11,268,809	6,800,156	2,925,085	19,863,831	14,193,894
<b>Total</b>	<b>\$125,679,166</b>	<b>\$124,719,930</b>	<b>\$56,303,187</b>	<b>\$53,239,662</b>	<b>\$181,982,353</b>	<b>\$177,959,592</b>

*Governmental*

During fiscal year 2019-20, governmental capital expenditures included:

- \$1,131,017 for machinery and equipment
- \$464,258 for vehicle purchases
- \$582,657 for building improvements
- \$2,865,235 for infrastructure
- \$48,431 for recreation

*Business-type*

During the fiscal year, Business-type capitalized net expenditures totaled \$4,404,004 for projects in progress. This increase was offset by depreciation of \$1,340,479, resulting in a net increase in assets of \$3,063,525.

Please refer to Note 5 for additional information on the City's capital assets.

**Long-Term Liabilities:** Total long-term liabilities citywide (excluding unamortized bond premiums) equal \$42,592,683 an increase of \$315,905 from fiscal year 2018-19 due to an increase in insurance claim reserves for workers compensation and liability of 425,003 (principally liability) increase in accrued leave 1,375,902 and decrease in bonded debt of 1,485,000. The reason for increase in accrued leave is due decrease in vacation usage and public safety not taking any leave – attributable to the pandemic. Governmental liabilities increased by \$974,819 or 2.9% while business type liabilities decreased by \$658,914 or 7.2%. The following table is a condensation of Note 6 and Note 13.

**City of Manhattan Beach Outstanding Liabilities (Excluding Bond Premium)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Marine Avenue Park Refunding COPs	\$5,040,000	\$5,345,000	-	-	5,040,000	5,345,000
Capital Equipment Lease	-	-	-	-	-	-
Police & Fire Facility Refunding COPs	7,165,000	7,680,000	-	-	7,165,000	7,680,000
Accrued Employee Leave & Benefits	4,294,802	2,924,985	96,556	90,470	4,391,358	3,015,455
Melox and Water/Wastewater Refunding COPs	-	-	1,405,000	1,610,000	1,405,000	1,610,000
Metlox Parking Refunding COPs	-	-	6,970,000	7,430,000	6,970,000	7,430,000
Insurance Claim Reserves	17,621,326	17,196,322	-	-	17,621,326	17,196,322
<b>Total Long Term Liabilities</b>	<b>\$34,121,128</b>	<b>\$33,146,307</b>	<b>\$8,471,556</b>	<b>\$9,130,470</b>	<b>\$42,592,684</b>	<b>\$42,276,777</b>
Current portion of Long Term (due within one year)	12,325,356	12,039,102	693,418	686,282	13,018,774	12,725,384
<b>Long Term Liabilities - Non Current</b>	<b>\$21,795,772</b>	<b>\$21,107,205</b>	<b>\$7,778,138</b>	<b>\$8,444,188</b>	<b>\$29,573,910</b>	<b>\$29,551,393</b>

### *Governmental*

Principal obligations for existing long-term bonded debt were reduced in accordance with existing debt service schedules. The Marine Avenue Certificates of Participation were refinanced in January 2017. The outstanding liability for the Marine Avenue Park Refunding Certificates of Participation as of June 30, 2020 is \$5,040,000, down \$305,000 from the prior year due to principal payments.

Ongoing claims in Insurance Claim Reserves are due to liability and workers compensation claims. The increase of \$425,000 is due to offsetting claim reserve activity. Workers compensation claim reserves declined by \$286,990 while liability reserves increased by \$711,994 from workers compensation claims have resulted in the Insurance Fund being in a deficit position, even with the \$2.0 million transfers from the General Fund to the Insurance Fund from FY 2015-16 to FY 2017-18. In FY 2018-19, workers compensation charge outs to the General Fund increased by \$1.2 million.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3.75% of its total assessed valuation. The current debt limitation for the City of Manhattan Beach (fiscal year 2019-20) is \$615 million.

### *Business Type*

Business type principal obligations for existing long-term bonded debt were reduced in accordance with existing debt service schedules. For the details regarding components of long-term liabilities including debt service schedules, please refer to Note 6.

## **EFFECT OF PENSION ACTIVITY ON NET POSITION**

The City contracts with the California Public Employees Retirement System (CalPERS) to provide retirement benefits for all full-time employees and qualified part time employees. City plans cover qualified miscellaneous and safety employees as further described in Note 9.

The implementation of GASB 68 in fiscal year 2014-15 fundamentally changed the presentation of financial statements. Public agencies are required to recognize net pension liabilities (NPL), which are equal to the gross pension liability less fiduciary assets. Further, public agencies rely on CalPERS to provide valuations of these pension-related fiduciary assets and liabilities. Due to the timing of CalPERS reports, the measurement date for the City's retirement reporting lags by one year.

CalPERS makes actuarial assumptions and projections regarding the population of employees such as salary progression, expected date of retirement, mortality, turnover and, most importantly, the rate of return on investments. With this information, CalPERS actuaries determine the accrued pension liability. CalPERS also determines the value of its fiduciary net position (cash and investments). Ideally, the difference between the accrued pension liability and fiduciary net position would be zero. However, in recent years, CalPERS actual results have deviated significantly from assumptions and investment return projections. The economic effects of the COVID-19 pandemic will be reflected in the actuarial report June 30, 2020.

It is fundamental to keep in mind that pension results presented in any year's CAFR, is based on a measurement date as June 30, prior year. Therefore, measurement date for this year's CAFR is June 30, 2019.

Differences between CalPERS assumed results and actual results are factored into the City's NPL, which caused it to rise to a reported \$81,307,857 as of June 30, 2020 (using the latest available measurement date as of June 30, 2019). To compare, the City's CalPERS NPL as of June 30, 2019 (using a measurement date as of June 30, 2018) was \$74,851,126 - a difference of \$6,456,731.

The City's pension expense was \$16.03 million in FY 2019-20 (based on the measurement date of June 30, 2019) due to recognized (Fiscal 2019 measurement) City Contributions (normal and amortization)

of \$7.73 million, plus net credit changes in net deferrals of \$1.844 million and increase to NPL of \$6,456,731. However, net deferrals (deferred outflows exceed deferred inflows by \$4,775,015) will be expensed in future years. The City's contribution (deferred) to CalPERS in FY 2019-20 was \$9.06 million, compared to \$7.73 million in FY 2018-19. Contributions in FY 2020-21 are budgeted at \$10.1 million. Under current circumstances, City contributions will continue to rise based on both normal service costs and amortization of the unfunded liability.

The City intends to issue pension obligation bonds (POB) in the spring 2021, which would virtually eliminate unfunded liability by substituting bonded debt with an interest rate of 3-3.5% lower than CalPERS discount rate. Notwithstanding the issuance of POB's, managing future NPL changes and meeting retirement obligations remain some of the City's biggest challenges. Over 95% of retirement costs are attributable to the City's Governmental Funds, and growing pension costs certainly have the potential to crowd out other funding needs.

Note 9 provides a breakdown by group (Miscellaneous and Public Safety) and other relevant information. Of particular importance is the sensitivity analysis table indicating outcomes of changes to CalPERS assumed discount rate. For the measurement year ending June 30, 2019, the discount used for measurement purposes was 7.15%. As indicated in the sensitivity analysis table, any reduction in the discount rate leads to an increased net pension liability as well as greater current service costs. The City recognizes these rising costs and is working on mitigating impacts to City services.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In June 2020, the City Council adopted the budget for FY 2020-21. The original budget estimates General Fund revenues at \$73,506,730 (compare 2019-20 at \$76,263,166) and expenditures of \$73,124,188 (compare 2019-20 at 75,024,437), resulting in a modest anticipated surplus of \$382,542 in FY 2020-21. The effect of the pandemic is to suppress overall General Fund economic activity, from both a revenue and expenditure view. Because of the small difference between these two large numbers, a small percentage in actual versus budget, will affect the surplus.

With the exception of property taxes, the City's major General Fund revenue sources have been affected by the pandemic. Property tax (which outperformed budget in fiscal 2019-20, and is the single biggest General Fund revenue source, is expected to increase in FY 2020-21 by 3.3% over FY 2019-20 actual. Sales tax, hard hit by the pandemic is projected to decline by 3% from fiscal 2019-20 actual, which in turn declined by 10% compared to fiscal 2018-19 actual. Current services budget is \$750,000 under 2019-20 actual and through December.

General Fund budgeted expenditures are lower by \$1,900,000 compared to fiscal 2019-20 budget primarily in the area of materials and services. Salaries (\$34,100,000) were level with fiscal 2019-20, while employee benefits (18,976,000) increased by \$814,000 primarily due to increased pension contributions. Materials and services (\$19,159,000) are lower by \$2,958,000.

The City continues its focus on capital improvements. Expenditures of \$149.1 million (including carryover projects) are planned over the next five years for utility, street and facility projects. \$88.9 million of that amount is for water, wastewater, and stormwater projects exclusive of mandated improvement projects under the federal National Pollution Discharge Elimination System (NPDES). Approximately \$27.4 million has been budgeted for street and roadway needs, \$12.0 million for general facilities (including parking facilities), and \$16.7 million for the Sepulveda Bridge project. These projects will ensure continued functionality of vital systems, traffic flow and community facilities.



## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the financial position of the City of Manhattan Beach for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 1400 Highland Avenue, Manhattan Beach, California, 90266.

CITY OF MANHATTAN BEACH  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 76,718,483	\$ 66,475,232	\$ 143,193,715
Receivables:			
Accounts	1,192,000	1,761,035	2,953,035
Taxes	2,334,357	-	2,334,357
Accrued interest	695,674	-	695,674
Prepaid costs	78,140	-	78,140
Due from other governments	2,102,849	-	2,102,849
Due from OPEB Trust Fund	309,945	-	309,945
Inventories	78,980	208,361	287,341
Restricted assets:			
Cash and investments	1,365,844	-	1,365,844
Cash with fiscal agent	209,956	148,081	358,037
<b>Total Current Assets</b>	<b>85,086,228</b>	<b>68,592,709</b>	<b>153,678,937</b>
Notes and loans	45,074	-	45,074
Capital assets not being depreciated	46,698,240	9,407,590	56,105,830
Capital assets, net of depreciation	78,980,926	46,895,597	125,876,523
<b>Total Noncurrent Assets</b>	<b>125,724,240</b>	<b>56,303,187</b>	<b>182,027,427</b>
<b>Total Assets</b>	<b>210,810,468</b>	<b>124,895,896</b>	<b>335,706,364</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	370,166	-	370,166
Deferred pension related items	18,297,907	384,541	18,682,448
Deferred OPEB related items	10,108,185	510,824	10,619,009
<b>Total Deferred Outflows of Resources</b>	<b>28,776,258</b>	<b>895,365</b>	<b>29,671,623</b>
<b>Liabilities:</b>			
Accounts payable	3,092,561	4,349,542	7,442,103
Accrued liabilities	381,667	1,048,041	1,429,708
Accrued payroll	607,299	-	607,299
Payroll liabilities	1,007,553	-	1,007,553
Accrued interest	209,956	148,081	358,037
Unearned revenue	148,359	-	148,359
Deposits payable	2,011,353	321,044	2,332,397
Long-term liabilities due within one year:			
Long term debt	840,000	680,000	1,520,000
Accrued employee benefits	596,838	13,418	610,256
Accrued workers comp/liability claims and judgments	10,888,518	-	10,888,518
<b>Total Current Liabilities</b>	<b>19,784,104</b>	<b>6,560,126</b>	<b>26,344,230</b>
Noncurrent liabilities:			
Long term liabilities due in more than one year			
Long term debt	12,003,516	8,048,487	20,052,003
Accrued employee benefits	3,697,964	83,138	3,781,102
Accrued workers comp/liability claims and judgments	6,732,808	-	6,732,808
Net pension liability - PERS	79,349,800	1,958,058	81,307,858
Total pension liability - City Plans	388,900	-	388,900
Net pension liability - OPEB	7,136,407	325,502	7,461,909
<b>Total Noncurrent Liabilities</b>	<b>109,309,395</b>	<b>10,415,185</b>	<b>119,724,580</b>
<b>Total Liabilities</b>	<b>129,093,499</b>	<b>16,975,311</b>	<b>146,068,810</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	4,454,653	70,162	4,524,815
Deferred OPEB related items	203,821	10,301	214,122
<b>Total Deferred Inflows of Resources</b>	<b>4,658,474</b>	<b>80,463</b>	<b>4,738,937</b>
<b>Net Position:</b>			
Net investment in capital assets	113,205,816	47,574,700	160,780,516
Restricted for:			
Public safety	696,359	-	696,359
Recreation	87,389	-	87,389
Public works	11,082,956	-	11,082,956
Capital projects	8,537,593	-	8,537,593
Pension benefits	1,365,844	-	1,365,844
Business improvement districts	-	508,505	508,505
Unrestricted	(29,141,204)	60,652,282	31,511,078
<b>Total Net Position</b>	<b>\$ 105,834,753</b>	<b>\$ 108,735,487</b>	<b>\$ 214,570,240</b>

CITY OF MANHATTAN BEACH

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 17,765,606	\$ 5,638,942	\$ 1,062,235	\$ -
Public safety	49,316,528	3,418,760	265,367	836,654
Culture and recreation	8,580,759	3,164,582	698,362	-
Public works	18,749,101	4,752,704	774,755	21,845,764
Interest on long-term debt	415,642	-	-	-
<b>Total Governmental Activities</b>	<b>94,827,636</b>	<b>16,974,988</b>	<b>2,800,719</b>	<b>22,682,418</b>
Business-Type Activities:				
Water	11,996,331	15,348,975	-	-
Stormwater	1,122,871	343,406	-	-
Wastewater	1,780,379	3,599,946	-	-
Refuse	4,241,681	4,474,113	9,759	-
Parking	2,324,625	2,945,879	7,561	-
County Parking Lot	604,986	852,090	-	-
State Pier and Parking Lot	541,718	528,858	5,770	-
<b>Total Business-Type Activities</b>	<b>22,612,591</b>	<b>28,093,267</b>	<b>23,090</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 117,440,227</b>	<b>\$ 45,068,255</b>	<b>\$ 2,823,809</b>	<b>\$ 22,682,418</b>

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Real estate transfer taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

**Transfers**

**Total General Revenues and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

**Net Position at End of Year**

<b>Net (Expenses) Revenues and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>

\$ (11,064,429)	\$ -	\$ (11,064,429)
(44,795,747)	-	(44,795,747)
(4,717,815)	-	(4,717,815)
8,624,122	-	8,624,122
(415,642)	-	(415,642)
<b>(52,369,511)</b>	<b>-</b>	<b>(52,369,511)</b>
-	3,352,644	3,352,644
-	(779,465)	(779,465)
-	1,819,567	1,819,567
-	242,191	242,191
-	628,815	628,815
-	247,104	247,104
-	(7,090)	(7,090)
-	<b>5,503,766</b>	<b>5,503,766</b>
<b>(52,369,511)</b>	<b>5,503,766</b>	<b>(46,865,745)</b>
34,002,017	-	34,002,017
4,203,026	-	4,203,026
8,817,192	-	8,817,192
1,167,345	-	1,167,345
3,652,228	-	3,652,228
1,102,815	-	1,102,815
28,431	-	28,431
5,499,131	2,554,232	8,053,363
42,997	76,430	119,427
(34,521)	34,521	-
<b>58,480,661</b>	<b>2,665,183</b>	<b>61,145,844</b>
6,111,150	8,168,949	14,280,099
99,723,603	100,683,160	200,406,763
-	(116,622)	(116,622)
<b>\$ 105,834,753</b>	<b>\$ 108,735,487</b>	<b>\$ 214,570,240</b>

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**FUND FINANCIAL STATEMENTS**

CITY OF MANHATTAN BEACH

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>General</b>	<b>Capital Projects Fund Underground Assessment District</b>
<b>Assets:</b>		
Pooled cash and investments	\$ 26,563,191	\$ 11,010,629
Receivables:		
Accounts	1,130,113	11,048
Taxes	2,307,664	-
Notes and loans	-	-
Accrued interest	695,674	-
Prepaid costs	50,207	-
Due from other governments	384,546	-
Due from OPEB Trust Fund	309,945	-
Inventories	22,915	-
Restricted assets:		
Cash and investments	1,365,844	-
Cash and investments with fiscal agents	86,200	-
<b>Total Assets</b>	<b>\$ 32,916,299</b>	<b>\$ 11,021,677</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 1,906,444	\$ 39,600
Accrued payables	94,268	7,110
Accrued payroll	607,299	-
Payroll liabilities	1,007,553	-
Interest payable	86,200	-
Unearned revenues	46,420	-
Deposits payable	2,009,612	1,741
<b>Total Liabilities</b>	<b>5,757,796</b>	<b>48,451</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenues	472,418	-
<b>Total Deferred Inflows of Resources</b>	<b>472,418</b>	<b>-</b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Inventory	22,915	-
Prepaid costs	50,207	-
<b>Restricted for:</b>		
Public safety	-	-
Recreation	-	-
Public works	-	10,973,226
Capital projects	-	-
Pension benefits	1,365,844	-
<b>Committed to:</b>		
Capital projects	-	-
<b>Assigned to:</b>		
Assigned to City retirement plans	130,114	-
<b>Unassigned</b>	25,117,005	-
<b>Total Fund Balances</b>	<b>26,686,085</b>	<b>10,973,226</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 32,916,299</b>	<b>\$ 11,021,677</b>

CITY OF MANHATTAN BEACH

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>		
Pooled cash and investments	\$ 16,869,980	\$ 54,443,800
Receivables:		
Accounts	50,829	1,191,990
Taxes	26,693	2,334,357
Notes and loans	45,074	45,074
Accrued interest	-	695,674
Prepaid costs	3,390	53,597
Due from other governments	1,718,303	2,102,849
Due from OPEB Trust Fund	-	309,945
Inventories	-	22,915
Restricted assets:		
Cash and investments	-	1,365,844
Cash and investments with fiscal agents	123,756	209,956
<b>Total Assets</b>	<b>\$ 18,838,025</b>	<b>\$ 62,776,001</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 840,764	\$ 2,786,808
Accrued payables	211,319	312,697
Accrued payroll	-	607,299
Payroll liabilities	-	1,007,553
Interest payable	123,756	209,956
Unearned revenues	101,939	148,359
Deposits payable	-	2,011,353
<b>Total Liabilities</b>	<b>1,277,778</b>	<b>7,084,025</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenues	1,699,158	2,171,576
<b>Total Deferred Inflows of Resources</b>	<b>1,699,158</b>	<b>2,171,576</b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Inventory	-	22,915
Prepaid costs	-	50,207
<b>Restricted for:</b>		
Public safety	696,359	696,359
Recreation	87,389	87,389
Public works	109,730	11,082,956
Capital projects	8,537,593	8,537,593
Pension benefits	-	1,365,844
<b>Committed to:</b>		
Capital projects	6,430,018	6,430,018
<b>Assigned to:</b>		
Assigned to City retirement plans	-	130,114
<b>Unassigned</b>	-	25,117,005
<b>Total Fund Balances</b>	<b>15,861,089</b>	<b>53,520,400</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 18,838,025</b>	<b>\$ 62,776,001</b>



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CITY OF MANHATTAN BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

Fund balances of governmental funds		\$ 53,520,400
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources		
Capital assets	\$ 179,657,746	
Accumulated depreciation	<u>(58,587,053)</u>	121,070,693
Deferred outflows of resources reported for OPEB for government-wide statements are amortized:		
Change of assumptions		9,488,942
For bond refundings, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred charge on refunding in the Statement of Net Position.		
		370,166
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2017, and pension contributions subsequent to the measurement date are reclassified as deferred outflows of resources.		
		8,501,257
Deferred outflows of resources reported for the pension plan for government-wide statements are amortized:		
Differences between expected and actual experiences	4,774,179	
Changes in assumptions	2,762,553	
Adjustment due to difference in proportions	<u>1,763,100</u>	9,299,832
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
COPS payable	(12,205,000)	
Compensated Absences	(4,294,802)	
Unamortized bond premiums/discounts	<u>(638,516)</u>	(17,138,318)
Governmental funds report all OPEB contributions as expenditures, however, in the statement of net position, the excess of the OPEB plan liability over the OPEB actuarial liability is reported as a net OPEB liability.		
		(6,694,787)
Deferred inflows of resources reported for OPEB for government-wide statements are amortized:		
Differences between expected and actual experiences	(153,476)	
Net difference between projected and actual earnings	<u>(37,855)</u>	(191,331)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.		
		(77,202,703)
Deferred inflows of resources reported for the pension plan for government-wide statements are amortized:		
Changes in assumptions	(664,168)	
Differences between expected and actual experiences	(165,724)	
Net difference between projected and actual earnings on pension plan investmentsx	(1,109,374)	
Adjustment due to difference in proportions	(57,778)	
Difference in proportionate share	<u>(2,379,506)</u>	(4,376,550)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		
		2,171,576
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		
		<u>7,015,576</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 105,834,753</u></b>

CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	General	Capital Projects Fund Underground Assessment District
<b>Revenues:</b>		
Taxes and assessments	\$ 52,044,383	\$ -
Licenses and permits	2,572,460	-
Intergovernmental	455,990	-
Charges for services	10,672,990	-
Use of money and property	4,875,067	76,369
Fines and forfeitures	1,925,543	-
Developer participation	-	18,496,956
Miscellaneous Revenues	879,335	-
<b>Total Revenues</b>	<b>73,425,768</b>	<b>18,573,325</b>
<b>Expenditures:</b>		
Current:		
General government	14,299,084	-
Public safety	43,491,601	-
Culture and recreation	6,914,199	-
Public works	7,644,229	7,600,099
Capital outlay:		
General government	171,736	-
Public safety	127,605	-
Culture and recreation	9,455	-
Public works	-	-
Debt service:		
Principal retirement	305,000	-
Interest and fiscal charges	176,975	-
Trustee Fees	1,600	-
<b>Total Expenditures</b>	<b>73,141,484</b>	<b>7,600,099</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	284,284	10,973,226
<b>Other Financing Sources (Uses):</b>		
Transfers in	291,250	-
Transfers out	(494,783)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(203,533)</b>	<b>-</b>
Net Change in Fund Balances	80,751	10,973,226
<b>Fund Balances:</b>		
Beginning of Year, as originally reported	26,454,596	-
Restatements	150,738	-
Beginning of Year, as restated	26,605,334	-
<b>End of Year</b>	<b>\$ 26,686,085</b>	<b>\$ 10,973,226</b>

CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>		
Taxes and assessments	\$ 3,470,997	\$ 55,515,380
Licenses and permits	14,536	2,586,996
Intergovernmental	3,692,417	4,148,407
Charges for services	537,114	11,210,104
Use of money and property	295,072	5,246,508
Fines and forfeitures	72,260	1,997,803
Developer participation	-	18,496,956
Miscellaneous Revenues	61,925	941,260
<b>Total Revenues</b>	<b>8,144,321</b>	<b>100,143,414</b>
<b>Expenditures:</b>		
Current:		
General government	5,036	14,304,120
Public safety	247,997	43,739,598
Culture and recreation	913,505	7,827,704
Public works	1,587,385	16,831,713
Capital outlay:		
General government	326,573	498,309
Public safety	256,084	383,689
Culture and recreation	48,430	57,885
Public works	2,897,553	2,897,553
Debt service:		
Principal retirement	515,000	820,000
Interest and fiscal charges	255,238	432,213
Trustee Fees	1,800	3,400
<b>Total Expenditures</b>	<b>7,054,601</b>	<b>87,796,184</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,089,720	12,347,230
<b>Other Financing Sources (Uses):</b>		
Transfers in	169,012	460,262
Transfers out	-	(494,783)
<b>Total Other Financing Sources (Uses)</b>	<b>169,012</b>	<b>(34,521)</b>
Net Change in Fund Balances	1,258,732	12,312,709
<b>Fund Balances:</b>		
Beginning of Year, as originally reported	14,602,357	41,056,953
Restatements	-	150,738
Beginning of Year, as restated	14,602,357	41,207,691
<b>End of Year</b>	<b>\$ 15,861,089</b>	<b>\$ 53,520,400</b>

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**CITY OF MANHATTAN BEACH**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

Net change in fund balances - total governmental funds \$ 12,312,709

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

Governmental funds report capital outlays as expenditures. However, in the statement as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Cost of assets capitalized	\$ 4,637,919	
Depreciation expense	<u>(3,140,524)</u>	1,497,395

The issuance of long-term debt (e.g. bonds, leases) provides current resources to governmental funds, while the repayment of long term debt principal consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities

Repayment of bond principal:		
Police & Fire Facility 2013 Refunding Certificates of Participation	515,000	
Marine Avenue Park 2016 Refunding Certificates of Participation	305,000	
Amortization of bond premiums - Police Fire Facility bonds refunding	26,361	
Amortization of bond premiums - Marine Avenue Park 2016 refunding	25,798	
Amortization of deferred charges on refunding	<u>(32,188)</u>	839,971

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,369,817)

Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (6,480,204)

OPEB 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. (938,939)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. (96,008)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 346,043

**Change in Net Position of Governmental Activities \$ 6,111,150**

## CITY OF MANHATTAN BEACH

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
<b>Assets:</b>			
Current:			
Cash and investments	\$ 45,763,066	\$ 14,098,777	\$ 1,632,684
Receivables:			
Accounts	902,652	239,740	7,438
Prepaid costs	-	-	-
Inventories	208,361	-	-
Restricted:			
Cash with fiscal agent	16,508	8,142	123,431
Total Current Assets	<u>46,890,587</u>	<u>14,346,659</u>	<u>1,763,553</u>
Noncurrent:			
Capital assets - net of accumulated depreciation	24,383,613	9,251,135	18,727,437
Total Noncurrent Assets	<u>24,383,613</u>	<u>9,251,135</u>	<u>18,727,437</u>
<b>Total Assets</b>	<b><u>71,274,200</u></b>	<b><u>23,597,794</u></b>	<b><u>20,490,990</u></b>
<b>Deferred Outflows of Resources:</b>			
Deferred pension related items	221,252	74,285	22,387
Deferred OPEB related items	280,950	124,491	27,186
<b>Total Deferred Outflows of Resources</b>	<b><u>502,202</u></b>	<b><u>198,776</u></b>	<b><u>49,573</u></b>
<b>Liabilities:</b>			
Current:			
Accounts payable	3,084,061	53,840	137,709
Accrued payables	3,910	-	144,091
Accrued interest	16,508	8,142	123,431
Deposits payable	1,360	-	410
Accrued compensated absences	13,418	-	-
Workers' compensation claims	-	-	-
Accrued claims and judgments	-	-	-
Bonds, notes, and capital leases	140,752	69,248	470,000
<b>Total Current Liabilities</b>	<b><u>3,260,009</u></b>	<b><u>131,230</u></b>	<b><u>875,641</u></b>
Noncurrent:			
Net pension liability	1,117,548	376,040	111,351
Net OPEB liability	173,405	99,999	9,869
Accrued compensated absences	83,138	-	-
Workers' compensation claims	-	-	-
Accrued claims and judgments	-	-	-
Bonds, notes, and capital leases	854,241	420,265	6,773,981
<b>Total Noncurrent Liabilities</b>	<b><u>2,228,332</u></b>	<b><u>896,304</u></b>	<b><u>6,895,201</u></b>
<b>Total Liabilities</b>	<b><u>5,488,341</u></b>	<b><u>1,027,534</u></b>	<b><u>7,770,842</u></b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	40,869	12,118	2,999
Deferred OPEB related items	5,665	2,511	547
<b>Total Deferred Inflows of Resources</b>	<b><u>46,534</u></b>	<b><u>14,629</u></b>	<b><u>3,546</u></b>
<b>Net Position:</b>			
Net investment in capital assets	23,388,620	8,761,622	11,483,456
Restricted for business improvement district	-	-	508,505
Unrestricted	42,852,907	13,992,785	774,214
<b>Total Net Position</b>	<b><u>\$ 66,241,527</u></b>	<b><u>\$ 22,754,407</u></b>	<b><u>\$ 12,766,175</u></b>

CITY OF MANHATTAN BEACH

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Services Funds
	Other Enterprise Funds	Totals	
<b>Assets:</b>			
Current:			
Cash and investments	\$ 4,980,705	\$ 66,475,232	\$ 22,274,683
Receivables:			
Accounts	611,205	1,761,035	10
Prepaid costs	-	-	24,543
Inventories	-	208,361	56,065
Restricted:			
Cash with fiscal agent	-	148,081	-
Total Current Assets	<u>5,591,910</u>	<u>68,592,709</u>	<u>22,355,301</u>
Noncurrent:			
Capital assets - net of accumulated depreciation	3,941,002	56,303,187	4,608,473
Total Noncurrent Assets	<u>3,941,002</u>	<u>56,303,187</u>	<u>4,608,473</u>
<b>Total Assets</b>	<b><u>9,532,912</u></b>	<b><u>124,895,896</u></b>	<b><u>26,963,774</u></b>
<b>Deferred Outflows of Resources:</b>			
Deferred pension related items	66,617	384,541	496,818
Deferred OPEB related items	78,197	510,824	619,243
<b>Total Deferred Outflows of Resources</b>	<b><u>144,814</u></b>	<b><u>895,365</u></b>	<b><u>1,116,061</u></b>
<b>Liabilities:</b>			
Current:			
Accounts payable	1,073,932	4,349,542	305,753
Accrued payables	900,040	1,048,041	68,970
Accrued interest	-	148,081	-
Deposits payable	319,274	321,044	-
Accrued compensated absences	-	13,418	-
Workers' compensation claims	-	-	8,813,546
Accrued claims and judgments	-	-	2,074,972
Bonds, notes, and capital leases	-	680,000	-
<b>Total Current Liabilities</b>	<b><u>2,293,246</u></b>	<b><u>6,560,126</u></b>	<b><u>11,263,241</u></b>
Noncurrent:			
Net pension liability	353,119	1,958,058	2,535,997
Net OPEB liability	42,229	325,502	441,620
Accrued compensated absences	-	83,138	-
Workers' compensation claims	-	-	6,091,527
Accrued claims and judgments	-	-	641,281
Bonds, notes, and capital leases	-	8,048,487	-
<b>Total Noncurrent Liabilities</b>	<b><u>395,348</u></b>	<b><u>10,415,185</u></b>	<b><u>9,710,425</u></b>
<b>Total Liabilities</b>	<b><u>2,688,594</u></b>	<b><u>16,975,311</u></b>	<b><u>20,973,666</u></b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	14,176	70,162	78,103
Deferred OPEB related items	1,578	10,301	12,490
<b>Total Deferred Inflows of Resources</b>	<b><u>15,754</u></b>	<b><u>80,463</u></b>	<b><u>90,593</u></b>
<b>Net Position:</b>			
Net investment in capital assets	3,941,002	47,574,700	4,608,473
Restricted for business improvement district	-	508,505	-
Unrestricted	3,032,376	60,652,282	2,407,103
<b>Total Net Position</b>	<b><u>\$ 6,973,378</u></b>	<b><u>\$ 108,735,487</u></b>	<b><u>\$ 7,015,576</u></b>



CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
<b>Operating Revenues:</b>			
Sales and service charges	\$ 15,228,975	\$ 3,591,678	\$ 2,930,075
Interdepartmental charges	-	-	-
Miscellaneous	123,002	8,268	23,365
<b>Total Operating Revenues</b>	<b><u>15,351,977</u></b>	<b><u>3,599,946</u></b>	<b><u>2,953,440</u></b>
<b>Operating Expenses:</b>			
Salaries	850,592	257,883	96,097
Employee benefits	518,244	213,524	97,447
Contract and professional services	7,307,637	70,562	623,387
Materials and services	733,661	383,273	497,469
Utilities	236,442	61,872	86,039
Administrative service charges	1,678,068	494,739	392,160
Internal services	-	-	41,909
Leases and rents	-	-	-
Claims expense	-	-	-
Depreciation expense	646,285	286,009	260,178
<b>Total Operating Expenses</b>	<b><u>11,970,929</u></b>	<b><u>1,767,862</u></b>	<b><u>2,094,686</u></b>
Operating Income (Loss)	<u>3,381,048</u>	<u>1,832,084</u>	<u>858,754</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	1,766,348	526,243	104,379
Interest expense	(25,402)	(12,517)	(229,939)
Grant revenue	-	-	-
Gain (loss) on disposal of capital assets	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>1,740,946</u></b>	<b><u>513,726</u></b>	<b><u>(125,560)</u></b>
Income (Loss) Before Contributions and Transfers	5,121,994	2,345,810	733,194
Capital Contributions	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Changes in Net Position	<u>5,121,994</u>	<u>2,345,810</u>	<u>733,194</u>
<b>Net Position:</b>			
Beginning of Fiscal Year, as originally reported	61,119,533	20,408,597	12,032,981
Restatements	-	-	-
Beginning of Fiscal Year, as restated	<u>61,119,533</u>	<u>20,408,597</u>	<u>12,032,981</u>
<b>End of Fiscal Year</b>	<b><u>\$ 66,241,527</u></b>	<b><u>\$ 22,754,407</u></b>	<b><u>\$ 12,766,175</u></b>

CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
<b>Operating Revenues:</b>			
Sales and service charges	\$ 6,194,850	\$ 27,945,578	\$ -
Interdepartmental charges	-	-	13,689,890
Miscellaneous	85,817	240,452	134,559
<b>Total Operating Revenues</b>	<b>6,280,667</b>	<b>28,186,030</b>	<b>13,824,449</b>
<b>Operating Expenses:</b>			
Salaries	209,362	1,413,934	1,923,748
Employee benefits	113,357	942,572	1,097,024
Contract and professional services	4,483,859	12,485,445	1,385,029
Materials and services	541,527	2,155,930	2,466,455
Utilities	68,739	453,092	106,357
Administrative service charges	477,756	3,042,723	-
Internal services	-	41,909	-
Leases and rents	468,649	468,649	-
Claims expense	-	-	5,649,121
Depreciation expense	148,007	1,340,479	930,515
<b>Total Operating Expenses</b>	<b>6,511,256</b>	<b>22,344,733</b>	<b>13,558,249</b>
Operating Income (Loss)	(230,589)	5,841,297	266,200
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	154,260	2,551,230	-
Interest expense	-	(267,858)	-
Grant revenue	9,759	9,759	-
Gain (loss) on disposal of capital assets	-	-	(45,575)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>164,019</b>	<b>2,293,131</b>	<b>(45,575)</b>
Income (Loss) Before Contributions and Transfers	(66,570)	8,134,428	220,625
Capital Contributions	-	-	125,418
Transfers in	325,771	325,771	-
Transfers out	(291,250)	(291,250)	-
Changes in Net Position	(32,049)	8,168,949	346,043
<b>Net Position:</b>			
Beginning of Fiscal Year, as originally reported	7,122,049	100,683,160	6,669,533
Restatements	(116,622)	(116,622)	-
Beginning of Fiscal Year, as restated	7,005,427	100,566,538	6,669,533
<b>End of Fiscal Year</b>	<b>\$ 6,973,378</b>	<b>\$ 108,735,487</b>	<b>\$ 7,015,576</b>

## CITY OF MANHATTAN BEACH

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 15,339,568	\$ 3,602,525	\$ 2,952,060
Cash received from interfund service provided	-	-	-
Cash paid to suppliers for goods and services	(7,523,610)	(1,054,823)	(1,604,798)
Cash paid to employees for services	(1,236,642)	(613,668)	(36,086)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>6,579,316</u></b>	<b><u>1,934,034</u></b>	<b><u>1,311,176</u></b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers out	-	-	-
Cash transfers in	-	-	-
Grant subsidy	-	-	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(2,862,596)	(141,086)	(1,400,325)
Principal paid on capital debt	(127,712)	(62,832)	(436,176)
Interest paid on capital debt	(46,838)	(23,065)	(284,486)
Cash from sale of property	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b><u>(3,037,146)</u></b>	<b><u>(226,983)</u></b>	<b><u>(2,120,987)</u></b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	1,766,348	526,243	104,379
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>1,766,348</u></b>	<b><u>526,243</u></b>	<b><u>104,379</u></b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b><u>5,308,518</u></b>	<b><u>2,233,294</u></b>	<b><u>(705,432)</u></b>
Cash and Cash Equivalents at Beginning of Year	40,471,056	11,873,625	2,461,547
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 45,779,574</u></b>	<b><u>\$ 14,106,919</u></b>	<b><u>\$ 1,756,115</u></b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 3,381,048	\$ 1,832,084	\$ 858,754
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Net position restatement for Net OPEB Asset	-	-	-
Depreciation	646,285	286,009	260,178
(Increase) decrease in accounts receivable	(12,409)	2,579	(1,380)
(Increase) decrease in prepaid expense	999	-	-
(Increase) decrease in inventory	52,735	-	-
Increase (decrease) in accounts payable	2,378,464	(44,377)	36,166
Increase (decrease) in accrued payables	2,227	(202,430)	142,591
Increase (decrease) in deposits payable	-	-	-
Increase (decrease) in net pension liability	109,564	46,132	14,416
Increase (decrease) in net OPEB liability	302,394	134,015	29,209
Increase (decrease) in deferred pension related items	(13,484)	1,716	(2,235)
Increase (decrease) in deferred OPEB related items	(274,593)	(121,694)	(26,523)
Increase (decrease) in workers' compensation claims	-	-	-
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	6,086	-	-
<b>Total Adjustments</b>	<b><u>3,198,268</u></b>	<b><u>101,950</u></b>	<b><u>452,422</u></b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ 6,579,316</u></b>	<b><u>\$ 1,934,034</u></b>	<b><u>\$ 1,311,176</u></b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Bond premium amortization	\$ 9,689	\$ 4,767	\$ 23,824
Capital Contributions	-	-	-

## CITY OF MANHATTAN BEACH

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 5,522,267	\$ 27,416,420	\$ 136,437
Cash received from interfund service provided	-	-	13,689,890
Cash paid to suppliers for goods and services	(5,210,692)	(15,393,923)	(9,181,397)
Cash paid to employees for services	(407,089)	(2,293,485)	(2,602,406)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(95,514)</b>	<b>9,729,012</b>	<b>2,042,524</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers out	(291,250)	(291,250)	-
Cash transfers in	325,771	325,771	-
Grant subsidy	9,759	9,759	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>44,280</b>	<b>44,280</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	-	(4,404,007)	(338,840)
Principal paid on capital debt	-	(626,720)	-
Interest paid on capital debt	-	(354,389)	-
Cash from sale of property	-	-	26,327
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(5,385,116)</b>	<b>(312,513)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	154,260	2,551,230	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>154,260</b>	<b>2,551,230</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>103,026</b>	<b>6,939,406</b>	<b>1,730,011</b>
Cash and Cash Equivalents at Beginning of Year	4,877,679	59,683,907	20,544,672
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 4,980,705</b>	<b>\$ 66,623,313</b>	<b>\$ 22,274,683</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (230,589)	\$ 5,841,297	\$ 266,200
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Net position restatement for Net OPEB Asset	(116,622)	(116,622)	-
Depreciation	148,007	1,340,479	930,515
(Increase) decrease in accounts receivable	(289,911)	(301,121)	1,878
(Increase) decrease in prepaid expense	-	999	(19,199)
(Increase) decrease in inventory	-	52,735	14,850
Increase (decrease) in accounts payable	(65,240)	2,305,013	4,910
Increase (decrease) in accrued payables	895,078	837,466	61,120
Increase (decrease) in deposits payable	(468,489)	(468,489)	-
Increase (decrease) in net pension liability	28,833	198,945	308,509
Increase (decrease) in net OPEB liability	84,190	549,808	666,640
Increase (decrease) in deferred pension related items	(4,322)	(18,325)	(12,552)
Increase (decrease) in deferred OPEB related items	(76,449)	(499,259)	(605,351)
Increase (decrease) in workers' compensation claims	-	-	(286,990)
Increase (decrease) in claims and judgments	-	-	711,994
Increase (decrease) in compensated absences	-	6,086	-
<b>Total Adjustments</b>	<b>135,075</b>	<b>3,887,715</b>	<b>1,776,324</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (95,514)</b>	<b>\$ 9,729,012</b>	<b>\$ 2,042,524</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Bond premium amortization	\$ -	\$ 38,280	\$ -
Capital Contributions	-	-	125,418

CITY OF MANHATTAN BEACH

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2020

	<u>Agency Funds</u>	<u>Pension Trust Fund</u>
<b>Assets:</b>		
Pooled cash and investments	\$ 2,842,851	\$ -
Receivables:		
Accounts	4,858	-
Restricted assets:		
Cash and investments with fiscal agents	1,359,531	-
<b>Total Assets</b>	<b><u>\$ 4,207,240</u></b>	<b><u>-</u></b>
<b>Liabilities:</b>		
Accounts payable	\$ 1,763	-
Art development fees	2,099,582	-
Deposits payable	33,046	-
Due to bond holders	2,072,849	-
<b>Total Liabilities</b>	<b><u>\$ 4,207,240</u></b>	<b><u>-</u></b>
<b>Net Position:</b>		
Restricted for pensions		-
<b>Total Net Position</b>		<b><u>\$ -</u></b>

CITY OF MANHATTAN BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2020

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	<b>Pension Trust Fund</b>
Net Position - Beginning of the Year	\$ 150,738
Restatements	<u>(150,738)</u>
<b>Net Position - End of the Year</b>	<b><u><u>\$ -</u></u></b>

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**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Description of the Reporting Entity**

The City of Manhattan Beach, California (the City), was incorporated on December 12, 1912, under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Manhattan Beach (the primary government) and its component unit, the Manhattan Beach Capital Improvements Corporation. The component unit is included in the reporting entity because of the significance of its operational or financial relationships with the City of Manhattan Beach. It is governed by the City Council of the City of Manhattan Beach and its activities exclusively benefit the City, therefore it is presented as a blended component unit. Separate financial statements are not prepared for the Manhattan Beach Capital Improvements Corporation.

Blended Component Unit

Manhattan Beach Capital Improvements Corporation - The Manhattan Beach Capital Improvements Corporation (the Corporation) is a nonprofit public benefits corporation, organized under the laws of the State of California in September 1996, pursuant to the Nonprofit Public Benefit Corporation Laws (Title I, Division 2, Part 2, Section 5110). The sole purpose of the Corporation is to issue debt for capital improvements. Certificates of participation are debt issued by the Corporation providing the holder an interest, i.e. the right to participate in the lease payments paid by the City to the Corporation. In September of 1996, this entity issued \$4,615,000 of debt in the form of Certificates of Participation (the "1996 Certificates") to fund specific projects related to the City's water and wastewater infrastructure. This debt is accounted for in the proprietary fund types within the Water and Wastewater Funds. In April of 2002, this entity issued \$9,535,000 of debt to pay the cost of refinancing existing ground lease commitments with the Beach Cities' Health District for the newly constructed Marine Avenue Sports Fields. This debt was structured as a variable rate demand Certificate of Participation. In January 2003, this entity issued \$13,350,000 of fixed rate Certificates of Participation (the "2003 Certificates") for the construction of a two-level downtown subterranean parking structure and outdoor plaza. This endeavor is commonly known as the Metlox Public Improvement project. The parking lot portion of the project was completed in January 2004, and the public plaza portion of the project was completed in November 2005. In November 2004, this entity issued fixed rate Certificates of Participation (the "2004 Certificates") in the amount of \$12,980,000 to contribute toward the full funding of the construction of a new Police and Fire facility and adjoining City Hall plaza. This major project was completed in December 2007. Capital construction costs for the project were \$38,404,048. In July 2012, the entity issued \$12,975,000 of Certificates of Participation, Series 2012 (the "2012 Certificates"), to refund the outstanding balance of the 1996 Certificates of Participation and the outstanding balance of the 2003 Certificates of Participation. In February 2013, the entity issued \$10,510,000 of Certificates of Participation, Series 2013 (the "2013 Certificates"), to refund the outstanding balance of the 2004 Certificates of Participation. In November 2017, the entity issued \$5,905,000 Certificates of Participation (Marine field Refunding) Series 2017 to refund the Variable Rate Demand Refunding Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002. There are no separately issued financial statements for this entity.



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

**b. Accounting and Reporting Policies**

The City adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which established accounting and financial reporting standards for financial statements of state and local governments.

**c. Description of Funds**

The accounts of the City are organized and operated on the basis of funds, each of which is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In accordance with the City's municipal code and budget, several different types of funds are used to record the City's financial transactions. For financial reporting purposes, such funds have been categorized and are presented as follows:

Governmental Fund Types

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Capital Projects Funds - to account for financial resources segregated for the acquisition or construction of major capital facilities, other than those financed by Enterprise or Internal Service Funds. In recent years, the Underground Assessment District Fund was added to this category.

Proprietary Fund Types

Enterprise Funds - to account for operations where it is the stated intent that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where determination of net income is deemed appropriate.

Internal Service Funds - to account for insurance reserve, information systems, building maintenance and operations and fleet management services provided to the departments of the City on a continuing basis, which are financed or recovered primarily by charges to the user departments.

Fiduciary Fund Types

Pension Trust Funds - to account for resources that are required to be held in trust for the members and beneficiaries of supplemental retirement plans, single highest year plans, and post retirement health plans for firefighters and for police.

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

Agency Funds:

- Special Assessment Redemption Fund - to account for special assessment collections for debt service for the underground assessment bonds that the City remits to the fiscal agent.
- Special Deposits Fund - to account for utility development deposits, art development fees and other miscellaneous items.

**d. Basis of Accounting/Measurement Funds**

Government-Wide Financial Statements

The City government-wide financial statements include a Statement of Net Position and Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Activities for the City. Interfund services provided and used are not eliminated in the process of consolidation. Fiduciary activities of the City are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred inflows and outflows of resources, and liabilities, including capital assets and infrastructure as well as long-term debt 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 the benefit is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Government-wide financial statements do not provide information by fund; they simply distinguish between governmental and business-type activities. The City’s Statement of Net Position includes current and noncurrent assets and liabilities, as well as deferred inflows and outflows of resources.

Financial Statement Classification

In the government-wide financial statements, net position is classified in the following categories:

*Net Investment in capital assets*

This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of capital assets reduce this category.

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

*Restricted Net Position*

This category presents restrictions imposed by creditors, grantors, contributions or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position*

This category represents the net position of the City, not restricted for any project or other purpose.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenue, Expenditures and Change in Fund Balances for all major governmental funds and aggregated nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the qualifications of GASB Statement No. 34.

All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the governmental fund balance sheet. Related operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used by all governmental funds as the basis for recognizing revenues. Under the modified accrual basis of accounting, revenues are susceptible to accrual and consequently recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be readily determined, and "available" means that the transaction amount is collectible within the current period or soon thereafter (generally 60 days after year-end) to be used to pay liabilities of the current period. Revenues considered susceptible to accrual include property taxes and sales taxes collected after year-end, earned and uncollected investment interest income, uncollected rents and leases and unbilled service receivables. Revenues from such items as license and permit fees, fines and forfeitures and general service charges are not susceptible to accrual because they are generally not measurable until received in cash.

The government reports unearned revenue on its balance sheet for grant monies received before the City has a legal claim to them, such as grant funds received prior to incurring qualified expenses. In subsequent periods, the unearned revenue is removed once revenue recognition criteria are met and the City has established legal claim to the resources.

Governmental fund expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when they are due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

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

Proprietary Funds Financial Statements

Proprietary funds financial statements include a Statement of Fund Net Position, Statement of Revenues, Expenses and Change in Fund Net Position, and Statement of Cash Flows. All proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. With this measurement focus, all assets, deferred outflows/inflows of resources and liabilities (current and long-term) resulting from the operations of these funds are included in the Statement of Net Position. Accordingly, the proprietary fund Statement of Net Position presents assets, deferred inflows/outflows of resources and liabilities classified into their respective current and long-term categories.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

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

There is no look-back adjustment on the statement of fund net position and the statement of revenues, expenses and changes in fund net position for the enterprise funds' participation in the internal services funds because these transactions are paid in cash, therefore there is no internal balance related to what can be considered a quasi-external transaction.

Fiduciary Funds

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Change in Fiduciary Net Position. The fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, are not available to support City programs. Since these assets are being held for the benefit of a third party, these funds are not incorporated into the government-wide statements. The agency funds have no measurement focus.

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

Major Funds

Governmental Accounting Standards Board Statement 34 (GASB 34) requires the City to report all major funds in the basic financial statements. In accordance with GASB 34, the following funds are classified as major governmental funds:

The General Fund is used to account for all unrestricted resources except those required to be accounted for in another fund. This fund accounts for general citywide operations.

Underground Assessment District Fund accounts for the resources to construct an underground utility in the future.

The following funds are classified as major proprietary funds:

Water Fund is used to account for the operation of the City's water utility system. Revenues are generated from user fees, which are adjusted periodically to meet the costs of administration, operation, maintenance and capital improvements to the system. In fiscal year 1997, the City completed a comprehensive utility fee study and issued certificates of participation for the purpose of upgrading the City's water and wastewater systems.

Wastewater Fund is used to account for the maintenance and improvements of the City's sewer system. Revenues are derived from a user charge placed on the water bills. In fiscal year 1997, the City completed a comprehensive utility fee study and issued certificates of participation for the purpose of upgrading the City's water and wastewater system.

Parking Fund is used to account for the general operations and maintenance of City parking lots and spaces. Revenues are generated from the use of these properties.

**e. Property Tax Calculator**

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means 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 of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 AM on the first day in January prior to the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, by December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year and are delinquent, if unpaid, on August 31.

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

**f. Cash and Investments**

*Cash and Cash Equivalents*

For purpose of the Statement of Cash Flows, the City considers cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds except for funds in its 125 medical flex plan; outstanding Water and Wastewater; Marine Avenue Sports Field; and Metlox, Police & Fire Facility bonded debt, which are held by outside trustees.

*Investments*

Investments are shown at fair value, in accordance with GASB Statement No. 31. Fair value is based upon quoted market prices.

For purposes of the Statement of Cash Flows, the proprietary fund types consider all cash and investments to be cash equivalents, as these funds participate in the citywide cash and investment pool.

**g. Restricted Cash and Investments**

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Additionally, the City established the PARS Post-Employment Benefits Trust as a tax-exempt trust within the meaning of Section 115 of the IRS Code and relevant statutory provisions of the State of California for the purpose of pre-funding pension obligation and/or OPEB obligation. The City's adoption and operation of the Trust has no effect on any of the current or former employee's entitlement to post-employment benefits. The balances and activities of the Trust are irrevocably dedicated to funding future post-employment benefit obligations. The assets will benefit the City through reduced future cash flow demands on the City's General fund resources and continue to be assets of the City. These amounts are reflected as restricted cash and investments in the General fund.

**h. Capital Assets**

Capital assets, which include land, machinery and equipment, buildings and improvements, intangibles, and infrastructure (roads, bridges, curbs and gutters, streets, walk-streets and sidewalks, parks and recreation improvements), are reported in the government-wide financial statements. Capital assets and infrastructure are defined by the City as assets with an initial, individual cost of more than \$5,000 and \$100,000 respectively (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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

Capital assets are reported net of accumulated depreciation on the Statement of Net Position. Depreciation is provided for on the straight-line method over the estimated useful lives of the assets as follows:

Asset	Years
Equipment	5 - 20
Vehicles	3 - 20
Buildings/Improvements	40 - 100
Water and Sewer Systems	30 - 50
Other Infrastructure	15 - 100

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for pension contributions made after the actuarial measurement date which will be recognized in the following year, for the net difference between projected and actual earnings on pension plan investments, the difference between expected and actual experience, the changes of assumptions, adjustments due to the difference in proportions, and the difference in proportionate share. The government also reports deferred outflows for deferred charges on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Financial Position and the Governmental Fund Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grant revenues. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available. In addition, the government has deferred inflows of resources relating to the net pension obligation reported in the government-wide statement of net position and the proprietary funds. These deferred inflows of resources are the result of changes in assumptions, differences between expected and actual experiences, adjustments due to the difference in proportions and difference in proportionate share.

**j. Net Pension Liability**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information

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

about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For the pension plan administered under the California Public Employee's Retirement System (CalPERS), the following timeframes are used:

Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2019
Measurement Period:	July 1, 2018 to June 30, 2019

**k. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net 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 City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2018
Measurement Date:	June 30, 2019
Measurement Period:	July 1, 2018 to June 30, 2019

**l. Interfund Transfers**

As a general rule, interfund transactions have been eliminated from the government-wide financial statements. Exceptions to this rule are payments in lieu or charges for current service between the City's enterprise activity and the City's governmental funds. Elimination of these transactions would distort the direct costs and program revenues for the various functions. Certain eliminations have been made regarding interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental, business-type, and Trust and Agency activities have not been eliminated.

**m. Long-Term Obligations**

In the government-wide and proprietary funds financial statements, long-term obligations are recorded as liabilities in the applicable governmental activities, business-type



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

activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the debt using the bonds outstanding method.

In the governmental fund financial statements, long-term obligation, bond discounts and premiums are recognized as other financing sources or uses when incurred. Issuance costs are recorded as a current year expenditure.

The City has recorded all judgment and claim liabilities resulting from workers' compensation and liability insurance claims in the Insurance Reserve Fund, which is a component of the Internal Service Funds Group. The recorded liability is based upon an estimate of reported claims as provided by an analysis of a third-party administrator. Reported short-term and long-term estimated losses and reserves of \$10,888,518 and \$6,732,808 respectively, are recorded in the Insurance Reserve Fund.

Only the short-term liability is reflected as a current liability in all applicable governmental fund types; the remainder of the liability is reported as long-term debt in the Statement of Net Position.

**n. Vacation and Sick Leave**

The City's policy is to record the cost of vested vacation and sick leave as it is earned. Vacation is payable to employees at the time a vacation is taken or upon termination of employment. At termination, employees are eligible to convert 50% of unused sick time to service credit; however, sworn fire safety personnel, upon service retirement, may opt to cash out 50% of the value of unused sick leave.

Miscellaneous and sworn police employees may accrue compensated time off in lieu of payment for overtime hours. Overtime hours are banked at either time-and-a-half or straight-time hours depending upon the nature of the overtime worked. The dollar value of these hours is included as an employee benefits liability as shown in the balance sheet.

**o. Allocation of Interest Income**

The City pools all non-restricted cash for investment purchases and allocates interest income based on month-end cash balances. Interest earned by restricted Cash is posted to their respective accounts.

**p. Other Accounting Policies**

*Inventories*

Inventories of materials and supplies are carried at cost on a weighted-average basis. The City uses the consumption method of accounting for inventories.

*Prepays*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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

**q. Estimates**

The accompanying financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**r. Net Position Flow Assumption**

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

**s. Fund Balance Flow Assumption**

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

**t. Fund Balance Policy**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**CITY OF MANHATTAN BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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**Note 2: Stewardship, Compliance and Accountability**

**Deficit Fund Balance and Net Position**

At June 30, 2020, the Insurance Reserve Fund has a deficit net position of \$1,684,123 resulting from the accrual of non-current liabilities. The Building Maintenance and Operations Fund and the County Parking Lot Fund have deficit net position of \$422,384 and \$16,712 respectively. These deficits are the result of non-current liabilities and will be resolved by future revenues and contributions from other funds.

**Note 3: Cash and Investments**

As of June 30, 2020, cash and investments were reported in the accompanying financial statements as follows:

Governmental Funds	\$ 56,019,600
Internal Service	22,274,683
Business-type activities	66,623,313
Agency	<u>4,202,382</u>
Total Cash and Investments	<u>\$ 149,119,978</u>

The City pools all cash and investments that is available for use for all funds, including fiduciary funds. Unrestricted and restricted cash and investments, as indicated in the Government wide statement of net position, do not include Agency and Pension Trust cash and investments. These cash amounts are included in the Statement of Fiduciary Net Position – Fiduciary Funds. Each fund type's position in the pool is reported on the Combined Balance Sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

**a. Deposits**

At June 30, 2020, the carrying amount of the City's deposits after outstanding checks and deposits in transit was \$10,324,464 and the bank balance was \$10,178,063. The \$146,401 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City's Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking.

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

The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency.

Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the City.

**b. Authorized Investments**

Under provisions of the City's Investment Policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan associations
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Demand Deposits
- Passbook Savings Account Demand Deposits
- Federally Insured Thrift and Loan
- Repurchase Agreements
- Medium-Term Corporate Notes
- Floaters or step-ups with market driven interest rate adjustments
- Mutual Funds of highest ratings

The City's investment policy does not allow the use of reverse-repurchase agreements and, accordingly, the City did not borrow through the use of reverse-repurchase agreements at any time during the year.

**c. Investments Authorized by Debt Agreements**

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Entity's investment policy.

**d. Investments in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

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

The City is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its holdings in LAIF. The City had a contractual withdrawal value of \$63,200,000 whose pro-rata share of fair value was estimated by the State Treasurer to be \$63,510,489.

**e. GASB Statement No. 31**

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the Entity reports its investments at fair value in the balance sheet.

All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Methods and assumptions used to estimate fair value. The City maintains investment accounting records and adjusts those records to "fair value" on an annual basis for material amounts. The City's investment custodian provides market values on each investment instrument on a monthly basis for material amounts. The investments held by the City are widely traded in the financial markets and trading values are readily available from numerous published sources. Material unrealized gains and losses are recorded on an annual basis and the carrying value of its investments is considered fair value. For the year ended June 30, 2020, the fair value of investments exceeded book value the by \$3,449,050.

**f. Credit Risk**

The City's investment policy limits investments in medium-term notes (MTN's) to those rated in the top three rating categories by two of the three largest nationally recognized rating services at time of purchase. As of June 30, 2020, the City's investment in medium-term notes consisted of investments with Microsoft Corp., Johnson & Johnson, Procter & Gamble Co., Pfizer Inc, Unilever Cap Corp, Berkshire Hathaway Inc., Coca Cola Co., United Parcel Service, Costco Wholesale Corp., Apple Inc., Oracle Corp, Toyota Motor Credit Corp., US Bank NA Cincinnati, Bank of New York Mellon Corp., and Walt Disney Company. All MTN's were rated "A" or higher by Moody's at time of purchase. Investment in government agencies issued by the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Banks, and Student Loan Marketing Association were rated "Aaa" by Moody's and "AA+" by Standard & Poor's. Asset-Backed Securities were rated "Aaa" by Moody's and "AAA" by Standard & Poor's.

All securities were investment grade and were legal under state and city policies. Investments in U.S. government securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2020, the City's investments in external investment pools and money market mutual funds are unrated.

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

**g. Custodial Credit Risk**

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk.

As of June 30, 2020, none of the City's deposits or investments was exposed to custodial credit risk.

**h. Concentration of Credit Risk**

The City's investment policy imposes restrictions for certain types of investments with any one issuer for the following types of investments. With respect to concentration of credit risk, as of June 30, 2020, the City is in compliance with its investment policy's restrictions.

In accordance with GASB Statement No. 40, if the city has invested more than 5% of its total investments in any one issuer then it is exposed to credit risk. The following issuers are above the 5% of total investments: Federal Home Loan Bank (8.23%), Federal Farm Credit (5.39%), and Federal National Mortgage Association (5.08%). These government-sponsored investments are backed by the federal government and are below the City's investment policy limit of 33.33% of total investments.

**i. Interest Rate Risk**

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that no investment can mature more than five years from the date of purchase in line with state code requirements. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

**j. Fair Value Measurement and Application**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy use a market approach to measure fair value. The City's pricing vendor, through rules based logic, utilizes valuation techniques that reflect market participants' assumptions and vary by asset class and per methodology, and maximizes the use of relevant observable data including quoted prices for similar assets, benchmark yield curves and market corroborated inputs.

**CITY OF MANHATTAN BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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

The City has the following recurring fair value measurements as of June 30, 2020:

Investment Type	Total	Uncategorized	Fair Value Level		
			1	2	3
Local Agency Investment Fund (LAIF)	\$ 63,510,489	\$ 63,510,489	\$ -	\$ -	\$ -
US Treasury and Agency Notes	50,938,480	-	15,591,760	35,346,720	-
Medium-Term Corporate Notes	21,226,902	-	-	21,226,902	-
<b>Total Investments</b>	<b>\$ 135,675,871</b>	<b>\$ 63,510,489</b>	<b>\$ 15,591,760</b>	<b>\$ 56,573,622</b>	<b>\$ -</b>

As of June 30, 2020, the City had the following investments and original maturities:

	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	More than 3 years	
<u>Pooled investments:</u>					
Local Government Fund	\$ 63,510,489	\$ -	\$ -	\$ -	\$ 63,510,489
US Treasury and agency notes	9,019,490	1,007,350	22,824,910	18,086,730	50,938,480
Medium-term notes	2,012,320	2,023,530	8,804,760	8,386,292	21,226,902
	<b>\$ 74,542,299</b>	<b>\$ 3,030,880</b>	<b>\$ 31,629,670</b>	<b>\$ 26,473,022</b>	<b>135,675,871</b>
<u>Investment with Fiscal Agents:</u>					
PARS pension					1,365,844
Utility undergrounding					1,359,531
Water/Wastewater, Metlox Refunding bonds					148,081
Marine certificates of participation					86,200
Police & Fire certificate of participation refunding bonds					123,756
					<b>3,083,412</b>
Demand deposits					10,324,464
Other deposits					33,046
Petty cash					3,185
					<b>10,360,695</b>
					<b>\$ 149,119,978</b>

**Note 4: Interfund Transactions**

**Interfund Transfers**

With City Council approval, resources may be transferred from one fund to another. Transfers between individual funds during the fiscal year ended June 30, 2020, are presented below:

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
General Fund	\$ -	\$ 169,012	\$ 325,771	\$ 494,783
Nonmajor Proprietary Funds	291,250	-	-	291,250
<b>Total</b>	<b>\$ 291,250</b>	<b>\$ 169,012</b>	<b>\$ 325,771</b>	<b>\$ 786,033</b>

The interfund transfers scheduled above resulted from a variety of City initiatives including the following:

- The \$291,250 transfer from the Nonmajor proprietary funds to the General Fund was for recreation purposes.
- The General Fund transferred \$169,012 to Nonmajor Governmental funds and \$325,771 to Nonmajor proprietary funds to provide additional working capital.

**CITY OF MANHATTAN BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 5: Capital Assets and Depreciation**

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Position. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation have been recorded. The following table presents the capital assets activity for the year ended June 30, 2020:

	Ending Balance June 30, 2019	Adjustments	Beginning Balance July 1, 2019	Transfers	Increases additions	Decreases (deletions)	Ending Balance June 30, 2020
<b>Governmental Activities</b>							
Land	\$ 33,634,565	\$ -	\$ 33,634,565	\$ -	\$ -	\$ -	\$ 33,634,565
Construction-in-progress							
Buildings	276,489	-	276,489	-	582,657	-	859,146
Streets / Roadways	10,459,058	893,863	11,352,921	(2,234,130)	2,865,235	-	11,984,026
Recreation	533,262	(361,189)	172,073	-	48,430	-	220,503
<b>Total Capital Assets, Not Being Depreciated</b>	<b>44,903,374</b>	<b>532,674</b>	<b>45,436,048</b>	<b>(2,234,130)</b>	<b>3,496,322</b>	<b>-</b>	<b>46,698,240</b>
Buildings and structures	43,758,790	-	43,758,790	-	-	-	43,758,790
Machinery and equipment	4,727,343	-	4,727,343	-	1,131,017	(106,474)	5,751,886
Vehicles	12,327,005	-	12,327,005	-	464,258	(310,914)	12,480,349
Infrastructure							
Streets / Roadways	58,788,698	(893,863)	57,894,835	2,234,130	-	-	60,128,965
Parks & Recreation	22,326,822	361,189	22,688,011	-	-	-	22,688,011
Investment in Joint Venture (RCC)	3,655,324	-	3,655,324	-	10,580	-	3,665,904
<b>Total Capital Assets, Being Depreciated</b>	<b>145,583,982</b>	<b>(532,674)</b>	<b>145,051,308</b>	<b>2,234,130</b>	<b>1,605,855</b>	<b>(417,388)</b>	<b>148,473,905</b>
Less Accumulated Depreciation:							
Buildings and Structures	12,961,793	-	12,961,793	-	860,140	-	13,821,933
Machinery and Equipment	3,683,070	-	3,683,070	-	312,454	(106,474)	3,889,050
Vehicles	7,180,373	-	7,180,373	-	930,515	(239,012)	7,871,876
Infrastructure							
Streets / Roadways	33,669,617	-	33,669,617	-	1,392,195	-	35,061,812
Parks & Recreation	6,989,627	-	6,989,627	-	411,246	-	7,400,873
Investment in Joint Venture (RCC)	1,282,946	-	1,282,946	-	164,489	-	1,447,435
<b>Total Accumulated Depreciation</b>	<b>(65,767,426)</b>	<b>-</b>	<b>(65,767,426)</b>	<b>-</b>	<b>(4,071,039)</b>	<b>345,486</b>	<b>(69,492,979)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>79,816,556</b>	<b>(532,674)</b>	<b>79,283,882</b>	<b>2,234,130</b>	<b>(2,465,184)</b>	<b>(71,902)</b>	<b>78,980,926</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 124,719,930</b>	<b>\$ -</b>	<b>\$ 124,719,930</b>	<b>\$ -</b>	<b>\$ 1,031,138</b>	<b>\$ (71,902)</b>	<b>\$ 125,679,166</b>

Additions include machinery and equipment in the amount of \$800,433 contributed to the City as a result of a settlement. Adjustments were made to the beginning balance to properly classify capital assets.



CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

Note 5: Capital Assets and Depreciation (Continued)

	Ending Balance June 30, 2019	Adjustments	Beginning Balance July 1, 2019	Increases additions	Decreases (deletions)	Ending Balance June 30, 2020
<b>Business-Type Activities:</b>						
Capital assets, not being depreciated:						
Land - Water	\$ 307,967	\$ -	\$ 307,967	\$ -	\$ -	\$ 307,967
Land - Stormwater	857,650	-	857,650	-	-	857,650
Land - Parking	1,441,817	-	1,441,817	-	-	1,441,817
Construction-in-progress	2,925,085	(528,933)	2,396,152	4,404,004	-	6,800,156
Total Capital Assets, Not Being Depreciated	5,532,519	(528,933)	5,003,586	4,404,004	-	9,407,590
Capital assets, being depreciated:						
Buildings and structures - Parking	18,163,159		18,163,159	-	-	18,163,159
Machinery and equipment						
Parking	1,726,962		1,726,962	-	-	1,726,962
Water	34,369,244	-	34,369,244	-	-	34,369,244
Storm water	7,830,542	(127,134)	7,703,408	-	-	7,703,408
Wastewater	14,815,159	656,067	15,471,226	-	-	15,471,226
Total Capital Assets, Being Depreciated	76,905,066	528,933	77,433,999	-	-	77,433,999
Less Accumulated Depreciation:						
Buildings and structures - Parking	(2,661,441)	(29,474)	(2,690,915)	(198,683)	-	(2,889,598)
Machinery and equipment						
Parking	(1,083,207)	29,474	(1,053,733)	(61,495)		(1,115,228)
Water	(13,976,239)	-	(13,976,239)	(646,285)	-	(14,622,524)
Stormwater	(4,472,043)	-	(4,472,043)	(148,007)	-	(4,620,050)
Wastewater	(7,004,993)	-	(7,004,993)	(286,009)	-	(7,291,002)
Total Accumulated Depreciation	(29,197,923)	-	(29,197,923)	(1,340,479)	-	(30,538,402)
Total Capital Assets, Being Depreciated, Net	47,707,143	528,933	48,236,076	(1,340,479)	-	46,895,597
Business-Type Activities Capital Assets, Net	\$ 53,239,662	\$ -	\$ 53,239,662	\$ 3,063,525	\$ -	\$ 56,303,187

Adjustments were made to the beginning balance to properly classify capital assets.

