



ANNUAL COMPREHENSIVE

FINANCIAL REPORT

FISCAL YEAR ENDED **JUNE 30, 2021**

CITY OF MANHATTAN BEACH, **MANHATTAN BEACH, CALIFORNIA**

CITY OF MANHATTAN BEACH, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021



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

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January 18, 2022

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, 2021. 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 Annual Comprehensive Financial Report (ACFR). Further, it states that the results be reviewed with the Finance Subcommittee, which met with the auditor and discussed the results on January 6, 2022.

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, 2021, 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 population¹ is 35,058. 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	

¹ State of California, Department of Finance, E-1 Population Estimates for Cities. Sacramento, California, May 2021.

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	

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 budget change 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 2021-2022 Adopted Budget, available online at www.manhattanbeach.gov/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 services to occupy and construct outdoor spaces. This has enabled business owners to retain jobs and keep their doors open. The City continues to partner with local business organizations to implement media campaigns encouraging support for local businesses. As the pandemic response duration continued, the City also launched a small business low-interest loan program. Fourteen local businesses received loans totaling \$125,000. 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. While some of these initiatives ramped up or down depending on current conditions, the City has remained committed to adapting to the community's needs during the various stages of the pandemic.

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, which is largely completed. The shopping center now totals approximately 646,000 square feet

and brought a variety of new restaurants and retail elements to the mall portfolio. Additionally, there were several amendments to the project to capitalize on to changing economic and retail trends, as well as customer and tenant needs. Beyond the original approvals, the City worked closely with the developer and property owners to add in a replacement of a satellite building, construction of which is anticipated to be completed by June 2022, as well as a new building pad for future retail, which commenced construction in 2021 and will be completed in 2022. Furthermore, with the Fry's operation going out of business, the City expects that entitlements for Phase 3 of the project will be initiated by the developer in the near future.

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. In June 2021, the City Council approved a new hotel at 600 South Sepulveda Boulevard under these regulations. Commercial parking standards, which affect commercial uses in the Corridor and in other commercial zoning districts, are in the process of being updated and are scheduled to be completed in 2022.

Peripherally related to the Sepulveda Corridor Initiatives, the City also approved a major reinvestment of a 53,181 square-foot parcel at 250 – 400 N. Sepulveda Boulevard in July 2021. Sunrise Assisted Living will be developing a 79,772 square-foot assisted living facility, which is slated to begin construction in late 2022.

Sepulveda Bridge Widening Project

The Sepulveda Bridge is located on Sepulveda Boulevard (State Route 1) between Rosecrans Avenue and 33rd Street. The bridge and its approaches from both the north and south sides include three lanes in each direction, and serves an average of 71,000 vehicles per day. The project will widen the east side of the structure to provide a fourth northbound lane to remove the existing bottleneck in that area. 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 Spring 2022.

Peck Reservoir Replacement Project

The Peck Reservoir Facility, at 1800 Peck Avenue, was built in 1957. At almost 65 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 8-million gallon reservoir is being constructed at the same location. The City is in the construction phase of the project and expects to complete the approximately \$39 million project in Spring 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 2020-2021 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, and subsequent surges in case counts, will not be known for some time, but it is clear that consequences are 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 4.6% unemployment rate, compared to Los Angeles County at 9.4% and the State of California at 7.3%².

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 declines in travel and tourism.



² State of California, Employment Development Department, October 2021 (Final)

Additionally, retail and restaurant establishments, including many “boutique”-style small businesses, were 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. Several major revenues including, but not limited to, Sales Tax, Transient Occupancy Taxes, and Business License Taxes, are still recovering.

On a positive note, the City’s biggest General Fund revenue source, Property Tax, grew by 8.3% (\$2.8 million) in FY 2020-2021. Assessed valuations, which indicate tax revenue and help propel property tax growth, are projected to increase by 4.5% in FY 2021-2022, 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 15.4% 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 issued Pension Obligation Bonds (POBs) in May 2021. During the sale process, over \$708 million in orders were received for the City’s available \$91 million in POBs. The final spread levels achieved the lowest spreads in the POB market ever issued in the California market, reflecting the strength of the City’s conservative financial management and AAA credit rating, and resulting in a True Interest Cost (TIC) of 2.72%. Issuance of the POBs also stabilized rising pension liability costs by creating level debt service payments of \$5.5 million over the next 22 years. Through the final maturity date in 2043, the potential pension UAL budgetary savings totals \$43.5 million.

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.

General Fund

The General Fund is the primary operating fund of the City of Manhattan Beach. The General Fund balance increased by \$5,924,816 from 2020. The increase is attributable to net expenditures over revenues of \$78,737,716 offset by Other Financing Sources (transfers-in, transfers-out) equal to \$84,662,532. Transfers-in included \$489,165 from the County Parking Lot Fund in line with the contract with the County of Los Angeles, \$378,926 due to the closure of the Refuse Fund, and \$71,020 from the Parking Fund to reimburse the General Fund for operations. Offsetting this fund balance increase, transfers-out comprised of subsidies to other funds to support operations,

including \$1,317,480 to the Stormwater Fund and \$336,302 to the Street Lighting and Landscape District Fund.

The Pension Trust Fund and the PARS Investment Trust Fund is included in the General Fund balance. At the end of fiscal year 2021, the total General Fund balance equaled \$32.6 million, of which \$1.9 million is either non-spendable or restricted and \$92,390 is assigned to City retirement plans, leaving an unassigned fund balance of \$30.1 million. Within the unassigned fund balance, City Council has established earmarks for financial policies and economic uncertainties of \$18.6 million, leaving \$12.0 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	2021 Actual	2020 Actual	Increase/ (Decrease)	%
Property Tax	\$36,823,265	\$34,002,017	\$2,821,248	8.3%
Other Taxes (Sales, Hotel, Business License, etc.)	16,938,737	18,042,366	(\$1,103,629)	(6.1%)
Licenses and Permits (Building, Construction, Film Permits)	3,577,333	2,572,460	\$1,004,873	39.1%
Fines (Parking Citations, Vehicle Code Fines)	1,443,177	1,925,543	(\$482,366)	(25.1%)
Use of Money and Property (Interest, Rents and Ground Leases)	2,479,805	4,875,067	(\$2,395,262)	(49.1%)
Received From Other Agencies (Vehicle License Fees, Grants)	5,228,799	455,990	\$4,772,809	1046.7%
Service Charges (Plan Check Fees, P&R Class, Ambulance Fees)	6,531,768	7,103,286	(\$571,518)	(8.0%)
Interfund Charges (Admin Service Charge)	3,731,425	3,569,704	\$161,721	4.5%
Miscellaneous*	1,300,483	879,335	\$421,148	47.9%
Total	\$78,054,792	\$73,425,768	\$4,629,024	6.3%

With the City’s relatively high property values, Property Taxes continue to be the main driver of revenue growth at 47% of all General Fund revenues. Property Taxes have been a stable source of funds, including during the Great Recession, with a \$2.8 million (8.3%) 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 \$8.0 million in FY 2020-21, ended the year \$369,815 (4.4%) below the prior year. Transient Occupancy Taxes (Hotel), which totaled \$2.4 million, decreased by \$1,189,172 (33.3%) compared to the prior year due to the significant drop in occupancy rates during the pandemic. Business License Tax of \$3.8 million was relatively flat compared to the prior year. On a positive note, Real Estate Transfer Tax increased \$303,821 (36.7%) to \$1,132,663 reflecting strong demand in the local housing market.

Building permit revenue decreased by \$183,322 (11.3%) and other construction permits increased \$325,600 (75.7%) compared to the prior year. Although activity was impacted by the pandemic, the reduction in building permits 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 \$2.4 million (49.1%) decrease was the impact on historically low interest rates on interest revenues and investment earnings. An interest & investment loss was booked at \$63,867 compared to a gain of \$2 million in FY 2020. Additionally, rents and leases decreased \$476,071 (16.9%) compared the prior year 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 \$571,518 (8.0%) from the prior year.

On an overall basis, General Fund revenues totaled \$78.1 million, up by \$4.6 million or 6.3% from the prior year and outperformed the final budget by \$4.4 million (excluding transfers and issuance of long-term debt).

General Fund expenditures totaled \$158.4 million in FY 2020-21, an increase of nearly \$83.7 million over the prior fiscal year but about \$1.7 million under the final budget. The issuance of POBs accounted for \$85.5 million of the expenditures. When compared to the prior year's actual, Salaries and Benefits increased by \$85.4 million due to the CalPERS Pension Liability payments funded by the POBs. When adjusting for the POBs, then salaries and benefits remain relatively flat compared to the prior year. Materials and Services, which includes Contract and Legal Services, decreased by \$4.2 million or 10.2% from the prior year, mainly due to cost cutting measures in FY 2020-21 to balance the budget. The primarily driver of the savings was also due to the suspension of departmental charge-outs to the Fleet Fund of \$2.1 million and the Information Systems Fund of \$400,000.

Other Funds

Underground Assessment District

Three new Utility Undergrounding Assessment Districts (19-4, 19-12, 19-14) 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 these three districts, 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 2020-21, the Capital Improvement Projects (CIP) Fund is important to highlight given its significance in managing general governmental infrastructure and facilities capital projects. In FY 2020-21, CIP Fund total revenues were \$1.5 million, which included \$419,064 in one-time grant funds, and expenditures were \$2.5 million.

As of June 30, 2021, the total balance of the CIP Fund is \$6.2 million. A list of major capital projects at year end include:

- \$1.3 million for HVAC replacement and repairs
- \$1.0 million for the Senior and Scout House improvements
- \$970,000 for Polliwog Park Facilities
- \$2.9 million for other building improvements and street projects

Although some of these projects, such as the Polliwog Park Facilities, will be offset by grants, it should be noted that on-going projected revenues of \$1.5 million less debt service of \$1.2 million result in a steady state excess of only \$0.3 million. With Transient Occupancy Tax impacted by the pandemic, 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, and Stormwater 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, Measure M, Measure W, 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 2020-2021, net income from operations totaled \$1.9 million, a decrease from the prior year, which had an operating income of \$3.4 million. Operating revenue from sales and service charges increased by \$476,912 (3.1%), while operating expenses (labor, materials, services, etc.) increased by \$1.8 million (15.5%) due to capital expenses for maintenance and the payment of unfunded liabilities funded by the issuance of POBs. 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 2022 with rates going into effect the summer of 2022. Accumulated fund balances provide resources for planned capital improvements to the utility's infrastructure, estimated at \$51.5 million over the next five years, including the replacement of Peck Reservoir which is estimated to cost nearly \$39.0 million. The remaining balance on the project at the end of FY 2020-21 is \$26.6 million.

The net operating income for the Wastewater Fund was \$1,771,549 versus \$1,832,084 in FY 2020-21, an decrease of \$60,535 or 3.3%. Operating revenue was relatively flat compared to the prior year while operating expenses increased \$65,490 (3.7%). 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 2020-2021 was \$1,121,827. Accumulated losses for the prior five fiscal years are over \$4.5 million. The combination of fixed fees and rising costs requires General Fund subsidies. The General Fund transferred \$1,317,480 in FY 2020-21. 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 2020-21, expenditures exceeded revenues by \$301,303. As in the case of the Stormwater Fund, assessments have been constant for over 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 remained relatively flat in compared to FY 2019-20 with an decrease of \$5,320. 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 2020-21, claims expense increased \$161,007 (2.9%) as the City continued efforts to stabilize the Fund by incrementally increasing internal service fund charge-outs for Workers Compensation claims.

Fiduciary 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, 2021, thus recognizing enacted legislation establishing the City as a plan trustee and protecting these employee-owned assets from external creditors.

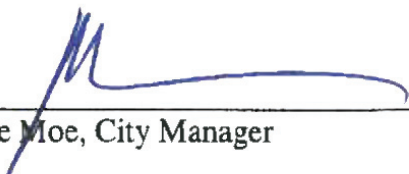
The fiduciary funds also includes debt service funds held in trust on behalf of Utility Undergrounding Assessment Districts (UUAD). The City refunded the outstanding bonds of five Underground Districts in March 2018 to take advantage of lower interest rates and reduce assessments for property owners. 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 UUAD Districts (19-4, 19-12, and 19-14) formed in FY 2019-20 range in interest rates from 2.00% to 3.00%. These bonds mature in September 2040.

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 July 20, 2021. 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 Julie Bondarchuk and Libby Bretthauer. 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.



Bruce Moe, City Manager



Steve S. Charelian, Finance Director

Elected Officials & Executive Staff

Elected Officials

Term Ends

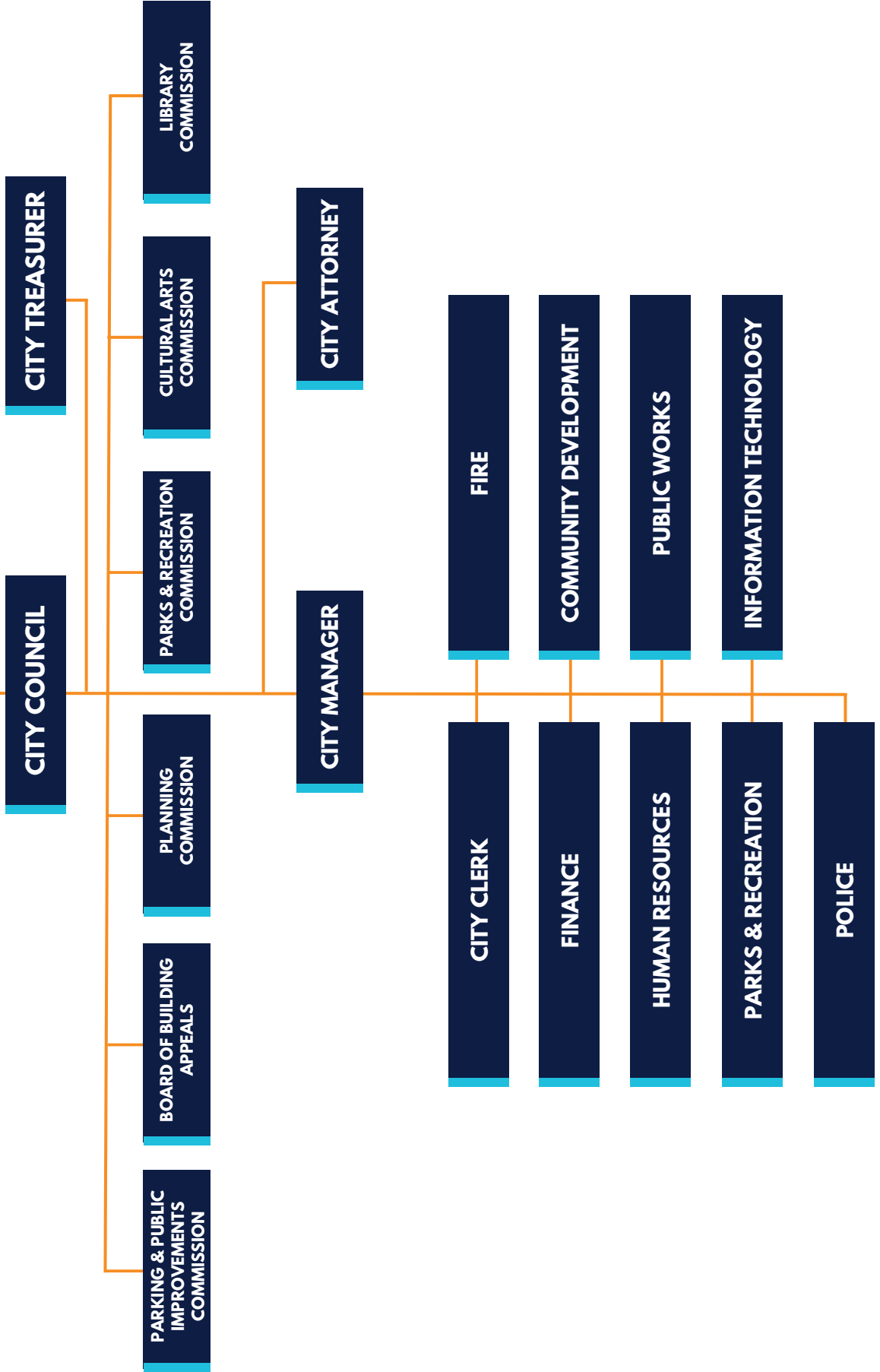
<i>Mayor</i>	<i>Suzanne Hadley</i>	<i>November 2022</i>
<i>Mayor Pro-Tem</i>	<i>Hildy Stern</i>	<i>November 2022</i>
<i>City Council Members</i>	<i>Steve Napolitano</i>	<i>November 2024</i>
	<i>Richard Montgomery</i>	<i>November 2024</i>
	<i>Joseph Franklin</i>	<i>November 2024</i>
<i>City Treasurer</i>	<i>Tim Lilligren</i>	<i>November 2024</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 & Recreation Director</i>	<i>Mark Leyman</i>
<i>Police Chief</i>	<i>Derrick Abell</i>
<i>Fire Chief</i>	<i>Michael E. Lang</i>
<i>Community Development Director</i>	<i>Carrie Tai, AICP</i>
<i>Public Works Director</i>	<i>Erick Lee</i>
<i>Information Technology Director</i>	<i>Terry Hackelman</i>



MANHATTAN BEACH RESIDENTS





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Manhattan Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the date of the financial statements.



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

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 Prop C special revenue fund, the schedules of changes in net pension liability and related ratios, the schedule of investment returns, the schedule of proportionate share of the net pension liability, the schedules of employer plan contributions, and the schedule of changes in net OPEB liability and related ratios, and the schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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

Supplementary 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

Brea, California
January 12, 2022

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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, 2021. 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 xv of this report.