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General government	\$ 120,465
Public safety	1,163,669
Public works	1,444,544
Parks and recreation	411,846
Internal service funds	930,515
Total Depreciation Expense - Governmental Activities	<u>\$ 4,071,039</u>
Business-Type Activities:	
Water	\$ 646,285
Wastewater	286,009
Parking	260,178
Stormwater	148,007
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,340,479</u>

**CITY OF MANHATTAN BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

**Note 6: Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due in One Year
<b>Governmental Activities:</b>					
Certificates of participation					
Marine Ave Park refunding COP Series 2016	\$ 5,345,000	\$ -	\$ 305,000	\$ 5,040,000	\$ 310,000
2013 Police and Fire Refunding COP	7,680,000	-	515,000	7,165,000	530,000
Total Governmental	<u>\$ 13,025,000</u>	<u>\$ -</u>	<u>\$ 820,000</u>	12,205,000	<u>\$ 840,000</u>
Unamortized premium				638,516	
				<u>\$ 12,843,516</u>	
<b>Business-Type Activities:</b>					
Certificates of participation					
2012 Metlox and Water/Wastewater Refunding COP	\$ 9,040,000	\$ -	\$ 665,000	\$ 8,375,000	\$ 680,000
Total Business Type	<u>\$ 9,040,000</u>	<u>\$ -</u>	<u>\$ 665,000</u>	8,375,000	<u>\$ 680,000</u>
Unamortized premium				353,487	
				<u>\$ 8,728,487</u>	

**a. Marine Avenue Certificates of Participation Series 2016**

On November 9, 2016, the City issued \$5,905,000 Certificate of Participation Series 2016 (Marine Field Refunding) Series 2016 to refund the outstanding balance of the Variable Rate Demand Refunding Certificates of Participation Series 2002. The Certificates represents the proportionate interest on the lease payments to be made by the City as rent for the use of certain real property located in the City and consisting of the police department and fire department headquarter facility. The Certificates bear interest at a rate of 3% to 4% with principal ranging from \$265,000 to 465,000 and maturing on January 2033. The balance at June 30, 2020, includes an unamortized bond premium of \$335,372 which will be amortized over the life of the issue.

Annual debt service requirements to maturity for the Marine Avenue Certificates of Participation Series 2016 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 310,000	\$ 172,400	\$ 482,400
2022	320,000	163,100	483,100
2023	335,000	150,300	485,300
2024	345,000	136,900	481,900
2025	360,000	123,100	483,100
2026-2030	2,010,000	400,750	2,410,750
2031-2034	1,360,000	82,350	1,442,350
Total	<u>\$ 5,040,000</u>	<u>\$ 1,228,900</u>	<u>\$ 6,268,900</u>

In the event of a default, there is no remedy of acceleration of the total lease payments due over the term of the lease agreement and the trustee is not empower to sell the leased premises and use the proceeds of such a sale to redeem the 2017 certificates or pay debt service thereon. The city will be liable only for lease payments on an annual basis, and the trustee will be required to seek a separate judgment each year for the year's defaulted lease payments.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

**b. 2013 Police and Fire Facility Refunding Certificates of Participation**

In February 2013, the City issued \$10,510,000 of Certificates of Participation, Series 2013, to advance refund the 2004 Police and Fire Certificates of Participation (2004 COP). The payments under the lease agreement are due January and July of each year until maturity in January 2032 and include interest rates ranging from 2% to 4%. The proceeds were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The balance at June 30, 2020, includes an unamortized bond premium of \$303,144 which will be amortized over the life of the issue.

The reacquisition price exceeded the net carrying amount of the old debt by \$595,473. This amount is being deferred as an outflow of resources and amortized over the remaining life of the refunded debt. The outstanding balance at June 30, 2020 is \$370,166.

Annual debts service requirements to maturity for the 2013 Police and Fire Certificates of Participation are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 530,000	\$ 247,513	\$ 777,513
2022	545,000	231,613	776,613
2023	560,000	215,263	775,263
2024	575,000	198,463	773,463
2025	600,000	175,463	775,463
2026-2030	3,360,000	515,338	3,875,338
2031-2034	995,000	42,019	1,037,019
Total	<u>\$ 7,165,000</u>	<u>\$ 1,625,672</u>	<u>\$ 8,790,672</u>

In the event of a default, there is no remedy of acceleration of the total lease payments due over the term of the lease agreement and the trustee is not empower to sell the leased premises and use the proceeds of such a sale to redeem the 2013 certificates or pay debt service thereon. The city will be liable only for lease payments on an annual basis, and the trustee will be required to seek a separate judgment each year for the year's defaulted lease payments.

**c. 2012 Metlox and Water/Wastewater Refunding Certificates of Participation**

In July 2012, the City of Manhattan Beach issued \$12,975,000 of fixed rate Certificates of Participation (COP) to refund the City's 2003 Metlox Public Improvements Certificates of Participation and the 1996 Water and Wastewater Improvement Project Certificates of Participation. The payments under the lease agreement are due January and July of each year with interest rates ranging from 2% to 4% and mature through January 2032. The COP includes an unamortized premium of \$353,487 at June 30, 2020, which will be amortized over the life of the issue.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020

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

Annual debt service requirements to maturity for the Metlox, Water and Wastewater Certificates of Participation are as follows:

Fiscal Year Ending June 30,	Water			Wastewater		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 140,752	\$ 33,043	\$ 173,795	\$ 69,248	\$ 16,256	\$ 85,504
2022	147,454	28,820	176,274	72,546	14,180	86,726
2023	154,157	24,396	178,553	75,843	12,004	87,847
2024	157,508	18,230	175,738	77,492	8,970	86,462
2025	167,562	11,930	179,492	82,438	5,870	88,308
2026-2028	174,264	5,228	179,492	85,736	2,572	88,308
<b>Total</b>	<b>\$ 941,697</b>	<b>\$ 121,647</b>	<b>\$ 1,063,344</b>	<b>\$ 463,303</b>	<b>\$ 59,852</b>	<b>\$ 523,155</b>

Fiscal Year Ending June 30,	Metlox			Total		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 470,000	\$ 246,863	\$ 716,863	\$ 680,000	\$ 296,162	\$ 976,162
2022	490,000	232,763	722,763	710,000	275,763	985,763
2023	500,000	218,063	718,063	730,000	254,463	984,463
2024	530,000	198,063	728,063	765,000	225,263	990,263
2025	550,000	176,863	726,863	800,000	194,663	994,663
2026-2030	3,050,000	585,750	3,635,750	3,310,000	593,550	3,903,550
2031-2033	1,380,000	72,800	1,452,800	1,380,000	72,800	1,452,800
<b>Total</b>	<b>\$ 6,970,000</b>	<b>\$ 1,731,165</b>	<b>\$ 8,701,165</b>	<b>\$ 8,375,000</b>	<b>\$ 1,912,664</b>	<b>\$ 10,287,664</b>

In the event of a default, there is no remedy of acceleration of the total lease payments due over the term of the lease agreement and the trustee is not empower to sell the leased premises and use the proceeds of such a sale to redeem the 2012 certificates or pay debt service thereon. The city will be liable only for lease payments on an annual basis, and the trustee will be required to seek a separate judgment each year for the year's defaulted lease payments.

**Note 7: Compensated Absences**

At June 30, 2020, the total citywide accrued liability for compensated absences amounted to \$4,391,358. \$4,294,802 relates to general government services and \$96,556 to business-type activities. The governmental activities liability is generally liquidated by the General Fund and the business-type activities liabilities are liquidated by the corresponding proprietary funds. The following is a summary of changes in compensated absences liabilities for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due in One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 2,924,985	\$ 3,489,719	\$ 2,119,902	\$ 4,294,802	\$ 596,838
<b>Business-Type Activities:</b>					
Compensated Absences	90,470	53,746	47,660	96,556	13,418
<b>Total Business Type</b>	<b>\$ 3,015,455</b>	<b>\$ 3,543,465</b>	<b>\$ 2,167,562</b>	<b>\$ 4,391,358</b>	<b>\$ 610,256</b>

**CITY OF MANHATTAN BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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**Note 8: Non-City Obligation**

In August 2004, the City issued three separate limited obligation improvement bonds totaling \$3,402,891, under provisions of the Improvement Bond Act of 1915, for Underground Assessment Districts 04-1, 04-3 and 04-5. These bonds were issued for the purpose of financing the construction of certain public improvements within the underground utility assessment districts. The bonds are secured solely by the subject properties and the amounts held in respective reserve and bond funds. The bonds are not secured by the general taxing power of the City of Manhattan Beach and the City has not pledged credit for payment thereof.

In August 2006, the City issued two separate limited obligation improvement bonds totaling \$9,153,823, under provisions of the Improvement Bond Act of 1915, for Underground Assessment Districts 05-2 and 05-6, in the amounts of \$4,525,000 and \$4,628,823, respectively. These bonds were issued for the purpose of financing the construction of certain public improvements within the underground utility assessment districts. The bonds are secured solely by the subject properties and the amounts held in respective reserve and bond funds. The bonds are not secured by the general taxing power of the City of Manhattan Beach and the City has not pledged credit for payment thereof.

In March 2018, the City refunded the outstanding bonds of the above Underground Districts. The amount refunded was \$6,245,000. The sources of the refunding were bond proceeds of \$4,995,000, balance in the capital improvement fund, current year assessments, and net reduction in bond reserve requirements. There will be future interest rate savings to the property owners. Coupons are set at a uniform annual rate of 3.00%. Including bond premium of \$187,000, the effective interest rate will be 2.15%. These bonds mature in September 2026.

In December 2019, the City issued two separate limited obligation improvement bonds totaling \$13,185,000, under provisions of the Improvement Bond Act of 1915, for Underground Assessment Districts 19-12 and 19-14 and in March 2020, the City issued \$5,245,000 for Underground District 19-4. These bonds were issued for the purpose of financing the construction of certain public improvements within the underground utility assessment districts. The bonds are secured solely by the subject properties and the amounts held in respective reserve and bond funds. The bonds are not secured by the general taxing power of the City of Manhattan Beach and the City has not pledged credit for payment thereof.

The refunding bonds have the same characteristics of the refunded bonds. The bonds are secured solely by assessments against the subject properties and the amounts held in the reserve account. The bonds are not secured by the general taxing power of the City of Manhattan Beach and the City has not pledged credit for payment thereof. Because these bonds are not City obligations, the related liabilities are not reflected in the financial statements.

**Note 9: CalPERS Retirement Plans**

	Miscellaneous Plan	Safety - Police Plan	Safety - Fire Plan	Total
Net pension liability	\$ (25,844,384)	\$ (37,762,678)	\$ (17,700,796)	\$ (81,307,858)
Deferred pension outflows	4,918,115	8,542,409	5,221,924	18,682,448
Deferred pension intflows	(858,631)	(2,451,146)	(1,215,038)	(4,524,815)

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

**a. Miscellaneous Employee Pension Plan**

***Plan Description***

The Miscellaneous Plan of the City of Manhattan Beach is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in their respective June 30, 2017 Annual Actuarial Valuation Reports. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

***Benefit Provided***

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The plan provisions and benefits in effect at June 30, 2019 measurement date, are summarized as follows:

	Miscellaneous Plan	
	Tier I *	PEPRA
Hire date	Prior to or on December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 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
Required employee contribution rates	7.000%	6.25% (2)
Required employer contribution rates (1)	8.504%	8.504%

\* Closed to new entrants

(1) Blended rate.

(2) Blended rate. Miscellaneous employees contribute and additional 0.75% to the city

Benefit payments are calculated using the benefit formula above multiplied by the number of years of service and highest single year of compensation for Tier 1 or highest three year average of compensation for PEPRA.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

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

Description	Number of Participants	
	Miscellaneous Plan	
	Classic	PEPRA
Active members	104	125
Transferred members	114	16
Terminated members	451	10
Retired members and beneficiaries	238	3
Total	907	154

**Contribution Description**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2020, the employer contributions recognized as a reduction to the net pension liability for the Miscellaneous Plan was \$2,659,903.

**Net Pension Liability**

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Miscellaneous Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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

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

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) 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.

**Changes of Assumptions**

In 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.

**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.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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

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:

<b>Asset Class (1)</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10 (2)</b>	<b>Real Return Years 11+ (3)</b>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

- (1) In the System'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.
- (2) An expected inflation of 2.0% used for this period.
- (3) 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.

**Subsequent Events**

There were no subsequent events that would materially affect the results presented in this disclosure.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

Note 9: CalPERS Retirement Plans (Continued)

**Changes in the Net Pension Liability**

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2018 (Valuation Date)	\$ 108,324,161	\$ 85,363,040	\$ 22,961,121
Changes Recognized for the Measurement Period:			
Service Cost	2,657,779	-	2,657,779
Interest on the Total Pension Liability	7,803,956	-	7,803,956
Changes of Assumptions	-	-	-
Difference between Expected and Actual Experience	1,833,076	-	1,833,076
Net Plan to Plan Resource Movement	-	-	-
Contribution from the Employer	-	2,699,124	(2,699,124)
Contributions from Employees	-	1,183,069	(1,183,069)
Net Investment Income	-	5,590,075	(5,590,075)
Benefit Payments including Refunds of Employee Contributions	(4,679,793)	(4,679,793)	-
Administrative Expense	-	(60,917)	60,918
Other Miscellaneous Income/(Expense) (1)	-	198	(198)
Net Changes During 2018/19	<u>7,615,018</u>	<u>4,731,756</u>	<u>2,883,263</u>
Balance at: 6/30/2019 (Measurement Date)	<u>\$ 115,939,179</u>	<u>\$ 90,094,796</u>	<u>\$ 25,844,384</u>

(1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability/(Assets)	\$ 41,758,441	\$ 25,844,384	\$ 12,752,958

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

Note 9: CalPERS Retirement Plans (Continued)

***Pension Plan Fiduciary Net Position***

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

***Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions***

As of the start of the measurement period (July 1, 2018), the net pension liability was \$22,961,121. For the measurement period ending June 30, 2019 (the measurement date), the City incurred a pension expense/(income) of \$5,839,742 for the Plan.

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
City pension contributions subsequent to measurement date	\$ 3,062,602	\$ -
CalPERS deferrals		
Changes of assumptions	541,224	(256,659)
Difference between expected and actual experience	1,314,289	(200,313)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(401,659)
Total CalPERS deferrals	1,855,513	(858,631)
Total	\$ 4,918,115	\$ (858,631)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

\$3,062,602 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Net Deferred Outflows/(Inflows) of Resources
2020	\$ 1,038,945
2021	(274,938)
2022	139,280
2023	93,595
	\$ 996,882

**Amortization of Deferred Outflows and Deferred Inflows of Resources**

Under GASB 68, 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:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The EARSL for the Plan for the measurement period ending June 30, 2019 is 3.6 years, which was obtained by dividing the total service years of 2,618 (the sum of remaining service lifetimes of the active employees) by 736 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

Note 9: CalPERS Retirement Plans (Continued)

b. Safety Police Pension Plan and Safety Fire Pension Plan

*Plan Description*

All qualified permanent and probationary safety employees are eligible to participate in the Safety Risk Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a safety risk pool, which are comprised of individual employer safety rate plans, respectively. Individual employers may sponsor more than one safety rate plan. Each individual employer rate plan generally has less than 100 active members

*Benefits Provided*

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2019 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at <https://www.calpers.ca.gov/page/forms-publications>.

Below is a summary of the plan provisions and benefits in effect at June 30, 2019 measurement date, for which the City of Manhattan Beach has contracted:

	Safety Police Plan		Safety Fire Plan	
	Tier I *	PEPRA	Tier I *	PEPRA
Hire date	Prior to or on December 31,2012	On or after January 1, 2013	Prior to or on December 31,2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.0% @ 57	3.0% @ 55	2.0% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	1.426% - 2.000%, respectively 50 yrs - 57+ yrs,	2.400% - 3.000%, respectively 50 yrs - 55+ yrs,	1.426% - 2.000%, respectively 50 yrs - 57+ yrs,
Required employee contribution rates	9.000% (1)	12.750%	9.000% (1)	12.750%
Required employer contribution rates	22.346%	12.965%	20.416%	12.965% (4)
Management safety				
Employee	9.000%	12.750% (4)	9.000%	12.750%
Employer	22.346%	12.965%	20.416%	12.965%

\* Closed to new entrants

(1) Not including 3% cost share, which would increase rate to 12%.

(2) Not including cost share, which will lower rate to 17.416%.

(3) Not including cost share, which will lower rate to 19.346%.

(4) PEPRA contributes an additional 0.1075% to City to realize 50% cost sharing.

Benefit payments are calculated using the benefit formula above multiplied by the number of years of service and highest single year of compensation for Tier 1 or highest three year average of compensation for PEPRA.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

***Employees Covered***

At June 30, 2019 measurement date, the following employees were covered by the benefit terms of the Plan:

Description	Number of members			
	Safety Police Plan		Safety Fire Plan	
	Classic	PEPRA	Classic	PEPRA
Active members	45	15	26	1
Transferred members	13	3	3	-
Terminated members	45	-	20	-
Retired members and beneficiaries	75	-	35	-
Total	<u>178</u>	<u>18</u>	<u>84</u>	<u>1</u>

***Contribution Description***

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or 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 year ended June 30, 2020, the employer contributions recognized as a reduction to the net pension liability was \$3,375,269 for the Safety Police Plan and \$1,696,373 for the Safety Fire Plan for a total of \$5,071,642 for the safety plans.

***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

The City of Manhattan Beach reported net a pension liability at June 30, 2020, of \$37,762,678 for its proportionate shares of the Safety Police Plan and \$17,700,796 for its proportionate shares of the Safety Fire Plan for a total of \$55,463,474 for the safety plans.

The City's net pension liability for the safety plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employees, actuarially determined.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

The City's proportionate share of the net pension liability for the safety plan as of June 30, 2018 and 2019, was as follows:

	<u>Safety Police Plan</u>	<u>Safety Fire Plan</u>
Proportion - June 30, 2018	0.160844%	0.368234%
Proportion - June 30, 2019	0.172741%	0.368523%
Changes - Increase (Decrease)	0.011897%	0.000289%

For the year ended June 30, 2020, the City recognized pension expense of \$7,256,860 and \$2,935,553 for the Safety Police Plan and the Safety Fire Plan respectively. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Safety - Police</u>		<u>Safety - Fire</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City pension contribution subsequent to measurement date	\$ 3,998,899	\$ -	\$ 1,998,954	\$ -
CalPERS Deferrals:				
Difference between expected and actual experience	2,486,899	-	1,201,183	-
Change in Assumptions	1,561,221	(304,671)	754,077	(147,157)
Net difference between projected and actual earnings on pension plan investments	-	(523,985)	-	(253,087)
Adjustment due to difference in proportions	495,390	(33,638)	1,267,710	(24,140)
Difference in proportionate share	-	(1,588,852)	-	(790,654)
Total CalPERS Deferrals	4,543,510	(2,451,146)	3,222,970	(1,215,038)
<b>Total</b>	<b>\$ 8,542,409</b>	<b>\$ (2,451,146)</b>	<b>\$ 5,221,924</b>	<b>\$ (1,215,038)</b>

\$3,998,899 and \$1,998,954 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	<u>Net Deferred Outflows/ (Inflows) of Resources</u>	
	<u>Safety Police Plan</u>	<u>Safety Fire Plan</u>
2020	\$ 2,280,710	\$ 1,460,066
2021	(466,475)	156,172
2022	176,178	342,451
2023	101,951	49,243
	<u>\$ 2,092,364</u>	<u>\$ 2,007,932</u>

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

**Actuarial Methods and Assumptions**

The collective total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The collective total pension liability was based on the following assumptions:

Actuarial Cost Method Actuarial Assumptions	Entry Age Normal Cost Method
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

(1) 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.

**Changes of Assumptions**

In 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.

**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.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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

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:

<u>Asset Class (1)</u>	<u>Assume Asset Allocation</u>	<u>Real Return Years 1 - 10 (2)</u>	<u>Real Return Years 11+ (3)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(1) In the System'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.

(2) An expected inflation of 2.0% used for this period.

(3) 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.

**Subsequent Events**

There were no subsequent events that would materially affect the results presented in this disclosure.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability/ (asset) of the Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15 percent) or 1% point higher (8.15 percent) than the current rate:

PERS Cost Sharing Plans	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Safety police	\$ 57,364,723	\$ 37,762,678	\$ 21,692,071
Safety Fire	27,168,671	17,700,796	9,938,621

***Pension Plan Fiduciary Net Position***

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

**Note 10: City Retirement Plans**

	Supplemental Retirement Plan	Single Highest Year Plan	Total
Total pension liability	\$ 106,234	\$ 282,666	\$ 388,900

**a. Supplemental Retirement Plan**

**General Information about the Pension Plan**

***Plan Description***

The Supplemental Retirement Plan is a single employer defined benefit pension plan that covers Police, Fire and Management/Confidential employees who retired prior to January 1995. This plan is currently dormant and does not issue a separate annual financial report.

***Benefits Provided***

The plan provides the employee the difference between the benefit provided by the California Public Employees Retirement System (PERS) calculated under the life annuity option and the PERS benefit had the City adopted the Police Officers' Standards and Training (POST) widows and orphans salary continuation plan. The plan states, "The City shall pay each retiring officer, sergeant, lieutenant, firefighter and management employee upon retirement, a monthly amount which would make up the difference for that option of which the officer will receive from PERS under Government Code Section 21330 through 21335 and what only the officer would have received while alive had the City adopted the Police Officers' Standards and Training (POST) widows and orphans salary continuation plan. The payment shall be made to the officer only while the officer is alive and will cease upon death. Upon retirement, the right to their payment shall be regarded as a vested pension benefit to the same extent as the individual's retirement allowance." The benefit is payable for the life of the employee. The benefit is subject to a 2% annual cost-of-living increase. This plan is currently dormant.

**Note 10: City Retirement Plans (Continued)**

***Employees Covered***

Employees covered includes sworn law enforcement officers, fire and management/confidential employees who retired prior to January 1995. Therefore, the plan is dormant. The number of participants covered under the plan as of June 30, 2020, was as follows:

Retirees and beneficiaries receiving benefits	
Management/Confidential	<u><u>4</u></u>

***Total Pension Liability***

The total pension liability of \$106,234 for the plan is measured as of June 30, 2020 using an annual actuarial valuation dated June 30, 2020. The City is funding the plan on a pay as you go basis and has set aside \$21,427 at June 30, 2020 in the general fund to pay future benefits.

***Actuarial Assumptions***

A summary of principal assumptions and methods used to determine the pension liability is shown below.

Valuation Date	June 30, 2020
Measurement date	June 30, 2020
Actuarial cost method:	Entry age
Pre-retirement mortality rates	2017 CalPERS Retiree Mortality for Miscellaneous Employees
Asset valuation method	Fair Market Value
Inflation Rate	2.75% per year
Discount rate	2.20 % based on the Bond Buyer 20 Bond Index

The City incurred the accrued liabilities of active participants under the City's PERS plan as of January 1995. The City's remaining obligation is to fund the benefits for those participants who were then and are currently retired.

***Change of Assumptions***

In 2020, the accounting discount rate decreased from 3.50 percent to 2.20 percent.

***Discount Rate***

The discount rate used to measure the total pension liability was based on the Bond Buyer 20 Bond Index.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

**Note 10: City Retirement Plans (Continued)**

***Change in Total Pension Liability***

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2019	\$ 111,762	\$ 32,344	\$ 79,418
Restatement	-	(32,344)	32,344
Changes Recognized for the Measurement Period:			
Reallocation	503	-	503
Interest on the Total Pension Liability	3,554	-	3,554
Difference between Expected and Actual Experience	6,826	-	6,826
Changes of Assumptions	5,916	-	5,916
Employer Contributions as Benefit Payments	-	22,327	(22,327)
Actual Benefits Payments from Employer	(22,327)	(22,327)	-
Net Changes During 2019-20	(5,528)	-	26,816
Balance at: 6/30/2020	<u>\$ 106,234</u>	<u>\$ -</u>	<u>\$ 106,234</u>

Restatement was made because the amount held is not in a trust fund as defined by GASB Statement No. 68.

***Sensitivity of the Total Pension Liability to Change in the Discount Rate***

The following presents the total pension liability of the Plan, calculated using the discount rate of 2.20%, as well as what the Employer's total pension liability would be if it were calculated using a discount rate that is 1% lower (1.20%) or 1% higher (3.20%) than the current rate:

	1% Lower (1.20%)	Current Discount Rate (2.20%)	1% Higher (3.20%)
Total pension liability	\$ 110,105	\$ 106,234	\$ 102,683

***Pension Expense***

Pension expense for fiscal year 2019-20 of \$16,799 is equal to cash payments of \$22,327 less reduction in total pension liability of \$5,528..

**b. Single Highest Year Plan**

**General Information about the Pension Plan**

***Plan Description***

The Single Highest Year Plan is a single employer defined benefit pension plan of the City. This plan was adopted effective January 1, 1990, covering Management/Confidential Employees and Non-management/Confidential Sworn Police Employees on July 1, 1990, and is for employees who retired prior to May 1993. The plan is known as the City Funded Single Highest Year Plan. This plan is currently dormant and does not issue a separate annual financial report.

**Note 10: City Retirement Plans (Continued)**

***Benefits Provided***

The plan pays a retiring employee the difference between the pension payable from PERS and what the PERS pension would be if it were based on the single highest year only. "The payment shall be made to the member only while the member is alive and will cease upon death." Upon retirement, the right to their payment shall be regarded as a vested pension benefit to the same extent as the individual's PERS retirement. Benefits vest after five years of service. Retirees must qualify for PERS retirement to qualify for the Single Highest Year Plan. The benefit is payable for the life of the employee and is subject to a 2% annual cost of living increase.

***Employees Covered***

Employees covered include sworn law enforcement officers, fire, management or confidential and miscellaneous employees who retired prior to May 1993. Therefore, the plan is dormant. The number of participants covered under the plan as of June 30, 2020, was as follows:

Retirees receiving benefits:	
Police	<u><u>3</u></u>

***Total Pension Liability***

The total pension liability of \$282,666 for the plan is measured as of June 30, 2020 using an annual actuarial valuation dated June 30, 2020. The City is funding the plan on a pay as you go basis and has set aside \$108,687 at June 30, 2020 in the general fund to pay future benefits.

***Actuarial Assumptions***

A summary of principal assumptions and methods used to determine the pension liability is shown below.

Valuation Date	June 30, 2020
Measurement date	June 30, 2020
Actuarial cost method:	Entry age
Pre-retirement mortality rates	2017 CalPERS Retiree Mortality for Miscellaneous Employees
Asset valuation method	Fair Market Value
Inflation Rate	2.75% per year
Discount rate	2.20 % based on the Bond Buyer 20 Bond Index

The City incurred the accrued liabilities of active participants under the City's PERS plan as of May 1993. The City's remaining obligation is to fund the benefits for those participants who were then and are currently retired.

***Change of Assumptions***

In 2020, the accounting discount rate decreased from 3.50 percent to 2.20 percent.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

Note 10: City Retirement Plans (Continued)

**Discount Rate**

The discount rate used to measure the total pension liability was based on the Bond Buyer 20 Bond Index.

**Change in Total Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: June 30, 2019	\$ 292,056	\$ 118,394	\$ 173,662
Restatement	-	(118,394)	118,394
Changes Recognized for the Measurement Period:			
Reallocation	(503)	-	(503)
Interest on the Total Pension Liability	9,288	-	9,288
Difference between Expected and Actual Experience	17,838	-	17,838
Changes of Assumptions	15,460	-	15,460
Employer Contributions as Benefits Payments	-	51,473	(51,473)
Actual Benefit Payment from Employer	(51,473)	(51,473)	-
Net Changes During 2019-20	(9,390)	(118,394)	109,004
Balance at: June 30, 2020	\$ 282,666	\$ -	\$ 282,666

Restatement was made because the amount held is not in a trust fund as defined by GASB Statement No. 68.

**Sensitivity of the Total Pension Liability to Change in the Discount Rate**

The following presents the total pension liability of the Plan, calculated using the discount rate of 2.20%, as well as what the Employer's total pension liability would be if it were calculated using a discount rate that is 1% lower (1.20%) or 1% higher (3.20%) than the current rate:

	1% Lower (1.20%)	Current Discount Rate (2.20%)	1% Higher (3.20%)
Total pension liability	\$ 292,725	\$ 282,666	\$ 273,216

**Pension Expense**

Pension expense for fiscal year 2019-20 of \$42,083 is equal to cash payment of \$51,473 less reduction in total pension liability of \$9,390.

**c. Payable to the Pension Plan**

For the Supplemental Retirement Plan and the Single Highest Year Plan, the City's remaining obligation is to fund the benefits for those participants who are currently retired. The City has assigned \$130,114 of the General Fund's fund balance to pay future benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

**Note 11: Other Post-Retirement Benefits**

***Plan Description - City of Manhattan Beach Retiree Medical Program***

The City Retiree Medical Program is a Single Employer Plan that provides a fixed stipend to qualifying retirees and a contribution to all retirees enrolled in PERS medical plan. The City of Manhattan Beach contracts with PERS to participate in the Public Employee Medical and Hospital Care Act (PEMHCA). Under this contract, both active employees and retirees are provided access to health insurance.

***Benefits provided***

The following is a description of the current retiree benefit plan under the employee Memoranda of Understanding (MOU):

	Firefighters	General Employees	Non-sworn Management	Police Officers
Benefit types provided	Contribution of HRA	Contribution of HRA	Contribution of HRA	Contribution of HRA
Duration of benefits	To age 65	To age 65	To age 65	To age 65
Required service	20 years	15 years	15 years	20 years in law enforcement ***
Minimum age	50	50	50	50
Dependent coverage	n/a *	n/a *	n/a *	n/a *
Contribution	\$400 per month **	\$250 per month **	\$400 per month for Department Heads \$250 per month for others	\$400 per month **

\* Contribution to HRA does not vary by dependent content

\*\* \$300 per month for firefighters retiring prior to August 1, 2008. \$300 for police hired before December 31, 2007.

\*\*\* 10 years with the City

***Employees Covered***

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Inactive employees currently receiving benefits payment	111
Participating active employees	275
Total	386

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

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**Note 11: Post-Employment Benefit Plan (Continued)**

**Contributions**

The plan is financed via actuarially determined contributions deposited into a trust fund managed by PERS. PERS has dual independent capacities as a provider of medical plans and as a trustee. In its capacity as a trustee, PERS will be referred to as CERBT (California Employees' Retirement Benefit Trust). City payments to employees and PERS will be reimbursed by payments from CERBT. For fiscal year 2019, the City paid \$315,517 for retiree medical benefits and was reimbursed \$315,517 from CERBT.

**Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 based on the following actuarial methods and assumptions:

Valuation Date:	June 30, 2019
Actuarial Cost Method:	Entry Age
Actuarial Assumptions:	
Discount Rate	4.0% per year net of expenses
Inflation	2.75% per year
Salary Increase	2.75% per year
Healthcare Trend	4.00% per year
Mortality	2014 CalPERS mortality for active safety employees 2014 CalPERS mortality for active safety employees 2014 CalPERS active mortality for miscellaneous employees
Retirement Rates	Police: Hired prior to 1/1/13: 2009 CalPERS 3.0%@50 Rates for Sworn Police Hired > 12/31/12: 2009 CalPERS 3.0%@55 Rates for Sworn Police adjusted to reflect minimum retirement age 52 Firefighters: Hired prior to 1/1/13: 2009 CalPERS 3.0%@55 Rates for Sworn Firefighters Hired > 12/31/12: 2009 CalPERS 3.0%@55 Rates for Sworn Firefighters adjusted to reflect minimum retirement age 52 Miscellaneous: Hired prior to 1/1/13: 2009 CalPERS 2.0%@55 Rates for Miscellaneous Employees Hired > 12/31/12: 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees adjusted to reflect minimum retirement age 52
Service Requirement	Police: 100% at 5 Years of Service for statutory minimum benefits 100% at 10 Years of Service with City (20 years in law enforcement) Firefighters: 100% at 5 Years of Service for statutory minimum benefits 100% at 20 Years of Service with City General Employees 100% at 5 Years of Service for statutory minimum benefits 100% at 15 Years of Service with City Management 100% at 5 Years of Service for statutory minimum benefits 100% at 15 Years of Service with City



CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

Note 11: Post-Employment Benefit Plan (Continued)

**Expected Long-Term Rate of Return**

Asset Class Component	Percentage of Portfolio	Assumed Gross Return
All Equities	40%	7.795%
All Fixed Income	43%	4.500%
Real Estate Investment Trusts	8%	7.500%
All Commodities	4%	7.795%
Treasury Inflation Protected Securities (TIPS)	5%	3.250%

**Discount Rate**

The discount rate used to measure the total OPEB liability was the municipal bond rate beyond 15 years to result in an equivalent valuation rate of 4.00%. This is based on assumed long-term return on plan assets assuming 100% funding through CERBT.

**Change of Assumptions**

In 2019, the accounting discount rate decreased from 6.50 percent to 4.00 percent, and the age-adjusted premiums in the calculation of the actuarial values was used as part of the plan's liability.

**Changes in the Net OPEB Liability**

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2018	\$ 6,314,885	\$ 10,282,093	\$ (3,967,208)
Changes recognized for the measurement period:			
Service cost	162,042	-	162,042
Interest on total OPEB liability	405,961	-	405,961
Expected investment income	-	658,010	(658,010)
Administrative expenses	-	(2,217)	2,217
Actual benefit payments from trust	(315,517)	(315,517)	-
Expected minus actual benefit payments *	14,816	-	14,816
Experience (gains)/losses	(217,943)	-	(217,943)
Changes in assumptions	11,785,934	-	11,785,934
Investment gains/(losses)	-	65,900	(65,900)
Other charges	-	-	-
Net changes	11,835,293	406,176	11,429,117
Balance at June 30, 2019	\$ 18,150,178	\$ 10,688,269	\$ 7,461,909

\* Deferrable as an experience gain or loss

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

Note 11: Post-Employment Benefit Plan (Continued)

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

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
Net OPEB Liability	\$ 9,433,692	\$ 7,461,909	\$ 5,787,627

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

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 6,100,424	\$ 7,461,909	\$ 8,936,940

**OPEB Plan Fiduciary Net Position**

CERBT issues a publicly available financial report that includes financial statements and required supplementary information available on the CalPERS website under the California Employers' Retiree Benefit Trust (CERBT) Fund.

**OPEB Expense, Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of \$1,050,777. As of June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (171,757)
Change in assumptions	10,619,009	-
Net difference between projected and actual earnings on OPEB plan investments	-	(42,365)
<b>Total</b>	<b>\$ 10,619,009</b>	<b>\$ (214,122)</b>

**CITY OF MANHATTAN BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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**Note 11: Post-Employment Benefit Plan (Continued)**

The deferred outflows and deferred inflows of resources related to OPEB will be recognized as expense as follows:

<b>Year ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2020	\$ 1,138,567
2021	1,138,567
2022	1,138,566
2023	1,135,115
2024	1,148,295
Thereafter	<u>4,705,777</u>
	<u>\$ 10,404,887</u>

**Note 12: Retirement Plan for Part-Time, Seasonal and Temporary Employees**

On June 6, 1997, the City dissolved the City-administered retirement plan for part-time, seasonal and temporary employees and selected the Public Agency Retirement System (PARS) as the retirement program for this group.

The PARS plan is a defined contribution pension plan, which is administered by PARS. Benefits and funding requirements are determined by PARS' governing board. All members' earnings are subject to contribution from the employee and the employer. Historically, the contribution rate for both employee and employer has been 3.75% of payroll. In April 2011, the City exercised its option not to pick up 50% share of the required 7.50%. Consequently, for fiscal year ending June 30, 2020, 100% of contribution is derived from employee deduction.

Total payroll for employees covered by this plan for the year was \$1,138,402. The amount of employee contribution was \$85,380.

**Note 13: Risk Management**

The City is exposed to various risks of losses related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City adopted a self-insured workers' compensation program that is administered by City staff and a claims administrator.

The City is a member of the CSAC-Excess Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for California 95% of counties, 68% of California cities, as well as numerous California educational organizations, special districts, housing authorities, fire districts, and other Joint Powers Authorities. The City pays an annual premium to the pool for its excess insurance coverage including property (earthquake, flood and all risk), workers' compensation and general liability. The City also purchased separate dedicated earthquake limits for the public safety facility and other key structures.

For workers' compensation, the City is self-insured for the first \$750,000 on each claim with excess coverage up to statutory limits. For general liability, the City is self-insured for the first \$500,000 on each claim with excess coverage up to a limit of \$25,000,000.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

**Note 13: Risk Management (Continued)**

The City is insured for property losses with a deductible of \$10,000 for all-risk (fire and theft) and earthquake loss with a deductible of 2% or minimum \$100,000, whichever is greater.

Claims expenditures and liabilities (general and worker's compensation) are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. This liability is the City's best estimate based on available information.

Reserves for open claims have been established in accordance with an analysis performed by a third-party claims' administrator. In addition, reserves for incurred but not reported claims have been estimated based on historical trend. Total reserves for both workers' compensation and general liability at June 30, 2020 are as follows:

	Estimated Claims Value at Fiscal Year End	Additional Reserves for Incurred But Not Report Claims	Total Claims Reserve
Workers' Compensation Claims	\$ 8,813,546	\$ 6,091,527	\$ 14,905,073
General Liability Claims	2,074,972	641,281	2,716,253
	<u>\$ 10,888,518</u>	<u>\$ 6,732,808</u>	<u>\$ 17,621,326</u>

The following is a summary of the changes in the claim liability over the past two fiscal years.

Fiscal Year	Beginning Balance	Increase	Decrease	Ending Balance
2018-2019				
Workers'comp	\$ 14,978,291	\$ 3,505,263	\$ (3,291,491)	\$ 15,192,063
General liabilities	2,140,635	581,678	(718,054)	2,004,259
Total	<u>\$ 17,118,926</u>	<u>\$ 4,086,941</u>	<u>\$ (4,009,545)</u>	<u>\$ 17,196,322</u>
2019-2020				
Workers'comp	\$ 15,192,063	\$ 2,619,336	\$ (2,906,326)	\$ 14,905,073
General liabilities	2,004,259	1,853,274	(1,141,280)	2,716,253
Total	<u>\$ 17,196,322</u>	<u>\$ 4,472,610</u>	<u>\$ (4,047,606)</u>	<u>\$ 17,621,326</u>

During the past three fiscal (claims) years, none of the above programs has had settlements or judgments that exceed pooled or insured coverage. There have been no significant reductions in pooled or insured coverages from coverage in the prior year.

The Excess Insurance Authority (EIA) has published its own comprehensive annual financial report for the year ended June 30, 2019, which can be obtained at the following link:

<https://www.csac-eia.org/resources/eia-documents/financial-information/comprehensive-annual-financial-report-cafr/cafr-fy-ended-06-30-19/>

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

**Note 14: Joint Ventures and Jointly Governed Organizations**

**a. Joint Venture**

South Bay Regional Public Communications Authority

The City is a member of the South Bay Regional Public Communications Authority (SBRPCA), a joint powers authority of the cities of Manhattan Beach, Gardena and Hawthorne. SBRPCA was formed October 14, 1975, for the purpose of financing a public safety communications system for the member cities. The Governing Board is composed of an elected official of each member city. An executive committee is composed of the city managers of each member city. The City's participation percentage at June 30, 2019, was 22.7%.

Summarized audited financial information for SBRPCA at June 30, 2019\*, is presented below:

Statement of Net Position

Assets	
Current assets	\$ 5,866,572
Noncurrent assets	9,776,435
Total Assets	<u>15,643,007</u>
Deferred Outflows of Resources	<u>2,303,885</u>
Liabilities	
Current liabilities	2,292,840
Noncurrent liabilities	9,778,868
Total Liabilities	<u>12,071,708</u>
Deferred Inflows of Resources	<u>971,715</u>
Net Position	<u>\$ 4,903,469</u>

Statement of Activities

Operating Revenues	\$ 12,842,859
Operating Expenses	<u>15,463,621</u>
Operating income before depreciation	<u>(2,620,762)</u>
Depreciation	<u>(724,878)</u>
Operating income/loss	<u>(3,345,640)</u>
Non-operating revenues (expenses):	
Interest earnings	96,218
Contributed Capital	<u>1,494,144</u>
Non operating revenues (expenses)	<u>1,590,362</u>
Change in net position	(1,755,278)
Net Position - June 30, 2018	<u>6,658,747</u>
Net Position - June 30, 2019	<u>\$ 4,903,469</u>

\*Most current information available. SBRPCA has issued its own separate financial statements, which are available at 4440 W. Broadway, Hawthorne, California 90250.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2020

Note 14: Joint Ventures and Jointly Governed Organizations (Continued)

b. Jointly Governed Organization

Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force

The City of Manhattan Beach is a member of Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT), a joint powers authority of the police departments of cities and other institutions in Los Angeles County. The Organization was formed July 1, 1991, with the mission to promote coordinated law enforcement efforts and to address emerging criminal justice issues, mainly in the areas of drug trafficking enterprise and money laundering. The Executive Council consists of 14 police chiefs and other various police officers. All financial decisions were made by the Executive Council. The members received monetary distributions from the asset seizures based on their respective contribution to the effort.

Summarized audited financial information for L.A. IMPACT at June 30, 2019\*, is presented below:

Statement of Net Position

Assets

Current assets	\$ 10,044,275
Noncurrent assets	<u>1,560,188</u>
Total Assets	<u>11,604,463</u>

Liabilities

Current liabilities	2,038,862
Noncurrent liabilities	<u>76,742</u>
Total liabilities	<u>2,115,604</u>

Net Position	<u>\$ 9,488,859</u>
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Statement of Activities

Program Revenues	\$ 7,091,973
Expenses	<u>(7,909,539)</u>

Excess of Revenues Over Expenses	<u>(817,566)</u>
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Non operating revenues (expenses)

Investment earnings	279,708
Other revenue	<u>18,670</u>
Non operating revenues (expenses)	<u>298,378</u>

Change in net position	(519,188)
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Net Position - June 30, 2018	<u>10,008,047</u>
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Net Position - June 30, 2019	<u>\$ 9,488,859</u>
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\*LA Impact has issued its own separate financial statements, which are available at 5700 S. Eastern Avenue, Commerce, California 90040.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

**Note 15: Commitments and Contingencies****Contingencies**

There are certain claims and lawsuits pending against the City that seek monetary damages. Potential liabilities due to these claims are accounted for in the Insurance Reserve Fund.

**Construction Commitments**

The following material construction commitments existed as of June 30, 2020:

Project Title	Contract Amount	Expenditure to date as of June 30, 2020	Remaining Commitments
Pier utilities and Roundhouse extension improvement project	\$ 1,862,373	\$ 1,846,950	\$ 15,423
Downtown traffic signal upgrade improvement	1,343,122	931,991	411,131
Marine avenue improvement construction project	1,423,973	1,323,836	100,137
Parking technology goods	1,470,812	1,266,198	204,614
Street resurfacing project - Cycle 1	1,476,079	-	1,476,079
Water advances metering infrastructure (AMI)	3,500,000	2,124,501	1,375,499
Undergrounding utility Assessment District 19	4,525,052	314,956	4,210,096

**Note 16: Net Position and Fund Balances Restatement**

Beginning net position and fund balances have been restated as follows:

- Assets reported in prior year in the Pension Trust Fund in the amount of \$150,738 were reclassified to the General Fund because the assets did not meet the definition of a trust per GASB Statement No. 68 and the total pension liability for the City retirement plans is now reported on the government-wide statement of net position.
- Beginning net position in the Refuse Fund were restated in the amount of \$116,622 for the refund of street sweeping fees collected in prior year.

**Note 18: Subsequent Events**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in China, and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California, have declared a state of emergency. Potential impacts to our future tax revenues include disruptions or restrictions on our current employees' ability to work. Any of the foregoing could negatively impact our revenues and we currently cannot anticipate all of the ways in which this health epidemics, COVID-19, could adversely impact our government agency. Although we are continuing to monitor and assess the effects of the COVID-19 pandemic on our government agency, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided \$2.2 trillion in economic stimulus funding through a variety of channels. The State of California received a \$500 million allocation to provide cities which did not receive a direct federal allocation through the CARES Act. The

**CITY OF MANHATTAN BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2020**

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**Note 18: Subsequent Events (Continued)**

City entered into an agreement with the State of California in July 2020 to receive their allocation of the CARES Act funding. The total amount of CARES Act funding to be received by the City is \$435,236. This funding was for the reimbursement of costs incurred by the City since the start of the pandemic.



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# **REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1 as restated	\$ 26,605,334	\$ 26,605,334	\$ 26,605,334	\$ -
<b>Resources (Inflows):</b>				
Taxes and assessments	53,265,943	53,265,943	52,044,383	(1,221,560)
Licenses and permits	2,797,340	2,797,340	2,572,460	(224,880)
Intergovernmental	640,974	971,640	455,990	(515,650)
Charges for services	12,009,430	12,074,430	10,672,990	(1,401,440)
Use of money and property	4,064,279	4,064,279	4,875,067	810,788
Fines and forfeitures	2,447,000	2,447,000	1,925,543	(521,457)
Miscellaneous	1,038,200	1,038,200	879,335	(158,865)
Transfers in	-	-	291,250	291,250
<b>Amounts Available for Appropriations</b>	<b>102,868,500</b>	<b>103,264,166</b>	<b>100,322,352</b>	<b>(2,941,814)</b>
<b>Charges to Appropriations (Outflow):</b>				
Current:				
General government	15,217,817	15,660,601	14,299,084	1,361,517
Public safety	43,252,740	43,403,528	43,491,601	(88,073)
Culture and recreation	8,524,730	8,546,958	6,914,199	1,632,759
Public works	7,681,551	8,106,967	7,644,229	462,738
Capital outlay:				
General government	-	164,673	171,736	(7,063)
Public safety	103,124	110,158	127,605	(17,447)
Culture and recreation	-	32,144	9,455	22,689
Debt service:				
Principal retirement	305,000	305,000	305,000	-
Interest and fiscal charges	176,975	176,975	176,975	-
Trustee Fees	3,500	3,500	1,600	1,900
Transfers out	-	-	494,783	(494,783)
<b>Total Charges to Appropriations</b>	<b>75,265,437</b>	<b>76,510,504</b>	<b>73,636,267</b>	<b>2,874,237</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 27,603,063</b>	<b>\$ 26,753,662</b>	<b>\$ 26,686,085</b>	<b>\$ (67,577)</b>

## CITY OF MANHATTAN BEACH

**MISCELLANEOUS PLAN  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

Measurement Period	2014	2015	2016	2017	2018	2019
<b>TOTAL PENSION LIABILITY</b>						
Service Cost	\$ 1,897,933	\$ 1,906,947	\$ 2,116,750	\$ 2,582,619	\$ 2,639,954	\$ 2,657,779
Interest	6,036,548	6,365,282	6,725,647	6,931,655	7,282,132	7,803,956
Difference Between expected and Actual Experience	-	(1,610,461)	(125,272)	(2,203,443)	(577,483)	1,833,076
Changes in Assumptions	-	(450,327)	-	5,953,464	11,137	-
Benefit Payments, Including Refunds of employee Contributions	(2,930,477)	(3,387,918)	(3,694,517)	(3,897,657)	(4,251,920)	(4,679,793)
<b>Net Change in Total Pension Liability</b>	<b>5,004,004</b>	<b>2,823,523</b>	<b>5,022,608</b>	<b>9,366,638</b>	<b>5,103,820</b>	<b>7,615,018</b>
<b>Total Pension Liability - Beginning</b>	<b>81,003,568</b>	<b>86,007,572</b>	<b>88,831,095</b>	<b>93,853,703</b>	<b>103,220,341</b>	<b>108,324,161</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 86,007,572</b>	<b>\$ 88,831,095</b>	<b>\$ 93,853,703</b>	<b>\$ 103,220,341</b>	<b>\$ 108,324,161</b>	<b>\$ 115,939,179</b>
<b>PLAN FIDUCIARY NET POSITION</b>						
Contribution - Employer	\$ 1,512,406	\$ 1,619,438	\$ 1,856,633	\$ 2,139,788	\$ 2,257,840	\$ 2,699,124
Contribution - Employee	911,689	986,936	1,110,014	1,142,808	1,194,936	1,183,069
Net Investment Income	10,722,182	1,618,145	357,760	8,057,534	6,733,944	5,590,075
Benefit Payments, Including Refunds of Employee Contributions	(2,930,477)	(3,387,918)	(3,694,517)	(3,897,657)	(4,251,920)	(4,679,793)
Net Plan to Plan Resource Movement	-	-	(388)	-	(198)	-
Administrative Expense	-	(82,036)	(44,409)	(106,973)	(124,333)	(60,918)
Other Miscellaneous Income/(Expense) (A)	-	-	-	-	(236,111)	198
<b>Net Change in Fiduciary Net Position</b>	<b>10,215,800</b>	<b>754,565</b>	<b>(414,907)</b>	<b>7,335,500</b>	<b>5,574,158</b>	<b>4,731,755</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>61,897,924</b>	<b>72,113,724</b>	<b>72,868,289</b>	<b>72,453,382</b>	<b>79,788,882</b>	<b>85,363,040</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 72,113,724</b>	<b>\$ 72,868,289</b>	<b>\$ 72,453,382</b>	<b>\$ 79,788,882</b>	<b>\$ 85,363,040</b>	<b>\$ 90,094,795</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 13,893,848</b>	<b>\$ 15,962,806</b>	<b>\$ 21,400,321</b>	<b>\$ 23,431,459</b>	<b>\$ 22,961,121</b>	<b>\$ 25,844,384</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>83.85%</b>	<b>82.03%</b>	<b>77.20%</b>	<b>77.30%</b>	<b>78.80%</b>	<b>77.71%</b>
<b>Covered Payroll</b>	<b>\$ 12,741,228</b>	<b>\$ 13,348,365</b>	<b>\$ 14,974,179</b>	<b>\$ 16,051,083</b>	<b>\$ 16,557,666</b>	<b>\$ 16,866,425</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>109.05%</b>	<b>119.59%</b>	<b>142.91%</b>	<b>145.98%</b>	<b>138.67%</b>	<b>153.23%</b>

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only six years are shown.

**Notes to Schedule:**

(A) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

**Benefit Changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes)

**Changes of Assumptions:**

In fiscal year 2016-17, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent.

In fiscal year 2017-18, 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.

CITY OF MANHATTAN BEACH

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

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 1,526,186	\$ 1,648,896	\$ 1,881,560	\$ 2,137,977	\$ 2,241,242	\$ 2,659,903	\$ 3,062,602
Contribution in Relation to the Actuarially Determined Contribution	(1,526,186)	(1,648,896)	(1,881,560)	(2,137,977)	(2,241,242)	(2,659,903)	(3,062,602)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 12,741,228	\$ 13,348,365	\$ 14,974,179	\$ 16,051,083	\$ 16,557,666	\$ 16,866,425	\$ 17,000,467
Contributions as a Percentage of Covered Payroll	11.98%	12.35%	12.57%	13.32%	13.54%	15.77%	18.01%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only seven years are shown.

**Note to Schedule:**

Valuation Date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
	30 Years as of the Valuation Date with 5 year ramp up/down
Assets valuation method	Market value
Inflation	2.625%
Salary Increases	3.30% - 14.20% depending on age, service and type of employment
Investment rate of return	7.25% net of pension plan investment and administrative expense, including inflation
Retirement age	55 years
Mortality	Scale MP 2016

CITY OF MANHATTAN BEACH

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

Measurement Date	2014	2015	2016	2017	2018	2019
<b>Safety Plan</b>						
Proportion of the Net Pension Liability	0.482924%	0.816657%	0.854514%	0.738007%	0.884355%	0.884355%
Proportionate Share of the Net Pension Liability	\$ 30,049,799	\$ 33,649,892	\$ 44,229,612	\$ 51,004,452	\$ 51,890,006	\$ 55,463,474
Covered Payroll	\$ 11,899,053	\$ 12,509,404	\$ 13,396,233	\$ 13,476,008	\$ 13,377,912	\$ 13,238,294
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	252.54%	269.00%	330.16%	378.48%	387.88%	418.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.00%	78.30%	74.10%	73.30%	73.30%	73.30%

**Notes to Schedule:**

Benefit Changes:

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

Changes of Assumptions:

In fiscal year 2016-17, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent.

In fiscal year 2017-18, 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.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only six years are shown.

CITY OF MANHATTAN BEACH

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

	2014	2015	2016	2017	2018	2019	2020
<b>Safety Plan</b>							
Actuarially Determined Contribution	\$ 3,200,572	\$ 3,437,160	\$ 4,000,319	\$ 4,035,127	\$ 4,413,119	\$ 5,071,642	\$ 5,997,853
Contribution in Relation to the Actuarially Determined Contribution	(3,200,572)	(3,437,160)	(4,000,319)	(4,035,127)	(4,413,119)	(5,071,642)	(5,997,853)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 11,899,053	\$ 12,509,404	\$ 13,396,233	\$ 13,476,008	\$ 13,377,912	\$ 13,238,294	\$ 13,904,770
Contributions as a Percentage of Covered Payroll	26.90%	27.48%	29.86%	29.94%	32.99%	38.31%	43.14%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only seven years are shown.

**Note to Schedule:**

Valuation Date:	June 30, 2017
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
	30 Years as of the Valuation Date with 5 year ramp up/down
Assets valuation method	Market value
Inflation	2.625%
	3.30% - 14.20% depending on age, service and type
Salary Increases	of employment
Investment rate of return	7.25% net of pension plan investment and administrative expense, including inflation
Retirement age	55 years
Mortality	Scale MP 2016



CITY OF MANHATTAN BEACH

**PENSION PLAN - SUPPLEMENTAL RETIREMENT PLAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2014	2015	2016	2017	2018	2019	2020
<b>Total pension liability:</b>							
Interest	\$ 4,535	\$ 3,868	\$ 4,465	\$ (552)	\$ 4,837	\$ 4,045	\$ 4,057
Benefit payments, including refunds of member contributions	(20,118)	(20,519)	(21,728)	(21,340)	(21,690)	(22,125)	(22,327)
Experience losses/(gains)	(6,296)	16,651	9,609	35,649	8,685	18,576	6,826
Changes in assumptions	-	-	-	-	-	2,027	5,916
<b>Net change in total pension liability</b>	<b>(21,879)</b>	<b>-</b>	<b>(7,654)</b>	<b>13,757</b>	<b>(8,168)</b>	<b>2,523</b>	<b>(5,528)</b>
Total pension liability, beginning of year	133,183	111,304	111,304	103,650	117,407	109,239	111,762
<b>Total pension liability, end of year</b>	<b>111,304</b>	<b>111,304</b>	<b>103,650</b>	<b>117,407</b>	<b>109,239</b>	<b>111,762</b>	<b>106,234</b>
<b>Plan fiduciary net position:</b>							
Net investment income	4,535	3,868	4,465	(552)	496	1,024	-
Contribution from employer	-	-	-	-	-	27,773	22,327
Benefit payments, including refunds of member contributions	(20,118)	(20,519)	(21,728)	(21,340)	(21,690)	(22,125)	(22,327)
<b>Net change in plan fiduciary net position</b>	<b>(15,583)</b>	<b>(16,651)</b>	<b>(17,263)</b>	<b>(21,892)</b>	<b>(21,194)</b>	<b>6,672</b>	<b>-</b>
Total fiduciary net position, beginning of year	118,255	102,672	86,021	68,758	46,866	25,672	32,344
Restatement							(32,344)
<b>Total fiduciary net position, end of year</b>	<b>102,672</b>	<b>86,021</b>	<b>68,758</b>	<b>46,866</b>	<b>25,672</b>	<b>32,344</b>	<b>-</b>
<b>Total pension liability, end of fiscal year 2020</b>	<b>\$ 8,632</b>	<b>\$ 25,283</b>	<b>\$ 34,892</b>	<b>\$ 70,541</b>	<b>\$ 83,567</b>	<b>\$ 79,418</b>	<b>\$ 106,234</b>
Plan fiduciary net position as a percentage of the total pension liability	92.24%	77.28%	66.34%	39.92%	23.50%	28.94%	0.00%
The Supplement Retirement Plan is dormant.							
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The fiduciary net position has been restated since the assets held were not in a trust fund as defined by GASB Statement No. 68, but were pulled with the City's cash and investments.

Changes of Assumptions:

In fiscal year 2018-19, the discount rate was changed from 3.5% to 2.2%.

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH

**PENSION PLAN - SUPPLEMENTAL RETIREMENT PLAN  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Employer contributions:</b>							
Actuarial determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual contributions	-	-	-	-	-	-	-
<b>Deficiency/(Excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Supplement Retirement Plan is dormant.

Actual contributions as a percentage of actuarial determined contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH

PENSION PLAN - SUPPLEMENTAL RETIREMENT PLAN  
SCHEDULE OF INVESTMENT RETURNS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Annual money-weighted rate of return, net of investment expense	4.40%	4.40%	3.60%	3.49%	4.12%	3.50%	2.20%

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH

**PENSION PLAN - SINGLE HIGHEST YEAR PLAN  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2014	2015	2016	2017	2018	2019	2020
<b>Total pension liability:</b>							
Interest	\$ 12,194	\$ 9,588	\$ 13,610	\$ (1,639)	\$ 13,871	\$ 10,663	\$ 8,785
Benefit payments, including refunds of member contributions	(49,893)	(50,872)	(51,598)	(52,928)	(53,805)	(50,694)	(51,473)
Experience losses/(gains)	(20,492)	41,284	19,167	94,614	(12,652)	41,951	17,838
Changes in assumptions	-	-	-	-	-	6,053	15,460
<b>Net change in total pension liability</b>	<b>(58,191)</b>	<b>-</b>	<b>(18,821)</b>	<b>40,047</b>	<b>(52,586)</b>	<b>7,973</b>	<b>(9,390)</b>
Total pension liability, beginning of year	373,634	315,443	315,443	296,622	336,669	284,083	292,056
<b>Total pension liability, end of year</b>	<b>315,443</b>	<b>315,443</b>	<b>296,622</b>	<b>336,669</b>	<b>284,083</b>	<b>292,056</b>	<b>282,666</b>
<b>Plan fiduciary net position:</b>							
Net investment income	12,194	9,588	13,610	(1,639)	1,616	4,689	-
Contribution from employer	-	-	-	-	-	72,227	51,473
Benefit payments, including refunds of member contributions	(49,893)	(50,872)	(51,598)	(52,928)	(53,805)	(50,694)	(51,473)
<b>Net change in plan fiduciary net position</b>	<b>(37,699)</b>	<b>(41,284)</b>	<b>(37,988)</b>	<b>(54,567)</b>	<b>(52,189)</b>	<b>26,222</b>	<b>-</b>
Total fiduciary net position, beginning of year	315,899	278,200	236,916	198,928	144,361	92,172	118,394
Restatement							(118,394)
<b>Total fiduciary net position, end of year</b>	<b>278,200</b>	<b>236,916</b>	<b>198,928</b>	<b>144,361</b>	<b>92,172</b>	<b>118,394</b>	<b>-</b>
<b>Total pension liability, end of fiscal year 2020</b>	<b>\$ 37,243</b>	<b>\$ 78,527</b>	<b>\$ 97,694</b>	<b>\$ 192,308</b>	<b>\$ 191,911</b>	<b>\$ 173,662</b>	<b>\$ 282,666</b>
Plan fiduciary net position as a percentage of the total pension liability	88.19%	75.11%	67.06%	42.88%	32.45%	40.54%	0.00%
The Single Highest Year Plan is dormant.							
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The fiduciary net position has been restated since the assets held were not in a trust fund as defined by GASB Statement No. 68, but were pulled with the City's cash and investments.

Changes of Assumptions:

In fiscal year 2018-19, the discount rate was changed from 3.5% to 2.2%.

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH

**PENSION PLAN - SINGLE HIGHEST YEAR PLAN  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Employer contributions:</b>							
Actuarial determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual contributions	-	-	-	-	-	-	-
<b>Deficiency/(Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The Single Highest Year Plan is dormant.

Actual contributions as a percentage of actuarial determined contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH

PENSION PLAN - SINGLE HIGHEST YEAR PLAN  
SCHEDULE OF INVESTMENT RETURNS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Annual money-weighted rate of return, net of investment expense</b>	4.40%	4.40%	3.60%	3.49%	4.12%	3.50%	3.50%

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH, CALIFORNIA

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

Measurement Date	2017	2018	2019
<b>Total OPEB Liability</b>			
Service cost	\$ 153,484	\$ 157,705	\$ 162,042
Interest on the total OPEB liability	373,003	389,029	405,961
Expected minus actual benefit payments	-	-	14,816
Experience gains/(losses)	-	-	(217,943)
Changes in assumptions	-	-	11,785,934
Benefit payments	(292,220)	(276,109)	(315,517)
Net change in total OPEB liability	234,267	270,625	11,835,293
Total OPEB liability - beginning	5,809,993	6,044,260	6,314,885
<b>Total OPEB liability - ending (a)</b>	<b>6,044,260</b>	<b>6,314,885</b>	<b>18,150,178</b>
<b>Plan Fiduciary Net Position</b>			
Net investment income	696,310	637,587	658,010
Investment gains/(loss)	-	(17,259)	65,900
Benefit payments	(292,220)	(276,109)	(315,517)
Administrative expense	(5,052)	(18,413)	(2,217)
Net change in plan fiduciary net position	399,038	325,806	406,176
Plan fiduciary net position - beginning	9,557,249	9,956,287	10,282,093
<b>Plan fiduciary net position - ending (b)</b>	<b>9,956,287</b>	<b>10,282,093</b>	<b>10,688,269</b>
<b>Net OPEB Liability (Asset) - ending (a) - (b)</b>	<b>\$ (3,912,027)</b>	<b>\$ (3,967,208)</b>	<b>\$ 7,461,909</b>
Plan fiduciary net position as a percentage of the total OPEB liability	164.7%	162.8%	58.9%
Covered employee payroll	\$ 27,942,810	\$ 28,350,135	\$ 28,955,206
Net OPEB liability as a percentage of covered employee payroll	-14.00%	-13.99%	25.77%

Notes to Schedule:

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Measurement year 2017 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF MANHATTAN BEACH, CALIFORNIA

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

	2018	2019	2020
Actuarially Determined Contribution (1)	\$ -	\$ -	\$ -
Contribution in Relation to the Actuarially Determined Contribution	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 28,350,135	\$ 28,955,206	\$ 30,039,928
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%

(1) The plan is superfunded. No contribution is required.

**Notes to Schedule:**

Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the December 31, 2016 actuarial valuation.

Valuation Date:	June 30, 2019
Actuarial Cost Method:	Entry Age
Actuarial Assumptions:	
Discount Rate	4% per year net of expenses
Inflation	2.75% per year
Salary Increase	2.75% per year
Healthcare Trend	4.00% per year
Mortality	Police - 2014 CalPERS Mortality for Active Safety Employees Fire Fighters - 2014 CalPERS Mortality for Active Safety Employees Miscellaneous - 2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rates	Police: Hired prior to 1/1/13: 2009 CalPERS 3.0%@50 Rates for Sworn Police Hired > 12/31/12: 2009 CalPERS 3.0%@55 Rates for Sworn Police adjusted to reflect minimum retirement age 52 Firefighters: Hired prior to 1/1/13: 2009 CalPERS 3.0%@55 Rates for Sworn Firefighters Hired > 12/31/12: 2009 CalPERS 3.0%@55 Rates for Sworn Firefighters adjusted to reflect minimum retirement age 52 Miscellaneous: Hired prior to 1/1/13: 2009 CalPERS 2.0%@55 Rates for Miscellaneous Employees Hired > 12/31/12: 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees adjusted to reflect minimum retirement age 52
Service Requirement	Police: 100% at 5 Years of Service for statutory minimum benefits 100% at 10 Years of Service with City (20 years in law enforcement) Firefighters: 100% at 5 Years of Service for statutory minimum benefits 100% at 20 Years of Service with City General Employees 100% at 5 Years of Service for statutory minimum benefits 100% at 15 Years of Service with City Management 100% at 5 Years of Service for statutory minimum benefits 100% at 15 Years of Service with City

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.



**Note 1: Budgetary Comparison Information**

**a. General Budget Policies**

The operating budget serves as the annual financial plan for the City and serves as the policy document of the City Council for implementing Council goals and objectives. The budget provides the staff the resources necessary to accomplish City Council determined service levels.

The City Manager annually will prepare and present a proposed operating budget to the City Council no later than the second regular Council meeting in May of each year; and Council will adopt said budget no later than June 30 of each year. Funds may not be expended or encumbered for the following fiscal year until the budget has been adopted by the City Council.

The City's annual budget will be presented by department, with a logical breakdown of programs and proposed expenses. The budget document will also summarize expenditures at the personnel, operating and maintenance, and capital levels.

Where practical, the City's annual budget will include measures of workload, efficiency, and effectiveness.

**b. Budgetary Control and Accountability**

Budget control is maintained at the departmental level. The City Manager has the authority to approve appropriation transfers between programs or departments. In no case may total expenditures of a particular fund exceed that which is appropriated by the City Council without a budget amendment. Amendments to the budget are approved by the City Council with the exception of the appropriation and transfer of funds from employee leave reserves to a specific department's program budget to cover unplanned customary termination leave expenditures within a given year. Such amendments may be approved by the City Manager.

Budget accountability rests primarily with the operating departments of the City.

**c. Basis of Budgeting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

**CITY OF MANHATTAN BEACH**

**JUNE 30, 2020**

**NONMAJOR FUNDS**

**Special Revenue Fund Description**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law to expenditures for specified purposes.

**Street Lighting and Landscape Fund** provides the power, maintenance and capital improvements for the lighting system within the City of Manhattan Beach. Money is received from a special assessment placed on each tax bill in the City, the amount of which is determined by the benefit received by the owner of each property.

**Gas Tax Fund** is used to account for the City's share of the state and county gasoline tax collection in accordance with the provisions of the State of California Streets and Highway Code. Revenues are disbursed by the state based on population and must be used toward the maintenance and repair of City streets that serve as state and county thoroughfares.

**Asset Forfeiture Fund** is used to account for funds received through federal and state agencies for drug seizures in which the City participated. These funds must be used to supplement, not supplant, the Police Department's normal operating budget. The amount of revenue will vary from year to year based on activity levels.

**Public Safety Grants** are used for monies received from the federal and state governments for the purposes of supplementing front-line law enforcement services.

**Proposition A and C Funds** is used to account for proceeds from the half-cent sales taxes generated by the approval of Proposition A by Los Angeles County voters. These funds, which are administered by the Los Angeles County Metropolitan Transportation Authority (MTA), are distributed based on population and must be used for transportation-related projects.

**AB 2766 Fund** is used to account for proceeds received from the additional vehicle registration fee imposed by the state and regulated by the Air Quality Management District (AQMD). These funds are distributed based on population and must be used for programs designed to reduce air pollution from motor vehicles.

**Measure R Fund** is a half cent sales tax approved by Los Angeles voters to be used for new and existing transportation projects, including local bus operations and local city sponsored transportation improvements. Local cities are allocated 15% of collections on a per capita basis. The City of Manhattan Beach began receiving Measure R funds in fiscal 2010-2011, and established a separate fund to capture revenues and expenditures. Eligible expenditures are streets and signals, bikeways, pedestrian improvements, and transit service improvements.

**Measure M Fund** is a half-cent sales tax approved by Los Angeles County voters to ease traffic congestion; expand rail and rapid transit system; repave local streets, repair potholes, and synchronize signals; make public transportation more accessible for seniors, students, and the disabled; and earthquake-retrofit bridges. The City of Manhattan Beach began receiving Measure M funds in fiscal 2019-2020 and established a separate fund to capture revenue and expenditures.

**CITY OF MANHATTAN BEACH**

**JUNE 30, 2020**

**NONMAJOR FUNDS**

**Capital Project Fund Description**

Capital Projects Funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities, other than those financed by Enterprise or Internal Service Funds.