FINANCIAL HIGHLIGHTS

Government Wide Financial Basis

- As of June 30, 2021, the City's total net position Citywide (including all governmental and business type activities) totaled \$203,004,566, a decrease from the prior fiscal year of \$11,565,674 or 5.4% due to operations.
 - Governmental net position for the fiscal year totaled \$91,166,421, a decrease of \$14,668,332 or 13.9%. This decrease is due to revenues totaling \$90,454,425 (program revenues of \$29,255,034 and general revenue of \$61,199,391), transfers in of \$421,631 less activity expenses of \$101,682,851, a special items of \$(148,434), and a restatement of net position of negative \$3,713,103 due to a reclassification of capital assets to expense in a prior year.
 - Business-type activity net position totaled \$111,838,145, an increase of \$3,102,658 or 2.9%. This change in net position is a result of operations (program revenues of \$25,064,633 and non-program revenues of \$183,190 less expenses of \$21,674,413, transfers out of \$421,631 and prior adjustment of negative \$49,121 due to a reclassification of assets).
- Unrestricted net position, which may be used to meet the government's on-going obligations within certain parameters and requirements, totaled \$19,608,764. This is a decrease of \$11,565,674 or 5.4% from FY 2019-20.
- Governmental Activities
 - Governmental Unrestricted Net Position is negative \$31,912,766 – a decrease of \$2,771,562. 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 the newly issued pension obligation bonds (POBs) reduced net position by \$89,388,310.
 - Net pension liability of \$88,332,605 is offset by net deferred outflows/inflows of \$105,944,079. In FY 2020-21, the City issued POBs carrying a true interest cost (TIC) of 2.72%, which is 4.43% lower than the CalPERS discount rate of 7.15%. This essentially liquidated the net pension liability and replaced the liability with bonded debt at a lower interest rate. An explanation of the POBs is included at the end under the section Effect of Pension Activity on Net Position.
 - 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. Since POBs were 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 \$51,521,530, a decrease of \$3,102,658 compared to the prior year primarily due to the construction of capital projects including 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 allocation of the POB is correspondingly lower at \$1,886,690. 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 \$7,761,334 (See Note 5). Governmental net capital assets decreased by \$3,841,998. Net capital additions of \$3,787,809 were offset by depreciation expense (\$3,916,704) and a prior period adjustment of (\$3,713,103) due to a reclassification of assets. Business-type net capital assets increased by \$11,603,332; additions were \$12,976,684, which were offset by depreciation expense of \$1,324,231 and a prior period adjustment of (\$49,121) due to a reclassification of assets. 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 increased by \$89,755,000 during FY 2020-21 (See Note 6). This increase is attributable to the issuance of POBs in the amount of \$91,275,000 and the scheduled principal pays down of issued bonds by both governmental activities (\$840,000) and business-type activities (\$680,000). The City had no capital lease obligations in FY 2020-21.
- Long-term liability and workers compensation insurance claim reserves increased by \$432,088 (See Note 13). Increase in workers' compensation claims activity resulted in a reserve increase of \$806,468 while general liability claims activity resulted in a decrease in general liability reserves of \$374,380. The events FY 2020-2021, contrast sharply with those in FY 2019-2020. In the previous year workers' compensation reserves decreased, while those of liability increased. This situation illustrates volatility in workers compensation and liability due to small population.

Fund Financial Basis – Governmental Funds

- As of June 30, 2021, the General Fund balance was \$32,610,901. Fund expenditures exceeded revenues by \$78,737,716 due to the issuance of POBs. Other sources (uses) were net transfers out of \$85,377,203, resulting in a net change of \$5,924,816.
- Governmental Funds (General, Capital Improvement and Special Revenue) revenue totaled \$88,719,470, a decrease of \$11,423,944, (11.4%) from FY 2019-20. The decrease is attributable to the creation of three new underground assessment districts projects in FY 2020 generating one-time construction bond proceeds and homeowner pay offs totaling \$18,496,956. While property taxes have largely remain unaffected by the pandemic, other taxes such as sales tax and transient occupancy tax (TOT) experienced decreases attributable to the pandemic. Hotels, as well as retail and restaurant establishments including many "boutique"-style small businesses, were severely impacted by the Safer-At-Home public health orders and the lack of tourism.
- Governmental Funds expenditures totaled \$178,701,966, up \$90,905,782 (103.5%) from the prior year. The variance was due to General Fund Expenditures of \$156,792,508 up by \$83,651,024 (114.4%) including \$85,452,779 attributable to the POBs. Capital expenditures were down \$308,313 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 \$6,972,203, which are classified current expenditures and are reflected in the Underground Assessment Fund. Total governmental fund expenditures exceeded revenue by \$89,982,496, wholly attributable to POBs of \$85,452,779 and an increase of Public Work projects in the Prop C, Underground Assessment and Capital Improvement Fund.

- General Fund net transfers-out totaled \$714,671. Transfers-out included \$1,317,480 to the Stormwater Fund and \$336,302 to the Street Lighting and Landscape Fund. Transfers in consisted of \$489,165 from the County Parking Lot Fund, \$71,020 from the Parking Fund and \$378,926 due to the closure of the Refuse 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 and Proposition C Fund, 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 an annual budget cycle. The FY 2020-21 Budget was adopted on June 25, 2020. 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 30-33 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 34 to 38 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 43-90 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 \$203,004,566 at June 30, 2021 versus \$214,570,240 at June 30, 2020 – a decrease of \$11,565,674. The reason for this decrease is primarily driven by a significant increase in Public Works projects. Total project activity totaled \$26,686,409 in FY 2020-21 compared to \$8,770,443 in FY 2020. Major projects driving this increase is the construction of Peck Reservoir, the Sepulveda Bridge Street Widening project, and the Underground Assessment projects.

Net position of the City's *Governmental* activities amounted to \$91,166,421, a decrease from the prior year of \$14,668,332. On the table of Net Position below, \$110,223,781 is net investment in capital assets¹ such as land, buildings, machinery, infrastructure, equipment and other improvements; restricted net position of \$12,855,406 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 \$2,771,562 from the prior year to negative \$31,912,766 primarily due to net pension liabilities. Significant components of non-current liabilities and deferrals include 1) net pension liabilities of \$88,517,313 (including PERS plan and City Plan); 2) OPEB \$7,986,780; 3) long term debt totaling \$97,375,089; 4) accrued workers compensation and liability claims and judgments of \$6,978,014; and 5) accrued employee benefits of \$4,182,481.

Net position of the City's *Business-type* activities totaled \$111,838,145. This represents an increase from FY 2019-20 of \$3,102,658. Net investments in capital assets (land, buildings, machinery, equipment, etc.) less associated bonding totals \$59,896,315, while \$420,300 is restricted for business improvement district use. Significant components of non-current liabilities and deferrals include: 1) long term debt totaling \$9,121,475; 2) net pension liabilities of \$1,950,739; 3) OPEB of \$264,317; and 4) accrued employee benefits of \$98,746. Business-type activities' unrestricted net position decreased by \$9,130,752 from the prior year to \$51,521,530, primarily driven by an increase of capital project activity.

¹ 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	
	2021	2020	2021	2020	2021	2020
Current Assets	\$87,734,490	\$85,086,228	\$61,028,882	\$68,592,709	\$148,763,372	\$153,678,937
Total Capital Assets Net of Depreciation	121,837,168	125,679,166	67,906,519	56,303,187	189,743,687	181,982,353
Other Non-Current Assets	-	45,074	-	-	-	45,074
Total Assets	\$209,571,658	\$210,810,468	\$128,935,401	\$124,895,896	\$338,507,059	\$335,706,364
Deferred Charge on Refunding	\$337,970	\$370,166	-	-	\$337,970	\$370,166
Deferred Pension Related Items	109,089,874	18,297,907	2,222,890	384,541	111,312,764	18,682,448
Deferred OPEB Related Items	9,510,450	10,108,185	314,741	510,824	9,825,191	10,619,009
Deferred Outflows of Resources	\$118,938,294	\$28,776,258	\$2,537,631	\$895,365	\$121,475,925	\$29,671,623
Current Liabilities	\$28,903,178	\$19,784,104	\$8,184,583	\$6,560,126	\$37,087,761	\$26,344,230
Non-Current Liabilities	205,039,677	109,309,395	11,435,277	10,415,185	216,474,954	119,724,580
Total Liabilities	\$233,942,855	\$129,093,499	\$19,619,860	\$16,975,311	\$253,562,715	\$146,068,810
Deferred Pension Related Items	\$3,145,795	\$4,454,653	\$6,592	70,162	\$3,152,387	\$4,524,815
Deferred OPEB related items	\$254,881	\$203,821	\$8,435	10,301	\$263,316	\$214,122
Deferred Inflows of Resources	\$3,400,676	\$4,658,474	\$15,027	\$80,463	\$3,415,703	\$4,738,937
Net Investment in Capital Assets	\$110,223,781	\$113,205,816	\$59,896,315	\$47,574,700	\$170,120,096	\$160,780,516
Restricted	12,855,406	21,770,141	420,300	508,505	13,275,706	22,278,646
Unrestricted	(31,912,766)	(29,141,204)	51,521,530	60,652,282	19,608,764	31,511,078
Total Net Position	\$91,166,421	\$105,834,753	\$111,838,145	\$108,735,487	\$203,004,566	\$214,570,240

The City's total change in net position amounts to a decrease of \$11,565,674. Governmental activities' total net position decreased by \$14,668,332. Business-type activities' total net position increased by \$3,102,658.

The following table condenses the Government-wide Statement of Activities and Change in Net Position for the fiscal years ending June 30, 2021 and June 30, 2020:

City of Manhattan Beach Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues:						
Charges for Services	\$20,975,876	\$16,974,988	\$25,064,633	\$28,093,267	\$46,040,509	\$45,068,255
Operating Contributions and Grants	813,280	2,800,719	-	23,090	813,280	2,823,809
Capital Contributions and Grants	7,465,878	22,682,418	-	-	7,465,878	22,682,418
General Revenues:						
Property Taxes	37,598,821	34,002,017	-	-	37,598,821	34,002,017
Other Taxes	19,678,156	18,942,606	-	-	19,678,156	18,942,606
Use of Money and Property	2,481,570	5,499,131	(21,070)	2,554,232	2,460,500	8,053,363
Other	1,440,844	71,428	55,826	76,430	1,496,670	147,858
Total Revenues	\$90,454,425	\$100,973,307	\$25,099,389	\$30,747,019	\$115,553,814	\$131,720,326
Expenses:						
General Government	\$17,133,923	\$17,765,606	-	-	\$17,133,923	\$17,765,606
Public Safety	49,746,507	49,316,528	-	-	49,746,507	49,316,528
Public Works	26,157,349	18,749,101	-	-	26,157,349	18,749,101
Culture & Recreation	7,966,453	8,580,759	-	-	7,966,453	8,580,759
Interest on Long-Term Debt	678,619	415,642	-	-	678,619	415,642
Water, Waste, Storm	-	-	17,117,034	14,899,581	17,117,034	14,899,581
Refuse	-	-	-	4,241,681	-	4,241,681
Parking	-	-	4,557,379	3,471,329	4,557,379	3,471,329
Total Expenses	\$101,682,851	\$94,827,636	\$21,674,413	\$22,612,591	\$123,357,264	\$117,440,227
Revenues Over Expenses	(11,228,426)	6,145,671	3,424,976	8,134,428	(7,803,450)	14,280,099
Special Items	(148,434)	-	148,434	-	-	-
Transfers In (Out)	421,631	(34,521)	(421,631)	34,521	-	-
Increase (Decrease) in Net Position	(\$10,955,229)	\$6,111,150	\$3,151,779	\$8,168,949	(\$7,803,450)	\$14,280,099
Net Position - Beginning	\$105,834,753	\$99,723,603	\$108,735,487	\$100,683,160	\$214,570,240	\$200,406,763
Restatement of Net Position	(\$3,713,103)	-	(49,121)	(116,622)	(3,762,224)	(116,622)
Net Position - June 30 (Year End)	\$91,166,421	\$105,834,753	\$111,838,145	\$108,735,487	\$203,004,566	\$214,570,240

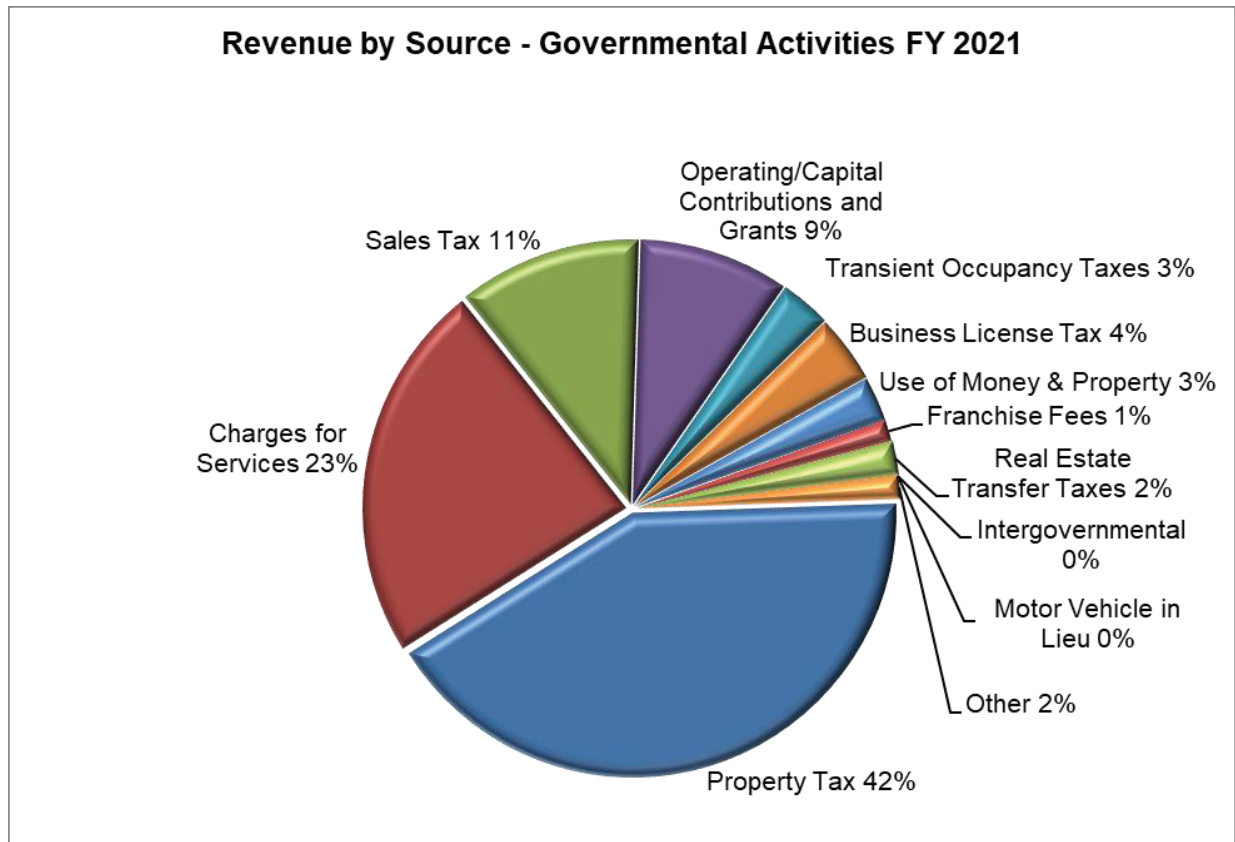
Changes in Net Position - Governmental Activities

The City's governmental activities in FY 2020-21 decreased net position by \$14,668,332 compared to an increase of \$6,111,150 in FY 2019-20

Total program revenue decreased by \$10,518,882, total expenses increased by \$6,855,215. The principal driver of this is the activity from the Underground Assessment Districts form in FY 2020. These districts generated one-time revenues of \$18,496,958 in FY 2020 to be used for construction. Expenditures related to the Underground Assessment District totaled \$6,972,203 in FY 2020-21. While property taxes increased by \$2,821,248, other taxes such as sales and transit occupancy tax decreased by \$819,357 due to a slower recovery from the pandemic in these categories. Charges for services increased by \$3,988,957 attributable to reopening and increasing service after the pandemic shut down. The restatement of net position totaling negative \$3,713,103 was due to a reclassification of a capital asset to an expense.

Expense increase of \$6,855,215 is primarily due to an increase in activity in Public Works. Salaries of \$36,728,868 and benefits of \$5,065,440 (excluding pension and workers compensation) were virtually flat. Materials and services were \$27,525,871, a decrease of \$2,031,077 compared to the prior year.

Total governmental activities revenue of \$90,305,991, excluding transfers-in of \$421,631, is broken out as follows:

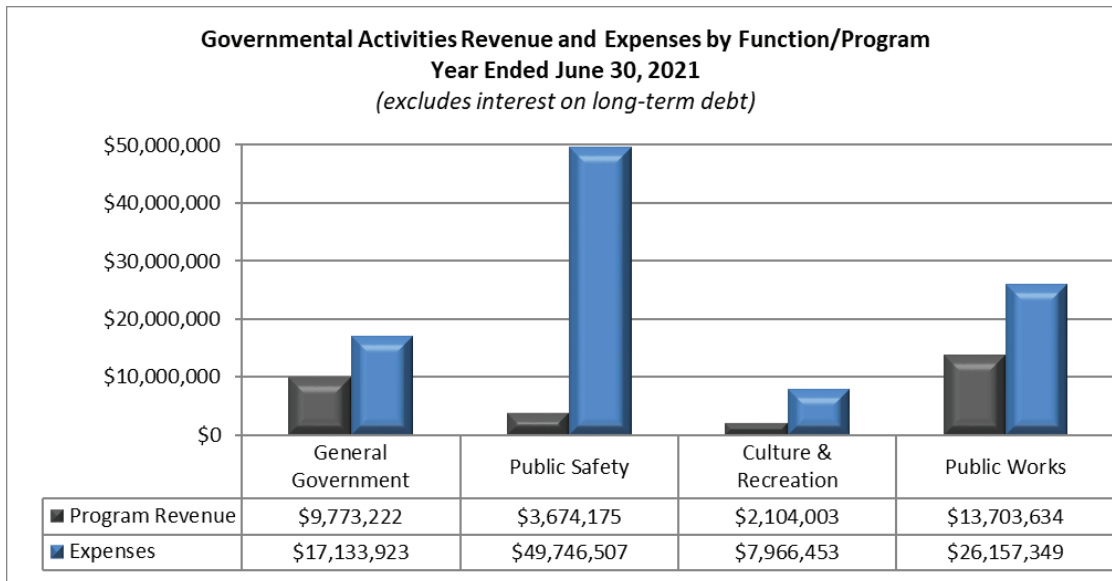


Functional expenses (excluding interest on debt) for the years ending June 30, 2021 and June 30, 2020, were as follows:

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General Government	17,133,923	17,765,606	(7,360,701)	(11,064,429)
Public Safety	49,746,507	49,316,528	(46,072,332)	(44,795,747)
Culture and Recreation	7,966,453	8,580,759	(5,862,450)	(4,717,815)
Public Works	26,157,349	18,749,101	(12,453,715)	8,624,122
Total	\$101,004,232	\$94,411,994	(\$71,749,198)	(\$51,953,869)

The total cost of services increased from the prior year by \$6,592,238 (7.0%), while the net cost of services increased by \$19,795,329 (38.1%) from the prior year. The increase is primarily attributed to an increase in Public Works activity of \$7,408,248 compared to the prior year. Total costs for Public Safety increased by \$429,979, General Government decreased by \$631,683, and Culture and Recreation decreased by \$614,306.