**Capital Improvement Fund** accounts for financial resources segregated for the acquisition or construction of major capital facilities, other than those financed by Enterprise, Internal Service Funds, or other project specific funds.

**Underground Assessment District Fund** accounts for the resources to construct an underground utility in the future.

CITY OF MANHATTAN BEACH

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

	Special Revenue Funds			
	Street Lighting and Landscape	Gas Tax	Asset Forfeiture	Public Safety Grants
<b>Assets:</b>				
Pooled cash and investments	\$ 92,181	\$ 1,403,039	\$ 301,929	\$ 395,060
Receivables:				
Accounts	5,977	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	437,544	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 98,158</b>	<b>\$ 1,840,583</b>	<b>\$ 301,929</b>	<b>\$ 395,060</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 59,383	\$ 184,180	\$ 630	\$ -
Accrued payables	3,775	34,808	-	-
Unearned revenues	-	-	-	-
Interest payable	-	-	-	-
<b>Total Liabilities</b>	<b>63,158</b>	<b>218,988</b>	<b>630</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	392,748	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>392,748</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Public safety	-	-	301,299	395,060
Recreation	-	-	-	-
Public works	35,000	-	-	-
Capital Projects	-	1,228,847	-	-
<b>Committed to:</b>				
Capital Projects	-	-	-	-
<b>Total Fund Balances</b>	<b>35,000</b>	<b>1,228,847</b>	<b>301,299</b>	<b>395,060</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 98,158</b>	<b>\$ 1,840,583</b>	<b>\$ 301,929</b>	<b>\$ 395,060</b>

CITY OF MANHATTAN BEACH

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Proposition A</u>	<u>Proposition C</u>	<u>AB 2766</u>	<u>Measure R</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 87,085	\$ 4,974,197	\$ 63,488	\$ 1,593,248
Receivables:				
Accounts	-	-	-	43,859
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	3,390	-	-	-
Due from other governments	-	758,944	42,742	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 90,475</u></b>	<b><u>\$ 5,733,141</u></b>	<b><u>\$ 106,230</u></b>	<b><u>\$ 1,637,107</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 3,086	\$ 27,362	\$ -	\$ -
Accrued payables	-	32,512	-	-
Unearned revenues	-	101,939	-	-
Interest payable	-	-	-	-
<b>Total Liabilities</b>	<b><u>3,086</u></b>	<b><u>161,813</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	758,944	31,500	38,000
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>758,944</u></b>	<b><u>31,500</u></b>	<b><u>38,000</u></b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Public safety	-	-	-	-
Recreation	87,389	-	-	-
Public works	-	-	74,730	-
Capital Projects	-	4,812,384	-	1,599,107
<b>Committed to:</b>				
Capital Projects	-	-	-	-
<b>Total Fund Balances</b>	<b><u>87,389</u></b>	<b><u>4,812,384</u></b>	<b><u>74,730</u></b>	<b><u>1,599,107</u></b>
<b>Total Liabilities, Deferred Inflows of     Resources, and Fund Balances</b>	<b><u>\$ 90,475</u></b>	<b><u>\$ 5,733,141</u></b>	<b><u>\$ 106,230</u></b>	<b><u>\$ 1,637,107</u></b>

CITY OF MANHATTAN BEACH

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	Measure M	Capital Improvement	
<b>Assets:</b>			
Pooled cash and investments	\$ 897,255	\$ 7,062,498	\$ 16,869,980
Receivables:			
Accounts	-	993	50,829
Taxes	-	26,693	26,693
Notes and loans	-	45,074	45,074
Prepaid costs	-	-	3,390
Due from other governments	-	479,073	1,718,303
Restricted assets:			
Cash and investments with fiscal agents	-	123,756	123,756
<b>Total Assets</b>	<b>\$ 897,255</b>	<b>\$ 7,738,087</b>	<b>\$ 18,838,025</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 566,123	\$ 840,764
Accrued payables	-	140,224	211,319
Unearned revenues	-	-	101,939
Interest payable	-	123,756	123,756
<b>Total Liabilities</b>	<b>-</b>	<b>830,103</b>	<b>1,277,778</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	477,966	1,699,158
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>477,966</b>	<b>1,699,158</b>
<b>Fund Balances:</b>			
<b>Restricted for:</b>			
Public safety	-	-	696,359
Recreation	-	-	87,389
Public works	-	-	109,730
Capital Projects	897,255	-	8,537,593
<b>Committed to:</b>			
Capital Projects	-	6,430,018	6,430,018
<b>Total Fund Balances</b>	<b>897,255</b>	<b>6,430,018</b>	<b>15,861,089</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 897,255</b>	<b>\$ 7,738,087</b>	<b>\$ 18,838,025</b>

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CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Street Lighting and Landscape	Gas Tax	Asset Forfeiture	Public Safety Grants
<b>Revenues:</b>				
Taxes	\$ 370,590	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	1,499,956	36,492	155,948
Charges for services	10,222	-	-	-
Use of money and property	(32)	38,628	12,205	15,356
Fines and forfeitures	-	-	-	-
Miscellaneous	-	39,165	-	-
<b>Total Revenues</b>	<b>380,780</b>	<b>1,577,749</b>	<b>48,697</b>	<b>171,304</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	196,967	51,030
Culture and recreation	-	-	-	-
Public works	514,792	359,793	-	-
Capital outlay				
Public safety	-	-	-	-
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	712,122	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Trustee fees	-	-	-	-
<b>Total Expenditures</b>	<b>514,792</b>	<b>1,071,915</b>	<b>196,967</b>	<b>51,030</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(134,012)	505,834	(148,270)	120,274
<b>Other Financing Sources (Uses):</b>				
Transfers in	169,012	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>169,012</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	35,000	505,834	(148,270)	120,274
<b>Fund Balances:</b>				
Beginning of Year	-	723,013	449,569	274,786
<b>End of Year</b>	<b>\$ 35,000</b>	<b>\$ 1,228,847</b>	<b>\$ 301,299</b>	<b>\$ 395,060</b>

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

(CONTINUED)

	Special Revenue Funds			
	Proposition A	Proposition C	AB 2766	Measure R
<b>Revenues:</b>				
Taxes	\$ 972,335	\$ 579,293	\$ -	\$ 433,848
Licenses and permits	-	-	-	-
Intergovernmental	-	1,506,510	62,913	-
Charges for services	6,216	-	-	-
Use of money and property	663	146,360	1,381	52,866
Fines and forfeitures	-	-	-	-
Miscellaneous	19,680	-	-	-
<b>Total Revenues</b>	<b>998,894</b>	<b>2,232,163</b>	<b>64,294</b>	<b>486,714</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	911,505	-	-	-
Public works	-	126,732	2,100	-
Capital outlay				
Public safety	-	-	-	-
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	1,242,271	32,321	30,000
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Trustee fees	-	-	-	-
<b>Total Expenditures</b>	<b>911,505</b>	<b>1,369,003</b>	<b>34,421</b>	<b>30,000</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	87,389	863,160	29,873	456,714
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	87,389	863,160	29,873	456,714
<b>Fund Balances:</b>				
Beginning of Year	-	3,949,224	44,857	1,142,393
<b>End of Year</b>	<b>\$ 87,389</b>	<b>\$ 4,812,384</b>	<b>\$ 74,730</b>	<b>\$ 1,599,107</b>

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	Measure M	Capital Improvement	
<b>Revenues:</b>			
Taxes	\$ 488,664	\$ 626,267	\$ 3,470,997
Licenses and permits	-	14,536	14,536
Intergovernmental	-	430,598	3,692,417
Charges for services	-	520,676	537,114
Use of money and property	27,101	544	295,072
Fines and forfeitures	-	72,260	72,260
Miscellaneous	-	3,080	61,925
<b>Total Revenues</b>	<b>515,765</b>	<b>1,667,961</b>	<b>8,144,321</b>
<b>Expenditures:</b>			
Current:			
General government	-	5,036	5,036
Public safety	-	-	247,997
Culture and recreation	-	2,000	913,505
Public works	14,476	569,492	1,587,385
Capital outlay			
Public safety	-	326,573	326,573
Community development	-	256,084	256,084
Culture and recreation	-	48,430	48,430
Public works	24,414	856,425	2,897,553
Debt service:			
Principal retirement	-	515,000	515,000
Interest and fiscal charges	-	255,238	255,238
Trustee fees	-	1,800	1,800
<b>Total Expenditures</b>	<b>38,890</b>	<b>2,836,078</b>	<b>7,054,601</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	476,875	(1,168,117)	1,089,720
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	169,012
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>169,012</b>
Net Change in Fund Balances	476,875	(1,168,117)	1,258,732
<b>Fund Balances:</b>			
Beginning of Year	420,380	7,598,135	14,602,357
<b>End of Year</b>	<b>\$ 897,255</b>	<b>\$ 6,430,018</b>	<b>\$ 15,861,089</b>

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE  
STREET LIGHTING AND LANDSCAPE  
YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Taxes	377,688	377,688	370,590	(7,098)
Charges for services	17,112	17,112	10,222	(6,890)
Use of money and property	-	-	(32)	(32)
Transfers in	-	-	169,012	169,012
<b>Amounts Available for Appropriations</b>	<b>394,800</b>	<b>394,800</b>	<b>549,792</b>	<b>154,992</b>
<b>Charges to Appropriations (Outflow):</b>				
Current:				
Public works	546,801	546,801	514,792	32,009
<b>Total Charges to Appropriations</b>	<b>546,801</b>	<b>546,801</b>	<b>514,792</b>	<b>32,009</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (152,001)</b>	<b>\$ (152,001)</b>	<b>\$ 35,000</b>	<b>\$ 187,001</b>

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE  
GAS TAX  
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 723,013	\$ 723,013	\$ 723,013	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,561,480	3,322,470	1,499,956	(1,822,514)
Use of money and property	58,389	58,389	38,628	(19,761)
Miscellaneous	-	-	39,165	39,165
<b>Amounts Available for Appropriations</b>	<b>2,342,882</b>	<b>4,103,872</b>	<b>2,300,762</b>	<b>(1,803,110)</b>
<b>Charges to Appropriations (Outflow):</b>				
Current:				
Public works	80,000	80,000	359,793	(279,793)
Capital outlay:				
Public works	800,000	3,757,064	712,122	3,044,942
<b>Total Charges to Appropriations</b>	<b>880,000</b>	<b>3,837,064</b>	<b>1,071,915</b>	<b>2,765,149</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,462,882</b>	<b>\$ 266,808</b>	<b>\$ 1,228,847</b>	<b>\$ 962,039</b>

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE  
ASSET FORFEITURE  
YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 449,569	\$ 449,569	\$ 449,569	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	36,492	36,492
Use of money and property	8,000	8,000	12,205	4,205
<b>Amounts Available for Appropriations</b>	<b>457,569</b>	<b>457,569</b>	<b>498,266</b>	<b>40,697</b>
<b>Charges to Appropriations (Outflow):</b>				
Current:				
Public safety	153,700	378,698	196,967	181,731
<b>Total Charges to Appropriations</b>	<b>153,700</b>	<b>378,698</b>	<b>196,967</b>	<b>181,731</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 303,869</b>	<b>\$ 78,871</b>	<b>\$ 301,299</b>	<b>\$ 222,428</b>

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE  
 PUBLIC SAFETY GRANTS  
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 274,786	\$ 274,786	\$ 274,786	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	139,000	139,000	155,948	16,948
Use of money and property	2,328	2,328	15,356	13,028
<b>Amounts Available for Appropriations</b>	<b>416,114</b>	<b>416,114</b>	<b>446,090</b>	<b>29,976</b>
<b>Charges to Appropriations (Outflow):</b>				
Current:				
Public safety	140,000	191,012	51,030	139,982
<b>Total Charges to Appropriations</b>	<b>140,000</b>	<b>191,012</b>	<b>51,030</b>	<b>139,982</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 276,114</b>	<b>\$ 225,102</b>	<b>\$ 395,060</b>	<b>\$ 169,958</b>

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION A  
YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,014,466	1,014,466	972,335	(42,131)
Charges for services	7,200	7,200	6,216	(984)
Use of money and property	-	-	663	663
Miscellaneous	17,500	17,500	19,680	2,180
<b>Amounts Available for Appropriations</b>	<b>1,039,166</b>	<b>1,039,166</b>	<b>998,894</b>	<b>(40,272)</b>
<b>Charges to Appropriations (Outflow):</b>				
Current:				
Culture and recreation	1,009,249	1,009,249	911,505	97,744
<b>Total Charges to Appropriations</b>	<b>1,009,249</b>	<b>1,009,249</b>	<b>911,505</b>	<b>97,744</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 29,917</b>	<b>\$ 29,917</b>	<b>\$ 87,389</b>	<b>\$ 57,472</b>



CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION C  
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,949,224	\$ 3,949,224	\$ 3,949,224	\$ -
<b>Resources (Inflows):</b>				
Taxes	604,481	604,481	579,293	(25,188)
Intergovernmental	-	16,836,333	1,506,510	(15,329,823)
Use of money and property	68,234	68,234	146,360	78,126
<b>Amounts Available for Appropriations</b>	<b>4,621,939</b>	<b>21,458,272</b>	<b>6,181,387</b>	<b>(15,276,885)</b>
<b>Charges to Appropriations (Outflow):</b>				
Current:				
Public works	61,000	61,000	126,732	(65,732)
Capital outlay:				
Public works	400,000	20,931,000	1,242,271	19,688,729
<b>Total Charges to Appropriations</b>	<b>461,000</b>	<b>20,992,000</b>	<b>1,369,003</b>	<b>19,622,997</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,160,939</b>	<b>\$ 466,272</b>	<b>\$ 4,812,384</b>	<b>\$ 4,346,112</b>

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE

AB 2766

YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 44,857	\$ 44,857	\$ 44,857	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	46,000	81,894	62,913	(18,981)
Use of money and property	1,212	1,212	1,381	169
<b>Amounts Available for Appropriations</b>	<b>92,069</b>	<b>127,963</b>	<b>109,151</b>	<b>(18,812)</b>
<b>Charges to Appropriations (Outflow):</b>				
Current:				
Public works	2,100	2,100	2,100	-
Capital outlay:				
Public works	-	47,859	32,321	15,538
<b>Total Charges to Appropriations</b>	<b>2,100</b>	<b>49,959</b>	<b>34,421</b>	<b>15,538</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 89,969</b>	<b>\$ 78,004</b>	<b>\$ 74,730</b>	<b>\$ (3,274)</b>

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE  
 MEASURE R  
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,142,393	\$ 1,142,393	\$ 1,142,393	\$ -
<b>Resources (Inflows):</b>				
Taxes	453,410	453,410	433,848	(19,562)
Use of money and property	27,408	27,408	52,866	25,458
<b>Amounts Available for Appropriations</b>	<b>1,623,211</b>	<b>1,623,211</b>	<b>1,629,107</b>	<b>5,896</b>
<b>Charges to Appropriations (Outflow):</b>				
Current:				
Public works	40,000	40,000	-	40,000
Capital outlay:				
Public works	340,000	1,137,419	30,000	1,107,419
<b>Total Charges to Appropriations</b>	<b>380,000</b>	<b>1,177,419</b>	<b>30,000</b>	<b>1,147,419</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,243,211</b>	<b>\$ 445,792</b>	<b>\$ 1,599,107</b>	<b>\$ 1,153,315</b>

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE  
 MEASURE M  
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 420,380	\$ 420,380	\$ 420,380	\$ -
<b>Resources (Inflows):</b>				
Taxes	513,809	513,809	488,664	(25,145)
Use of money and property	-	-	27,101	27,101
<b>Amounts Available for Appropriations</b>	<b>934,189</b>	<b>934,189</b>	<b>936,145</b>	<b>1,956</b>
<b>Charges to Appropriation (Outflow):</b>				
Current:				
Public works	37,000	37,000	14,476	22,524
Capital outlay:				
Public works	480,000	509,425	24,414	485,011
<b>Total Charges to Appropriations</b>	<b>517,000</b>	<b>546,425</b>	<b>38,890</b>	<b>507,535</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 417,189</b>	<b>\$ 387,764</b>	<b>\$ 897,255</b>	<b>\$ 509,491</b>

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT  
YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,598,135	\$ 7,598,135	\$ 7,598,135	\$ -
<b>Resources (Inflows):</b>				
Taxes	810,000	810,000	626,267	(183,733)
Licenses and permits	21,804	21,804	14,536	(7,268)
Intergovernmental	600,000	1,762,727	430,598	(1,332,129)
Charges for services	785,000	785,000	520,676	(264,324)
Use of money and property	-	-	544	544
Fines and forfeitures	110,000	110,000	72,260	(37,740)
Miscellaneous	-	-	3,080	3,080
<b>Amounts Available for Appropriations</b>	<b>9,924,939</b>	<b>11,087,666</b>	<b>9,266,096</b>	<b>(1,821,570)</b>
<b>Charges to Appropriations (Outflow):</b>				
Current:				
General government	-	-	5,036	(5,036)
Public works	150,000	150,000	569,492	(419,492)
Capital outlay:				
General government	-	-	326,573	(326,573)
Public safety	-	586,218	256,084	330,134
Culture and recreation	1,100,000	8,516,247	48,430	8,467,817
Public works	1,610,000	1,185,280	856,425	328,855
Debt service:				
Principal retirement	515,000	515,000	515,000	-
Interest and fiscal charges	255,238	255,238	255,238	-
Trustee Fees	2,200	2,200	1,800	400
<b>Total Charges to Appropriations</b>	<b>3,632,438</b>	<b>11,210,183</b>	<b>2,836,078</b>	<b>8,374,105</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,292,501</b>	<b>\$ (122,517)</b>	<b>\$ 6,430,018</b>	<b>\$ 6,552,535</b>

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE  
 UNDERGROUND ASSESSMENT DISTRICT  
 YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	3,280	3,280	76,369	73,089
Developer participation	-	18,599,452	18,496,956	(102,496)
<b>Amounts Available for Appropriations</b>	<b>3,280</b>	<b>18,602,732</b>	<b>18,573,325</b>	<b>(29,407)</b>
<b>Charges to Appropriation (Outflow):</b>				
Current:				
Public works	-	18,599,452	7,600,099	10,999,353
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>18,599,452</b>	<b>7,600,099</b>	<b>10,999,353</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,280</b>	<b>\$ 3,280</b>	<b>\$ 10,973,226</b>	<b>\$ 10,969,946</b>

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**CITY OF MANHATTAN BEACH**

**JUNE 30, 2020**

**NONMAJOR ENTERPRISE FUNDS**

The Enterprise Funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises. The intent in using this type of fund is to see that the costs of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

**Stormwater Fund** is used to account for the maintenance and improvement of the City's storm drains. Revenues are derived from a storm drain assessment to property owners, which are based on size and use of the parcel, and collected through the property tax rolls.

**Refuse Fund** is used to account for the provision of refuse collection, street sweeping and recycling services in the City. The City bills both residential and commercial properties.

**County Parking Lot Fund** is used to account for the operation and maintenance of parking lots that are owned by Los Angeles County but leased to the City. Proceeds from the meters and parking permits are divided 55% to the county, with an annual guaranteed minimum of \$130,000 and 45% to the City.

**State Pier and Parking Lot Fund** is used to account for the operation and maintenance of the Manhattan Beach Pier, comfort station and four adjacent parking lots. These properties are owned by the State of California but controlled by the City through an operating agreement.



CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF NET POSITION  
NON-MAJOR ENTERPRISE FUNDS  
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Totals
	Stormwater	Refuse	County Parking Lot	State Pier and Parking Lot	
<b>Assets:</b>					
Current:					
Cash and investments	\$ 2,088,476	\$ 1,782,820	\$ 396,916	\$ 712,493	\$ 4,980,705
Receivables:					
Accounts	7,292	603,913	-	-	611,205
Total Current Assets	2,095,768	2,386,733	396,916	712,493	5,591,910
Noncurrent:					
Capital assets - net of accumulated depreciation	3,941,002	-	-	-	3,941,002
Total Noncurrent Assets	3,941,002	-	-	-	3,941,002
<b>Total Assets</b>	<b>6,036,770</b>	<b>2,386,733</b>	<b>396,916</b>	<b>712,493</b>	<b>9,532,912</b>
<b>Deferred Outflows of Resources:</b>					
Deferred pension related items	21,464	33,986	5,629	5,538	66,617
Deferred OPEB related items	33,440	31,951	6,403	6,403	78,197
<b>Total Deferred Outflows of Resources</b>	<b>54,904</b>	<b>65,937</b>	<b>12,032</b>	<b>11,941</b>	<b>144,814</b>
<b>Liabilities:</b>					
Current:					
Accounts payable	286,773	331,492	396,916	58,751	1,073,932
Accrued payables	23,725	876,315	-	-	900,040
Deposits payable	319,274	-	-	-	319,274
Total Current Liabilities	629,772	1,207,807	396,916	58,751	2,293,246
Noncurrent:					
Net pension liability	111,541	188,609	26,485	26,484	353,119
Net OPEB liability	22,439	17,096	1,347	1,347	42,229
Total Noncurrent Liabilities	133,980	205,705	27,832	27,831	395,348
<b>Total Liabilities</b>	<b>763,752</b>	<b>1,413,512</b>	<b>424,748</b>	<b>86,582</b>	<b>2,688,594</b>
<b>Deferred Inflows of Resources:</b>					
Deferred pension related items	4,589	8,022	783	782	14,176
Deferred OPEB related items	676	644	129	129	1,578
<b>Total Deferred Inflows of Resources</b>	<b>5,265</b>	<b>8,666</b>	<b>912</b>	<b>911</b>	<b>15,754</b>
<b>Net Position:</b>					
Investment in capital assets	3,941,002	-	-	-	3,941,002
Unrestricted	1,381,655	1,030,492	(16,712)	636,941	3,032,376
<b>Total Net Position</b>	<b>\$ 5,322,657</b>	<b>\$ 1,030,492</b>	<b>\$ (16,712)</b>	<b>\$ 636,941</b>	<b>\$ 6,973,378</b>

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
NON-MAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				Totals
	Stormwater	Refuse	County Parking Lot	State Pier and Parking Lot	
<b>Operating Revenues:</b>					
Sales and service charges	\$ 343,406	\$ 4,470,928	\$ 852,090	\$ 528,426	\$ 6,194,850
Miscellaneous	76,430	3,185	-	6,202	85,817
<b>Total Operating Revenues</b>	<b>419,836</b>	<b>4,474,113</b>	<b>852,090</b>	<b>534,628</b>	<b>6,280,667</b>
<b>Operating Expenses:</b>					
Salaries	71,420	87,237	25,352	25,353	209,362
Employee benefits	37,647	46,387	14,615	14,708	113,357
Contract and professional services	455,677	3,793,958	57,811	176,413	4,483,859
Materials and services	219,329	122,368	516	199,314	541,527
Utilities	29,595	583	3,495	35,066	68,739
Administrative service charges	161,196	191,148	34,548	90,864	477,756
Leases and rents	-	-	468,649	-	468,649
Depreciation expense	148,007	-	-	-	148,007
<b>Total Operating Expenses</b>	<b>1,122,871</b>	<b>4,241,681</b>	<b>604,986</b>	<b>541,718</b>	<b>6,511,256</b>
Operating Income (Loss)	(703,035)	232,432	247,104	(7,090)	(230,589)
<b>Nonoperating Revenues (Expenses):</b>					
Interest revenue	77,486	48,165	-	28,609	154,260
Grant revenue	-	9,759	-	-	9,759
<b>Total Nonoperating Revenues (Expenses)</b>	<b>77,486</b>	<b>57,924</b>	<b>-</b>	<b>28,609</b>	<b>164,019</b>
Income (Loss) Before Transfers	(625,549)	290,356	247,104	21,519	(66,570)
Transfers in	298,337	-	27,434	-	325,771
Transfers out	-	-	(291,250)	-	(291,250)
Changes in Net Position	(327,212)	290,356	(16,712)	21,519	(32,049)
<b>Net Position:</b>					
Beginning of Year, as originally reported	5,649,869	856,758	-	615,422	7,122,049
Restatements	-	(116,622)	-	-	(116,622)
Beginning of Fiscal Year, as restated	5,649,869	740,136	-	615,422	7,005,427
<b>End of Fiscal Year</b>	<b>\$ 5,322,657</b>	<b>\$ 1,030,492</b>	<b>\$ (16,712)</b>	<b>\$ 636,941</b>	<b>\$ 6,973,378</b>

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds				
	Stormwater	Refuse	County Parking Lot	State Pier and Parking Lot	Totals
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 58,857	\$ 4,185,541	\$ 852,090	\$ 425,779	\$ 5,522,267
Cash paid to suppliers for goods and services	(671,644)	(3,515,390)	(524,676)	(498,982)	(5,210,692)
Cash paid to employees for services	(99,792)	(232,948)	(37,173)	(37,176)	(407,089)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(712,579)</b>	<b>437,203</b>	<b>290,241</b>	<b>(110,379)</b>	<b>(95,514)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers out	-	-	(291,250)	-	(291,250)
Cash transfers in	298,337	-	27,434	-	325,771
Grant Subsidy	-	9,759	-	-	9,759
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>298,337</b>	<b>9,759</b>	<b>(263,816)</b>	<b>-</b>	<b>44,280</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	77,486	48,165	-	28,609	154,260
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>77,486</b>	<b>48,165</b>	<b>-</b>	<b>28,609</b>	<b>154,260</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(336,756)</b>	<b>495,127</b>	<b>26,425</b>	<b>(81,770)</b>	<b>103,026</b>
Cash and Cash Equivalents at Beginning of Year	2,425,232	1,287,693	370,491	794,263	4,877,679
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,088,476</b>	<b>\$ 1,782,820</b>	<b>\$ 396,916</b>	<b>\$ 712,493</b>	<b>\$ 4,980,705</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ (703,035)	\$ 232,432	\$ 247,104	\$ (7,090)	\$ (230,589)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Restatement	-	(116,622)	-	-	(116,622)
Depreciation	148,007	-	-	-	148,007
(Increase) decrease in accounts receivable	(1,339)	(288,572)	-	-	(289,911)
Increase (decrease) in accounts payable	175,390	(283,648)	40,343	2,675	(65,240)
Increase (decrease) in accrued payables	18,763	876,315	-	-	895,078
Increase (decrease) in deposits payable	(359,640)	-	-	(108,849)	(468,489)
Increase (decrease) in net pension liability	8,650	14,416	2,883	2,884	28,833
Increase (decrease) in net OPEB liability	36,081	34,363	6,873	6,873	84,190
Increase (decrease) in deferred pension related items	(2,692)	(278)	(721)	(631)	(4,322)
Increase (decrease) in deferred OPEB related items	(32,764)	(31,203)	(6,241)	(6,241)	(76,449)
<b>Total Adjustments</b>	<b>(9,544)</b>	<b>204,771</b>	<b>43,137</b>	<b>(103,289)</b>	<b>135,075</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (712,579)</b>	<b>\$ 437,203</b>	<b>\$ 290,241</b>	<b>\$ (110,379)</b>	<b>\$ (95,514)</b>

**Non-Cash Investing, Capital, and Financing Activities:**

There was no non-cash investing, capital and financing activities during the fiscal year.

**CITY OF MANHATTAN BEACH**

**JUNE 30, 2020**

**INTERNAL SERVICE FUNDS**

Internal Service Funds have been established to finance, administer and account for the provision of goods and services to all funds and all departments on a cost-reimbursement basis.

**Insurance Reserve Fund** is used to account for the City's self-insured workers' compensation and general liability programs. The fund collects premiums from departments based on claims history.

**Information Systems Fund** is used to account for the operation, maintenance and replacement of the City's Information Systems including the citywide network and related hardware and software. Revenues are generated from charges to departments based on the number of PCs in use.

**Fleet Management Fund** is used to account for the operation, maintenance and replacement of City vehicles. Revenues are generated from vehicle rental charges to departments based upon the number, type and age of vehicles utilized.

**Building Maintenance and Operations Fund** is used to account for the operation and maintenance of certain City facilities. Revenues are generated by charges to user departments based on the number of personnel in the department.

## CITY OF MANHATTAN BEACH

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2020**

	<b>Governmental Activities - Internal Service Funds</b>				<b>Totals</b>
	<b>Insurance Reserve</b>	<b>Information Systems</b>	<b>Fleet Management</b>	<b>Building Maintenance and Operations</b>	
<b>Assets:</b>					
Current:					
Cash and investments	\$ 16,326,880	\$ 1,671,153	\$ 4,177,172	\$ 99,478	\$ 22,274,683
Receivables:					
Accounts	10	-	-	-	10
Prepaid costs	-	18,498	-	6,045	24,543
Inventories	-	-	-	56,065	56,065
<b>Total Current Assets</b>	<b>16,326,890</b>	<b>1,689,651</b>	<b>4,177,172</b>	<b>161,588</b>	<b>22,355,301</b>
Noncurrent:					
Capital assets - net of accumulated depreciation	-	-	4,608,473	-	4,608,473
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>4,608,473</b>	<b>-</b>	<b>4,608,473</b>
<b>Total Assets</b>	<b>16,326,890</b>	<b>1,689,651</b>	<b>8,785,645</b>	<b>161,588</b>	<b>26,963,774</b>
<b>Deferred Outflows of Resources:</b>					
Deferred pension related items	66,307	200,810	98,824	130,877	496,818
Deferred OPEB related items	73,523	242,588	135,518	167,614	619,243
<b>Total Deferred Outflows of Resources</b>	<b>139,830</b>	<b>443,398</b>	<b>234,342</b>	<b>298,491</b>	<b>1,116,061</b>
<b>Liabilities:</b>					
Current:					
Accounts payable	53,033	93,143	57,003	102,574	305,753
Accrued liabilities	65,325	-	696	2,949	68,970
Workers' compensation claims	8,813,546	-	-	-	8,813,546
Accrued claims and judgments	2,074,972	-	-	-	2,074,972
<b>Total Current Liabilities</b>	<b>11,006,876</b>	<b>93,143</b>	<b>57,699</b>	<b>105,523</b>	<b>11,263,241</b>
Noncurrent:					
Net pension liability	366,276	1,079,301	451,154	639,266	2,535,997
Net OPEB liability	36,261	175,610	118,414	111,335	441,620
Workers' compensation claims	6,091,527	-	-	-	6,091,527
Accrued claims and judgments	641,281	-	-	-	641,281
<b>Total Noncurrent Liabilities</b>	<b>7,135,345</b>	<b>1,254,911</b>	<b>569,568</b>	<b>750,601</b>	<b>9,710,425</b>
<b>Total Liabilities</b>	<b>18,142,221</b>	<b>1,348,054</b>	<b>627,267</b>	<b>856,124</b>	<b>20,973,666</b>
<b>Deferred Inflows of Resources:</b>					
Deferred pension related items	7,141	31,541	16,462	22,959	78,103
Deferred OPEB related items	1,481	4,893	2,736	3,380	12,490
<b>Total Deferred Inflows of Resources</b>	<b>8,622</b>	<b>36,434</b>	<b>19,198</b>	<b>26,339</b>	<b>90,593</b>
<b>Net Position:</b>					
Investment in capital assets	-	-	4,608,473	-	4,608,473
Unrestricted	(1,684,123)	748,561	3,765,049	(422,384)	2,407,103
<b>Total Net Position</b>	<b>\$ (1,684,123)</b>	<b>\$ 748,561</b>	<b>\$ 8,373,522</b>	<b>\$ (422,384)</b>	<b>\$ 7,015,576</b>

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds				Totals
	Insurance Reserve	Information Systems	Fleet Management	Building Maintenance and Operations	
<b>Operating Revenues:</b>					
Interdepartmental service charges	\$ 6,802,187	\$ 2,814,626	\$ 2,269,690	\$ 1,803,387	\$ 13,689,890
Miscellaneous	105,398	-	29,161	-	134,559
<b>Total Operating Revenues</b>	<b>6,907,585</b>	<b>2,814,626</b>	<b>2,298,851</b>	<b>1,803,387</b>	<b>13,824,449</b>
<b>Operating Expenses:</b>					
Salaries	319,216	869,796	310,917	423,819	1,923,748
Employee benefits	166,135	488,428	196,887	245,574	1,097,024
Contract for professional services	151,269	358,775	242,215	632,770	1,385,029
Materials and services	299,304	1,198,671	474,143	494,337	2,466,455
Utilities	590	3,565	-	102,202	106,357
Claims expense	5,649,121	-	-	-	5,649,121
Depreciation expense	-	-	930,515	-	930,515
<b>Total Operating Expenses</b>	<b>6,585,635</b>	<b>2,919,235</b>	<b>2,154,677</b>	<b>1,898,702</b>	<b>13,558,249</b>
Operating Income (Loss)	321,950	(104,609)	144,174	(95,315)	266,200
<b>Nonoperating Revenues (Expenses):</b>					
Gain (loss) on disposal of capital assets	-	-	(45,575)	-	(45,575)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>-</b>	<b>-</b>	<b>(45,575)</b>	<b>-</b>	<b>(45,575)</b>
Income (Loss) Before Transfers	321,950	(104,609)	98,599	(95,315)	220,625
Capital Contributions	-	-	125,418	-	125,418
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Changes in Net Position	321,950	(104,609)	224,017	(95,315)	346,043
<b>Net Position:</b>					
Beginning of Year	(2,006,073)	853,170	8,149,505	(327,069)	6,669,533
<b>End of Fiscal Year</b>	<b>\$ (1,684,123)</b>	<b>\$ 748,561</b>	<b>\$ 8,373,522</b>	<b>\$ (422,384)</b>	<b>\$ 7,015,576</b>

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Funds				
	Insurance Reserve	Information Systems	Fleet Management	Building Maintenance and Operations	Totals
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 107,276	\$ -	\$ 29,161	\$ -	\$ 136,437
Cash received from interfund service provided	6,802,187	2,814,626	2,269,690	1,803,387	13,689,890
Cash paid to suppliers for goods and services	(5,632,181)	(1,595,770)	(746,332)	(1,207,114)	(9,181,397)
Cash paid to employees for services	(361,203)	(1,203,710)	(450,309)	(587,184)	(2,602,406)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>916,079</b>	<b>15,146</b>	<b>1,102,210</b>	<b>9,089</b>	<b>2,042,524</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	-	-	(338,840)	-	(338,840)
Proceeds from sales of capital assets	-	-	26,327	-	26,327
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(312,513)</b>	<b>-</b>	<b>(312,513)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>916,079</b>	<b>15,146</b>	<b>789,697</b>	<b>9,089</b>	<b>1,730,011</b>
Cash and Cash Equivalents at Beginning of Year	15,410,801	1,656,007	3,387,475	90,389	20,544,672
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 16,326,880</b>	<b>\$ 1,671,153</b>	<b>\$ 4,177,172</b>	<b>\$ 99,478</b>	<b>\$ 22,274,683</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 321,950	\$ (104,609)	\$ 144,174	\$ (95,315)	\$ 266,200
<b>Adjustments to Reconcile Operating Income (loss) Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation	-	-	930,515	-	930,515
(Increase) decrease in accounts receivable	1,878	-	-	-	1,878
(Increase) decrease in prepaid expense	-	(13,154)	-	(6,045)	(19,199)
(Increase) decrease in inventory	-	-	-	14,850	14,850
Increase (decrease) in accounts payable	43,099	(21,605)	(29,974)	13,390	4,910
Increase (decrease) in accrued payables	65,325	(6,645)	696	1,744	61,120
Increase (decrease) in net pension liability	54,782	135,514	49,015	69,198	308,509
Increase (decrease) in net OPEB liability	79,035	261,158	146,042	180,405	666,640
Increase (decrease) in deferred pension related items	(3,226)	1,635	(5,642)	(5,319)	(12,552)
Increase (decrease) in deferred OPEB related items	(71,768)	(237,148)	(132,616)	(163,819)	(605,351)
Increase (decrease) in workers' compensation claims	(286,990)	-	-	-	(286,990)
Increase (decrease) in claims and judgments	711,994	-	-	-	711,994
<b>Total Adjustments</b>	<b>594,129</b>	<b>119,755</b>	<b>958,036</b>	<b>104,404</b>	<b>1,776,324</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 916,079</b>	<b>\$ 15,146</b>	<b>\$ 1,102,210</b>	<b>\$ 9,089</b>	<b>\$ 2,042,524</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>					
Capital Contributions	\$ -	\$ -	\$ 125,418	\$ -	\$ 125,418

**CITY OF MANHATTAN BEACH**

**JUNE 30, 2020**

**AGENCY FUNDS**

Agency funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

**Special Assessment Redemption Fund** is used to account for special assessment collections for debt service for the underground assessment bonds that the City remits to the fiscal agent.