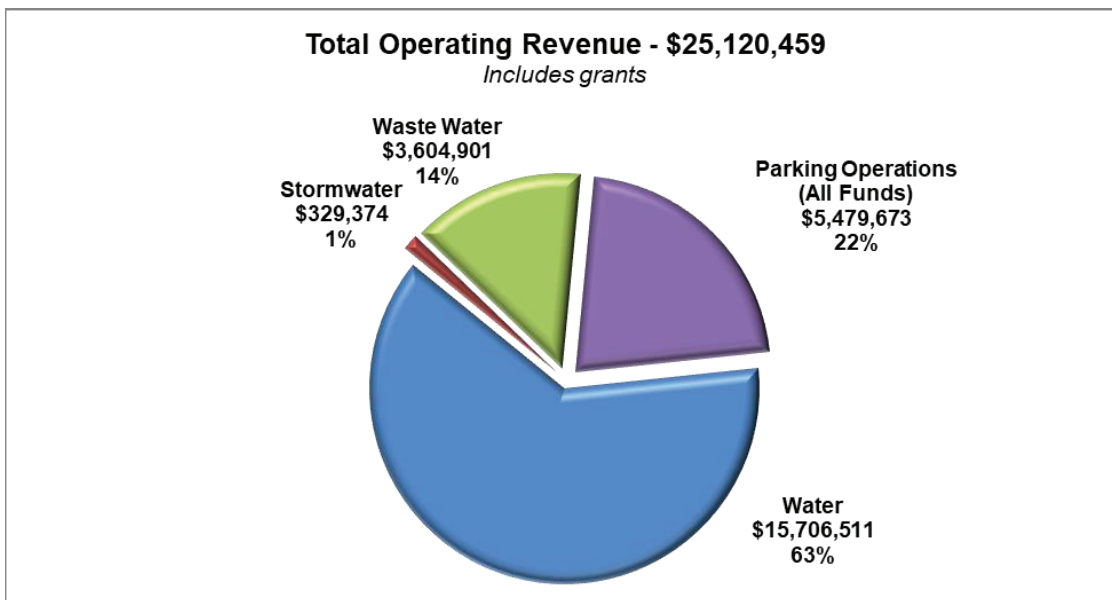
The following chart illustrates governmental revenues and expenses by function for the year ended June 30, 2021.



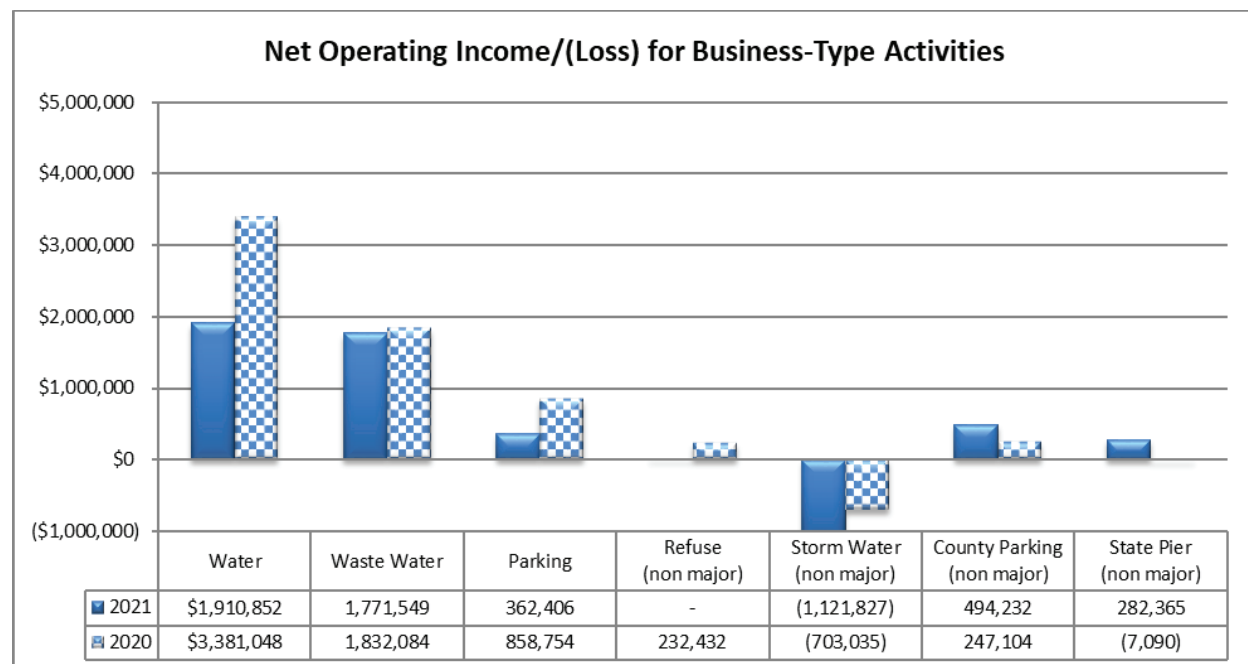
Change in Net Position - Business Type Activities

In fiscal year 2020-21, total revenues for the City's business-type activities amounted to \$25,099,389. Operating revenues totaled \$25,120,459, interest revenues totaled negative \$21,070. Expenses totaled \$21,674,413 of which operating expenses equaled \$21,420,882, and non-operating expenses (including debt interest expense) totaled \$253,531. Total income from operations was \$3,699,577 while net income before transfers was \$3,424,976. After net transfers-out totaling \$421,631, net position increased by \$3,003,345 compared to an increase of \$8,168,949 in FY 2019-20. The closure of the Refuse Fund resulted in special items in the amount of \$148,434 for the transfer of net pension and OPEB liabilities related to outflows and inflows. The restatement of net position was due to a reclassification of capital assets totaled negative \$49,121 to expense in a prior year.

Operating Revenues by Source - Business Type Activities FY 2021



Operating Income varied across the business-type activities in FY 2020-21. 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, the City issued POBs in May 2021.

Accounting and Financial Reporting for Pensions - GASB 68

Net pension liability (\$90,283,344) 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 \$88,332,605. Net pension liability attributed to public safety for sworn employees is \$61,811,651. Due to the significantly smaller employee population in Business-type activities, these funds have a much smaller net pension liability of \$1,950,739. 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 in FY 2020 regarding implied subsidies and a lowered discount rate causing a significant increase of in total OPEB liability of \$11,835,293 to \$18,150,178 compared to \$6,314,885 in FY 2019. Prior to FY 2020, the plan was in a superfund status.

As of the valuation date, current plan fiduciary net position totaled \$10,952,113 and OPEB liability totaled \$19,203,210, resulting in a net OPEB liability of \$8,251,097 government wide. The Governmental Activities share of net OPEB liability was \$7,986,780 and the Business-Type Activities reported a net OPEB liability of \$264,317.

Net deferrals related to OPEB totaled \$9,561,875. Taking into account new assumptions as well as service cost, interest on total OPEB liability, investment income, the OPEB expense was \$1,632,200.

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 2021 fiscal year, the City's governmental funds ending fund balances totaled \$49,838,835, a decrease of \$3,681,565 (6.9%) in comparison with the prior year.

Within the Governmental Funds total, \$30,691,719 (60.5%) constitutes unassigned fund balance. The unassigned fund balance exists only in the General Fund. The remainder of the fund balance (\$19,147,116) 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 \$30.7 million unassigned governmental fund balance noted above, \$18.6 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 2020-21 fiscal year, unassigned fund balance of the General Fund was \$30,691,719 while total fund balance was \$32,610,901. 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. Excluding expenditures related to the issuance of POBs, unassigned fund balance represents 5.1 months of total General Fund expenditures, while total fund balance represents 5.5 months of General Fund expenditures.

During the year, General Fund expenditures exceeded revenue by \$78,737,716. The increase in fund balance of \$5,924,816 was primarily due to American Rescue Plan Act (ARPA) funds totaling \$4.2 million and Coronavirus Aid, Relief and Economic Security (CARES) Act funds totaling \$435,236. City Council voted to take the ARPA funds in as revenue loss and applied it to government services for public safety.

Net transfer activity of negative \$714,671 were due to the following transfers:

- \$1,317,480 was transferred to the Stormwater Fund to relieve a deficit fund balance due to operations.
- \$489,165 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.
- \$378,926 was transferred from the Refuse Fund due to a closure of the fund.
- \$336,302 was transferred to the Street Lighting Fund to relieve a deficit fund balance.
- \$71,020 was reimbursed from the Parking Fund due to operations.

Please see Note 4 for more information.

Prop C Fund

The Prop C Fund is a special revenue fund used to account for the City's Proposition C revenue and expenditures. In November 1990, Los Angeles County voters approved a half-cent sales tax intended to support projects and programs related to transit.

A major initiative funded by Proposition C local returns and grants is the Sepulveda Bridge Widening Project.

Other Governmental Funds

The Gas Tax Fund had total revenues of \$2,721,012. These revenues are dedicated to street maintenance as well as street infrastructure projects. Gas Tax Fund expenditures totaled \$2,212,522 for maintenance projects such as street resurfacing and improvements.

The Street Lighting Fund continues to run deficits each year. For FY 2020-21, expenditures exceeded revenues by \$301,303. 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 year 2020-21 \$325,242 was transferred in providing an ending fund balance of \$70,000 for future extraordinary expenditures.

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

At the end of fiscal year 2020-21, total fund balance of \$6,193,057 in the Capital Improvement Fund was committed to capital projects.

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

- \$1.3 million for HVAC replacement and repairs
- \$1.0 million for the Senior and Scout House improvements
- \$970,000 for Polliwog Park Facilities
- \$2.9 million for other building improvements and street projects

During Fiscal Year 2020-21, the Capital Improvement Project Fund balance decreased by \$236,961 (3.7%). Total revenues of \$1,490,804 were down \$177,157 due to a decrease in dedicated revenues affected by the COVID-19 pandemic. Current year revenues were offset by capital and maintenance expenditures of \$1,756,403 and debt service of \$771,362.

Of the \$1,490,804 in total revenues to the Capital Improvement Fund, certain dedicated revenues described below totaled \$957,961 in FY 2020-21. 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 \$420,377 in revenue for the year, which is \$205,890 (32.9%) below prior year levels due to pandemic-related impacts to the travel and tourism industries.

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 \$463,648 this fiscal year, down \$57,028 or 3.4% from the prior year.

Parking Citation Rates: Most parking citations include four dollars dedicated to the CIP fund. For FY 2020-21, revenue of \$73,936 was realized; an increase of \$1,676 (2.32%) from the prior year.

Capital Improvement Fund expenditures totaled \$2,527,765. Capital outlay expenditures totaled \$1,536,595, operating expenditures of \$219,808, and debt service of \$771,362. Capital expenditures exceeding \$100,000 consisted of:

- \$373,322 – Facilities Improvements
- \$312,835 – Streetlight LED Retro fit
- \$243,570 – School Playground Resurfacing Project
- \$606,868 – Other projects in design or construction

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 was received in FY 2019-20 to fund the project and will be drawn down upon as the project progresses. In FY 2020-21, revenues of \$234,069 were received and expenditures totaled \$6,972,203, resulting in an ending fund balance of \$4,235,092.

Measure W Fund

The Measure W Fund is a special revenue fund created in FY 2020-21 to track related revenues and expenditures. Measure W is a voter-approved parcel tax intended to fund projects, infrastructure, and programs to capture, treat, and recycle storm water. Revenues for FY 2020-21 were \$404,547. The City anticipates receiving \$400,000 annually in addition to any related grants or funding.

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 \$111,838,145. Net investment in capital assets totaled \$59,896,315 and \$420,300 is restricted for a business improvement district. The balance of \$51,521,530 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 \$3,424,976 before transfers. Operations resulted in a \$3,699,577 increase in net position. Transfer activity included a net transfer-out of \$489,165 from the County Parking Lots Fund to the General Fund, \$71,020 from the Parking Fund to the General Fund and a transfer-in of \$1,317,480 from the General Fund to cover the deficit in the Storm Drain Fund. Also included in the transfer activity was a net transfer out of \$1,178,926 out of the Refuse Fund to governmental funds due to the closure of the Refuse Fund.

Several enterprise funds are worth noting:

- The Water Fund has been utilizing its reserves for planned capital improvements needed to sustain the utility's operation and infrastructure. Net income from operations totaled \$1,910,852, a decrease from the prior year which had net operating income of \$3,381,048. Revenue from sales increased by 3.1%, while operating expenses (labor, materials, services, etc.) increased by 15.2% due to an increase in materials and services due to capital projects that were expensed as maintenance. Accumulated fund balances provide resources for planned capital improvements to the utility's infrastructure, estimated at \$51.5 million over the next five years. Fund balance is expected to decrease in FY 2021-22 due to the anticipated completion of the Peck Reservoir project which has a remaining project balance of \$28 million at the end of FY 2020-21.
- The Wastewater fund net operating income for FY 2020-21 was \$1,771,549 versus \$1,832,084 in FY 2019-20 – a decrease of \$60,535, or 3.3%. Operating revenue were relatively flat compared to the prior year while operating expenses increased \$65,490 (3.7%). 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 2020-21 was \$362,406, down \$496,348 or 57.8% from the prior year. Operating revenue remain increased \$308,469, up 10.4% compared to the prior year, due to an increase in street parking meter rates in September 2020. Total operating expenses of \$2,899,503 were up \$804,817 or 38.4% from the prior year due to an increase in capital project activity that was expensed as maintenance. Total increase in net position for FY 2020-21 was \$50,257 while unrestricted net position is \$563,380. Future capital improvement projects as well debt service on bond principal will require an increase in cash flow.
- The Stormwater Fund net operating loss in FY 2020-21 totaled \$1,121,827. This loss is a continuation of prior year net losses in FY 2019-20 (\$703,035), 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 \$1,317,480 in FY 2020-21 to relieve the operational deficit and fund necessary capital improvements in addition to \$298,337 transferred in FY 2019-20 and \$1,273,783 transferred in FY 2018-19. Available working capital is \$1,787,962. 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.
- The City eliminated 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 was transferred to the General Fund (\$378,926) and CIP Fund (\$800,000). The noncurrent net position attributable to pension and OPEB (negative \$148,434) was transferred to Governmental Activities.

Internal Service Funds

Total net position of the Internal Service Funds was \$4,618,840. Unrestricted net position of the internal service funds at the end of the year was \$643,085, the difference of \$3,975,755 being Fleet Management Fund vehicles net of depreciation. Total net position decreased by \$2,396,736 primarily due to the suspension of interdepartmental service charges in FY 2020-21 to balance the budget.

The Insurance Fund net position at year-end was negative \$1,689,443, compared to negative \$1,684,123 in the prior year. Net position decreased since expenditures exceed revenue by \$5,320. Claims expense increased by \$161,007 to \$5,742,606. However, while liability self-insured component of paid claims decreased by \$1,210,482,000, workers compensation self-insured paid claims increased by \$1,322,103 and is the primary cause of the increase in claims expense. For comparison, prior year workers compensation and liability paid claims expense are below:

FY 2020-21	\$5.74 million
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

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 decreased by \$1,985,064, to \$6,388,458, due to the suspension of departmental charge-outs (revenues to the fund) for vehicle rent and maintenance of \$2.1 million in FY 2020-21 to balance the General Fund. Capital purchased totaled \$291,172 in FY 2020-21. 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 \$435,332 due to the net pension liability of \$672,445 and OPEB liability of \$120,136. 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 POBs, 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 \$355,157. Net pension liability in this fund totals \$1,271,205 and OPEB liability totals \$158,586. The operating expenditure is offset by departmental charge-outs borne primarily by the General Fund. Departmental charge-outs in FY 2020-21 were reduced by \$400,000 to balance the General Fund budget.

General Fund Budgetary Highlights

Estimated and Actual Revenues

General Fund revenues were estimated at \$73,392,730 in the FY 2020-21 Adopted Budget. Subsequent budget changes were due to the following amendments:

- \$85,384,604 Pension Obligation Bond proceeds
- \$150,000 Local Early Advanced Planning (LEAP) Grant awarded for the City's General Plan housing element update and environmental documentation
- \$ 160,000 in police traffic safety grants
- (\$46,000) revenue reduction due to the elimination of community special events.

Actual General Fund Revenues of \$78,054,792 (excluding transfers and issuance of long-term debt) exceeded the final budget of \$73,656,730 by \$4,398,062 due to conservative budgeting in FY 2019-20 due to the uncertainty of the pandemic and outperformed fiscal year 2019-20 revenues of \$73,425,768 by \$4,629,024 (6.3%).

Revenues other than property tax that are driven by the economy such as sales tax, transient occupancy tax and recreation programs are still recovering from the economic slowdown resulting from the pandemic. TOT and sales tax underperformed budget by \$2,017,863 and \$119,083 consecutively. Use of Money and Property underperformed the budget by \$1,375,991 mainly due to rents underperforming budget by \$598,784 and investments underperforming budget by \$991,538. Fines and Forfeitures underperformed the final budget by \$396,823 mainly due to lower parking citation revenue.

Appropriations and Expenditures

The General Fund adopted budget included \$73,365,188 in appropriations. The final amended General Fund appropriations budget increased overall by \$87,245,982 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:

- \$85,382,069 related to the payoff of the City's unfunded pension liabilities
- \$1,046,748 due to the carry-forward of prior year encumbrances
- \$426,700 for contract services related to mask enforcement and additional security added during the pandemic
- \$250,000 for business loans to assist local businesses experiencing hardships during the pandemic
- \$188,125 added for the use of General Fund dollars to purchase transit-specific Proposition "A" dollars at \$0.70 on the dollar
- \$120,000 added for previously unbudgeted expenditures related to the General Plan housing element update
- \$160,000 towards Public Safety special details funded by awarded grants)
- \$12,000 for the purchase and installation of pole banners for a special "local love" marketing campaign
- (\$339,660) expenditure reduction for canceled City special events due to pandemic restrictions.

Overall, expenditures exceed revenue (excluding transfers) by \$78,737,716. When accounting for the issuance of POBs and net transfers out of 714,671, the net change in fund balance is \$5,924,816. The ending fund balance was \$32,610,901 and should provide sufficient liquidity to meet General Fund expenditures in fiscal year 2021-2022.

In summary, there has been a recovery fiscal year 2020-2021 economic slowdown caused by the pandemic, but certain revenue sources (transient occupancy tax, rents, and sales tax) are slower in recovery. The City have been monitoring these revenues closely and anticipates a better recovery in FY 2021-22 barring another pandemic related slowdown. The COVID-19 pandemic was entirely unforeseen but the City's diverse mix of revenues and conservative budgeting has helped in bringing the City through the worst of the slowdown.