**Special Deposits Fund** is used to account for 401(k) plan deposits, utility development deposits, art development fees and other miscellaneous deposits.



CITY OF MANHATTAN BEACH

COMBINING BALANCE SHEET  
 ALL AGENCY FUNDS  
 JUNE 30, 2020

	<u>Special Assessment Redemption</u>	<u>Special Deposits</u>	<u>Totals</u>
<b>Assets:</b>			
Pooled cash and investments	\$ 708,460	\$ 2,134,391	\$ 2,842,851
Receivables:			
Accounts	4,858	-	4,858
Restricted assets:			
Cash and investments with fiscal agents	1,359,531	-	1,359,531
<b>Total Assets</b>	<b><u>\$ 2,072,849</u></b>	<b><u>\$ 2,134,391</u></b>	<b><u>\$ 4,207,240</u></b>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 1,763	\$ 1,763
Art development fees	-	2,099,582	2,099,582
Deposits payable	-	33,046	33,046
Due to bond holders	2,072,849	-	2,072,849
<b>Total Liabilities</b>	<b><u>\$ 2,072,849</u></b>	<b><u>\$ 2,134,391</u></b>	<b><u>\$ 4,207,240</u></b>

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b><u>Special Assessment Redemption</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 947,369	\$ 759,816	\$ 998,725	\$ 708,460
Receivables:				
Accounts	22,231	19,015	36,388	4,858
Restricted assets:				
Cash and investments with fiscal agents	523,916	15,796,227	14,960,612	1,359,531
<b>Total Assets</b>	<b>\$ 1,493,516</b>	<b>\$ 16,575,058</b>	<b>\$ 15,995,725</b>	<b>\$ 2,072,849</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 1,493,516	\$ 19,510,147	\$ 18,930,814	\$ 2,072,849
<b>Total Liabilities</b>	<b>\$ 1,493,516</b>	<b>\$ 19,510,147</b>	<b>\$ 18,930,814</b>	<b>\$ 2,072,849</b>
<b><u>Special Deposits</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,993,122	\$ 8,320,875	\$ 8,179,606	\$ 2,134,391
<b>Total Assets</b>	<b>\$ 1,993,122</b>	<b>\$ 8,320,875</b>	<b>\$ 8,179,606</b>	<b>\$ 2,134,391</b>
<b>Liabilities:</b>				
Accounts payable	\$ 475	\$ 126,562	\$ 125,274	\$ 1,763
Art development fees	1,975,954	263,484	139,856	2,099,582
Deposits payable	16,693	194,065	177,712	33,046
<b>Total Liabilities</b>	<b>\$ 1,993,122</b>	<b>\$ 584,111</b>	<b>\$ 442,842</b>	<b>\$ 2,134,391</b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 2,940,491	\$ 9,080,691	\$ 9,178,331	\$ 2,842,851
Receivables:				
Accounts	22,231	19,015	36,388	4,858
Restricted assets:				
Cash and investments with fiscal agents	523,916	15,796,227	14,960,612	1,359,531
<b>Total Assets</b>	<b>\$ 3,486,638</b>	<b>\$ 24,895,933</b>	<b>\$ 24,175,331</b>	<b>\$ 4,207,240</b>
<b>Liabilities:</b>				
Accounts payable	\$ 475	\$ 126,562	\$ 125,274	\$ 1,763
Art development fees	1,975,954	263,484	139,856	2,099,582
Deposits payable	16,693	194,065	177,712	33,046
Due to bond holders	1,493,516	19,510,147	18,930,814	2,072,849
<b>Total Liabilities</b>	<b>\$ 3,486,638</b>	<b>\$ 20,094,258</b>	<b>\$ 19,373,656</b>	<b>\$ 4,207,240</b>

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## Statistical Section (Unaudited)

*This part of the City's Statistical's 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 city's overall financial health.*

### Contents

### Exhibits

#### **Financial Trends**

*These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.*

**A-2 to A-5**

#### **Revenue Capacity**

*These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.*

**A-6 to A-14**

#### **Debt Capacity**

*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.*

**A-15 to A-18**

#### **Demographic and Economic Information**

*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.*

**A-19 to A-21**

#### **Operating & Other Information**

*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.*

**A-22 to A-25**

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in FY2002-2003; schedules presenting government-wide information include information beginning in that year. Where ever possible and practical the City provided historical data as far back as ten years.*

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## **Statistical Section**

### **Financial Trends**

*These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.*

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

	Fiscal Year Ending				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Net Investment in capital assets	\$ 93,795,303	\$ 93,795,301	\$ 98,930,447	\$ 100,924,816	\$ 101,159,813
Restricted:					
Debt Service & Restricted Cash	1,999,346	2,062,187	1,130,434	977,888	32,566
Special Revenue Funds	7,479,933	9,122,955	9,065,922	10,266,913	10,186,991
Post-Employment Benefits	-	-	-	-	-
Total Restricted	<u>9,479,279</u>	<u>11,185,142</u>	<u>10,196,356</u>	<u>11,244,801</u>	<u>10,219,557</u>
Unrestricted (1,2)	<u>31,513,669</u>	<u>29,224,129</u>	<u>31,058,162</u>	<u>31,714,367</u>	<u>(17,546,716)</u>
Total governmental activities net position	<u>\$ 134,788,251</u>	<u>\$ 134,204,572</u>	<u>\$ 140,184,965</u>	<u>\$ 143,883,984</u>	<u>\$ 93,832,654</u>
Business-type activities					
Net Investment in capital assets	\$ 27,111,091	\$ 28,293,829	\$ 33,902,701	\$ 34,342,910	\$ 35,610,816
Restricted:					
Business Improvement district	517,072	523,928	520,514	532,510	546,317
Debt Service & Restricted Cash	<u>1,208,833</u>	<u>1,210,125</u>	<u>-</u>	<u>215,656</u>	<u>204,856</u>
Total Restricted	<u>1,725,905</u>	<u>1,734,053</u>	<u>520,514</u>	<u>748,166</u>	<u>751,173</u>
Unrestricted	<u>13,385,526</u>	<u>17,942,198</u>	<u>21,754,310</u>	<u>29,522,345</u>	<u>36,006,212</u>
Total business-type activities net position	<u>\$ 42,222,522</u>	<u>\$ 47,970,080</u>	<u>\$ 56,177,525</u>	<u>\$ 64,613,421</u>	<u>\$ 72,368,201</u>
Primary government					
Net Investment in capital assets	\$ 120,906,394	\$ 122,089,130	\$ 132,833,148	\$ 135,267,726	\$ 136,770,629
Restricted:					
Business Improvement district	517,072	523,928	520,514	532,510	546,317
Debt Service & Restricted Cash	3,208,179	3,272,312	1,130,434	1,193,544	237,422
Special Revenue Funds	7,479,933	9,122,955	9,065,922	10,266,913	10,186,991
Post-Employment Benefits	-	-	-	-	-
Total Restricted	<u>3,725,251</u>	<u>3,796,240</u>	<u>1,650,948</u>	<u>1,726,054</u>	<u>783,739</u>
Unrestricted	<u>44,899,195</u>	<u>47,166,327</u>	<u>52,812,472</u>	<u>61,236,712</u>	<u>18,459,496</u>
Total primary government net position	<u>\$ 169,530,840</u>	<u>\$ 173,051,697</u>	<u>\$ 187,296,568</u>	<u>\$ 198,230,492</u>	<u>\$ 156,013,864</u>

(1) Starting in Fiscal Year ending June 30, 2015, activities reflect pension expense in accordance with GASB 68.

(2) Starting in Fiscal Year ending June 30, 2018, activities reflect OPEB pronouncements in accordance with GASB 75.

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

**Exhibit A-2**

	Fiscal Year Ending				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities					
Net Investment in capital assets	\$ 102,028,495	\$ 103,345,895	\$ 103,659,026	\$ 111,406,609	\$ 113,205,816
Restricted:					
Debt Service & Restricted Cash	12,586	-	-	-	-
Special Revenue Funds	10,784,745	11,329,103	9,897,701	7,004,222	20,404,297
Post-Employment Benefits	-	-	763,621	1,068,946	1,365,844
Total Restricted	10,797,331	11,329,103	10,661,322	8,073,168	21,770,141
Unrestricted (1,2)	<u>(15,597,553)</u>	<u>(16,091,037)</u>	<u>(14,862,095)</u>	<u>(19,756,174)</u>	<u>(29,141,204)</u>
Total governmental activities net position	<u>\$ 97,228,273</u>	<u>\$ 98,583,961</u>	<u>\$ 99,458,253</u>	<u>\$ 99,723,603</u>	<u>\$ 105,834,753</u>
Business-type activities					
Net Investment in capital assets	\$ 40,621,092	\$ 42,329,262	\$ 43,188,261	\$ 43,807,896	\$ 47,574,700
Restricted:					
Business Improvement district	541,863	552,266	553,653	571,598	508,505
Debt Service & Restricted Cash	-	-	-	-	-
Total Restricted	541,863	552,266	553,653	571,598	508,505
Unrestricted	<u>38,979,894</u>	<u>43,669,078</u>	<u>48,387,171</u>	<u>56,303,666</u>	<u>60,652,282</u>
Total business-type activities net position	<u>\$ 80,142,849</u>	<u>\$ 86,550,606</u>	<u>\$ 92,129,085</u>	<u>\$ 100,683,160</u>	<u>\$ 108,735,487</u>
Primary government					
Net Investment in capital assets	\$ 142,649,587	\$ 145,675,157	\$ 146,847,287	\$ 155,214,505	\$ 160,780,516
Restricted:					
Business Improvement district	541,863	552,266	553,653	571,598	508,505
Debt Service & Restricted Cash	12,586	-	-	-	-
Special Revenue Funds	10,784,745	11,329,103	9,897,701	7,004,222	20,404,297
Post-Employment Benefits	-	-	763,621	1,068,946	1,365,844
Total Restricted	554,449	552,266	11,214,975	8,644,766	22,278,646
Unrestricted	<u>23,382,341</u>	<u>27,578,041</u>	<u>33,525,076</u>	<u>36,547,492</u>	<u>31,511,078</u>
Total primary government net position	<u>\$ 166,586,377</u>	<u>\$ 173,805,464</u>	<u>\$ 191,587,338</u>	<u>\$ 200,406,763</u>	<u>\$ 214,570,240</u>

(1) Starting in Fiscal Year ending June 30, 2

(2) Starting in Fiscal Year ending June 30, 2



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

	<b>Fiscal Year Ending</b>				
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 9,464,347	\$ 9,489,937	\$ 8,659,381	\$ 11,102,480	\$ 12,276,294
Public Safety	30,686,086	32,190,597	33,374,733	34,955,520	37,098,767
Culture and recreation	6,018,205	5,761,135	5,798,599	7,062,072	7,707,656
Public Works	8,338,105	8,369,506	8,044,071	7,256,983	9,084,861
Interest on long-term debt	769,374	820,494	791,358	384,950	428,406
Total governmental activities expenses	<u>55,276,117</u>	<u>56,631,669</u>	<u>56,668,142</u>	<u>60,762,005</u>	<u>66,595,984</u>
Business-type activities:					
Water	8,326,398	8,523,452	8,857,744	9,235,903	9,133,069
Stormwater	410,188	752,257	402,914	765,387	778,084
Wastewater	1,692,812	1,740,453	2,024,852	2,068,755	1,679,545
Refuse	4,386,842	4,205,443	4,167,310	3,900,588	4,011,830
Parking	2,352,386	2,888,269	3,385,556	2,963,610	3,160,043
Total business-type activities expenses	<u>17,168,626</u>	<u>18,109,874</u>	<u>18,838,376</u>	<u>18,934,243</u>	<u>18,762,571</u>
Total primary government expenses	<u>\$ 72,444,743</u>	<u>\$ 74,741,543</u>	<u>\$ 75,506,518</u>	<u>\$ 79,696,248</u>	<u>\$ 85,358,555</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General Government	\$ 3,883,959	\$ 4,223,405	\$ 4,535,499	\$ 4,950,743	\$ 5,814,648
Public Safety	4,765,404	4,783,038	5,172,443	4,154,836	4,309,976
Parks and recreation	3,029,554	2,805,841	2,470,359	2,798,673	3,034,335
Public works	3,440,572	4,134,599	3,792,239	3,563,085	4,074,858
Operating grants and contributions	1,322,867	1,183,103	1,847,316	1,638,522	1,739,455
Capital grants and contributions	1,504,759	2,554,310	2,032,724	2,314,830	2,724,621
Total governmental activities program revenues	<u>17,947,115</u>	<u>19,684,296</u>	<u>19,850,580</u>	<u>19,420,689</u>	<u>21,697,893</u>
Business-type activities:					
Charges for services:					
Water	9,557,717	12,578,908	14,916,283	16,275,584	16,101,667
Stormwater	347,602	352,860	345,821	344,556	353,616
Wastewater	2,620,669	3,087,150	3,406,077	3,626,144	3,562,456
Refuse	4,189,639	4,363,739	4,426,190	3,965,882	4,063,886
Parking	3,008,206	3,396,749	3,506,309	3,761,948	3,899,746
Operating grants and contributions	19,638	33,209	69,937	19,880	10,020
Capital grants and contributions	-	-	500,000	-	-
Total business-type activities program revenues	<u>19,743,471</u>	<u>23,812,615</u>	<u>27,170,617</u>	<u>27,993,994</u>	<u>27,991,391</u>
Total primary government program revenues	<u>\$ 37,690,586</u>	<u>\$ 43,496,911</u>	<u>\$ 47,021,197</u>	<u>\$ 47,414,683</u>	<u>\$ 49,689,284</u>

Exhibit A-3

Fiscal Year Ending				
2016	2017	2018	2019	2020
\$ 13,318,679	\$ 13,812,252	\$ 15,510,329	\$ 15,887,856	\$ 17,765,606
37,458,469	41,381,149	43,350,463	46,314,516	49,316,528
8,476,953	9,020,080	9,895,447	9,922,148	8,580,759
8,396,503	9,572,971	10,188,714	10,805,410	18,749,101
416,551	616,179	465,472	439,858	415,642
68,067,155	74,402,631	79,410,425	83,369,788	94,827,636
9,851,136	10,729,445	11,305,635	12,141,933	11,996,331
1,117,244	1,005,835	1,657,886	1,052,389	1,122,871
1,383,922	1,430,253	1,454,510	1,754,562	1,780,379
4,110,197	3,999,131	4,223,690	4,109,233	4,241,681
4,000,175	3,785,249	4,463,751	3,561,198	3,471,329
20,462,674	20,949,913	23,105,472	22,619,315	22,612,591
\$ 88,529,829	\$ 95,352,544	\$ 102,515,897	\$ 105,989,103	\$ 117,440,227
\$ 5,859,027	\$ 7,099,310	\$ 4,198,331	\$ 6,495,480	\$ 5,638,942
4,182,052	4,173,082	4,586,742	3,538,806	3,418,760
3,135,249	3,420,580	3,731,563	3,757,047	3,164,582
4,253,809	5,293,202	6,831,671	5,540,348	4,752,704
1,587,534	2,304,536	3,253,902	2,190,097	2,800,719
2,316,956	1,850,921	2,461,094	4,046,717	22,682,418
21,334,627	24,141,631	25,063,303	25,568,495	42,458,125
14,514,443	14,670,316	15,527,415	15,424,972	15,348,975
345,736	348,880	349,888	350,106	343,406
3,281,179	3,293,933	3,417,772	3,462,973	3,599,946
4,242,316	4,205,361	4,306,957	4,131,074	4,474,113
3,828,054	3,715,624	3,862,585	4,439,452	4,326,827
19,611	9,353	331,705	117,833	23,090
850,000	-	-	-	-
27,081,339	26,243,467	27,796,322	27,926,410	28,116,357
\$ 48,415,966	\$ 50,385,098	\$ 52,859,625	\$ 53,494,905	\$ 70,574,482

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

	<b>Fiscal Year Ending</b>				
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities (1,2)	\$ (37,329,002)	\$ (36,947,373)	\$ (36,817,562)	\$ (41,341,316)	\$ (44,898,091)
Business-type activities (1,2)	2,574,845	5,702,741	8,332,241	9,059,751	9,228,820
Total primary government net expense	<u>\$ (34,754,157)</u>	<u>\$ (31,244,632)</u>	<u>\$ (28,485,321)</u>	<u>\$ (32,281,565)</u>	<u>\$ (35,669,271)</u>
<b>General Revenues and Other Changes</b>					
Governmental activities:					
Taxes					
Property taxes	\$ 19,791,425	\$ 20,408,314	\$ 21,626,173	\$ 23,353,743	\$ 24,435,184
Sales taxes	8,148,688	8,788,599	9,103,160	8,921,346	9,268,657
Transient occupancy tax	3,229,823	3,240,364	3,881,174	4,289,009	4,809,421
Motor vehicle in lieu tax	118,296	95,915	18,887	15,631	15,099
Business license tax	2,844,066	3,018,177	3,124,644	3,140,273	3,376,113
Franchise taxes	1,289,443	1,335,815	1,471,197	1,441,769	1,539,453
Real estate transfer taxes	473,275	521,274	587,399	642,718	720,826
Rental income	2,029,355	2,087,648	2,406,174	2,554,820	2,751,302
Investment earnings	696,066	603,334	226,951	480,568	433,200
Other	148,451	151,219	151,613	-	111,382
Transfers	106,362	99,884	200,583	200,458	250,324
Total governmental activities	<u>38,875,250</u>	<u>40,350,543</u>	<u>42,797,955</u>	<u>45,040,335</u>	<u>47,710,961</u>
Business-type activities:					
Investment earnings	153,713	144,701	56,266	151,923	273,944
Transfers	(106,362)	(99,884)	(200,583)	(200,458)	(250,324)
Other	-	-	19,521	43,388	74,643
Total business-type activities	<u>47,351</u>	<u>44,817</u>	<u>(124,796)</u>	<u>(5,147)</u>	<u>98,263</u>
Total primary government	<u>\$ 38,922,601</u>	<u>\$ 40,395,360</u>	<u>\$ 42,673,159</u>	<u>\$ 45,035,188</u>	<u>\$ 47,809,224</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 1,546,248	\$ 3,403,170	\$ 5,980,393	\$ 3,699,019	\$ 2,812,870
Business-type activities	2,622,196	5,747,558	8,207,445	9,054,604	9,327,083
Total primary government	<u>\$ 4,168,444</u>	<u>\$ 9,150,728</u>	<u>\$ 14,187,838</u>	<u>\$ 12,753,623</u>	<u>\$ 12,139,953</u>

(1) Starting in Fiscal Year ending June 30, 2015, activities reflect pension expense in accordance with GASB 68

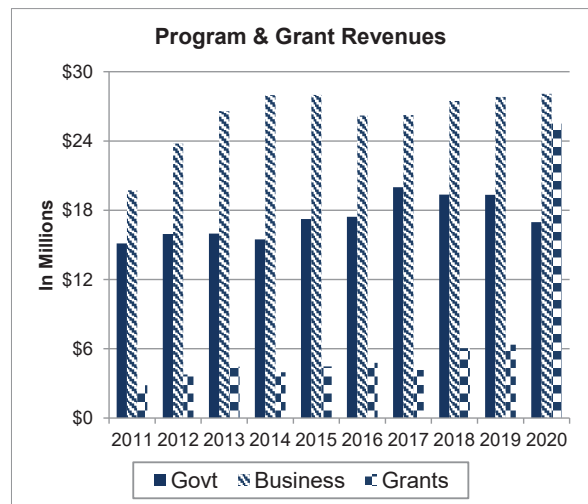
(2) Starting in Fiscal Year ending June 30, 2018, activities reflect OPEB pronouncements in accordance with GASB 75

Exhibit A-3  
Continued

Fiscal Year Ending				
2016	2017	2018	2019	2020
\$ (46,732,528)	\$ (50,261,000)	\$ (54,347,122)	\$ (57,801,293)	\$ (52,369,511)
6,618,665	5,293,554	4,690,850	5,307,095	5,503,766
<u>\$ (40,113,863)</u>	<u>\$ (44,967,446)</u>	<u>\$ (49,656,272)</u>	<u>\$ (52,494,198)</u>	<u>\$ (46,865,745)</u>
\$ 26,344,276	\$ 28,215,709	\$ 30,318,225	\$ 32,107,341	\$ 34,002,017
8,826,767	9,088,502	9,083,389	9,734,444	8,817,192
5,139,425	5,201,518	4,429,080	5,140,858	4,203,026
14,430	15,812	18,680	17,276	28,431
3,475,792	3,658,194	3,718,418	4,053,020	3,652,228
1,439,957	1,256,125	1,262,037	1,234,752	1,167,345
850,974	776,298	788,203	1,013,516	1,102,815
3,028,151	3,299,373	2,402,463	3,394,762	2,815,741
841,905	195,755	413,405	2,352,641	2,683,390
809,976	724,240	10,345	27,943	42,997
(643,506)	(814,838)	(735,737)	(1,009,910)	(34,521)
<u>50,128,147</u>	<u>51,616,688</u>	<u>51,708,508</u>	<u>58,066,643</u>	<u>58,480,661</u>
479,475	70,885	224,471	2,237,070	2,554,232
643,506	814,838	735,737	1,009,910	34,521
60,678	258,030	2,580	-	76,430
<u>1,183,659</u>	<u>1,143,753</u>	<u>962,788</u>	<u>3,246,980</u>	<u>2,665,183</u>
<u>\$ 51,311,806</u>	<u>\$ 52,760,441</u>	<u>\$ 52,671,296</u>	<u>\$ 61,313,623</u>	<u>\$ 61,145,844</u>
\$ 3,395,619	\$ 1,355,688	\$ (2,638,614)	\$ 265,350	\$ 6,111,150
<u>7,802,324</u>	<u>6,437,307</u>	<u>5,653,638</u>	<u>8,554,075</u>	<u>8,168,949</u>
<u>\$ 11,197,943</u>	<u>\$ 7,792,995</u>	<u>\$ 3,015,024</u>	<u>\$ 8,819,425</u>	<u>\$ 14,280,099</u>

**City of Manhattan Beach**  
**Program Revenues by Function/Program,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General Government	\$ 3,883,959	\$ 4,223,405	\$ 4,535,499	\$ 4,950,743	\$ 5,814,648
Public Safety	4,765,404	4,783,038	5,172,443	4,154,836	4,309,976
Culture and recreation	3,029,554	2,805,841	2,470,359	2,798,673	3,034,335
Public works	3,440,572	4,134,599	3,792,239	3,563,085	4,074,858
Operating grants and contributions	1,322,867	1,183,103	1,847,316	1,638,522	1,739,455
Capital grants and contributions	1,504,759	2,554,310	2,032,724	2,314,830	2,724,621
<b>Total governmental activities program revenues</b>	<b>17,947,115</b>	<b>19,684,296</b>	<b>19,850,580</b>	<b>19,420,689</b>	<b>21,697,893</b>
Business-type activities:					
Charges for services:					
Water	9,557,717	12,578,908	14,916,283	16,275,584	16,101,667
Stormwater	347,602	352,860	345,821	344,556	353,616
Wastewater	2,620,669	3,087,150	3,406,077	3,626,144	3,562,456
Refuse	4,189,639	4,363,739	4,426,190	3,965,882	4,063,886
Parking	3,008,206	3,396,749	3,506,309	3,761,948	3,899,746
Operating grants and contributions	19,638	33,209	69,937	19,880	10,020
Capital grants and contributions	-	-	500,000	-	-
<b>Total business-type activities program revenues</b>	<b>19,743,471</b>	<b>23,812,615</b>	<b>27,170,617</b>	<b>27,993,994</b>	<b>27,991,391</b>
<b>Total primary government program revenues</b>	<b>\$ 37,690,586</b>	<b>\$ 43,496,911</b>	<b>\$ 47,021,197</b>	<b>\$ 47,414,683</b>	<b>\$ 49,689,284</b>



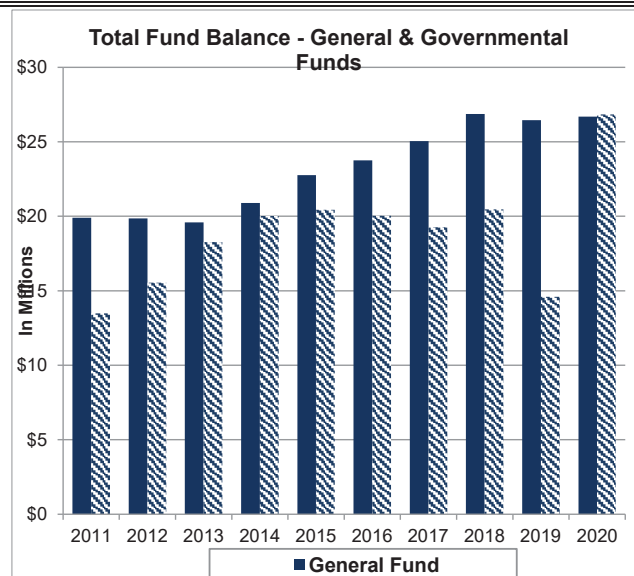
**City of Manhattan Beach**  
**Program Revenues by Function/Program,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit A-4**

	Fiscal Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General Government	\$ 5,859,027	\$ 7,099,310	\$ 4,198,331	\$ 6,495,480	\$ 5,638,942
Public Safety	4,182,052	4,173,082	4,586,742	3,538,806	3,418,760
Culture and recreation	3,135,249	3,420,580	3,731,563	3,757,047	3,164,582
Public works	4,253,809	5,293,202	6,831,671	5,540,348	4,752,704
Operating grants and contributions	1,587,534	2,304,536	3,253,902	2,190,097	2,800,719
Capital grants and contributions	2,316,956	1,850,921	2,461,094	4,046,717	22,682,418
<b>Total governmental activities program revenues</b>	<b>21,334,627</b>	<b>24,141,631</b>	<b>25,063,303</b>	<b>25,568,495</b>	<b>42,458,125</b>
Business-type activities:					
Charges for services:					
Water	14,514,443	14,670,316	15,527,415	15,424,972	15,348,975
Stormwater	345,736	348,880	349,888	350,106	343,406
Wastewater	3,281,179	3,293,933	3,417,772	3,462,973	3,599,946
Refuse	4,242,316	4,205,361	4,306,957	4,131,074	4,474,113
Parking	3,828,054	3,715,624	3,862,585	4,439,452	4,326,827
Operating grants and contributions	19,611	9,353	331,705	117,833	23,090
Capital grants and contributions	850,000	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>27,081,339</b>	<b>26,243,467</b>	<b>27,796,322</b>	<b>27,926,410</b>	<b>28,116,357</b>
<b>Total primary government program revenues</b>	<b>\$ 48,415,966</b>	<b>\$ 50,385,098</b>	<b>\$ 52,859,625</b>	<b>\$ 53,494,905</b>	<b>\$ 70,574,482</b>

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

	Fiscal Year Ending				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Reserved					
Debt service & restricted cash	-	-	-	-	-
Encumbrances & other items	-	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable					
Inventory	-	-	-	-	-
Prepaid costs	\$ 19,519	\$ 48,989	\$ 42,514	\$ 46,823	\$ 46,080
Notes and loans	432,000	432,000	432,000	1,700,000	1,649,129
Advances to other funds	-	-	22,488	-	-
Restricted					
Post-employment benefits	-	-	-	-	-
Debt service & restricted cash	1,182,271	1,245,112	1,130,434	813,407	32,566
Committed					
School safety/security	-	-	-	-	-
Assigned to City Retirement Plans	-	-	-	-	-
Unassigned	18,270,832	18,134,492	17,961,324	18,338,105	21,036,975
<b>Total General fund</b>	<b>19,904,622</b>	<b>19,860,593</b>	<b>19,588,760</b>	<b>20,898,335</b>	<b>22,764,750</b>
All Other Governmental Funds					
Reserved					
Continuing Projects	-	-	-	-	-
Debt service & restricted cash	-	-	-	-	-
Encumbrances & other items	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable					
Notes and loans	42,744	38,336	45,052	-	58,232
Advances to other funds	1,073,000	771,100	469,200	-	-
Restricted					
Public safety	1,247,014	1,187,562	1,073,789	1,084,541	1,000,434
Parks and recreation	80,284	107,428	179,663	-	-
Public works	3,324,947	4,558,434	4,826,828	4,546,040	4,613,796
Capital projects	2,827,688	3,269,531	3,572,234	4,636,332	4,572,761
Debt service	817,075	817,075	8,278	164,481	-
Committed					
Capital projects	4,089,866	4,823,535	8,122,690	9,617,146	10,208,481
Unassigned	(22,488)	(22,488)	(22,488)	(22,488)	(22,488)
<b>Total all other governmental funds</b>	<b>13,480,130</b>	<b>15,550,513</b>	<b>18,275,246</b>	<b>20,026,052</b>	<b>20,431,216</b>
<b>Total all governmental funds</b>	<b>\$ 33,384,752</b>	<b>\$ 35,411,106</b>	<b>\$ 37,864,006</b>	<b>\$ 40,924,387</b>	<b>\$ 43,195,966</b>



Source: City of Manhattan Beach Finance department historical CAFRs

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

Exhibit A-5

	Fiscal Year Ending				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund					
Reserved					
Debt service & restricted cash	-	-	-	-	-
Encumbrances & other items	-	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable					
Inventory	-	-	-	\$ 7,167	\$ 22,915
Prepaid costs	\$ 82,138	\$ 133,786	\$ 753,765	684,023	50,207
Notes and loans	3,771,864	1,546,266	1,494,268	-	-
Advances to other funds	-	-	-	-	-
Restricted					
Post-employment benefits	-	-	763,621	1,068,946	1,365,844
Debt service & restricted cash	12,586	-	-	-	-
Committed					
School safety/security	-	-	1,000,000	-	-
Assigned to City Retirement Plans	-	-	-	-	130,114
Unassigned	19,883,693	23,367,583	22,860,400	24,694,460	25,117,005
<b>Total General fund</b>	<b>23,750,281</b>	<b>25,047,635</b>	<b>26,872,054</b>	<b>26,454,596</b>	<b>26,686,085</b>
All Other Governmental Funds					
Reserved					
Continuing Projects	-	-	-	-	-
Debt service & restricted cash	-	-	-	-	-
Encumbrances & other items	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable					
Notes and loans	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted					
Public safety	873,595	809,361	730,541	724,355	696,359
Parks and recreation	-	-	-	-	87,389
Public works	5,272,830	5,495,829	348,127	44,857	11,082,956
Capital projects	4,638,320	5,023,913	8,819,033	6,235,010	8,537,593
Debt service	-	-	-	-	-
Committed					
Capital projects	9,270,230	7,961,065	10,569,488	7,598,135	6,430,018
Unassigned	(22,488)	(22,488)	-	-	-
<b>Total all other governmental funds</b>	<b>20,032,487</b>	<b>19,267,680</b>	<b>20,467,189</b>	<b>14,602,357</b>	<b>26,834,315</b>
<b>Total all governmental funds</b>	<b>\$ 43,782,768</b>	<b>\$ 44,315,315</b>	<b>\$ 47,339,243</b>	<b>\$ 41,056,953</b>	<b>\$ 53,520,400</b>

\*City implemented GASB 54 in fiscal year 2011, which fundamentally changed fund balance breakdown in subsequent years. There is no effect on total fund balance.