Capital Asset and Debt Administration

Capital Assets: Government-wide, the City's investment in capital assets (net of accumulated depreciation) as of June 30, 2021 is \$189,743,687. This is an increase from the prior year of \$7,761,334. 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	
	2021	2020	2021	2020	2021	2020
Land	\$33,634,565	\$33,634,565	\$2,607,434	\$2,607,434	\$36,241,999	\$36,241,999
Buildings	29,437,243	29,936,857	15,078,724	15,273,561	44,515,967	45,210,418
Machinery & Equipment	1,610,478	1,862,836	554,376	611,734	2,164,854	2,474,570
Vehicles	3,975,755	4,608,473	-	-	3,975,755	4,608,473
Infrastructure	43,154,939	40,354,291	30,771,396	31,010,302	73,926,335	71,364,593
Invested in Joint Venture (RCC)	2,079,864	2,218,469	-	-	2,079,864	2,218,469
Work in Progress	7,944,324	13,063,675	18,894,589	6,800,156	26,838,913	19,863,831
Total	\$121,837,168	\$125,679,166	\$67,906,519	\$56,303,187	\$189,743,687	\$181,982,353

Governmental

Capital assets additions totaled \$3,503,717 for projects in progress and \$284,092 for capital projects for a total capital asset addition of \$3,787,809. This increase was offset by accumulated depreciation of \$3,916,704 and a prior period adjustment of negative \$3,713,103 due to reclassifying a capital asset to be expensed as maintenance, resulting in a net decrease in assets of \$3,841,998.

Business-type

During the fiscal year, Business-type capitalized net expenditures totaled \$12,976,684 for projects in progress. This increase was offset by depreciation of \$1,324,231 and a prior period adjustment of negative \$49,121 due to reclassifying an asset to be expensed as maintenance, resulting in a net increase in assets of \$11,603,332.

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 \$133,342,096, an increase of \$90,749,412 from fiscal year 2019-20. The variance was due to the issuance of POBs of \$91,275,000, an increase in insurance claim reserves of \$432,088 (principally workers compensation), an increase in accrued leave \$562,324 and a decrease in bonded debt of \$1,520,000. The reason for the increase in accrued leave is due to a decrease in vacation usage and public safety employees not taking any leave, which is attributable to the pandemic. Governmental liabilities increased by \$86,153,455 while business type liabilities increased by \$1,126,876. 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	
	2021	2020	2021	2020	2021	2020
Marine Avenue Park Refunding COPs	\$4,730,000	\$5,040,000	-	-	4,730,000	5,040,000
Capital Equipment Lease	-	-	-	-	-	-
Police & Fire Facility Refunding COPs	6,635,000	7,165,000	-	-	6,635,000	7,165,000
Accrued Employee Leave & Benefits	4,839,426	4,294,802	114,256	96,556	4,953,682	4,391,358
Melox and Water/Wastewater Refunding COPs	-	-	1,195,000	1,405,000	1,195,000	1,405,000
Metlox Parking Refunding COPs	-	-	6,500,000	6,970,000	6,500,000	6,970,000
Pension Obligation Bonds	89,388,310	-	1,886,690	-	91,275,000	-
Insurance Claim Reserves	18,053,414	17,621,326	-	-	18,053,414	17,621,326
Total Long Term Liabilities	\$123,646,150	\$34,121,128	\$9,695,946	\$8,471,556	\$133,342,096	\$42,592,684
Current portion of Long Term (due within one year)	15,696,923	12,325,356	790,932	693,418	16,487,855	13,018,774
Long Term Liabilities - Non Current	\$107,949,227	\$21,795,772	\$8,905,014	\$7,778,138	\$116,854,241	\$29,573,910

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.

Ongoing claims in Insurance Claim Reserves are due to liability and workers compensation claims. The increase of \$432,088 is due to offsetting claim reserve activity. Workers compensation claim reserves increased by \$806,468 while liability reserves decreased by \$374,380. 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.

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 2020-21) is \$796 million.

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.

It is fundamental to keep in mind that pension results presented in any year's ACFR, is based on a measurement date as June 30, prior year. Therefore, measurement date for this year's ACFR is June 30, 2020.

Differences between CalPERS assumed results and actual results are factored into the City's NPL, which caused it to rise to a reported \$90,283,344 as of June 30, 2021 (using the latest available measurement date as of June 30, 2020). To compare, the City's CalPERS NPL as of June 30, 2020 (using a measurement date as of June 30, 2019) was \$81,307,858 - a difference of \$8,975,486.

The City's pension expense was \$15,746,762 million in FY 2020-21 (based on the measurement date of June 30, 2020) due to recognized (Fiscal 2020 measurement) City Contributions (normal and amortization) of \$9,060,455 million, changes in net deferrals of negative \$2,289,178 million and increase to NPL of \$8,975,489. The City's contribution (deferred) to CalPERS in FY 2019-21 was \$10.01 million, compared to \$9.06 million in FY 2019-20. Contributions in FY 2021-22 are budgeted at \$4.7 million. The decrease in future contributions is due to the City issuing pension obligations bonds which replaces the pension liability payments to CalPERS.

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, 2020, 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 consistently working on mitigating impacts to City services.

In May 2021, the City has issued pension obligations bonds, which virtually eliminated unfunded liability by replacing it with bonded debt. The decision to issue POBs was made based on (1) an escalating amortization table that would incrementally increase NPL payments up to \$4 million annually in the next 10 years, (2) historically low interest rates, and (3) a CalPERS discount rate of 7.15%. By issuing the POBs,

the City was able to finance 100% of the current NPL at a true interest cost of 2.72%, 4.43% lower than the CalPERS discount rate. Moreover, the POBs allow the City to budget debt service payments at a level of \$5.5 million annually rather than trying to balance the budget for escalating NPL payments that will eventually rise up to \$10 million by 2032. While there is little effect to the City's net position in the short term, the POBs are estimated to save the City \$43.5 million in NPL payments over the next 25 years.

Notwithstanding the issuance of POBs, managing pension liabilities and meeting retirement obligations remain one of the City's biggest challenges. Over 95% of retirement costs are attributable to the City's Governmental Funds and growing pension costs have the potential to crowd out other funding needs. The City has therefore developed an Unfunded Pension Liability Policy to provide a guideline on addressing future NPL. Future pension costs and liabilities will be monitored continuously and addressed so that it does not grow substantially.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In June 2021, the City Council adopted the budget for FY 2021-22. The original budget estimates General Fund revenues at \$82,557,754 (compared to FY 2020-21 at \$73,392,730) and expenditures of \$77,894,972 (compared to FY 2020-21 at \$73,365,188), resulting in an anticipated surplus of \$4,662,780 in FY 2021-22. The anticipated surplus is primarily comprised of the second expected allocation of American Rescue Plan Act funds totaling \$4.2 million.

Of the City's major General Fund revenue sources, the single biggest revenue source, property tax, has been unaffected by the pandemic due to high demand and low inventory. Property tax, which outperformed budget in FY 2020-21, is expected to increase in FY 2021-22 by 5.1% over the FY 2019-20 actual. Sales tax is projected to recover in FY 2021-22 and increase 12.2% from the FY 2020-21 actual. Transient Occupancy Taxes also rebounded to pre-pandemic levels with the resurgence in travel and tourism.

General Fund budgeted expenditures are higher by \$4,529,784 compared to fiscal year 2020-21 budget primarily due to reinstating interdepartmental service charges and an increase in debt service due to new bond issues. Salaries (\$35,417,656) increased by \$1,316,760 compared to the FY 2020-21 budget, while employee benefits (\$14,122,507) decreased by \$4,854,333 due to the issuance of POBs which transferred the pension liability payments into debt service payments. Materials and services (\$22,174,085) are higher by \$3,014,713 due to reinstating several cost cutting measures implemented during the pandemic to balance the budget.

The City continues its focus on capital improvements. Expenditures of \$145.1 million (including carryover projects) are planned over the next five years for utility, street and facility projects. \$87.3 million of that amount is for water, wastewater, and stormwater projects, but this does not include future mandated improvement projects under the federal National Pollution Discharge Elimination System (NPDES). Approximately \$28.0 million has been budgeted for street and roadway needs, \$15.7 million for general facilities (including parking facilities), and \$14.1 million for the Sepulveda Bridge project. These projects will ensure continued functionality of vital systems, traffic flow and community facilities.

Subsequent to the close of the fiscal year, the City issued Certificates of Participation (COPs) in the amount of \$7.44 million to fund the construction of Fire Station #2 in August 2021 at a TIC of 2.34%. Taking advantage of the historically low interest rates, the City also refunded the Melox and Water/Wastewater COPs with a TIC of 1.04% in December 2021 for an estimated interest savings of \$784,820.

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, CA 90266.

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CITY OF MANHATTAN BEACH
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 68,179,671	\$ 59,100,356	\$ 127,280,027
Receivables:			
Accounts	2,016,729	1,637,074	3,653,803
Taxes	3,282,006	-	3,282,006
Accrued interest	387,814	-	387,814
Prepaid costs	2,070	-	2,070
Due from other governments	11,101,980	-	11,101,980
Due from OPEB Trust Fund	637,039	-	637,039
Inventories	106,757	153,571	260,328
Restricted assets:			
Cash and investments	1,820,529	-	1,820,529
Cash with fiscal agent	199,895	137,881	337,776
Total Current Assets	87,734,490	61,028,882	148,763,372
Capital assets not being depreciated	41,578,889	21,502,023	63,080,912
Capital assets, net of depreciation	80,258,279	46,404,496	126,662,775
Total Noncurrent Assets	121,837,168	67,906,519	189,743,687
Total Assets	209,571,658	128,935,401	338,507,059
Deferred Outflows of Resources:			
Deferred charge on refunding	337,970	-	337,970
Deferred pension related items	109,089,874	2,222,890	111,312,764
Deferred OPEB related items	9,510,450	314,741	9,825,191
Total Deferred Outflows of Resources	118,938,294	2,537,631	121,475,925
Liabilities:			
Accounts payable	4,727,789	5,783,282	10,511,071
Accrued liabilities	1,890,593	1,007,721	2,898,314
Accrued payroll	747,601	-	747,601
Accrued interest	474,352	143,729	618,081
Unearned revenue	910,823	-	910,823
Deposits payable	4,455,097	458,919	4,914,016
Long-term liabilities due within one year:			
Long term debt	3,964,578	775,422	4,740,000
Accrued employee benefits	656,945	15,510	672,455
Accrued workers comp/liability claims and judgments	11,075,400	-	11,075,400
Total Current Liabilities	28,903,178	8,184,583	37,087,761
Noncurrent liabilities:			
Long term liabilities due in more than one year			
Long term debt	97,375,089	9,121,475	106,496,564
Accrued employee benefits	4,182,481	98,746	4,281,227
Accrued workers comp/liability claims and judgments	6,978,014	-	6,978,014
Net pension liability - PERS	88,332,605	1,950,739	90,283,344
Total pension liability - City Plans	184,708	-	184,708
Net OPEB liability	7,986,780	264,317	8,251,097
Total Noncurrent Liabilities	205,039,677	11,435,277	216,474,954
Total Liabilities	233,942,855	19,619,860	253,562,715
Deferred Inflows of Resources:			
Deferred pension related items	3,145,795	6,592	3,152,387
Deferred OPEB related items	254,881	8,435	263,316
Total Deferred Inflows of Resources	3,400,676	15,027	3,415,703
Net Position:			
Net investment in capital assets	110,223,781	59,896,315	170,120,096
Restricted for:			
Public safety	545,260	-	545,260
Recreation	434,597	-	434,597
Public works	4,457,737	-	4,457,737
Capital projects	5,597,283	-	5,597,283
Pension benefits	1,820,529	-	1,820,529
Business improvement districts	-	420,300	420,300
Unrestricted	(31,912,766)	51,521,530	19,608,764
Total Net Position	\$ 91,166,421	\$ 111,838,145	\$ 203,004,566

CITY OF MANHATTAN BEACH

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 17,133,923	\$ 9,555,217	\$ 218,005	\$ -
Public safety	49,746,507	3,497,543	176,632	-
Culture and recreation	7,966,453	2,104,003	-	-
Public works	26,157,349	5,819,113	418,643	7,465,878
Interest on long-term debt	678,619	-	-	-
Total Governmental Activities	101,682,851	20,975,876	813,280	7,465,878
Business-Type Activities:				
Water	13,820,298	15,705,887	-	-
Stormwater	1,451,533	308,133	-	-
Wastewater	1,845,203	3,592,183	-	-
Parking	3,115,964	3,241,098	-	-
County Parking Lot	909,951	1,404,059	-	-
State Pier and Parking Lot	531,464	813,273	-	-
Total Business-Type Activities	21,674,413	25,064,633	-	-
Total Primary Government	\$ 123,357,264	\$ 46,040,509	\$ 813,280	\$ 7,465,878

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Real estate transfer taxes
- Parcel Taxes
- Use of money and property
- Other

Special items

Transfers

Total General Revenues, Special Items and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (7,360,701)	\$ -	\$ (7,360,701)
(46,072,332)	-	(46,072,332)
(5,862,450)	-	(5,862,450)
(12,453,715)	-	(12,453,715)
(678,619)	-	(678,619)
(72,427,817)	-	(72,427,817)
-	1,885,589	1,885,589
-	(1,143,400)	(1,143,400)
-	1,746,980	1,746,980
-	125,134	125,134
-	494,108	494,108
-	281,809	281,809
-	3,390,220	3,390,220
(72,427,817)	3,390,220	(69,037,597)
37,598,821	-	37,598,821
2,802,514	-	2,802,514
10,088,430	-	10,088,430
1,189,086	-	1,189,086
3,755,555	-	3,755,555
1,842,571	-	1,842,571
-	-	-
2,481,570	(21,070)	2,460,500
1,440,844	55,826	1,496,670
(148,434)	148,434	-
421,631	(421,631)	-
61,472,588	(238,441)	61,234,147
(10,955,229)	3,151,779	(7,803,450)
105,834,753	108,735,487	214,570,240
(3,713,103)	(49,121)	(3,762,224)
\$ 91,166,421	\$ 111,838,145	\$ 203,004,566

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CITY OF MANHATTAN BEACH

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Special Revenue Fund Proposition C	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled cash and investments	\$ 29,385,640	\$ -	\$ 17,600,243	\$ 46,985,883
Receivables:				
Accounts	1,689,290	-	320,266	2,009,556
Taxes	3,208,234	-	73,772	3,282,006
Accrued interest	387,814	-	-	387,814
Prepaid costs	1,978	-	-	1,978
Due from other funds	352,401	-	-	352,401
Due from other governments	5,071,571	5,776,607	253,802	11,101,980
Due from OPEB Trust Fund	637,039	-	-	637,039
Inventories	4,285	-	-	4,285
Restricted assets:				
Cash and investments	1,820,529	-	-	1,820,529
Cash and investments with fiscal agents	84,089	-	115,806	199,895
Total Assets	\$ 42,642,870	\$ 5,776,607	\$ 18,363,889	\$ 66,783,366
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,307,448	\$ 1,224,764	\$ 988,206	\$ 4,520,418
Accrued payables	1,240,170	110,020	540,359	1,890,549
Accrued payroll	747,601	-	-	747,601
Interest payable	81,550	-	115,806	197,356
Unearned revenues	886,733	-	24,090	910,823
Deposits payable	4,453,356	-	1,741	4,455,097
Due to other funds	-	352,401	-	352,401
Total Liabilities	9,716,858	1,687,185	1,670,202	13,074,245
Deferred Inflows of Resources:				
Unavailable revenues	315,111	3,393,298	161,877	3,870,286
Total Deferred Inflows of Resources	315,111	3,393,298	161,877	3,870,286
Fund Balances:				
Nonspendable:				
Inventory	4,285	-	-	4,285
Prepaid costs	1,978	-	-	1,978
Restricted for:				
Public safety	-	-	545,260	545,260
Recreation	-	-	434,597	434,597
Public works	-	-	4,457,737	4,457,737
Capital projects	-	696,124	4,901,159	5,597,283
Pension benefits	1,820,529	-	-	1,820,529
Committed to:				
Capital projects	-	-	6,193,057	6,193,057
Assigned to:				
Assigned to City retirement plans	92,390	-	-	92,390
Unassigned	30,691,719	-	-	30,691,719
Total Fund Balances	32,610,901	696,124	16,531,810	49,838,835
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 42,642,870	\$ 5,776,607	\$ 18,363,889	\$ 66,783,366

CITY OF MANHATTAN BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Fund balances of governmental funds		\$ 49,838,835
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	\$ 182,644,882	
Accumulated depreciation	<u>(64,783,469)</u>	117,861,413
Deferred outflows of resources reported for OPEB for government-wide statements are amortized:		
Differences between expected and actual experiences	8,925	
Change of assumptions	8,877,472	
Difference between projected and actual return on assets	<u>83,293</u>	8,969,690
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.		
		337,970
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2020, and pension contributions subsequent to the measurement date are reclassified as deferred outflows of resources.		
		94,762,817
Deferred outflows of resources reported for the pension plan for government-wide statements are amortized:		
Differences between expected and actual experiences	5,596,668	
Net difference between projected and actual earnings	1,996,199	
Adjustment due to difference in proportions	<u>2,636,404</u>	10,229,271
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Pension Obligation Bonds	(85,879,300)	
COPS Payable	(11,365,000)	
Compensated Absences	(4,839,426)	
Unamortized bond premiums/discounts	<u>(586,357)</u>	(102,670,083)
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.		
		(7,532,657)
Deferred inflows of resources reported for OPEB for government-wide statements are amortized:		
Differences between expected and actual experiences	(199,463)	
Difference between projected and actual return on assets	<u>(35,243)</u>	(240,388)
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.		
		(85,477,929)
Deferred inflows of resources reported for the pension plan for government-wide statements are amortized:		
Changes in assumptions	(285,278)	
Difference in proportionate share	<u>(2,850,244)</u>	(3,135,522)
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.		
		3,870,286
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>4,618,840</u>
Net Position of Governmental Activities		<u>\$ 91,166,421</u>

CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General	Special Revenue Fund Proposition C	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes and assessments	\$ 53,762,000	\$ 599,499	\$ 3,147,833	\$ 57,509,332
Licenses and permits	3,577,333	-	12,719	3,590,052
Intergovernmental	5,228,799	2,561,038	3,446,074	11,235,911
Charges for services	10,263,195	-	465,075	10,728,270
Use of money and property	2,479,805	(17,090)	271,478	2,734,193
Fines and forfeitures	1,443,177	-	73,936	1,517,113
Miscellaneous Revenues	1,300,483	-	104,116	1,404,599
Total Revenues	78,054,792	3,143,447	7,521,231	88,719,470
Expenditures:				
Current:				
General government	24,214,335	-	-	24,214,335
Public safety	109,351,264	-	358,637	109,709,901
Culture and recreation	9,863,555	-	1,150,205	11,013,760
Public works	12,869,660	7,227,886	7,916,649	28,014,195
Capital outlay:				
General government	14,080	-	-	14,080
Public safety	-	-	68,766	68,766
Culture and recreation	-	-	130,187	130,187
Public works	264	31,821	4,253,945	4,286,030
Debt service:				
Principal retirement	310,000	-	530,000	840,000
Interest and fiscal charges	167,750	-	239,562	407,312
Trustee Fees	1,600	-	1,800	3,400
Total Expenditures	156,792,508	7,259,707	14,649,751	178,701,966
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,737,716)	(4,116,260)	(7,128,520)	(89,982,496)
Other Financing Sources (Uses):				
Transfers in	939,111	-	1,136,302	2,075,413
Transfers out	(1,653,782)	-	-	(1,653,782)
Issuance of long-term debt	85,377,203	-	502,097	85,879,300
Total Other Financing Sources (Uses)	84,662,532	-	1,638,399	86,300,931
Net Change in Fund Balances	5,924,816	(4,116,260)	(5,490,121)	(3,681,565)
Fund Balances:				
Beginning of Year	26,686,085	4,812,384	22,021,931	53,520,400
End of Year	\$ 32,610,901	\$ 696,124	\$ 16,531,810	\$ 49,838,835

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, 2021**

Net change in fund balances - total governmental funds		\$ (3,681,565)
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	\$ 3,745,857	
Depreciation expense	(3,162,366)	
Disposal of capital assets	<u>(79,668)</u>	503,823
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		
Proceeds from debt issued	(85,879,300)	
Contributions made to pay net pension liability	85,398,064	
Repayment of bond principal:		
Police & Fire Facility 2013 Refunding Certificates of Participation	530,000	
Marine Avenue Park 2016 Refunding Certificates of Participation	310,000	
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>(32,196)</u>	378,727
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.		
		(544,624)
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.		
		(5,078,618)
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.		
		(1,420,390)
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.		
		1,698,710
Special items transferred from the proprietary funds		
		(148,434)
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.		
		<u>(2,396,736)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (10,955,229)</u></u>

CITY OF MANHATTAN BEACH

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
Assets:			
Current:			
Cash and investments	\$ 38,205,412	\$ 15,616,093	\$ 1,353,500
Receivables:			
Accounts	1,036,974	275,448	11,681
Prepaid costs	-	-	-
Inventories	153,571	-	-
Restricted:			
Cash with fiscal agent	14,410	7,090	116,381
Total Current Assets	<u>39,410,367</u>	<u>15,898,631</u>	<u>1,481,562</u>
Noncurrent:			
Capital assets - net of accumulated depreciation	<u>35,492,850</u>	<u>10,039,024</u>	<u>18,582,909</u>
Total Noncurrent Assets	<u>35,492,850</u>	<u>10,039,024</u>	<u>18,582,909</u>
Total Assets	<u>74,903,217</u>	<u>25,937,655</u>	<u>20,064,471</u>
Deferred Outflows of Resources:			
Deferred pension related items	1,294,914	528,739	179,538
Deferred OPEB related items	<u>127,326</u>	<u>98,714</u>	<u>35,764</u>
Total Deferred Outflows of Resources	<u>1,422,240</u>	<u>627,453</u>	<u>215,302</u>
Liabilities:			
Current:			
Accounts payable	3,987,320	593,022	223,979
Accrued payables	907,180	36,441	29,662
Accrued interest	17,806	8,490	116,853
Deposits payable	1,310	-	410
Accrued compensated absences	15,510	-	-
Workers' compensation claims	-	-	-
Accrued claims and judgments	-	-	-
Bonds payable	<u>185,450</u>	<u>88,208</u>	<u>495,282</u>
Total Current Liabilities	<u>5,114,576</u>	<u>726,161</u>	<u>866,186</u>
Noncurrent:			
Net pension liability	1,195,413	412,014	158,416
Net OPEB liability	106,926	82,899	30,034
Accrued compensated absences	98,746	-	-
Workers' compensation claims	-	-	-
Accrued claims and judgments	-	-	-
Bonds payable	<u>1,754,880</u>	<u>778,954</u>	<u>6,407,211</u>
Total Noncurrent Liabilities	<u>3,155,965</u>	<u>1,273,867</u>	<u>6,595,661</u>
Total Liabilities	<u>8,270,541</u>	<u>2,000,028</u>	<u>7,461,847</u>
Deferred Inflows of Resources:			
Deferred pension related items	4,041	1,392	535
Deferred OPEB related items	<u>3,413</u>	<u>2,645</u>	<u>959</u>
Total Deferred Inflows of Resources	<u>7,454</u>	<u>4,037</u>	<u>1,494</u>
Net Position:			
Net investment in capital assets	34,648,308	9,623,519	11,832,752
Restricted for business improvement district	-	-	420,300
Unrestricted	<u>33,399,154</u>	<u>14,937,524</u>	<u>563,380</u>
Total Net Position	<u>\$ 68,047,462</u>	<u>\$ 24,561,043</u>	<u>\$ 12,816,432</u>

CITY OF MANHATTAN BEACH

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Services Funds
	Other Enterprise Funds	Totals	
Assets:			
Current:			
Cash and investments	\$ 3,925,351	\$ 59,100,356	\$ 21,193,788
Receivables:			
Accounts	312,971	1,637,074	7,173
Prepaid costs	-	-	92
Inventories	-	153,571	102,472
Restricted:			
Cash with fiscal agent	-	137,881	-
Total Current Assets	<u>4,238,322</u>	<u>61,028,882</u>	<u>21,303,525</u>
Noncurrent:			
Capital assets - net of accumulated depreciation	<u>3,791,736</u>	<u>67,906,519</u>	<u>3,975,755</u>
Total Noncurrent Assets	<u>3,791,736</u>	<u>67,906,519</u>	<u>3,975,755</u>
Total Assets	<u>8,030,058</u>	<u>128,935,401</u>	<u>25,279,280</u>
Deferred Outflows of Resources:			
Deferred pension related items	219,699	2,222,890	4,097,786
Deferred OPEB related items	52,937	314,741	540,760
Total Deferred Outflows of Resources	<u>272,636</u>	<u>2,537,631</u>	<u>4,638,546</u>
Liabilities:			
Current:			
Accounts payable	978,961	5,783,282	207,371
Accrued payables	34,438	1,007,721	44
Accrued interest	580	143,729	10,874
Deposits payable	457,199	458,919	-
Accrued compensated absences	-	15,510	-
Workers' compensation claims	-	-	9,257,732
Accrued claims and judgments	-	-	1,817,668
Bonds payable	6,482	775,422	121,676
Total Current Liabilities	<u>1,477,660</u>	<u>8,184,583</u>	<u>11,415,365</u>
Noncurrent:			
Net pension liability	184,896	1,950,739	3,039,384
Net OPEB liability	44,458	264,317	454,123
Accrued compensated absences	-	98,746	-
Workers' compensation claims	-	-	6,453,809
Accrued claims and judgments	-	-	524,205
Bonds payable	180,430	9,121,475	3,387,334
Total Noncurrent Liabilities	<u>409,784</u>	<u>11,435,277</u>	<u>13,858,855</u>
Total Liabilities	<u>1,887,444</u>	<u>19,619,860</u>	<u>25,274,220</u>
Deferred Inflows of Resources:			
Deferred pension related items	624	6,592	10,273
Deferred OPEB related items	1,418	8,435	14,493
Total Deferred Inflows of Resources	<u>2,042</u>	<u>15,027</u>	<u>24,766</u>
Net Position:			
Net investment in capital assets	3,791,736	59,896,315	3,975,755
Restricted for business improvement district	-	420,300	-
Unrestricted	<u>2,621,472</u>	<u>51,521,530</u>	<u>643,085</u>
Total Net Position	<u>\$ 6,413,208</u>	<u>\$ 111,838,145</u>	<u>\$ 4,618,840</u>

CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
Operating Revenues:			
Sales and service charges	\$ 15,705,887	\$ 3,592,183	\$ 3,241,098
Interdepartmental charges	-	-	-
Miscellaneous	624	12,718	20,811
Total Operating Revenues	<u>15,706,511</u>	<u>3,604,901</u>	<u>3,261,909</u>
Operating Expenses:			
Salaries	794,546	305,125	105,405
Employee benefits	455,817	173,615	97,377
Contract and professional services	7,791,811	72,913	673,016
Materials and services	2,157,722	135,100	1,102,103
Utilities	262,203	75,458	109,668
Administrative service charges	1,698,316	783,615	541,980
Internal services	-	-	17,759
Leases and rents	-	-	-
Claims expense	-	-	-
Depreciation expense	635,244	287,526	252,195
Total Operating Expenses	<u>13,795,659</u>	<u>1,833,352</u>	<u>2,899,503</u>
Operating Income (Loss)	<u>1,910,852</u>	<u>1,771,549</u>	<u>362,406</u>
Nonoperating Revenues (Expenses):			
Interest revenue	(31,157)	46,938	(24,668)
Interest expense	(24,639)	(11,851)	(216,461)
Gain (loss) on disposal of capital assets	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(55,796)</u>	<u>35,087</u>	<u>(241,129)</u>
Income (Loss) Before Transfers	1,855,056	1,806,636	121,277
Transfers in	-	-	-
Transfers out	-	-	(71,020)
Changes in Net Position	<u>1,855,056</u>	<u>1,806,636</u>	<u>50,257</u>
Special items	-	-	-
Net Position:			
Beginning of Fiscal Year, as originally reported	66,241,527	22,754,407	12,766,175
Restatements	(49,121)	-	-
Beginning of Fiscal Year, as restated	<u>66,192,406</u>	<u>22,754,407</u>	<u>12,766,175</u>
End of Fiscal Year	<u>\$ 68,047,462</u>	<u>\$ 24,561,043</u>	<u>\$ 12,816,432</u>

CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Operating Revenues:			
Sales and service charges	\$ 2,525,465	\$ 25,064,633	\$ -
Interdepartmental charges	-	-	11,727,194
Miscellaneous	21,673	55,826	95,935
Total Operating Revenues	2,547,138	25,120,459	11,823,129
Operating Expenses:			
Salaries	130,328	1,335,404	2,364,888
Employee benefits	81,106	807,915	1,333,643
Contract and professional services	1,194,879	9,732,619	1,513,980
Materials and services	205,595	3,600,520	2,008,744
Utilities	82,722	530,051	112,279
Administrative service charges	276,240	3,300,151	-
Internal services	-	17,759	-
Leases and rents	772,232	772,232	-
Claims expense	-	-	5,987,812
Depreciation expense	149,266	1,324,231	923,890
Total Operating Expenses	2,892,368	21,420,882	14,245,236
Operating Income (Loss)	(345,230)	3,699,577	(2,422,107)
Nonoperating Revenues (Expenses):			
Interest revenue	(12,183)	(21,070)	-
Interest expense	(580)	(253,531)	(10,874)
Gain (loss) on disposal of capital assets	-	-	36,245
Total Nonoperating Revenues (Expenses)	(12,763)	(274,601)	25,371
Income (Loss) Before Transfers	(357,993)	3,424,976	(2,396,736)
Transfers in	1,317,480	1,317,480	-
Transfers out	(1,668,091)	(1,739,111)	-
Changes in Net Position	(708,604)	3,003,345	(2,396,736)
Special items	148,434	148,434	-
Net Position:			
Beginning of Fiscal Year, as originally reported	6,973,378	108,735,487	7,015,576
Restatements	-	(49,121)	-
Beginning of Fiscal Year, as restated	6,973,378	108,686,366	7,015,576
End of Fiscal Year	\$ 6,413,208	\$ 111,838,145	\$ 4,618,840

CITY OF MANHATTAN BEACH

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 15,572,139	\$ 3,569,193	\$ 3,257,666
Cash received from interfund service provided	-	-	-
Cash paid to suppliers for goods and services	(10,952,003)	(527,904)	(2,358,256)
Cash paid to employees for services	(1,277,125)	(862,694)	(417,762)
Net Cash Provided (Used) by Operating Activities	<u>3,343,011</u>	<u>2,178,595</u>	<u>481,648</u>
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	-	-	-
Cash transfers in	-	-	(71,020)
Proceeds from Pension Obligation Bond Issuance	1,095,778	451,664	152,336
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,095,778</u>	<u>451,664</u>	<u>81,316</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(11,793,599)	(1,075,415)	(107,667)
Principal paid on capital debt	(140,752)	(69,248)	(470,000)
Interest paid on capital debt	(33,033)	(16,270)	(246,863)
Cash from sale of property	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(11,967,384)</u>	<u>(1,160,933)</u>	<u>(824,530)</u>
Cash Flows from Investing Activities:			
Interest received	(31,157)	46,938	(24,668)
Net Cash Provided (Used) by Investing Activities	<u>(31,157)</u>	<u>46,938</u>	<u>(24,668)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(7,559,752)</u>	<u>1,516,264</u>	<u>(286,234)</u>
Cash and Cash Equivalents at Beginning of Year	45,779,574	14,106,919	1,756,115
Cash and Cash Equivalents at End of Year	<u>\$ 38,219,822</u>	<u>\$ 15,623,183</u>	<u>\$ 1,469,881</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 1,910,852	\$ 1,771,549	\$ 362,406
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Net position restatement for Net Pension/OPEB Liability	-	-	-
Depreciation	635,244	287,526	252,195
(Increase) decrease in accounts receivable	(134,322)	(35,708)	(4,243)
(Increase) decrease in prepaid expense	-	-	-
(Increase) decrease in inventory	54,790	-	-
Increase (decrease) in accounts payable	903,259	539,182	86,270
Increase (decrease) in accrued payables	903,270	36,441	(114,429)
Increase (decrease) in deposits payable	(50)	-	-
Increase (decrease) in net pension liability	77,865	35,974	47,065
Increase (decrease) in net OPEB liability	(66,479)	(17,100)	20,165
Increase (decrease) in deferred pension related items	(1,110,490)	(465,180)	(159,615)
Increase (decrease) in deferred OPEB related items	151,372	25,911	(8,166)
Increase (decrease) in workers' compensation claims	-	-	-
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	17,700	-	-
Total Adjustments	<u>1,432,159</u>	<u>407,046</u>	<u>119,242</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,343,011</u>	<u>\$ 2,178,595</u>	<u>\$ 481,648</u>
Non-Cash Investing, Capital, and Financing Activities:			
Bond premium amortization	\$ 9,689	\$ 4,767	\$ 23,824

CITY OF MANHATTAN BEACH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 2,983,297	\$ 25,382,295	\$ 88,772
Cash received from interfund service provided	-	-	11,727,194
Cash paid to suppliers for goods and services	(3,492,241)	(17,330,404)	(9,311,744)
Cash paid to employees for services	(370,528)	(2,928,109)	(6,839,200)
Net Cash Provided (Used) by Operating Activities	(879,472)	5,123,782	(4,334,978)
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(1,668,091)	(1,668,091)	-
Cash transfers in	1,317,480	1,246,460	-
Proceeds from Pension Obligation Bond Issuance	186,912	1,886,690	3,509,010
Net Cash Provided (Used) by Non-Capital Financing Activities	(163,699)	1,465,059	3,509,010
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(12,976,681)	(291,172)
Principal paid on capital debt	-	(680,000)	-
Interest paid on capital debt	-	(296,166)	-
Cash from sale of property	-	-	36,245
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(13,952,847)	(254,927)
Cash Flows from Investing Activities:			
Interest received	(12,183)	(21,070)	-
Net Cash Provided (Used) by Investing Activities	(12,183)	(21,070)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,055,354)	(7,385,076)	(1,080,895)
Cash and Cash Equivalents at Beginning of Year	4,980,705	66,623,313	22,274,683
Cash and Cash Equivalents at End of Year	\$ 3,925,351	\$ 59,238,237	\$ 21,193,788
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (345,230)	\$ 3,699,577	\$ (2,422,107)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Net position restatement for Net Pension/OPEB Liability	148,434	148,434	-
Depreciation	149,266	1,324,231	923,890
(Increase) decrease in accounts receivable	298,234	123,961	(7,163)
(Increase) decrease in prepaid expense	-	-	24,451
(Increase) decrease in inventory	-	54,790	(46,407)
Increase (decrease) in accounts payable	(94,971)	1,433,740	(98,382)
Increase (decrease) in accrued payables	(865,602)	(40,320)	(68,926)
Increase (decrease) in deposits payable	137,925	137,875	-
Increase (decrease) in net pension liability	(168,223)	(7,319)	503,387
Increase (decrease) in net OPEB liability	2,229	(61,185)	12,503
Increase (decrease) in deferred pension related items	(166,634)	(1,901,919)	(3,668,798)
Increase (decrease) in deferred OPEB related items	25,100	194,217	80,486
Increase (decrease) in workers' compensation claims	-	-	806,468
Increase (decrease) in claims and judgments	-	-	(374,380)
Increase (decrease) in compensated absences	-	17,700	-
Total Adjustments	(534,242)	1,424,205	(1,912,871)
Net Cash Provided (Used) by Operating Activities	\$ (879,472)	\$ 5,123,782	\$ (4,334,978)
Non-Cash Investing, Capital, and Financing Activities:			
Bond premium amortization	\$ -	\$ 38,280	\$ -

CITY OF MANHATTAN BEACH

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2021

	<u>Custodial Fund</u>
	<u>Special Assessment Redemption</u>
Assets:	
Pooled cash and investments	\$ 1,760,200
Receivables:	
Special assessments	46,040
Restricted assets:	
Cash and investments with fiscal agents	<u>1,118,238</u>
Total Assets	<u>2,924,478</u>
Liabilities:	
Accounts payable	3,755
Accrued interest	151,290
Long-term liabilities:	
Due in one year	1,205,000
Due in more than one year	<u>16,965,000</u>
Total Liabilities	<u>18,325,045</u>
Net Position:	
Restricted for other governments	<u>(15,400,567)</u>
Total Net Position	<u><u>\$ (15,400,567)</u></u>

CITY OF MANHATTAN BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2021

	Custodial Fund Special Assessment Redemption
Additions:	
Special assessments	\$ 1,672,545
Interest income	72
Total Additions	1,672,617
Deductions:	
Professional services	7,355
Interest expenses	497,092
Total Deductions	504,447
Changes in Net Position	1,168,170
Net Position	
Beginning of the Year	-
Restatements	(16,568,737)
End of the Year	\$ (15,400,567)

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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

Custodial Funds - to account for special assessment collections for debt service for the underground assessment bonds that the City remits to the fiscal agent.

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

d. Basis of Accounting/Measurement Funds

Government-Wide Financial Statements

The City government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Activities and Business-Type Activities for the City. 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.

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.