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## **Statistical Section**

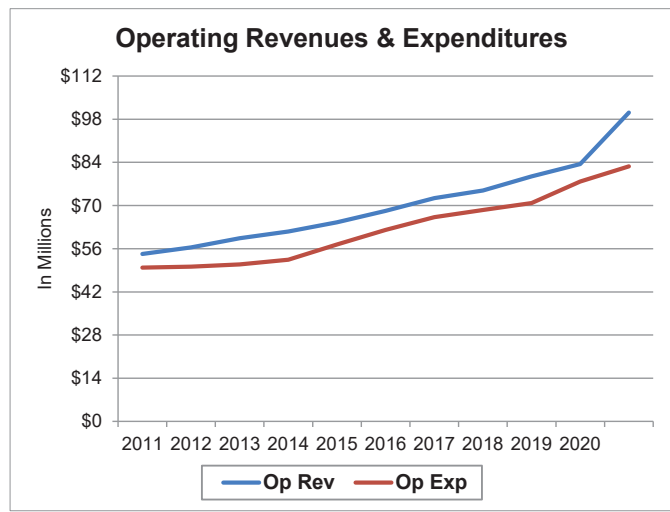
### **Revenue Capacity**

*These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.*

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

	Fiscal Year Ending				
	2011	2012	2013	2014	2015
<b>Revenues</b>					
Tax and assessments	\$ 37,697,637	\$ 39,389,241	\$ 42,273,666	\$ 44,213,347	\$ 46,601,118
Licenses, fees, and permits	1,289,183	1,418,230	1,513,821	1,759,180	2,185,871
Intergovernmental	1,749,382	2,566,478	1,599,821	2,183,990	2,495,207
Charges for services	9,396,606	9,706,289	9,202,436	10,253,540	10,362,276
Interest and Rents	2,723,666	2,692,576	2,633,124	3,048,749	3,184,502
Fines and forfeitures	2,867,072	2,805,559	2,588,865	2,566,436	2,637,538
Net change fair value investments	(21,680)	(21,265)	(95,900)	30,910	13,651
Other revenues	751,112	878,475	1,867,612	490,870	820,295
<b>Total revenues</b>	<b>56,452,978</b>	<b>59,435,583</b>	<b>61,583,445</b>	<b>64,547,022</b>	<b>68,300,458</b>
<b>Expenditures</b>					
General government	8,660,865	8,560,273	9,101,953	10,467,524	11,838,504
Public Safety	29,176,141	30,449,560	30,470,567	33,525,828	34,897,663
Culture and recreation	6,192,471	5,552,632	5,680,001	6,831,568	7,349,487
Public works	6,149,939	6,369,092	7,155,292	6,527,537	8,026,650
<b>Total operating expenditures</b>	<b>50,179,416</b>	<b>50,931,557</b>	<b>52,407,813</b>	<b>57,352,457</b>	<b>62,112,304</b>
<b>Excess of revenue over expenditures</b>	<b>6,273,562</b>	<b>8,504,026</b>	<b>9,175,632</b>	<b>7,194,565</b>	<b>6,188,154</b>
<b>Capital outlay</b>					
Debt service	1,510,341	4,272,496	2,485,027	2,819,131	2,275,709
Interest	896,096	820,494	640,413	379,123	412,240
Principal	1,425,000	1,485,000	2,985,000	1,830,000	1,480,000
Fees	-	-	150,944	-	-
Cost of Issuance	-	-	821,153	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
<b>Total Non Operating expenditures</b>	<b>3,831,437</b>	<b>6,577,990</b>	<b>7,082,537</b>	<b>5,028,254</b>	<b>4,167,949</b>
<b>Excess of revenues over expenditures</b>	<b>2,442,125</b>	<b>1,926,036</b>	<b>2,093,095</b>	<b>2,166,311</b>	<b>2,020,205</b>
<b>Other financing sources (Uses)</b>					
Bonds issued	-	-	-	-	-
Premium on bonds issues	-	-	-	-	-
Proceeds from sale of capital assets	5,829	434	-	693,612	1,050
Transfers in	830,712	3,353,075	3,770,569	1,260,327	534,480
Transfers out	(724,350)	(3,253,191)	(3,569,986)	(1,059,869)	(284,156)
Other financing sources	-	-	11,010,846	-	-
Other financing uses	-	-	(10,851,624)	-	-
<b>Total other financing sources (uses)</b>	<b>112,191</b>	<b>100,318</b>	<b>359,805</b>	<b>894,070</b>	<b>251,374</b>
Prior Period Adjustment	-	-	-	-	-
<b>Net change in fund balances</b>	<b>2,554,316</b>	<b>2,026,354</b>	<b>2,452,900</b>	<b>3,060,381</b>	<b>2,271,579</b>

<b>Debt - % of Operating Expenditures &amp; Debt</b>	4.4%	4.3%	6.5%	3.7%	3.0%
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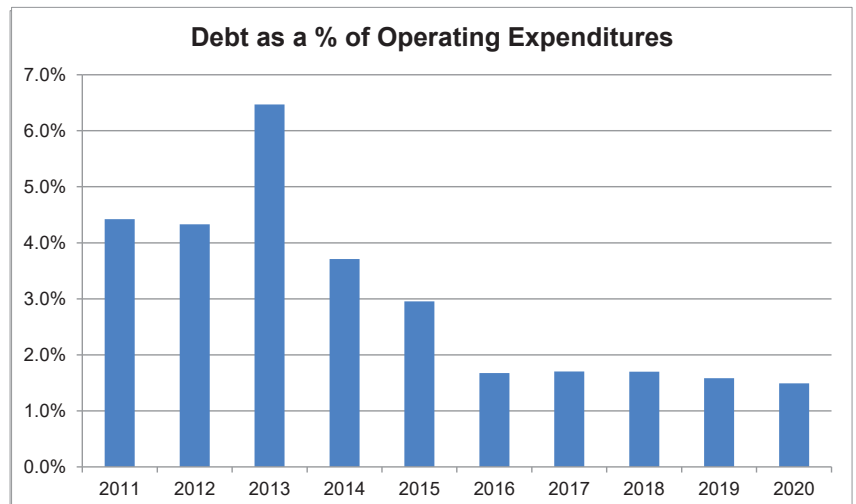


Source: City of Manhattan Beach Finance Department Historical CAFRs

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

Exhibit A-6

	Fiscal Year Ending				
	2016	2017	2018	2019	2020
<b>Revenues</b>					
Tax and assessments	\$ 48,908,825	\$ 50,405,516	\$ 52,246,911	\$ 55,981,022	\$ 55,515,380
Licenses, fees, and permits	2,812,480	2,738,149	3,383,839	3,084,603	2,586,996
Intergovernmental	2,406,440	2,093,411	3,583,892	2,725,463	4,148,407
Charges for services	10,284,762	11,724,813	12,918,156	12,743,463	11,210,104
Interest and Rents	3,870,056	3,495,128	2,815,868	5,747,403	5,246,508
Fines and forfeitures	2,615,306	2,599,654	2,570,974	2,051,692	1,997,803
Net change fair value investments	254,377	(519,971)	(518,607)	1,062,513	18,496,956
Other revenues	1,267,893	2,348,814	2,417,724	69,816	941,260
<b>Total revenues</b>	<b>72,420,139</b>	<b>74,885,514</b>	<b>79,418,757</b>	<b>83,465,975</b>	<b>100,143,414</b>
<b>Expenditures</b>					
General government	13,360,320	13,290,308	14,018,117	15,581,223	14,304,120
Public Safety	37,189,782	38,522,882	39,685,053	42,890,892	43,739,598
Culture and recreation	8,335,111	8,656,533	8,873,425	9,350,246	7,827,704
Public works	7,356,842	8,113,384	8,206,580	9,966,290	16,831,713
<b>Total operating expenditures</b>	<b>66,242,055</b>	<b>68,583,107</b>	<b>70,783,175</b>	<b>77,788,651</b>	<b>82,703,135</b>
<b>Excess of revenue over expenditures</b>	<b>6,178,084</b>	<b>6,302,407</b>	<b>8,635,582</b>	<b>5,677,324</b>	<b>17,440,279</b>
Capital outlay	3,153,156	3,669,140	2,979,570	8,956,807	3,837,436
Debt service					
Interest	403,458	442,116	479,537	456,437	432,213
Principal	725,000	745,000	745,000	795,000	820,000
Fees	-	-	4,810	3,400	3,400
Cost of Issuance	-	-	-	-	-
Payment to refunding bond escrow agent	-	11,334	-	-	-
Total Non Operating expenditures	4,281,614	4,867,590	4,208,917	10,211,644	5,093,049
<b>Excess of revenues over expenditures</b>	<b>1,896,470</b>	<b>1,434,817</b>	<b>4,426,665</b>	<b>(4,534,320)</b>	<b>12,347,230</b>
<b>Other financing sources (Uses)</b>					
Bonds issued	-	5,905,000	-	-	-
Premium on bonds issues	-	438,570	-	-	-
Proceeds from sale of capital assets	838	-	-	-	-
Transfers in	714,082	1,685,005	639,686	1,004,433	460,262
Transfers out	(2,024,588)	(2,587,281)	(2,042,423)	(2,752,403)	(494,783)
Other financing sources	-	-	-	-	-
Other financing uses	-	(6,343,564)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,309,668)</b>	<b>(902,270)</b>	<b>(1,402,737)</b>	<b>(1,747,970)</b>	<b>(34,521)</b>
Prior Period Adjustment					
<b>Net change in fund balances</b>	<b>586,802</b>	<b>532,547</b>	<b>3,023,928</b>	<b>(6,282,290)</b>	<b>12,312,709</b>
<b>Debt - % of Operating Expenditures &amp; Debt</b>	1.7%	1.7%	1.7%	1.6%	1.5%



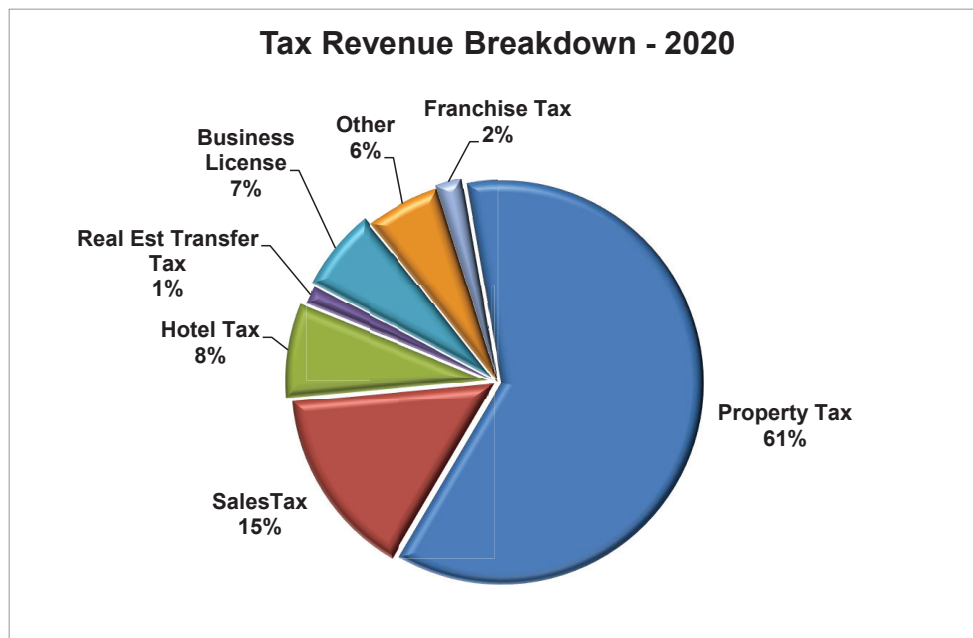
Source: City of Manhattan Beach Finance Department Historical CAFRs

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**City of Manhattan Beach**  
**Taxes & Assessment Revenues by Source, Governmental Funds, and Assessment**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

Exhibit A-7

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales &amp; Use</u>	<u>Hotel</u>	<u>Franchise</u>	<u>Real Est Transfer</u>	<u>Business License</u>	<u>Other Taxes Assessments</u>	<u>Total</u>
2020	\$ 34,002,016	\$ 8,407,953	\$ 4,203,026	\$ 1,167,345	\$ 828,842	\$ 3,652,228	\$ 3,253,970	\$ 55,515,380
2019	32,107,341	9,339,304	5,140,858	1,234,752	783,516	4,053,020	3,322,231	55,981,022
2018	30,318,225	8,970,809	4,429,080	1,262,037	788,203	3,718,418	2,760,140	52,246,911
2017	28,215,709	8,962,617	5,201,518	1,256,125	756,049	3,658,194	2,355,304	50,405,516
2016	26,344,276	9,348,605	5,139,425	1,439,957	792,829	3,475,792	2,367,941	48,908,825
2015	24,435,184	9,171,515	4,809,421	1,539,453	720,826	3,376,113	2,548,606	46,601,118
2014	23,353,743	9,135,806	4,289,009	1,441,769	642,718	3,140,273	2,210,029	44,213,347
2013	21,626,173	9,103,160	3,881,174	1,471,197	587,399	3,124,644	2,479,919	42,273,666
2012	20,408,314	8,788,599	3,240,364	1,335,815	521,274	3,018,177	2,076,698	39,389,241
2011	19,791,425	8,148,688	3,229,823	1,289,443	473,280	2,844,066	1,920,912	37,697,637
<b>Change 2010-2019</b>	60.5%	27.9%	62.0%	1.2%	119.9%	45.6%	91.0%	53.0%



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

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property</b>	<b>Total Assessed Value</b>
2011	10,310,125,299	857,387,446	272,285,842	798,171,374	12,237,969,961
2012	10,639,403,753	900,787,632	355,749,068	624,994,067	12,520,934,520
2013	11,115,348,658	873,633,618	273,166,539	782,689,333	13,044,838,148
2014	11,778,259,052	922,429,548	275,869,861	810,528,769	13,787,087,230
2015	12,500,544,975	959,518,199	281,151,363	791,941,297	14,533,155,834
2016	13,616,966,542	1,012,547,408	293,730,521	765,998,032	15,689,242,503
2017	14,551,610,225	1,105,261,590	298,209,901	824,621,493	16,779,703,209
2018	15,552,647,698	1,171,070,581	305,302,530	888,775,373	17,917,796,182
2019	16,543,536,695	1,199,124,711	311,408,568	950,206,556	19,004,276,530
2020	17,637,547,816	1,240,422,307	317,636,726	956,183,073	20,151,789,922

Exhibit A-8

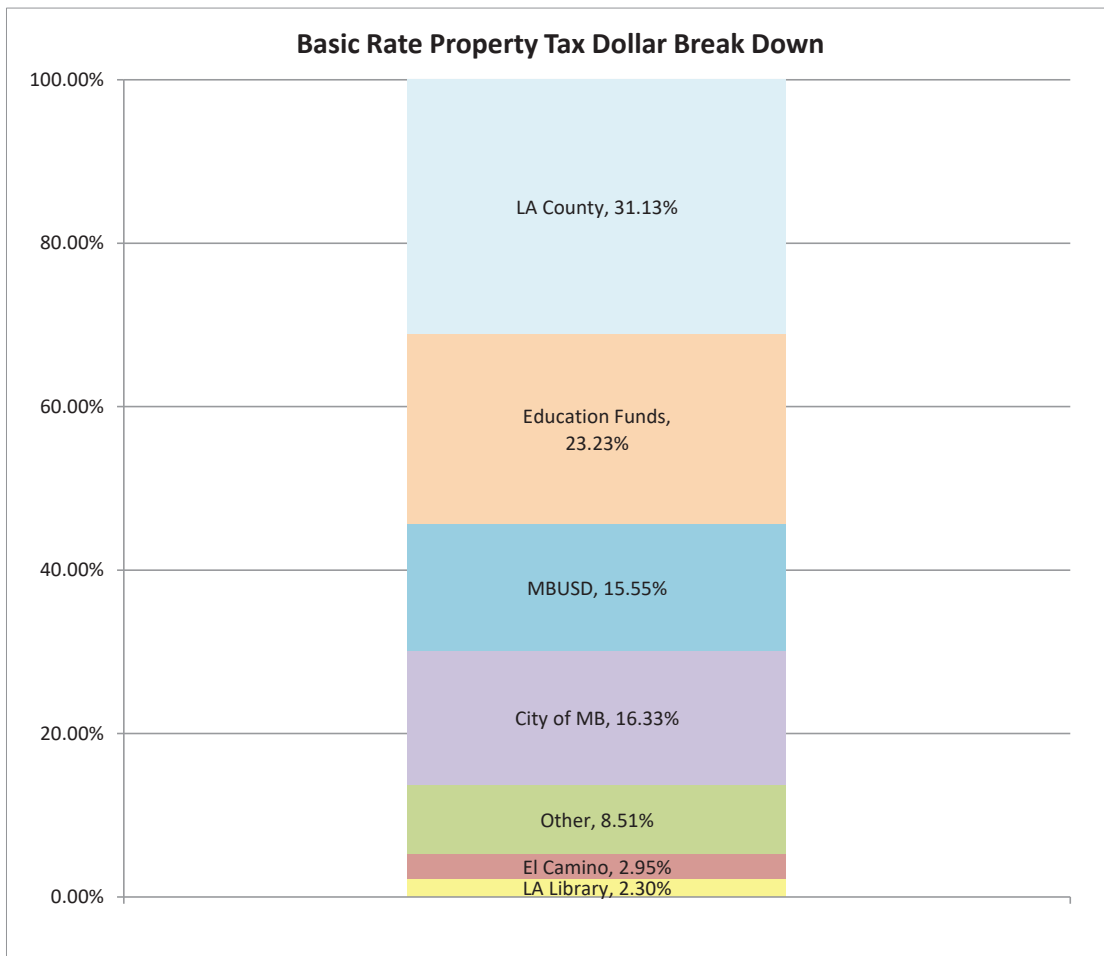
<u>Tax-Exempt Property</u>	<u>Total Direct Tax Rate</u>	<u>Net Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
301,140,740	0.15619%	11,913,602,319	102.723%
301,140,740	0.15928%	12,190,853,653	102.708%
301,114,939	0.15951%	12,713,329,765	102.608%
301,114,939	0.16012%	13,453,303,900	102.481%
301,114,939	0.16059%	14,196,903,333	102.368%
301,114,939	0.16127%	15,352,495,483	102.193%
301,127,715	0.16190%	16,442,347,904	102.052%
289,572,846	0.16250%	17,591,875,267	101.853%
289,572,846	0.16285%	18,676,191,358	101.757%
289,572,846	0.16329%	19,822,800,094	101.660%



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

**Exhibit A-9**

Fiscal Year	City Direct Rates		Overlapping Rates						General Levy	Total Rate
	General Levy (Basic Rate)	City Direct Rate	LA County	Colleges & School Districts	Metro Water District	Flood Control District	Total Overlap Rate			
2011	1.00000%	0.15619%	0.00000	0.05907	0.00370	0.00000	0.06277	1.00000	1.06277	
2012	1.00000%	0.15928%	0.00000	0.06489	0.00370	0.00000	0.06859	1.00000	1.06859	
2013	1.00000%	0.15951%	0.00000	0.07998	0.00350	0.00000	0.08348	1.00000	1.08348	
2014	1.00000%	0.16012%	0.00000	0.08755	0.00350	0.00000	0.09105	1.00000	1.09105	
2015	1.00000%	0.16059%	0.00000	0.08928	0.00350	0.00000	0.09278	1.00000	1.09278	
2016	1.00000%	0.16127%	0.00000	0.08403	0.00350	0.00000	0.08753	1.00000	1.08753	
2017	1.00000%	0.16190%	0.00000	0.09062	0.00350	0.00000	0.09412	1.00000	1.09412	
2018	1.00000%	0.16250%	0.00000	0.11581	0.00350	0.00000	0.11931	1.00000	1.11931	
2019	1.00000%	0.16285%	0.00000	0.11507	0.00350	0.00000	0.11857	1.00000	1.11857	
2020	1.00000%	0.16329%	0.00000	0.11371	0.00350	0.00000	0.11721	1.00000	1.11721	



**City of Manhattan Beach  
Principal Property Tax Payers Based on Net Values,  
Current Year and Nine Years Ago**

**Exhibit A-10**

<b>Taxpayer</b>	<b>2020</b>			<b>2011</b>		
	<b>Net Value</b>	<b>Rank</b>	<b>Percentage of Total City Net Value</b>	<b>Net Value</b>	<b>Rank</b>	<b>Percentage of Total City Net Value</b>
Northrop Grumman Systems Corp	\$ 213,093,737	1	1.07%	\$ 261,086,588	1	2.19%
Reef America Reit II Corporation BBB	178,994,423	2	0.90%	156,391,089	2	1.31%
MBS Media Campus LLC <sup>1</sup>	165,744,683	3	0.84%	-		-
ONNI Manhattan Towers LP <sup>1</sup>	97,100,531	4	0.49%	-		-
HMC Interstate Manhattan Beach LP	93,042,466	5	0.47%	62,264,619	6	0.52%
Parstem Realty Company Inc	75,278,175	6	0.38%	65,054,679	5	0.55%
WH Manhattan Beach LP <sup>1</sup>	56,430,611	7	0.28%	-		-
Skechers USA Inc.	51,291,838	8	0.26%	35,055,888	7	0.29%
1000 Cherry OCA LLC <sup>1</sup>	49,504,819	9	0.25%	-		-
Michael Greenberg Trust <sup>1</sup>	41,708,512	10	0.21%	-		-
CRP MB Studios LLC	-		-	140,760,000	3	1.18%
Wells REIT II Manhattan Towers LLC	-		-	98,994,084	4	0.83%
RIMB LLC LLC	-		-	33,748,288	8	0.28%
St Paul Fire and Marine Insurance Co	-		-	29,764,004	9	0.25%
Continental 1500 Rosecrans LLC	-		-	25,177,275	10	0.21%
<b>Top Ten Total</b>	<b>\$ 1,022,189,795</b>		<b>5.15%</b>	<b>\$ 908,296,514</b>		<b>7.61%</b>
<b>City Total</b>	<b>\$ 19,822,800,094</b>			<b>\$ 11,913,602,319</b>		

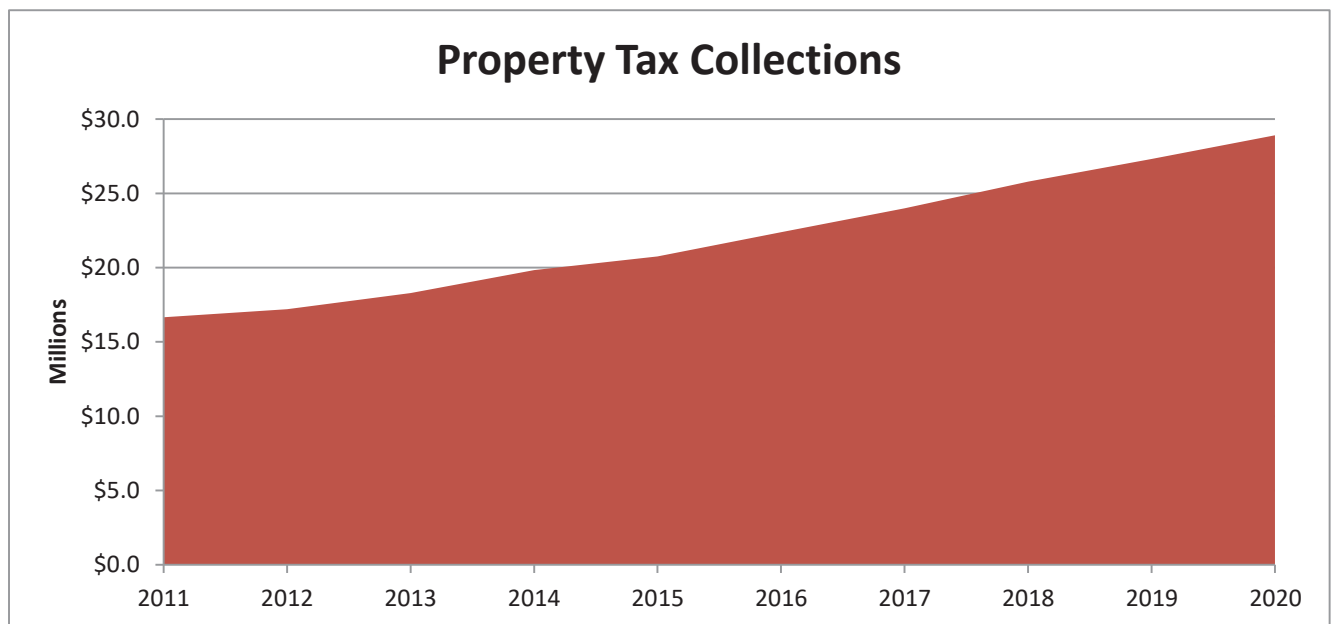
<sup>1</sup>No data available or collected for fiscal year 2011.

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

**Exhibit A-11**

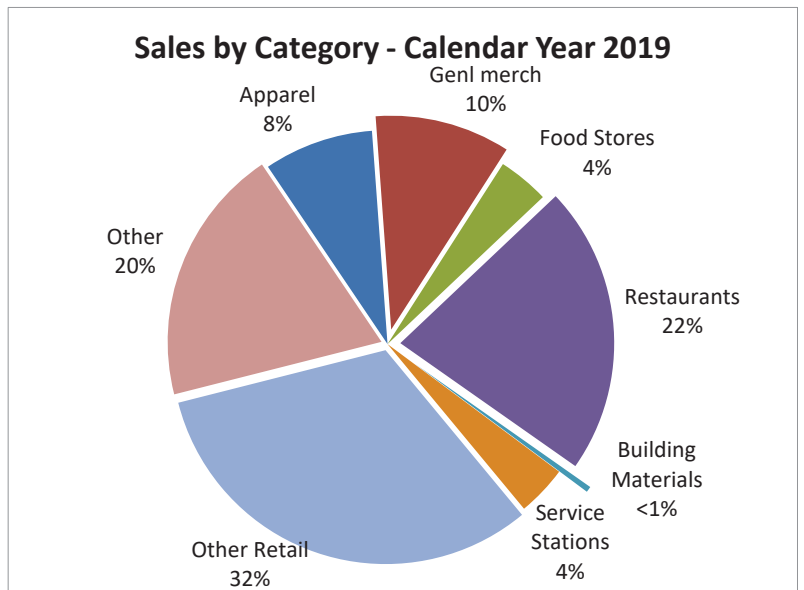
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Prior Year	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	16,836,854	16,056,305	95.36%	604,649	16,660,953	98.96%
2012	17,529,077	16,865,345	96.21%	334,117	17,199,461	98.12%
2013	18,294,098	17,716,515	96.84%	569,183	18,285,698	99.95%
2014	19,402,284	19,103,356	98.46%	725,598	19,828,955	102.20%
2015	20,507,194	19,991,754	97.49%	757,337	20,749,092	101.18%
2016	22,195,519	21,697,312	97.76%	682,877	22,380,189	100.83%
2017	23,822,585	23,386,545	98.17%	596,471	23,983,016	100.67%
2018	25,520,518	25,119,981	98.43%	675,026	25,795,007	101.08%
2019	27,138,821	26,656,342	98.22%	654,244	27,310,586	100.63%
2020	28,839,478	28,162,858	97.65%	745,930	28,908,788	100.24%



Percent of levy may be over 100% since collections include current and prior years

**City of Manhattan Beach**  
**Taxable Sales by Category,**  
**Last Ten Calendar Years**  
*(in thousands of dollars)*

	<b>Calendar Year</b>				
	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Apparel Stores	\$ 67,294	\$ 70,746	\$ 73,110	\$ 73,708	\$ 73,809
General Merchandise	101,300	103,665	104,276	106,017	104,277
Food Stores	30,040	29,743	30,351	31,819	31,832
Eating and Drinking Establishments	147,756	158,938	172,168	180,221	189,227
Building Materials	1,955	2,364	2,262	2,424	2,734
Service Stations	28,395	36,163	41,752	43,169	42,789
Other Retail Stores	280,816	288,594	303,299	305,320	286,140
All Other Outlets	169,561	221,184	247,112	252,074	261,863
<b>Total</b>	<b><u>\$ 827,117</u></b>	<b><u>\$ 911,397</u></b>	<b><u>\$ 974,330</u></b>	<b><u>\$ 994,752</u></b>	<b><u>\$ 992,671</u></b>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%



\* Calendar Year Data available through December 2018.

**City of Manhattan Beach**  
**Taxable Sales by Category,**  
**Last Ten Calendar Years**  
*(in thousands of dollars)*

**Exhibit A-12**

	<b>Calendar Year</b>				
	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>	<u><b>2019</b></u>
Apparel Stores	\$ 75,919	\$ 74,515	\$ 77,995	\$ 78,622	\$ 78,443
General Merchandise	102,310	101,038	96,353	96,372	96,939
Food Stores	33,110	34,634	33,270	33,882	36,633
Eating and Drinking Establishments	200,840	202,915	202,646	205,363	206,532
Building Materials	2,605	2,623	2,829	4,122	4,083
Service Stations	37,000	31,670	32,992	36,706	36,052
Other Retail Stores	295,157	303,311	308,555	309,131	303,700
All Other Outlets	<u>176,347</u>	<u>154,628</u>	<u>148,764</u>	<u>161,173</u>	<u>184,773</u>
<b>Total</b>	<u><b>\$ 923,288</b></u>	<u><b>\$ 905,334</b></u>	<u><b>\$ 903,404</b></u>	<u><b>\$ 925,371</b></u>	<u><b>\$ 947,155</b></u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%

\* Calendar Year Data available through December 2

**City of Manhattan Beach  
Direct and Overlapping Sales Tax Rates,  
Last Ten Fiscal Years**

**Exhibit A-13**

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>L.A. County</u>
2020	1.00%	.25%
2019	1.00%	.25%
2018	1.00%	.25%
2017	1.00%	.25%
2016	1.00%	.25%
2015	1.00%	.25%
2014	1.00%	.25%
2013	1.00%	.25%
2012	1.00%	.25%
2011	1.00%	.25%

**City of Manhattan Beach  
Principal Sales Tax Remitters,  
Fiscal Year Comparison**

**Exhibit A-14**

**Tax Remitter**

**2020**

---

Apple  
Barnes & Noble  
BevMo  
California Pizza Kitchen  
Chevron  
Circle K  
CVS Pharmacy  
Houston's  
Macys  
Manhattan Beach Toyota Scion  
Marriott Manhattan Beach Hotel  
Old Navy  
P1 Technologies  
Ralphs Fresh Fare  
REI  
Sephora  
Skechers by Mail  
Strand House Standbar  
Sugarfish  
Target  
Toyota Lease Trust  
Trader Joes  
True Religion Brand Jeans  
Vons  
Wrights

**2011**

---

Apple  
Arco  
Barnes & Noble  
BevMo  
California Pizza Kitchen  
Chevron  
CVS Pharmacy  
Dewitt Petroleum  
Frys Electronics  
Houston's  
Macys  
Manhattan Beach Marriott  
Manhattan Beach Toyota Scion  
Mobil Oil  
Office Depot  
Old Navy  
Olive Garden  
Ralphs Fresh Fare  
REI  
Sephora  
Skechers  
Target  
Trader Joes  
Vons  
William Sonoma

\* Listed Alphabetically



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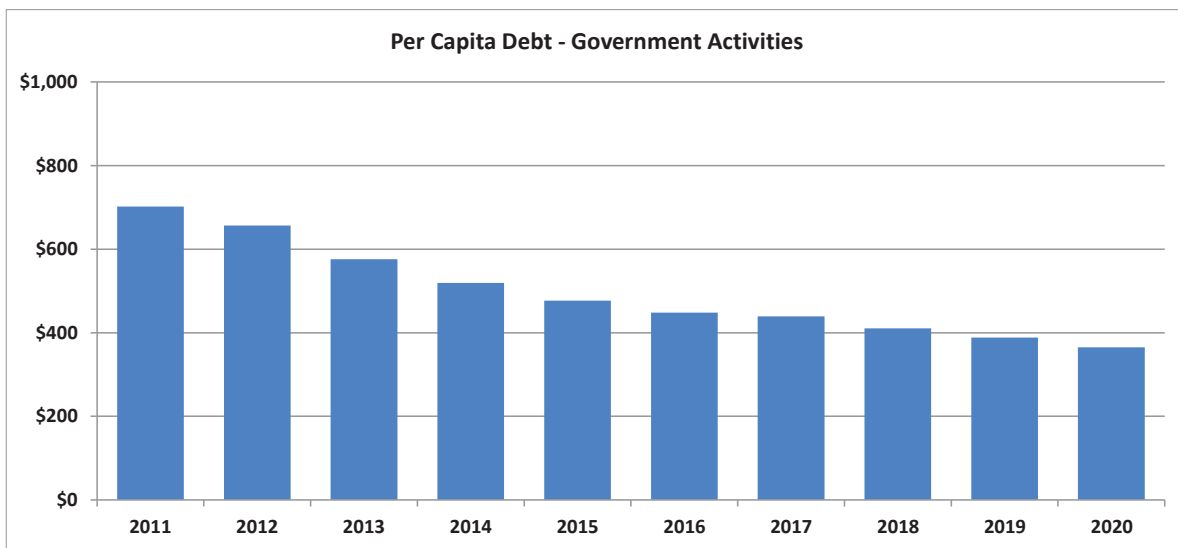
## **Statistical Section**