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

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, a Statement of Revenues, Expenses and Change in Fund Net Position, and a 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 custodial 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. Fiduciary funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting,

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:

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

Proposition C Fund – used to account for proceeds from the half-cent sales taxes generated by the approval of Proposition C 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,

The following funds are classified as major proprietary funds:

Water Fund - 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, fundsthe 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 - 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 - 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 of 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; its Section 115 Trust, and its 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 Statements No. 31 and No. 72. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

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, 2021

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 and OPEB 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 they become available. In addition, the government has deferred inflows of resources relating to the net pension and OPEB 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, 2019
Measurement Date:	June 30, 2020
Measurement Period:	July 1, 2019 to June 30, 2020

k. Net Other Post-employment Benefits (OPEB) Liability

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

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 fiduciary 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 effective interest 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 \$11,075,400 and \$6,978,014 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.

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

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.

- Non-spendable fund balance is the portion of fund balance that cannot be spent due to form. Examples include inventories, prepaid amounts, long-term loans, and notes receivable, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund are reported within the non-spendable category.
- Restricted fund balance is the portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors. 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.

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

- 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.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

Note 2: Stewardship, Compliance and Accountability

Deficit Fund Balance and Net Position

At June 30, 2021, the Insurance Reserve Fund has a deficit net position of \$1,689,443 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 \$435,332 and \$11,769 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, 2021, cash and investments were reported in the accompanying financial statements as follows:

Governmental Funds	\$ 49,006,307
Internal Service Funds	21,193,788
Business-Type Activities	59,238,237
Fiduciary Funds	<u>2,878,438</u>
Total Cash and Investments	<u>\$ 132,316,770</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 fiduciary 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, 2021, the carrying amount of the City's deposits after outstanding checks and deposits in transit was \$4,783,666 and the bank balance was \$5,589,707. The \$806,041 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

Note 3: Cash and Investments (Continued)

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.

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 Papers
- 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.

Note 3: Cash and Investments (Continued)

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.

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 \$61,000,000 whose pro-rata share of fair value was estimated by the State Treasurer to be \$61,005,061.

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, 2021, the fair value of investments exceeded book value the by \$1,891,551.

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, 2021, the City's investment in medium-term notes consisted of investments with Microsoft 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, and the Federal Farm Credit Banks 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.

Note 3: Cash and Investments (Continued)

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, 2021, the City's investments in external investment pools and money market mutual funds are unrated.

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, 2021, 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, 2021, the City is in compliance with its investment policy's restrictions.

In accordance with GASB Statement No. 40, the city is exposed to credit risk if it has invested more than 5% of its total investments in any one issuer. The following issuers are above 5% of the total investments: Federal Home Loan Bank (8.12%), Federal Farm Credit (5.75%), and Fannie Mae (7.35%). 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, 2021**

Note 3: Cash and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2021:

Investment Type	Total	Uncategorized	Fair Value Level		
			1	2	3
Local Agency Investment Fund (LAIF)	\$ 61,005,061	\$ 61,005,061	\$ -	\$ -	\$ -
US Treasury and Agency Notes	47,285,880	-	17,262,680	30,023,200	-
Medium-Term Corporate Notes	15,475,382	-	-	15,475,382	-
Total Investments	\$ 123,766,323	\$ 61,005,061	\$ 17,262,680	\$ 45,498,582	\$ -

As of June 30, 2021, 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	\$ 61,005,061	\$ -	\$ -	\$ -	\$ 61,005,061
US Treasury and agency notes	6,013,370	2,028,440	22,790,830	16,453,240	47,285,880
Medium-term notes	1,004,290	3,053,370	7,258,580	4,159,142	15,475,382
	\$ 68,022,721	\$ 5,081,810	\$ 30,049,410	\$ 20,612,382	123,766,323
<u>Investment with Fiscal Agents:</u>					
PARS pension					1,820,529
Utility undergrounding					1,118,238
Water/Wastewater, Metlox Refunding bonds					137,881
Marine certificates of participation					84,089
Police & Fire certificate of participation refunding bonds					115,806
					3,276,543
Demand deposits					4,783,666
Other deposits					487,810
Petty cash					2,428
					5,273,904
					\$ 132,316,770

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, 2021, are presented below:

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	
General Fund	\$ -	\$ 336,302	\$ 1,317,480	\$ 1,653,782
Parking	71,020	-	-	71,020
Nonmajor Proprietary Funds	868,091	800,000	-	1,668,091
Total	\$ 939,111	\$ 1,136,302	\$ 1,317,480	\$ 3,392,893

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

- The General Fund transferred \$336,302 to Nonmajor Governmental funds and \$1,317,480 to Nonmajor proprietary funds to provide additional working capital.
- The Parking Fund transferred \$71,020 to reimburse the General Fund for operations.
- Nonmajor Proprietary transferred \$868,091 General Fund and \$800,00 to non-major governmental to close out Refuse Fund and for recreation purposes.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 4: Interfund Transactions (Continued)

Due To/From Other Funds

	Due To Other Funds	Due From Other Funds
		General Fund
Proposition C		\$ 352,401

The interfund short term loan from the general fund to the Proposition C fund was to cover negative cash balances.

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, 2021:

	Ending Balance June 30, 2020	Adjustments	Beginning Balance July 1, 2020	Transfers	Increases additions	Decreases (deletions)	Ending Balance June 30, 2021
Governmental Activities							
Land	\$ 33,634,565	\$ -	\$ 33,634,565	\$ -	\$ -	\$ -	\$ 33,634,565
Construction-in-progress							
Buildings	859,146	-	859,146	(348,043)	38,611	-	549,714
Streets / Roadways	11,984,026	(3,713,103)	8,270,923	(4,561,922)	3,402,157	-	7,111,158
Recreation	220,503	-	220,503	-	142,617	(79,668)	283,452
Total Capital Assets, Not Being Depreciated	46,698,240	(3,713,103)	42,985,137	(4,909,965)	3,583,385	(79,668)	41,578,889
Buildings and structures	43,758,790	-	43,758,790	348,043	-	-	44,106,833
Machinery and equipment	5,751,886	-	5,751,886	-	135,378	-	5,887,264
Vehicles	12,480,349	-	12,480,349	-	291,172	(169,552)	12,601,969
Infrastructure	-	-	-	-	-	-	-
Streets / Roadways	60,128,965	-	60,128,965	4,561,922	-	-	64,690,887
Parks & Recreation	22,688,011	-	22,688,011	-	-	-	22,688,011
Investment in Joint Venture (RCC)	3,665,904	-	3,665,904	-	27,094	-	3,692,998
Total Capital Assets, Being Depreciated	148,473,905	-	148,473,905	4,909,965	453,644	(169,552)	153,667,962
Less Accumulated Depreciation:							
Buildings and Structures	13,821,933	-	13,821,933	-	847,657	-	14,669,590
Machinery and Equipment	3,889,050	-	3,889,050	-	387,736	-	4,276,786
Vehicles	7,871,876	-	7,871,876	-	923,890	(169,552)	8,626,214
Infrastructure	-	-	-	-	-	-	-
Streets / Roadways	35,061,812	-	35,061,812	-	1,356,391	-	36,418,203
Parks & Recreation	7,400,873	-	7,400,873	-	404,883	-	7,805,756
Investment in Joint Venture (RCC)	1,447,435	-	1,447,435	-	165,699	-	1,613,134
Total Accumulated Depreciation	69,492,979	-	69,492,979	-	4,086,256	(169,552)	73,409,683
Total Capital Assets, Being Depreciated, Net	78,980,926	-	78,980,926	4,909,965	(3,632,612)	-	80,258,279
Governmental Activities Capital Assets, Net	\$ 125,679,166	\$ (3,713,103)	\$ 121,966,063	\$ -	\$ (49,227)	\$ (79,668)	\$ 121,837,168

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

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 5: Capital Assets and Depreciation (Continued)

	Ending Balance June 30, 2019	Adjustments	Beginning Balance July 1, 2019	Transfers	Increases additions	Decreases (deletions)	Ending Balance June 30, 2020
Business-Type Activities:							
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	6,800,159	(49,121)	6,751,038	(833,133)	12,976,684	-	18,894,589
Total Capital Assets, Not Being Depreciated	9,407,593	(49,121)	9,358,472	(833,133)	12,976,684	-	21,502,023
Capital assets, being depreciated:							
Buildings and structures - Parking	18,163,159	-	18,163,159	-	-	-	18,163,159
Machinery and equipment							
Parking	1,803,942	-	1,803,942	-	-	-	1,803,942
Water	34,369,244	-	34,369,244	-	-	-	34,369,244
Storm water	7,703,405	-	7,703,405	-	-	-	7,703,405
Wastewater	15,471,226	-	15,471,226	833,133	-	-	16,304,359
Total Capital Assets, Being Depreciated	77,510,976	-	77,510,976	833,133	-	-	78,344,109
Less Accumulated Depreciation:							
Buildings and structures - Parking	2,889,598	-	2,889,598	-	194,837	-	3,084,435
Machinery and equipment							
Parking	1,192,208	-	1,192,208	-	57,358	-	1,249,566
Water	14,622,524	-	14,622,524	-	635,244	-	15,257,768
Stormwater	4,620,050	-	4,620,050	-	149,266	-	4,769,316
Wastewater	7,291,002	-	7,291,002	-	287,526	-	7,578,528
Total Accumulated Depreciation	30,615,382	-	30,615,382	-	1,324,231	-	31,939,613
Total Capital Assets, Being Depreciated, Net	46,895,594	-	46,895,594	833,133	(1,324,231)	-	46,404,496
Business-Type Activities Capital Assets, Net	\$ 56,303,187	\$ (49,121)	\$ 56,254,066	\$ -	\$ 11,652,453	\$ -	\$ 67,906,519

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	\$ 114,228
Public safety	779,690
Public works	1,863,565
Parks and recreation	404,883
Internal service funds	923,890
Total Depreciation Expense - Governmental Activities	<u>\$ 4,086,256</u>
Business-Type Activities:	
Water	\$ 635,244
Wastewater	287,526
Parking	252,195
Stormwater	149,266
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,324,231</u>

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6: Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due in One Year
Governmental Activities:					
Certificates of participation					
Marine Ave Park refunding COP Series 2016	\$ 5,040,000	\$ -	\$ 310,000	\$ 4,730,000	\$ 320,000
2013 Police and Fire Refunding COP	7,165,000	-	530,000	6,635,000	545,000
2021 Pension Obligation Bonds	-	89,388,310	-	89,388,310	3,099,578
Total Governmental	\$ 12,205,000	\$ 89,388,310	\$ 840,000	100,753,310	\$ 3,964,578
Unamortized premium				586,357	
				\$ 101,339,667	
Business-Type Activities:					
Certificates of participation					
2012 Metlox and Water/Wastewater Refunding COP	\$ 8,375,000	\$ -	\$ 680,000	\$ 7,695,000	\$ 710,000
2021 Pension Obligation Bonds	-	1,886,690	-	1,886,690	65,422
Total Business Type	\$ 8,375,000	\$ 1,886,690	\$ 680,000	9,581,690	\$ 775,422
Unamortized premium				315,207	
				\$ 9,896,897	

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, 2021, includes an unamortized bond premium of \$309,574 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
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	370,000	108,700	478,700
2027-2031	2,080,000	332,850	2,412,850
2032-2034	920,000	41,550	961,550
Total	\$ 4,730,000	\$ 1,056,500	\$ 5,786,500

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 empowered 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, 2021

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, 2021, includes an unamortized bond premium of \$276,783 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, 2021 is \$337,970.

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
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	620,000	151,463	771,463
2027-2031	3,485,000	397,456	3,882,456
2032-2034	250,000	8,438	258,438
Total	<u>\$ 6,635,000</u>	<u>\$ 1,378,159</u>	<u>\$ 8,013,159</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 \$315,207 at June 30, 2021, which will be amortized over the life of the issue.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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
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	174,264	5,228	179,492	85,736	2,572	88,308
2027-2028	-	-	-	-	-	-
Total	<u>\$ 800,945</u>	<u>\$ 88,604</u>	<u>\$ 889,549</u>	<u>\$ 394,055</u>	<u>\$ 43,596</u>	<u>\$ 437,651</u>

Fiscal Year Ending June 30,	Metlox			Total		
	Principal	Interest	Total	Principal	Interest	Total
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	570,000	154,863	724,863	830,000	162,663	992,663
2027-2031	3,160,000	479,188	3,639,188	3,160,000	479,188	3,639,188
2032-2033	700,000	24,500	724,500	700,000	24,500	724,500
Total	<u>\$ 6,500,000</u>	<u>\$ 1,484,303</u>	<u>\$ 7,984,303</u>	<u>\$ 7,695,000</u>	<u>\$ 1,616,503</u>	<u>\$ 9,311,503</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 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.

d. 2021 Taxable Pension Obligation Bonds

In May 2021, the City of Manhattan Beach issued \$91,275,000 of Taxable Pension Obligation Bonds (POB). The bonds were issued to pay the City's unfunded accrued actuarial liability to the California Public Employees Retirement System with respect to the City's defined benefit retirement plans for City employees. The payments under the agreement are due January and July of each year with interest rates ranging from 0.12% to 2.79% and mature through January 2043.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 6: Long-Term Debt (Continued)

Annual debt service requirements to maturity for the 2021 Taxable Pension Obligation Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,165,000	\$ 1,321,857	\$ 4,486,857
2023	3,450,000	2,072,521	5,522,521
2024	3,465,000	2,063,068	5,528,068
2025	3,495,000	2,043,872	5,538,872
2026	3,530,000	2,009,411	5,539,411
2027-2031	18,585,000	9,183,690	27,768,690
2032-2036	20,845,000	7,007,170	27,852,170
2037-2041	24,040,000	3,910,010	27,950,010
2041-2043	10,700,000	502,605	11,202,605
Total	<u>\$ 91,275,000</u>	<u>\$ 30,114,204</u>	<u>\$ 121,389,204</u>

The bonds are not secured by any property other than the funds that the City has actually deposited with the trustee. If the City is in bankruptcy, it may not be obligated to make any further deposits with the Trustee, it may not be obligated to make any further allocations to the Bonds, and it may not be obligated to turn over to the Trustee any moneys that have been allocated to the Bonds in the City treasury. As a result, the Bonds would likely be treated as unsecured obligations of the City in the bankruptcy case.

Note 7: Compensated Absences

At June 30, 2021, the total citywide accrued liability for compensated absences amounted to \$4,953,682. \$4,839,426 relates to general government services and \$114,256 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, 2021:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due in One Year
Governmental Activities:					
Compensated Absences	\$ 4,294,802	\$ 2,913,111	\$ 2,368,487	\$ 4,839,426	\$ 656,945
Business-Type Activities:					
Compensated Absences	96,556	73,619	55,919	114,256	15,510
Total Business Type	<u>\$ 4,391,358</u>	<u>\$ 2,986,730</u>	<u>\$ 2,424,406</u>	<u>\$ 4,953,682</u>	<u>\$ 672,455</u>

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8: Non-City Obligation

Reported in the custodial fund are special assessment tax bonds related to various special assessment districts included within the City. In March 2018, the City refunded the outstanding bonds for Underground Assessment Districts 04-1, 04-3, 04-5, 05-2 and 05-6. These bonds were issued for the purpose of financing the construction of certain public improvements within the underground utility assessment 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. In December 2019, the City issued two separate limited obligation improvement bonds totaling \$9,390,000 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 debt outstanding as June 30, 2021, consists of the following:

Description	Original Amount	Outstanding 6/30/2021
Reassessment District No. 2018 Limited Obligation Refunding Bonds, Series 2018	\$ 4,995,000	\$ 3,535,000
Assessment District No. 19-12 Limited Obligation Improvement Bonds, 2019 Series A	4,605,000	4,605,000
Assessment District No. 19-14 Limited Obligation Improvement Bonds 2019, Series A	4,785,000	4,785,000
Assessment District No. 19-4 Limited Obligation Improvement Bonds, 2020 Series A	5,245,000	5,245,000
Total		<u>\$ 18,170,000</u>

Note 9: CalPERS Retirement Plans

	Miscellaneous Plan	Safety - Police Plan	Safety - Fire Plan	Total
Net pension liability	\$ (28,471,692)	\$ (42,238,332)	\$ (19,573,320)	\$ (90,283,344)
Deferred pension outflows	33,750,798	52,570,188	24,991,778	111,312,764
Deferred pension inflows	(96,247)	(2,092,515)	(963,625)	(3,152,387)
Pension exoense	5,017,307	7,000,707	3,728,747	15,746,761

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, 2019 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9: CalPERS Retirement Plans (Continued)

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, 2020 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%	7.250%
Required employer contribution rates (1)	9.672%	9.672%

* Closed to new entrants
 (1) Blended rate.

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.

At June 30, 2021, 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9: CalPERS Retirement Plans (Continued)

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, 2021, the employer contributions recognized as a reduction to the net pension liability for the Miscellaneous Plan was \$3,062,602.

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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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

For the measurement date of June 30, 2020, there were no changes in assumptions.

Long-term Expected Rate of Return

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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>Assumed 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

On November 15, 2021, the CalPERS Board of Administration selected a new asset allocation mix that will guide the fund's investment portfolio for the next years, while at the same time retaining the current target rate of return. The Board also approved adding 5 percent leverage to increase investment diversification. The new asset allocation takes effect July 1, 2022 and is expected to decrease employer contribution rates from less than 1 percent to a decrease of more than 2 percent depending on the plan type. Employees in the PEPRAs plans will likely see increases in their contribution rates. Contribution changes will take effect in fiscal year 2023-24.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2019 (Valuation Date)	\$ 115,939,179	\$ 90,094,796	\$ 25,844,383
Changes Recognized for the Measurement Period:			
Service Cost	2,737,868	-	2,737,868
Interest on the Total Pension Liability	8,237,478	-	8,237,478
Difference between Expected and Actual Experience	261,490	-	261,490
Contribution from the Employer	-	3,088,142	(3,088,142)
Contributions from Employees	-	1,148,119	(1,148,119)
Net Investment Income	-	4,500,278	(4,500,278)
Benefit Payments including Refunds of Employee Contributions	(4,720,240)	(4,720,240)	-
Administrative Expense	-	(127,012)	127,012
Net Changes During 2019-20	6,516,596	3,889,287	2,627,309
Balance at: 6/30/2020 (Measurement Date)	\$ 122,455,775	\$ 93,984,083	\$ 28,471,692

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)	\$ 45,111,389	\$ 28,471,692	\$ 14,775,455

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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 Annual Comprehensive 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, 2020), the net pension liability was \$25,844,393. For the measurement period ending June 30, 2020 (the measurement date), the City incurred a pension expense/(income) of \$5,017,307 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, 2021, 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	\$ 31,985,066	\$ -
CalPERS deferrals		
Changes of assumptions	-	(96,247)
Difference between expected and actual experience	974,238	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	791,494	-
Total CalPERS deferrals	1,765,732	(96,247)
Total	\$ 33,750,798	\$ (96,247)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9: CalPERS Retirement Plans (Continued)

\$31,985,066 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, 2022. 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
2021	\$ 180,965
2022	595,183
2023	512,144
2024	381,193
	\$ 1,669,485

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, 2020 is 3.5 years, which was obtained by dividing the total service years of 2,781 (the sum of remaining service lifetimes of the active employees) by 796 (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, 2021

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, 2018 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, 2020 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)	13.750%	9.000% (1)	13.750%
Required employer contribution rates	25.540% (3)	13.884%	23.558% (2)	13.884%
Management safety				
Employee	9.000%	13.750%	9.000%	13.750%
Employer	25.540%	13.884%	23.558%	13.884%

* 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 22.558%.

(3) Not including cost share, which will lower rate to 22.540%.

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, 2021

Note 9: CalPERS Retirement Plans (Continued)

Employees Covered

At June 30, 2021 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	178	11	84	1

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, 2021, the employer contributions recognized as a reduction to the net pension liability was \$3,998,899 for the Safety Police Plan and \$1,998,954 for the Safety Fire Plan for a total of \$5,997,853 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, 2021, of \$42,238,332 for its proportionate shares of the Safety Police Plan and \$19,573,320 for its proportionate shares of the Safety Fire Plan for a total of \$61,811,652 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, 2020, 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, 2019, rolled forward to June 30, 2020, 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 employers, actuarially determined.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9: CalPERS Retirement Plans (Continued)

The City's proportionate share of the net pension liability for the safety plan as of June 30, 2019 and 2020, was as follows:

	<u>Safety Fire Plan</u>	<u>Safety Police Plan</u>
Proportion - June 30, 2019	0.172741%	0.368523%
Proportion - June 30, 2020	0.168606%	0.364005%
Changes - Increase (Decrease)	-0.004135%	-0.004518%

For the year ended June 30, 2021, the City recognized pension expense of \$7,000,707 and \$3,728,747 for the Safety Police Plan and the Safety Fire Plan respectively. At June 30, 2021, 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	\$ 46,911,463	\$ -	\$ 21,877,490	\$ -
CalPERS Deferrals:				
Difference between expected and actual experience	3,275,369	-	1,517,812	-
Change in Assumptions	-	(140,697)	-	(65,199)
Net difference between projected and actual earnings on pension plan investments	918,017	-	425,411	-
Adjustment due to difference in proportions	1,465,339	-	1,171,065	-
Difference in proportionate share	-	(1,951,818)	-	(898,426)
Total CalPERS Deferrals	<u>5,658,725</u>	<u>(2,092,515)</u>	<u>3,114,288</u>	<u>(963,625)</u>
Total	<u>\$ 52,570,188</u>	<u>\$ (2,092,515)</u>	<u>\$ 24,991,778</u>	<u>\$ (963,625)</u>

\$46,911,463 and \$21,877,490 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, 2022. 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>
2021	\$ 667,300	\$ 637,633
2022	1,330,886	823,104
2023	1,108,046	476,770
2024	459,978	213,156
	<u>\$ 3,566,210</u>	<u>\$ 2,150,663</u>

Note 9: CalPERS Retirement Plans (Continued)

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. 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

For the measurement date of June 30, 2020, there were no changes in assumptions.

Long-term Expected Rate of Return

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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:

Asset Class (1)	Assume Asset Allocation	Real Return Years 1 - 10 (2)	Real Return Years 11+ (3)
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

On November 15, 2021, the CalPERS Board of Administration selected a new asset allocation mix that will guide the fund's investment portfolio for the next years, while at the same time retaining the current target rate of return. The Board also approved adding 5 percent leverage to increase investment diversification. The new asset allocation takes effect July 1, 2022 and is expected to decrease employer contribution rates from less than 1 percent to a decrease of more than 2 percent depending on the plan type. Employees in the PEPRAs plans will likely see increases in their contribution rates. Contribution changes will take effect in fiscal year 2023-24.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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	\$ 62,394,637	\$ 42,238,332	\$ 25,698,175
Safety Fire	29,248,616	19,573,320	11,633,824

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	\$ 59,219	\$ 125,489	\$ 184,708
Pension expense	32,633	132,127	164,760

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, 2021, was as follows:

Retirees and beneficiaries receiving benefits	
Miscellaneous	<u><u>3</u></u>

Total Pension Liability

The total pension liability of \$59,219 for the plan is measured as of June 30, 2021 using an annual actuarial valuation dated June 30, 2021. The City is funding the plan on a pay as you go basis.

Actuarial Assumptions

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

Valuation Date	June 30, 2021
Measurement date	June 30, 2021
Actuarial cost method:	Entry age
Pre-retirement mortality rates	2017 CalPERS Retiree Mortality for Miscellaneous Employees
Asset valuation method	Fair Market Value
Inflation Rate	2.50% per year
Discount rate	2.16 % 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 2021, the accounting discount rate decreased from 2.20 percent to 2.16 percent and the inflation rate decreased from 2.75% to 2.50%.

Discount Rate

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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: 6/30/2020	\$ 106,234	\$ -	\$ 106,234
Changes Recognized for the Measurement Period:			
Interest on the Total Pension Liability	1,787	-	1,787
Difference between Expected and Actual Experience	(34,482)	-	(34,482)
Changes of Assumptions	62	-	62
Employer Contributions as Benefit Payments	-	14,382	(14,382)
Actual Benefits Payments from Employer	(14,382)	(14,382)	-
Net Changes During 2020-21	(47,015)	-	(47,015)
Balance at: 6/30/2021	\$ 59,219	\$ -	\$ 59,219

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 2.16%, as well as what the Employer's total pension liability would be if it were calculated using a discount rate that is 1% lower (1.16%) or 1% higher (3.16%) than the current rate:

	1% Lower (1.16%)	Current Discount Rate (2.16%)	1% Higher (3.16%)
	Total pension liability	\$ 61,475	\$ 59,219

Pension Expense

Pension expense for fiscal year 2020-21 of \$32,633 is equal to cash payments of \$14,382 less reduction in total pension liability of \$47,015.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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, 2021, was as follows:

Retirees receiving benefits:	
Miscellaneous	1
Safety	3
	<u> 3</u>

Total Pension Liability

The total pension liability of \$125,489 for the plan is measured as of June 30, 2021 using an annual actuarial valuation dated June 30, 2021. The City is funding the plan on a pay as you go basis.

Actuarial Assumptions

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

Valuation Date	June 30, 2021
Measurement date	June 30, 2021
Actuarial cost method:	Entry age
Pre-retirement mortality rates	2017 CalPERS Retiree Mortality for Miscellaneous Employees
Asset valuation method	Fair Market Value
Inflation Rate	2.50% per year
Discount rate	2.16 % 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 2021, the accounting discount rate decreased from 2.20 percent to 2.16 percent and the inflation rate decreased from 2.75% to 2.50%.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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, 2020	\$ 282,666	\$ -	\$ 282,666
Changes Recognized for the Measurement Period:			
Interest on the Total Pension Liability	5,975	-	5,975
Difference between Expected and Actual Experience	(138,309)	-	(138,309)
Changes of Assumptions	207	-	207
Employer Contributions as Benefits Payments	-	25,050	(25,050)
Actual Benefit Payment from Employer	(25,050)	(25,050)	-
Net Changes During 2020-21	<u>(157,177)</u>	<u>-</u>	<u>(157,177)</u>
Balance at: June 30, 2021	<u>\$ 125,489</u>	<u>\$ -</u>	<u>\$ 125,489</u>

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 2.16%, as well as what the Employer's total pension liability would be if it were calculated using a discount rate that is 1% lower (1.16%) or 1% higher (3.16%) than the current rate:

	1% Lower (1.16%)	Current Discount Rate (2.16%)	1% Higher (3.16%)
	Total pension liability	\$ 130,270	\$ 125,489

Pension Expense

Pension expense for fiscal year 2020-21 of \$132,127 is equal to cash payment of \$25,050 less reduction in total pension liability of \$157,177.

c. Payable to the Pension Plan

For the Supplemental Retirement Plan and the Single Highest Year Pan, the City's remaining obligation is to fund the benefits for those participants who are currently retired. The City has assigned \$92,390 of the General Fund's fund balance to pay future benefits.

Note 11: Post-Employment Benefits Plan

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, 2020 actuarial measurement date, the following current and former employees were covered by the benefit terms under the PEMHCA Plan:

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

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 2020, the City paid \$327,095 for retiree medical benefits and was reimbursed \$327,095 from CERBT.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation 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, 2021

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 3.85%. The rate used for the plan is the real rate of return expected for the plan assets plus the long term inflation assumption.

Change of Assumptions

In 2020, the accounting discount rate decreased from 4.00 percent to 3.85 percent.

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, 2019 Measurement Date	\$ 18,150,178	\$ 10,688,269	\$ 7,461,909
Changes recognized for the measurement period:			
Service cost	860,600	-	860,600
Interest on total OPEB liability	726,498	579,074	147,424
Employer contributions*	-	458,552	(458,552)
Administrative expenses	-	(5,285)	5,285
Actual benefit payments from trust	(768,497)	(768,497)	-
Experience (gains)/losses	(67,563)	-	(67,563)
Changes in assumptions	301,994	-	301,994
Net changes	1,053,032	263,844	789,188
Balance at June 30, 2020 Measurement Date	\$ 19,203,210	\$ 10,952,113	\$ 8,251,097

* Includes \$458,552 due to implied rate subsidy

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2020:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Net OPEB Liability	\$ 10,344,141	\$ 8,251,097	\$ 6,451,105

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, 2020:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 6,593,962	\$ 8,251,097	\$ 10,139,213

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, 2021, the City recognized OPEB expense of \$1,632,200. As of June 30, 2021, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,776	\$ (223,776)
Change in assumptions	9,724,177	-
Differences between projected and actual return on assets	91,238	(39,540)
Total	\$ 9,825,191	\$ (263,316)

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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:

Year ended June 30:	Deferred Outflows/(Inflows) of Resources
2022	\$ 1,182,862
2023	1,182,861
2024	1,179,410
2025	1,192,589
2026	1,171,506
Thereafter	<u>3,652,647</u>
	<u>\$ 9,561,875</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, 2021, 100% of contribution is derived from employee deduction.

Total payroll for employees covered by this plan for the year was \$1,177,547. The amount of employee contribution was \$88,316.

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, 2021

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, 2021 are as follows:

	Estimated Claims Value at Fiscal Year End	Additional Reserves for Incurred But Not Report Claims	Total Claims Reserve
Workers' Compensation Claims	\$ 9,257,732	\$ 6,453,809	\$ 15,711,541
General Liability Claims	1,817,668	524,205	2,341,873
	<u>\$ 11,075,400</u>	<u>\$ 6,978,014</u>	<u>\$ 18,053,414</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
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>
2020-2021				
Workers'comp	\$ 14,905,073	\$ 3,649,906	\$ 2,843,438	\$ 15,711,541
General liabilities	2,716,253	643,743	1,018,122	2,341,873
Total	<u>\$ 17,621,326</u>	<u>\$ 4,293,649</u>	<u>\$ 3,861,560</u>	<u>\$ 18,053,414</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 annual comprehensive financial report for the year ended June 30, 2020, which can be obtained at the following link:

<https://www.prismrisk.gov/resources/prism-documents/financial-information/annual-comprehensive-financial-report-acfr/cafr-fy-ended-06-30-20>

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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, 2020, was 22.7%.

Summarized audited financial information for SBRPCA at June 30, 2020*, is presented below:

Statement of Net Position

Assets	
Current assets	\$ 5,934,406
Noncurrent assets	9,165,625
Total Assets	<u>15,100,031</u>
Deferred Outflows of Resources	<u>2,403,064</u>
Liabilities	
Current liabilities	1,011,249
Noncurrent liabilities	10,544,711
Total Liabilities	<u>11,555,960</u>
Deferred Inflows of Resources	<u>1,276,748</u>
Net Position	<u>\$ 4,670,387</u>

Statement of Activities

Operating Revenues	\$ 13,362,094
Operating Expenses	<u>12,967,570</u>
Operating income before depreciation	<u>394,524</u>
Depreciation	<u>(730,208)</u>
Operating income/loss	<u>(335,684)</u>
Non-operating revenues (expenses):	
Interest earnings	102,602
Contributed Capital	<u>-</u>
Non operating revenues (expenses)	<u>102,602</u>
Change in net position	(233,082)
Net Position - June 30, 2019	<u>4,903,469</u>
Net Position - June 30, 2020	<u>\$ 4,670,387</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, 2021

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, 2020*, is presented below:

<u>Statement of Net Position</u>	
<u>Assets</u>	
Current assets	\$ 10,759,337
Noncurrent assets	1,458,455
Total Assets	<u>12,217,792</u>
<u>Liabilities</u>	
Current liabilities	4,991,112
Noncurrent liabilities	<u>92,392</u>
Total liabilities	<u>5,083,504</u>
Net Position	<u><u>\$ 7,134,288</u></u>
 <u>Statement of Activities</u>	
Program Revenues	\$ 2,944,331
Expenses	<u>(5,431,904)</u>
Excess of Revenues Over Expenses	<u>(2,487,573)</u>
Non operating revenues (expenses)	
Investment earnings	133,002
Non operating revenues (expenses)	<u>133,002</u>
Change in net position	(2,354,571)
Net Position - June 30, 2019	<u>9,488,859</u>
Net Position - June 30, 2020	<u><u>\$ 7,134,288</u></u>

*LA Impact has issued its own separate financial statements, which are available at 5700 S. Eastern Avenue, Commerce, California 90040.

CITY OF MANHATTAN BEACH

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

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, 2021:

<u>Project Title</u>	<u>Contract Amount</u>	<u>Expenditure to date as of June 30, 2021</u>	<u>Remaining Commitments</u>
Peck Ground Level Reservoir Replacement	\$ 39,756,773	\$ 11,925,521	\$ 27,831,252
Sepuvada Bridge MTA Project	6,331,735	3,490,250	2,841,485
Sepuvada Bridge Measuse SBHP Seismic Retrofit	5,064,262	3,457,632	1,606,630
City Hall HAVAC Replacement/Repair	1,299,540	5,101	1,294,439
Annual Rehabilitation Gravity Sewer Mains	2,087,277	828,148	1,259,129
Manhattan Beach Automated Traffic Synchronization	1,283,417	90,771	1,192,646
Sepulvada Bridge Prop C Project	3,583,878	2,563,226	1,020,652
Aviation @ Artesia Right Turn Lane Street Improvement	1,146,219	280,812	865,407
Storm Drain Repairs	1,721,800	1,067,943	653,857
Paint Block 35 Elevated Tank	1,706,250	1,107,711	598,539
Water Meter Upgrade and Automation	3,953,748	3,364,425	589,323

Note 16: Net Position and Fund Balances Restatement

Beginning net position and fund balances have been restated by \$3,713,103 and \$49,121 in the Governmental Activities and the Water Fund respectively for capital assets reported as CIP projects in prior year that should have been expensed as repairs and maintenance. The errors were discovered by the City while implementing a new capital assets module.

Note 17: Special Items

The special items in the Refuse proprietary fund in the amount of \$148,434 represents net pension and OPEB liabilities and related outflows and inflows, which were absorbed by the governmental activities when the fund was closed during the fiscal year.

Note 18: Subsequent Events

In August 2021, the City issued Certificates of Participation (COPs) in the amount of \$7.44 million to fund the construction of Fire Station #2.

Taking advantage of the historically low interest rates, the City also refunded the Melox and Water/Wastewater COPs in December 2021 for an estimated interest savings of \$784,820.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 26,686,085	\$ 26,686,085	\$ 26,686,085	\$ -
Resources (Inflows):				
Taxes and assessments	53,137,541	53,137,541	53,762,000	624,459
Licenses and permits	3,271,323	3,271,323	3,577,333	306,010
Intergovernmental	815,850	1,045,850	5,228,799	4,182,949
Charges for services	8,968,185	9,002,185	10,263,195	1,261,010
Use of money and property	3,855,796	3,855,796	2,479,805	(1,375,991)
Fines and forfeitures	1,840,000	1,840,000	1,443,177	(396,823)
Miscellaneous	1,504,035	1,504,035	1,300,483	(203,552)
Transfers in	-	-	939,111	939,111
Issuance of long-term debt	-	85,384,604	85,377,203	(7,401)
Amounts Available for Appropriations	100,078,815	185,727,419	191,057,191	5,329,772
Charges to Appropriations (Outflow):				
Current:				
General government	13,746,726	24,722,784	24,214,335	508,449
Public safety	43,895,933	111,441,466	109,351,264	2,090,202
Culture and recreation	6,847,186	10,296,963	9,863,555	433,408
Public works	8,383,763	13,639,415	12,869,660	769,755
Capital outlay:				
General government	-	18,962	14,080	4,882
Public works	-	-	264	(264)
Debt service:				
Principal retirement	310,000	310,000	310,000	-
Interest and fiscal charges	167,750	167,750	167,750	-
Trustee Fees	1,600	1,600	1,600	-
Transfers out	12,230	12,230	1,653,782	(1,641,552)
Total Charges to Appropriations	73,365,188	160,611,170	158,446,290	2,164,880
Budgetary Fund Balance, June 30	\$ 26,713,627	\$ 25,116,249	\$ 32,610,901	\$ 7,494,652

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CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION C
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,812,384	\$ 4,812,384	\$ 4,812,384	\$ -
Resources (Inflows):				
Taxes	500,608	500,608	599,499	98,891
Intergovernmental	-	16,229,823	2,561,038	(13,668,785)
Use of money and property	80,000	80,000	(17,090)	(97,090)
Amounts Available for Appropriations	5,392,992	21,622,815	7,955,831	(13,666,984)
Charges to Appropriations (Outflow):				
Current:				
Public works	911,711	19,333,406	7,227,886	12,105,520
Capital outlay:				
Public works	-	1,173,119	31,821	1,141,298
Total Charges to Appropriations	911,711	20,506,525	7,259,707	13,246,818
Budgetary Fund Balance, June 30	\$ 4,481,281	\$ 1,116,290	\$ 696,124	\$ (420,166)

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
TOTAL PENSION LIABILITY				
Service Cost	\$ 1,897,933	\$ 1,906,947	\$ 2,116,750	\$ 2,582,619
Interest	6,036,548	6,365,282	6,725,647	6,931,655
Difference Between expected and Actual Experience	-	(1,610,461)	(125,272)	(2,203,443)
Changes in Assumptions	-	(450,327)	-	5,953,464
Benefit Payments, Including Refunds of employee Contributions	(2,930,477)	(3,387,918)	(3,694,517)	(3,897,657)
Net Change in Total Pension Liability	5,004,004	2,823,523	5,022,608	9,366,638
Total Pension Liability - Beginning	81,003,568	86,007,572	88,831,095	93,853,703
Total Pension Liability - Ending (a)	\$ 86,007,572	\$ 88,831,095	\$ 93,853,703	\$ 103,220,341
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 1,512,406	\$ 1,619,438	\$ 1,856,633	\$ 2,139,788
Contribution - Employee	911,689	986,936	1,110,014	1,142,808
Net Investment Income	10,722,182	1,618,145	357,760	8,057,534
Benefit Payments, Including Refunds of Employee Contributions	(2,930,477)	(3,387,918)	(3,694,517)	(3,897,657)
Net Plan to Plan Resource Movement	-	-	(388)	-
Administrative Expense	-	(82,036)	(44,409)	(106,973)
Other Miscellaneous Income/(Expense) (A)	-	-	-	-
Net Change in Fiduciary Net Position	10,215,800	754,565	(414,907)	7,335,500
Plan Fiduciary Net Position - Beginning	61,897,924	72,113,724	72,868,289	72,453,382
Plan Fiduciary Net Position - Ending (b)	\$ 72,113,724	\$ 72,868,289	\$ 72,453,382	\$ 79,788,882
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 13,893,848	\$ 15,962,806	\$ 21,400,321	\$ 23,431,459
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.85%	82.03%	77.20%	77.30%
Covered Payroll	\$ 13,348,365	\$ 13,348,365	\$ 14,974,179	\$ 16,051,083
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	104.09%	119.59%	142.91%	145.98%

(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.