### **Debt Capacity**

*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.*

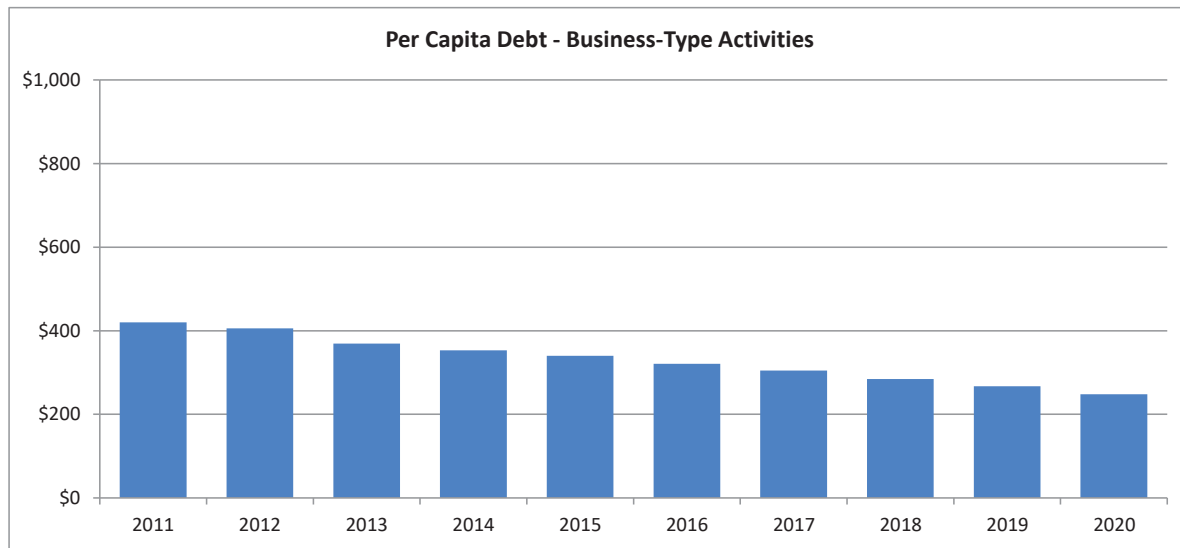
**City of Manhattan Beach  
Ratios of Outstanding Debt by Type,  
Last Ten Fiscal Years**

Governmental Activities									
Fiscal Year	RCC Facility	Pension Obligation Bonds	Marine Certificates of Participation	Marine Refunding Certificates of Participation	Police/Fire Certificates of Participation	Police/Fire Refunding Bonds	Capital Leases	Total Governmental	Total Per Capita
2011	1,495,000	3,795,000	7,715,000	-	11,725,000	-	-	24,730,000	702
2012	1,445,000	2,870,000	7,480,000	-	11,450,000	-	-	23,245,000	656
2013	-	1,860,000	7,235,000	-	-	10,510,000	903,841	20,508,841	576
2014	-	765,000	6,980,000	-	-	10,030,000	719,342	18,494,342	519
2015	-	-	6,715,000	-	-	9,580,000	531,820	16,826,820	477
2016	-	-	6,445,000	-	-	9,125,000	341,224	15,911,224	448
2017	-	-	-	6,317,766	-	9,042,225	147,506	15,507,497	439
2018	-	-	-	6,026,968	-	8,535,865	-	14,562,833	410
2019	-	-	-	5,706,170	-	8,009,505	-	13,715,675	389
2020	-	-	-	5,375,372	-	7,468,144	-	12,843,516	365



Source: City of Manhattan Beach Finance Department Historical CAFRs Debt Schedules

Business-type Activities						Total		
Utility Revenue Bonds	Metlox Certificates of Participation	Utility Refunding Certificates of Participation	Metlox Refunding Certificates of Participation	Total Business Type	Total Per Capita	Total Primary Government	Percentage of Personal Income	Total Per Capita
3,370,000	11,435,000	-	-	14,805,000	420	39,535,000	1.41%	1,122
3,240,000	11,125,000	-	-	14,365,000	406	37,610,000	1.32%	1,062
-	-	2,860,695	10,290,752	13,151,447	369	33,660,288	1.14%	945
-	-	2,686,239	9,896,927	12,583,166	353	31,077,508	1.08%	872
-	-	2,506,784	9,498,103	12,004,887	340	28,831,707	0.99%	817
-	-	2,317,328	9,079,279	11,396,607	321	27,307,831	0.92%	769
-	-	2,117,872	8,645,454	10,763,326	305	26,270,823	0.85%	744
-	-	1,913,417	8,191,630	10,105,047	285	24,667,880	0.77%	695
-	-	1,703,962	7,727,805	9,431,767	267	23,147,442	0.72%	656
-	-	1,484,506	7,243,981	8,728,487	248	21,572,003	0.67%	613



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**City of Manhattan Beach  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2020**

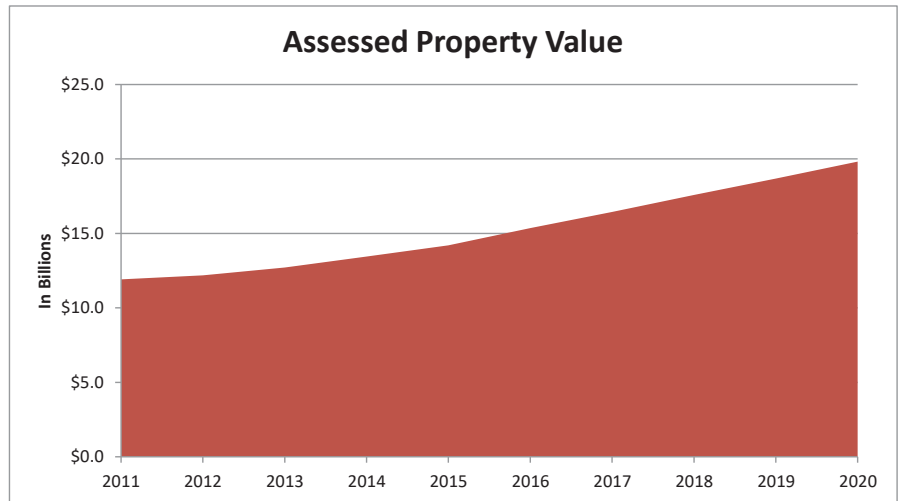
**Exhibit A-16**

<u>Governmental Unit</u>	<u>Gross Bonded Debt Balance</u>	<u>Percentage Applicable To City</u>	<u>Net Bonded Debt</u>
<b>Direct Debt</b>			
City of Manhattan Beach:			
Certificates of Participation Marine Avenue Park	\$ 5,375,372	100.000%	\$ 5,375,372
Refunding Certificates of Participation Police/Fire	7,468,144	100.000%	7,468,144
<b>Total Direct Debt</b>			<b><u>12,843,516</u></b>
<b>Overlapping Debt</b>			
Manhattan Beach UNIF DS 1996 SER A DS	\$ 799,206	99.998%	799,191
Manhattan Beach UNIF DS 1998 SER B	3,967,185	99.998%	3,967,111
Manhattan Beach USD DS 1999 SER C	2,048,517	99.998%	2,048,479
Manhattan Beach USD DS 2001 SER D	7,317,115	99.998%	7,316,978
Manhattan Beach USD DS 2010 SER A	5,644,307	99.998%	5,644,201
Manhattan Beach USD DS 1995 SER E	9,738,877	99.998%	9,738,695
Manhattan Beach USD DS 2000 SER B	7,651,589	99.998%	7,651,446
Manhattan Beach USD DS 2008, 2011 SER C	5,775,000	99.998%	5,774,892
Manhattan Beach USD DS 2008 2012 SER E	7,865,000	99.998%	7,864,853
Manhattan Beach USD DS 2008 2013 SER F	12,420,000	99.998%	12,419,768
Manhattan Beach USD DS 2016 SER A MEAS C	34,600,000	99.998%	34,599,352
Manhattan Beach USD DS 2016 SER A MEAS EE	36,305,000	99.998%	36,304,321
Metropolitan Water District	18,151,752	1.539%	279,295
El Camino CCS DS 2002 SER 2012C	175,210,018	16.661%	29,192,252
El Camino CCS DS 2012 REF BONDS	25,335,000	16.661%	4,221,138
El Camino CCD DS 2012 SER 2016 A	88,550,000	16.661%	14,753,574
El Camino CCS DS 2016 REF BONDS	66,625,000	16.661%	11,100,585
El Camino CCS DS 2012 SER 2018B	48,610,000	16.661%	8,099,054
<b>Total Overlapping Debt</b>			<b><u>201,775,184</u></b>
<b>Total Direct and Overlapping Debt</b>			<b><u>\$ 214,618,700</u></b>

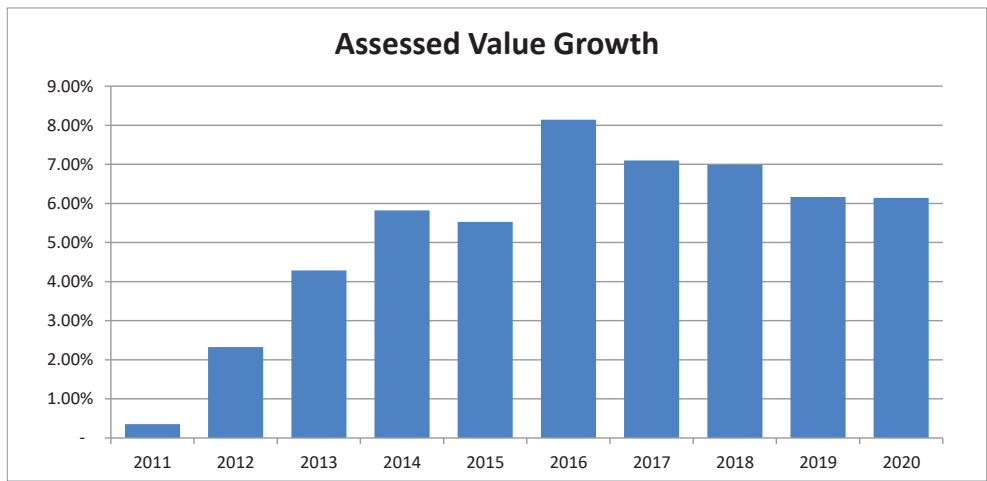
In this particular instance of overlapping debt, overlapping governments are those whose boundaries whole or in part contained within the boundaries of a District that is issuing debt. The percent of overlap is based on the ratio assessed value of the land of the government to that of total assessed valuation of all governments within that district. The Manhattan Beach Unified School District boundaries are contiguous with that of the City of Manhattan Beach

**City of Manhattan Beach  
Legal Debt Margin Information,  
Last Ten Fiscal Years**

	Fiscal Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Assessed Value	\$ 11,913,602,319	\$ 12,190,853,653	\$ 12,713,329,765	\$ 13,453,303,900	\$ 14,196,903,333
Legal debt limit (3.75%)	446,760,087	457,157,012	476,749,866	504,498,896	532,383,875
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 446,760,087</u>	<u>\$ 457,157,012</u>	<u>\$ 476,749,866</u>	<u>\$ 504,498,896</u>	<u>\$ 532,383,875</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%
Assessed Value Growth	0.35%	2.33%	4.29%	5.82%	5.53%



Fiscal Year				
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 15,352,495,483	\$ 16,442,347,904	\$ 17,591,875,267	\$ 18,676,191,358	\$ 19,822,822,094
575,718,581	616,588,046	659,695,323	700,357,176	743,355,829
-	-	-	-	-
<u>\$ 575,718,581</u>	<u>\$ 616,588,046</u>	<u>\$ 659,695,323</u>	<u>\$ 700,357,176</u>	<u>\$ 743,355,829</u>
0.00%	0.00%	0.00%	0.00%	0.00%
8.14%	7.10%	6.99%	6.16%	6.14%





**City of Statistical  
Pledged-Revenue Coverage,  
Last Ten Fiscal Years**

**Water - Wastewater Debt Service Principal and Interest**

Fiscal Year	Utility Service Charges	(a) Less: Operating Expenses	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2011	12,149,167	9,230,873	2,918,294	120,000	205,769	8.96
2012	15,572,398	9,431,747	6,140,651	130,000	201,090	18.55
2013 (c)	18,322,360	10,105,431	8,216,929	85,000	93,150	46.12
2014	19,908,104	10,611,569	9,296,535	160,000	93,150	36.72
2015	19,674,895	10,082,087	9,592,808	165,000	89,950 (b)	37.63
2016	17,814,103	10,389,899	7,424,204	175,000	83,350 (b)	28.74
2017	17,977,445	11,279,607	6,697,838	185,000	76,350 (b)	25.63
2018	18,947,767	11,818,853	7,128,914	190,000	68,950 (b)	27.53
2019	18,889,006	12,947,329	5,941,677	195,000	63,250 (b)	23.01
2020	18,951,923	12,806,497	6,145,426	205,000	55,450 (b)	23.60

(a) Operating Expense less depreciation expense

(b) Interest "expense" for this purpose reflects Footnote 6 Debt Service Requirements as presented in prior years' CAFRs and is presented

(c) Refunding bonds - please refer to footnotes regarding bond refunding

**Parking Debt Service Principal and Interest**

Parking Fund Revenue	(a) Less: Operating Expenses	Net Available Revenue	Debt Service		Times Coverage
			Principal	Interest	
2,094,783	765,202	1,329,581	300,000	564,432	1.54
2,302,557	988,324	1,314,233	310,000	552,580	1.52
2,305,348	1,326,796	978,552	360,000	342,475	1.39
2,432,958	1,356,782	1,076,176	370,000	348,762	1.50
2,566,403	1,505,208	1,061,195	375,000	341,363 (b)	1.48
2,533,935	1,676,685	857,250	395,000	326,362 (b)	1.19
2,460,627	1,687,183	773,444	410,000	310,563 (b)	1.07
2,525,275	1,813,828	711,447	430,000	294,163 (b)	0.98
3,038,490	1,723,456	1,315,034	440,000	278,263 (b)	1.83
2,953,440	1,834,508	1,118,932	460,000	260,663 (b)	1.55

*ented on a cash basis*

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## **Statistical Section**

### **Demographic and Economic Information**

*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.*

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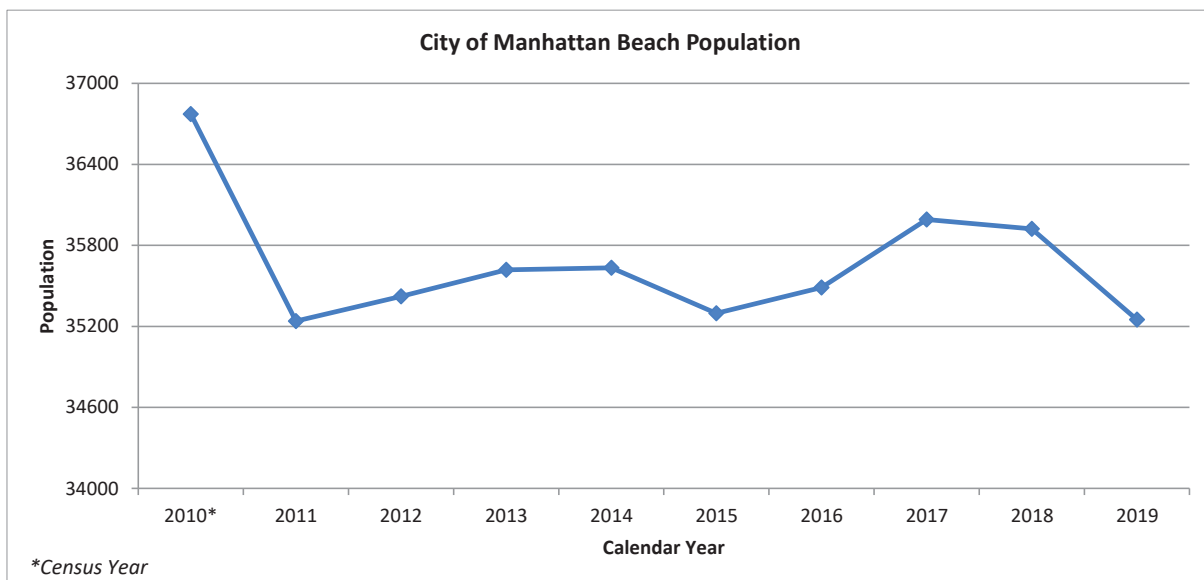
**City of Manhattan Beach  
Demographic and Economic Statistics,  
Last Ten Calendar Years**

**Exhibit A-19**

Calendar Year	Population	Man Beach Personal Income (in thousands)	Personal Income L.A. County <sup>1</sup> (in thousands)	Per Capita Personal Income L.A. County <sup>1</sup>	Per Capita Personal Income Man Beach	Unempl Rate	School Enrollment
2010*	36,773	2,830,050	405,000,000	38,789	76,960	4.5%	6,602
2011	35,239	2,802,945	420,900,000	42,696	79,541	4.4%	6,651
2012	35,423	2,850,383	435,300,000	43,916	80,467	3.2%	6,768
2013	35,619	2,945,228	451,100,000	45,024	82,687	2.6%	6,814
2014	35,633	2,864,394	487,900,000	48,456	80,386	3.4%	6,787
2015	35,297	2,906,208	521,900,000	51,207	82,335	2.7%	6,687
2016	35,488	2,969,983	557,382,000	54,432	83,689	2.1%	6,682
2017	35,991	3,102,178	585,515,000	56,698	86,192	2.6%	6,776
2018	35,922	3,208,080	602,632,000	62,221	89,306	3.4%	6,647
2019	35,250	3,330,194	646,400,000	63,039	94,473	3.2%	6,524

Source: HdL Companies, County of Los Angeles Comprehensive Annual Financial Report

<sup>1</sup> Represents fiscal year ended June 30th.



Source: HdL Coren Cone, US Census Bureau; Manhattan Beach School District; Calif Labor Market; Bureau of Econ Analysis; Los Angeles County Economic Development Corp; Department of Transportation

City of Manhattan Beach  
Principal Employers  
Current Year and Nine Years Ago

Exhibit A-20

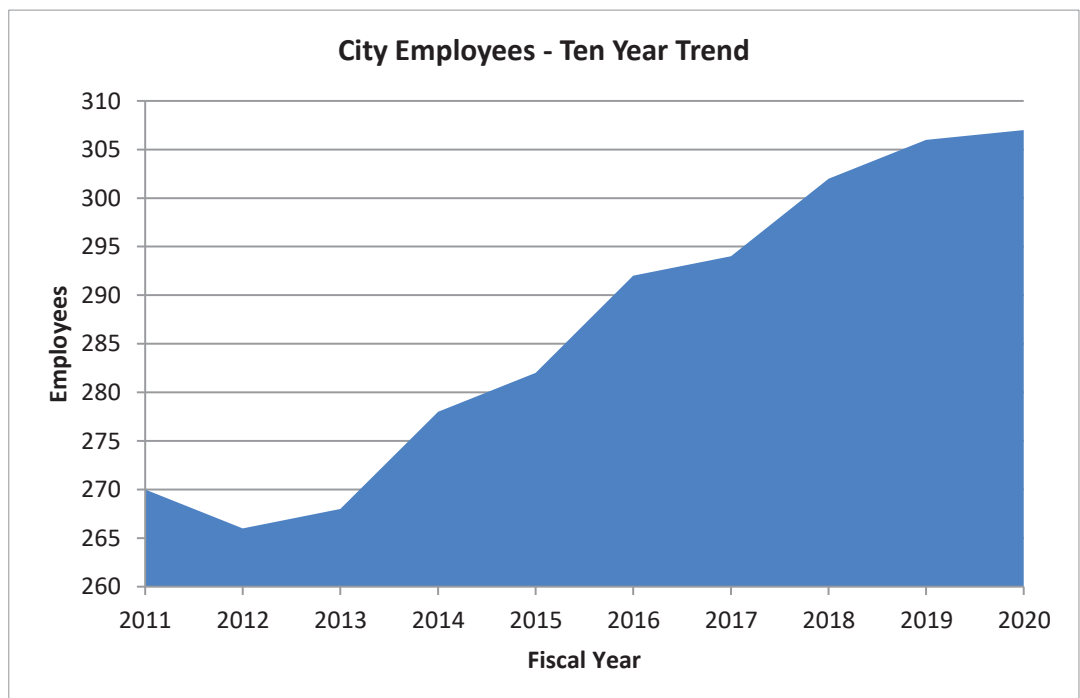
<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Northrop Grumman Systems Corp.	2020	1	16.68%	1920	1	15.85%
Manhattan Beach Unified School District <sup>1</sup>	740	2	6.11%	-		-
Kinecta Federal Credit Union <sup>1</sup>	550	3	4.54%	-		-
Skechers USA Inc (Corporate)	473	4	3.91%	388	4	3.20%
Target Stores T199 Target Corp	405	5	3.34%	405	3	3.34%
City of Manhattan Beach	307	6	2.53%	272	5	2.25%
Skechers U.S.A., Inc.(Online)	271	7	2.24%	148	10	1.22%
Fry's Electronics, Inc.	264	8	2.18%	264	7	2.18%
Manhattan Beach Hotel TRS LLC <sup>1</sup>	233	9	1.92%	-		-
Ralphs Grocery Company #166	167	10	1.38%	167	9	1.38%
Kinecta Federal Credit Union	-		-	550	2	4.54%
Macy's West LLC	-		-	271	6	2.24%
Marriott- HMC Interstate	-		-	233	8	1.92%
<b>Total</b>	<b>5,430</b>		<b>44.84%</b>	<b>4,618</b>		<b>38.13%</b>

<sup>1</sup>No data available or collected for fiscal year 2011.

**City of Manhattan Beach  
Full-time Authorized City Employees by Function/Program,  
Last Ten Fiscal Years**

**Exhibit A-21**

<u>Function/Program</u>	<u>Full-time Authorized Employees as of June 30</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government										
Management services	14	13	12	13	13	17	17	17	15	15
Finance*	20	20	20	25	25	17	17	17	18	18
Information Technology*	-	-	-	-	-	9	9	9	9	9
Human Resources	7	6	6	6	6	8	8	8	8	8
Community Development	20	19	20	21	22	24	24	28	30	30
Parks and Recreation	20	20	20	21	23	25	25	25	25	25
Police										
Officers	64	62	65	65	65	65	65	65	65	65
Civilians	34	35	36	39.8	39.8	39.8	41.8	41.8	42.8	42.8
Fire										
Firefighters & officers	30	30	30	30	31	30	30	30	30	30
Civilians	1	1	1	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Public works										
Engineering	8	8	8.2	7.25	7.25	7.5	8.5	11	12.5	13.5
Water	14.25	14.25	11.7	11.2	11.2	11.2	11.35	10.85	10.8	10.8
Wastewater	3.35	3.35	3.3	3.2	3.2	3.2	3.45	3	3.9	3.9
Other	34.4	34.4	34.8	34.35	34.35	34.1	32.7	35.15	34.8	34.8
<b>Total</b>	<b><u>270</u></b>	<b><u>266</u></b>	<b><u>268</u></b>	<b><u>278</u></b>	<b><u>282</u></b>	<b><u>292</u></b>	<b><u>294</u></b>	<b><u>302</u></b>	<b><u>306</u></b>	<b><u>307</u></b>



Source: City of Manhattan Beach Finance Department



**CITY OF MANHATTAN BEACH**  
**SCHEDULE OF INSURANCE IN FORCE**

June 30, 2020

<u>TYPE OF COVERAGE</u>	<u>POLICY NUMBER</u>	<u>FROM</u>
<b>Liability</b> Self-Insured - MOC		07/01/20
<b>Excess Liability</b> Public Risk Innovation, Solutions, and Management (PRISM) Authority (Pool) - MOC	PRISM-PE 20 EL-109	07/01/20
<b>Building &amp; Property (All Risk, Flood, Earthquake, &amp; \$100M Boiler and Machinery)</b> CSAC-Excess Insurance	EIAPPR20-22	03/31/20
<b>Workers' Comp.</b> Self-Insured	-	07/01/20
<b>Excess Workers' Comp.</b> PRISM/Reinsured by Great American PRISM/Reinsured by ACE American Insurar Liberty Insurance Corporation	PRISM-PE 20 EWC-153 PRISM-PE 20 EWC-153 EW7-444785-020	07/01/20 07/01/20 07/01/20
<b>Government Crime Policy</b> National Union Fire Insurance	01-468-30-06	06/30/20
<b>Inland Marine - Fine Arts</b> Travelers Property and	QT660-6B28226A- TIL-20	07/02/20
<b>Cyber Risk</b> Beazley Syndicate/Lloyd's of London	B0180PH1933951	7/1/2020
<b>Deadly Weapons Response</b> Lloyd's of London	PJ20000500079	07/01/20

**CITY OF MANHATTAN BEACH**  
**SCHEDULE OF INSURANCE IN FORCE**

June 30, 2020

<u>TO</u>	<u>LIMITS OF COVERAGE</u>	<u>ANNUAL PREMIUM</u>
07/01/21	\$500,000 per occurrence	\$0
07/01/21	\$25,000,000 inclusive of self-insured retention	\$460,305
03/31/21	\$25,000,000 Primary All Risk	\$289,639
07/01/21	\$750,000 per occurrence	\$0
07/01/21	\$4,250,000 excess of \$750,000	263,898
07/01/21	\$45,000,000 excess of \$5,000,000	
07/01/21	Statutory limits excess of \$50,000,000	
06/30/21	\$15,000,000	\$8,497
07/02/21	\$1,000,000	\$4,015
07/01/21	\$2,000,000	\$5,131
07/01/21	\$500,000	\$6,711

**City of Manhattan Beach  
Operating Indicators by Function/Program,  
Last Ten Fiscal Years**

**Exhibit A-23**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
General government										
Building permits issued	1,318	1,484	1,339	1,673	1,847	1,853	1,223	1,644	1,353	1,595
Building inspections conducted	9,676	10,298	11,165	13,370	14,708	14,630	14,796	16,032	15,272	14,441
Police										
Arrests	1,007	1,387	1,173	1,367	1,383	1,590	1,371	1,095	1,019	795
Parking citations	70,001	68,080	63,624	61,651	63,423	66,255	64,105	57,624	47,422	41,133
Traffic citations	8,591	9,605	6,890	6,339	4,222	4,723	3,682	4,209	2,449	2,062
Fire (a)										
Emergency responses	3,100	3,254	3,176	3,379	3,434	3,690	3,760	3,637	3,653	3,642
Fires extinguished	98	94	95	76	56	63	76	87	87	88
Inspections	973	1,650	933	1,078	536	852	697	688	1,421	749
Refuse collection										
Refuse collected (tons per day)	60.27	47.78	43.55	42.05	49.48	52.72	53.31	51.01	54	53
Recyclables collected (tons per day)	44.07	45.18	48.16	50.19	53.05	47.7	41.55	34.66	35	28
Other public works										
Street resurfacing (miles)	6.6	3.9	-	1.0	3.0	1.0	0.7	2.9	4.0	1.3
Parks and recreation										
Athletic field permits issued	4,887	5,901	7,002	7,779	10,369	9,912	10,328	8,499	6,815	6,515
Community center admissions*	147,630	41,374	89,134	107,632	76,860	52,424	63,083	64,592	52,505	13,189
Water										
Water main breaks	4	3	4	6	7	4	9	8	7	7
Average daily consumption (thousands of gallons)	4,900	4,920	5,123	4,929	4,468	4,021	4,130	4,392	4,257	4,312
Peak daily consumption (thousands of gallons)	7,350	6,712	6,989	7,169	5,344	5,344	6,190	5,735	7,266	6,086
Transportation										
Total route miles	65,517	43,461	38,995	41,680	44,067	46,175	40,961	42,535	49,639	34,824
Passengers	18,831	18,899	16,039	17,059	20,065	22,067	26,810	25,963	26,223	16,750

(a) Represents calendar year data.

\* The Community Centers underwent a full renovation. Both centers were fully operational by January 2013.

**City of Statistical  
Capital Asset Statistics by Function/Program,  
Last Ten Fiscal Years**

**Exhibit A-24**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	23	23	23	23	23	23	23	23	23	23
Fire stations	2	2	2	2	2	2	2	2	2	2
Other public works										
Streets (miles)	110	108	108	108	108	108	108	108	108	108
Highways (miles)	10	10	10	10	10	10	10	10	10	10
Parks and recreation										
Acreage	80.88	80.88	80.88	80.88	80.88	80.88	80.88	80.88	80.88	80.88
Baseball/softball diamonds	13	13	13	18	18	18	18	18	18	18
Soccer/football fields	15	15	15	19	19	19	19	19	19	19
Community centers	2	2	2	3	3	3	3	3	3	3
Water										
Water mains (miles)	106	106	106	106	106	106	106	106	106	106
Fire hydrants	774	774	774	774	774	774	774	774	775	775
Storage capacity (1000s Gallons)	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800
Wastewater										
Sanitary sewers (miles)	81.6	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0
Storm sewers (miles)	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	21.0	21.0
Transportation—minibuses	4	4	4	4	4	4	5	5	5	4

CITY OF MANHATTAN BEACH  
 DEMOGRAPHIC STATISTICAL DATA  
 Official Results from the 2010 US Census

**Population distribution by ethnic group (one race):**

	<u>Number of Persons</u>	<u>Percent</u>
White	28,303	80%
Asian	4,255	12%
Black or African American	190	1%
American Indian and Alaska Native	71	0%
Other	<u>2,754</u>	<u>8%</u>
	<u><u>35,573</u></u>	<u><u>100%</u></u>

**Household Type:**

	<u>Number of Persons</u>	<u>Percent</u>
Family:		
Married couple	7,932	59%
Female head	914	7%
Male head	687	5%
Nonfamily	<u>3,987</u>	<u>29%</u>
	<u><u>13,520</u></u>	<u><u>100%</u></u>

**Population distribution by age group:**

	<u>Number of Persons</u>	<u>Percent</u>
Under 5 years	2,313	7%
5-14	5,136	14%
15-24	3,283	9%
25-44	7,758	22%
45-59	8,780	25%
60-64	2,278	6%
65 and over	<u>6,025</u>	<u>17%</u>
	<u><u>35,573</u></u>	<u><u>100%</u></u>

**Population distribution by gender:**

	<u>Number of Persons</u>	<u>Percent</u>
Male	17,503	49%
Female	<u>18,070</u>	<u>51%</u>
	<u><u>35,573</u></u>	<u><u>100%</u></u>

## **Bond Disclosure Section**

### **Continuing Disclosure Requirements**

*The following section provides information to fulfill the City's bond continuing disclosure requirements of material events, delinquencies, and other financial data not otherwise contained in the audited financial reports.*

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## Continuing Disclosure Requirements

This section is provided in accordance with the Continuing Disclosure requirements, as set forth in the offering statements of the following debt issues:

- Marine Refunding Certificates of Participation, Series 2016
- Metlox and Water/Wastewater Refunding Certificates of Participation, Series 2012
- Police and Fire Facility Refunding Certificates of Participation, Series 2013
- Reassessment District Limited Obligation Refunding Bonds, Series 2018

The required Annual Report is contained herein as the Audited Financial Statements.

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## Reporting of Events with Respect to Debt Issuance during Fiscal Year 2019-20

Three new Utility Undergrounding Assessment Districts were approved by property owners in FY 2019-20. Construction of all other previously approved underground districts was completely managed by the utility companies for lump sum pricing. For the three new districts (19-4, 19-12, 19-14) in FY 2019-20, the City's Public Works Department is directly overseeing construction and, as a result, the bond proceeds (revenues) and expenditures are flowing through a City governmental fund. Property owners were given an opportunity to prepay their assessment in cash or to pay in annual installments following the issuance of bonds. Construction commenced in 2020 following the cash collection period and subsequent sale of bonds for remaining assessments. Completion of the utility undergrounding projects is expected in 2023.

Debt service on three new bonds issued for the three new Districts (19-4, 19-12, and 19-14) currently in construction will be included in the City's FY 2020-2021 CAFR.

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## Information relating to Reassessment District Bonds, Series 2018, for Fiscal Year 2019-20

Principal Amount Outstanding	\$4,135,000
Balances in:	
Improvement Fund	\$0
Debt Service Reserve Fund	\$517,466

The balance in the Debt Service Reserve Fund exceeds the reserve requirement.



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**Delinquencies of Reassessment District Bonds for Fiscal Year 2019-20**

*As of June 30, 2020*

<b>PARCEL</b>	<b>TAX LEVIED</b>	<b>TAX PAID</b>	<b>Delinquencies</b>
4169001007	2,071.79	1,035.89	1,035.90
4169008004	2,071.79	1,035.89	1,035.90
4169008016	2,619.72	1,323.30	1,296.42
4169009013	1,523.86	-	1,523.86
4169012008	1,523.86	761.93	761.93
4175022004	542.03	271.01	271.02
4175026032	525.19	262.59	262.60
4175029007	678.18	339.09	339.09
4176026013	678.18	-	678.18
4178010019	1,445.07	1,372.79	72.28
4178013081	1,074.51	-	1,074.51
4179030007	1,445.07	-	1,445.07
4169008005	1,797.83	898.91	898.92
4169009012	1,523.86	-	1,523.86
4175021002	443.53	421.15	22.38
4175025028	443.53	221.76	221.77
4175030009	678.18	-	678.18
4176025034	542.03	517.11	24.92
4177027006	561.44	533.31	28.13
4179030016	1,445.07	722.53	722.54
4179030029	1,445.07	1,372.28	72.79
<b>TOTAL DELIQUENCIES</b>			<b>\$13,990.25</b>

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**Update of Financial Tables (Not Otherwise Contained in the Audited Financial Statements)**

*As required by the offering statements for the Metlox and Water/Wastewater Refunding and Police and Fire Facility Refunding Certificates of Participation.*

**Table 13 – Investment Portfolio Summary**

*As of June 30, 2020*

<b>Type of Investment</b>	<b>Market Value</b>
Cash	\$10,354,951
Local Government Fund	63,510,489
US Treasury & Agency Notes	50,938,480
Medium-Term Notes	21,226,902
Funds Held by Fiscal Agent	3,083,412
Petty Cash	5,742
<b>Total</b>	<b>\$149,119,975</b>

**Table 14 – Unrepresented Unit and Employee Associations**

*As of June 30, 2020*

<b>Employee Unit</b>	<b>No. Full-Time Employees*</b>	<b>Percent of Workforce</b>
Manhattan Beach Fire Association	26	8.6%
Manhattan Beach Fire Management Association	3	1.0%
Manhattan Beach Police Officers' Association	57	18.9%
Manhattan Beach Police Management Association	7	2.3%
Miscellaneous Unit - Teamsters Local 911	144	47.8%
Manhattan Beach Mid-Managers Employee Association	40	13.3%
Management/Confidential (not represented)	24	8.0%
<b>Total</b>	<b>301</b>	<b>100.0%</b>

*\* As Budgeted. Excludes elected officials.*

**Additional Information**

The City maintains triple-A general obligation ratings from both Moody's and Standard and Poor's. Standard & Poor's last reaffirmed the City's AAA Credit Rating on November 4, 2016.

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