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.

	2018	2019	2020
\$	2,639,954	\$ 2,657,779	\$ 2,737,868
	7,282,132	7,803,956	8,237,478
	(577,483)	1,833,076	261,490
	11,137	-	-
	(4,251,920)	(4,679,793)	(4,720,240)
	5,103,820	7,615,018	6,516,596
	103,220,341	108,324,161	115,939,179
\$	108,324,161	\$ 115,939,179	\$ 122,455,775
\$	2,257,840	\$ 2,699,124	\$ 3,088,142
	1,194,936	1,183,069	1,148,119
	6,733,944	5,590,075	4,500,278
	(4,251,920)	(4,679,793)	(4,720,240)
	(198)	-	-
	(124,333)	(60,918)	(127,012)
	(236,111)	199	-
	5,574,158	4,731,756	3,889,287
	79,788,882	85,363,040	90,094,796
\$	85,363,040	\$ 90,094,796	\$ 93,984,083
\$	22,961,121	\$ 25,844,383	\$ 28,471,692
	78.80%	77.71%	76.75%
\$	16,557,666	\$ 16,866,425	\$ 17,000,467
	138.67%	153.23%	167.48%

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
Actuarially Determined Contribution	\$ 1,526,186	\$ 1,648,896	\$ 1,881,560	\$ 2,137,977	\$ 2,241,242
Contribution in Relation to the Actuarially Determined Contribution	(1,526,186)	(1,648,896)	(1,881,560)	(2,137,977)	(2,241,242)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 12,741,228	\$ 13,348,365	\$ 14,974,179	\$ 16,051,083	\$ 16,557,666
Contributions as a Percentage of Covered Payroll	11.98%	12.35%	12.57%	13.32%	13.54%

(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 eight years are shown.

Note to Schedule:

Valuation Date:	June 30, 2018
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

2019	2020	2021
\$ 2,659,903	\$ 3,062,602	\$ 3,438,131
(2,659,903)	(3,062,602)	(3,438,131)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,866,425	\$ 17,000,467	\$ 17,126,229
15.77%	18.01%	20.08%

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
Safety Plan				
Proportion of the Net Pension Liability	0.482924%	0.816657%	0.854514%	0.738007%
Proportionate Share of the Net Pension Liability	\$ 30,049,799	\$ 33,649,892	\$ 44,229,612	\$ 51,004,452
Covered Payroll	\$ 11,899,053	\$ 12,509,404	\$ 13,396,233	\$ 13,476,008
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	252.54%	269.00%	330.16%	378.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.30%	78.30%	74.10%	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 seven years are shown.

2018	2019	2020
0.884355%	0.888476%	0.927775%
\$ 51,890,006	\$ 55,463,474	\$ 61,811,652
\$ 13,377,912	\$ 13,238,294	\$ 13,904,770
387.88%	418.96%	444.54%
75.30%	73.37%	73.12%

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
Safety Plan				
Actuarially Determined Contribution	\$ 3,200,572	\$ 3,437,160	\$ 4,000,319	\$ 4,035,127
Contribution in Relation to the Actuarially Determined Contribution	(3,200,572)	(3,437,160)	(4,000,319)	(4,035,127)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,899,053	\$ 12,509,404	\$ 13,396,233	\$ 13,476,008
Contributions as a Percentage of Covered Payroll	26.90%	27.48%	29.86%	29.94%

(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 eight years are shown.

Note to Schedule:

Valuation Date:	June 30, 2018
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

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 4,413,119	\$ 5,071,642	\$ 5,997,853	\$ 6,572,770
<u>(4,413,119)</u>	<u>(5,071,642)</u>	<u>(5,997,853)</u>	<u>(6,572,770)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 13,377,912	\$ 13,238,294	\$ 13,904,770	\$ 13,731,032
32.99%	38.31%	43.14%	47.87%

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)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability:				
Interest	\$ 4,535	\$ 3,868	\$ 4,465	\$ (552)
Benefit payments, including refunds of member contributions	(20,118)	(20,519)	(21,728)	(21,340)
Experience losses/(gains)	(6,296)	16,651	9,609	35,649
Changes in assumptions	-	-	-	-
Net change in total pension liability	(21,879)	-	(7,654)	13,757
Total pension liability, beginning of year	133,183	111,304	111,304	103,650
Total pension liability, end of year	111,304	111,304	103,650	117,407
Plan fiduciary net position:				
Net investment income	4,535	3,868	4,465	(552)
Contribution from employer	-	-	-	-
Benefit payments, including refunds of member contributions	(20,118)	(20,519)	(21,728)	(21,340)
Net change in plan fiduciary net position	(15,583)	(16,651)	(17,263)	(21,892)
Total fiduciary net position, beginning of year	118,255	102,672	86,021	68,758
Restatement	-	-	-	-
Total fiduciary net position, end of year	102,672	86,021	68,758	46,866
Total pension liability, end of fiscal year 2020	\$ 8,632	\$ 25,283	\$ 34,892	\$ 70,541

Plan fiduciary net position as a percentage of the total pension liability

	92.24%	77.28%	66.34%	39.92%
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The Supplement Retirement Plan is dormant.

Covered payroll	N/A	N/A	N/A	N/A
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Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
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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 2.2% to 2.16%.

(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.

2018	2019	2020	2021
\$ 4,837	\$ 4,045	\$ 4,057	\$ 1,787
(21,690)	(22,125)	(22,327)	(14,382)
8,685	18,576	6,826	(34,482)
-	2,027	5,916	62
(8,168)	2,523	(5,528)	(47,015)
117,407	109,239	111,762	106,234
109,239	111,762	106,234	59,219
496	1,024	-	-
-	27,773	22,327	14,382
(21,690)	(22,125)	(22,327)	(14,382)
(21,194)	6,672	-	-
46,866	25,672	32,344	-
		(32,344)	-
25,672	32,344	-	-
\$ 83,567	\$ 79,418	\$ 106,234	\$ 59,219
23.50%	28.94%	0.00%	0.00%
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

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>
Employer contributions:				
Actuarial determined contributions	\$ -	\$ -	\$ -	\$ -
Actual contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency/(Excess)	<u><u>\$ -</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
Covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	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.

2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -

N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

CITY OF MANHATTAN BEACH

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	4.40%	4.40%	3.60%	3.49%

(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.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
4.12%	3.50%	2.20%	2.16%

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
Total pension liability:				
Interest	\$ 12,194	\$ 9,588	\$13,610	\$ (1,639)
Benefit payments, including refunds of member contributions	(49,893)	(50,872)	(51,598)	(52,928)
Experience losses/(gains)	(20,492)	41,284	19,167	94,614
Changes in assumptions	-	-	-	-
Net change in total pension liability	(58,191)	-	(18,821)	40,047
Total pension liability, beginning of year	373,634	315,443	315,443	296,622
Total pension liability, end of year	315,443	315,443	296,622	336,669
Plan fiduciary net position:				
Net investment income	12,194	9,588	13,610	(1,639)
Contribution from employer	-	-	-	-
Benefit payments, including refunds of member contributions	(49,893)	(50,872)	(51,598)	(52,928)
Net change in plan fiduciary net position	(37,699)	(41,284)	(37,988)	(54,567)
Total fiduciary net position, beginning of year	315,899	278,200	236,916	198,928
Restatement	-	-	-	-
Total fiduciary net position, end of year	278,200	236,916	198,928	144,361
Total pension liability, end of fiscal year 2020	\$ 37,243	\$ 78,527	\$97,694	\$192,308
Plan fiduciary net position as a percentage of the total pension liability	88.19%	75.11%	67.06%	42.88%
The Single Highest Year Plan is dormant.				
Covered payroll	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

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 2019-20, the discount rate was changed from 2.2% to 2.16%.

(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.

2018	2019	2020	2021
\$ 13,871	\$ 10,663	\$ 8,785	\$ 5,975
(53,805)	(50,694)	(51,473)	(25,050)
(12,652)	41,951	17,838	(138,309)
-	6,053	15,460	207
(52,586)	7,973	(9,390)	(157,177)
336,669	284,083	292,056	282,666
284,083	292,056	282,666	125,489
1,616	4,689	-	-
-	72,227	51,473	25,050
(53,805)	(50,694)	(51,473)	(25,050)
(52,189)	26,222	-	-
144,361	92,172	118,394	-
		(118,394)	-
92,172	118,394	-	-
\$ 191,911	\$ 173,662	\$ 282,666	\$ 125,489
32.45%	40.54%	0.00%	0.00%
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

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>
Employer contributions:				
Actuarial determined contributions	\$ -	\$ -	\$ -	\$ -
Actual contributions	-	-	-	-
Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Single Highest Year Plan is dormant.

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

2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -

N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

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)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	4.40%	4.40%	3.60%	3.49%

(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.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
4.12%	3.50%	2.20%	2.16%

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	2020
Total OPEB Liability				
Service cost	\$ 153,484	\$ 157,705	\$ 162,042	\$ 860,600
Interest on the total OPEB liability	373,003	389,029	405,961	726,498
Expected minus actual benefit payments	-	-	14,816	-
Experience gains/(losses)	-	-	(217,943)	(67,563)
Changes in assumptions	-	-	11,785,934	301,994
Benefit payments	(292,220)	(276,109)	(315,517)	(768,497)
Net change in total OPEB liability	234,267	270,625	11,835,293	1,053,032
Total OPEB liability - beginning	5,809,993	6,044,260	6,314,885	18,150,178
Total OPEB liability - ending (a)	6,044,260	6,314,885	18,150,178	19,203,210
Plan Fiduciary Net Position				
Employer contributions	-	-	-	458,552
Net investment income	696,310	637,587	658,010	579,074
Investment gains/(loss)	-	(17,259)	65,900	-
Benefit payments	(292,220)	(276,109)	(315,517)	(768,497)
Administrative expense	(5,052)	(18,413)	(2,217)	(5,285)
Net change in plan fiduciary net position	399,038	325,806	406,176	263,844
Plan fiduciary net position - beginning	9,557,249	9,956,287	10,282,093	10,688,269
Plan fiduciary net position - ending (b)	9,956,287	10,282,093	10,688,269	10,952,113
Net OPEB Liability (Asset) - ending (a) - (b)	\$ (3,912,027)	\$ (3,967,208)	\$ 7,461,909	\$ 8,251,097
Plan fiduciary net position as a percentage of the total OPEB liability	164.7%	162.8%	58.9%	57.0%
Covered employee payroll	\$ 27,942,810	\$ 28,350,135	\$ 28,955,206	\$ 30,039,928
Net OPEB liability as a percentage of covered employee payroll	-14.00%	-13.99%	25.77%	27.47%

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)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially Determined Contribution	\$ -	\$ -	\$ -	\$ -
Contribution in Relation to the Actuarially Determined Contribution	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 28,350,135	\$ 28,955,206	\$ 30,039,928	\$ 31,108,248
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%

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.

The Measure W Special Revenue fund did not adopt a budget for the fiscal year.

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, 2021

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 Fund 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 2018 and established a separate fund to capture revenue and expenditures.

Measure W is a voter approved parcel tax intended to fund projects, infrastructure, and program to capture, treat, and recycle storm water. The City began receiving Measure W funds in the fiscal year 2020-2021 and established a separate fund to capture revenues and expenditures

CITY OF MANHATTAN BEACH

JUNE 30, 2021

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, 2021

	Special Revenue Funds			
	Street Lighting and Landscape	Gas Tax	Asset Forfeiture	Public Safety Grants
Assets:				
Pooled cash and investments	\$ 159,343	\$ 1,902,266	\$ 167,152	\$ 404,653
Receivables:				
Accounts	7,751	-	-	-
Taxes	-	-	-	-
Due from other governments	-	133,324	16,519	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 167,094	\$ 2,035,590	\$ 183,671	\$ 404,653
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 97,095	\$ 49,929	\$ -	\$ 43,064
Accrued payables	-	154,612	-	-
Unearned revenues	-	24,090	-	-
Deposits payable	-	-	-	-
Interest payable	-	-	-	-
Total Liabilities	97,095	228,631	-	43,064
Deferred Inflows of Resources:				
Unavailable revenues	-	69,622	-	-
Total Deferred Inflows of Resources	-	69,622	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	183,671	361,589
Recreation	-	-	-	-
Public works	69,999	-	-	-
Capital Projects	-	1,737,337	-	-
Committed to:				
Capital Projects	-	-	-	-
Total Fund Balances	69,999	1,737,337	183,671	361,589
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 167,094	\$ 2,035,590	\$ 183,671	\$ 404,653

CITY OF MANHATTAN BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Proposition A</u>	<u>AB 2766</u>	<u>Measure R</u>	<u>Measure M</u>
Assets:				
Pooled cash and investments	\$ 169,545	\$ 140,942	\$ 2,030,621	\$ 1,166,797
Receivables:				
Accounts	268,750	-	1,515	-
Taxes	-	-	-	-
Due from other governments	-	11,704	-	90,771
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 438,295</u>	<u>\$ 152,646</u>	<u>\$ 2,032,136</u>	<u>\$ 1,257,568</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 3,698	\$ -	\$ 52,792	\$ 96,661
Accrued payables	-	-	-	12,228
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Interest payable	-	-	-	-
Total Liabilities	<u>3,698</u>	<u>-</u>	<u>52,792</u>	<u>108,889</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	90,771
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,771</u>
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Recreation	434,597	-	-	-
Public works	-	152,646	-	-
Capital Projects	-	-	1,979,344	1,057,908
Committed to:				
Capital Projects	-	-	-	-
Total Fund Balances	<u>434,597</u>	<u>152,646</u>	<u>1,979,344</u>	<u>1,057,908</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 438,295</u>	<u>\$ 152,646</u>	<u>\$ 2,032,136</u>	<u>\$ 1,257,568</u>

CITY OF MANHATTAN BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
	Measure W	Capital Improvement	Underground Assessment District	
Assets:				
Pooled cash and investments	\$ 126,570	\$ 6,229,368	\$ 5,102,986	\$ 17,600,243
Receivables:				
Accounts	-	31,730	10,520	320,266
Taxes	-	73,772	-	73,772
Due from other governments	-	1,484	-	253,802
Restricted assets:				
Cash and investments with fiscal agents	-	115,806	-	115,806
Total Assets	\$ 126,570	\$ 6,452,160	\$ 5,113,506	\$ 18,363,889
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 59,233	\$ 585,734	\$ 988,206
Accrued payables	-	82,580	290,939	540,359
Unearned revenues	-	-	-	24,090
Deposits payable	-	-	1,741	1,741
Interest payable	-	115,806	-	115,806
Total Liabilities	-	257,619	878,414	1,670,202
Deferred Inflows of Resources:				
Unavailable revenues	-	1,484	-	161,877
Total Deferred Inflows of Resources	-	1,484	-	161,877
Fund Balances:				
Restricted for:				
Public safety	-	-	-	545,260
Recreation	-	-	-	434,597
Public works	-	-	4,235,092	4,457,737
Capital Projects	126,570	-	-	4,901,159
Committed to:				
Capital Projects	-	6,193,057	-	6,193,057
Total Fund Balances	126,570	6,193,057	4,235,092	16,531,810
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 126,570	\$ 6,452,160	\$ 5,113,506	\$ 18,363,889

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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, 2021

	Special Revenue Funds			
	Street Lighting and Landscape	Gas Tax	Asset Forfeiture	Public Safety Grants
Revenues:				
Taxes	\$ 371,010	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	2,701,929	52,825	156,727
Charges for services	-	-	-	-
Use of money and property	-	19,083	(3,016)	1,002
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	371,010	2,721,012	49,809	157,729
Expenditures:				
Current:				
Public safety	-	-	167,437	191,200
Culture and recreation	-	-	-	-
Public works	672,313	13,738	-	-
Capital outlay				
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	2,198,784	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Trustee fees	-	-	-	-
Total Expenditures	672,313	2,212,522	167,437	191,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	(301,303)	508,490	(117,628)	(33,471)
Other Financing Sources (Uses):				
Transfers in	336,302	-	-	-
Issuance of long-term debt	-	-	-	-
Total Other Financing Sources (Uses)	336,302	-	-	-
Net Change in Fund Balances	34,999	508,490	(117,628)	(33,471)
Fund Balances:				
Beginning of Year	35,000	1,228,847	301,299	395,060
End of Year	\$ 69,999	\$ 1,737,337	\$ 183,671	\$ 361,589

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

(CONTINUED)

	Special Revenue Funds			
	Proposition A	AB 2766	Measure R	Measure M
Revenues:				
Taxes	\$ 991,505	\$ -	\$ 450,247	\$ 510,147
Licenses and permits	-	-	-	-
Intergovernmental	-	77,529	38,000	-
Charges for services	1,427	-	-	-
Use of money and property	2,384	1,059	10,111	9,572
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	995,316	78,588	498,358	519,719
Expenditures:				
Current:				
Public safety	-	-	-	-
Culture and recreation	1,150,205	-	-	-
Public works	-	672	13,738	24,177
Capital outlay				
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	-	104,383	334,889
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Trustee fees	-	-	-	-
Total Expenditures	1,150,205	672	118,121	359,066
Excess (Deficiency) of Revenues Over (Under) Expenditures	(154,889)	77,916	380,237	160,653
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Issuance of long-term debt	502,097	-	-	-
Total Other Financing Sources (Uses)	502,097	-	-	-
Net Change in Fund Balances	347,208	77,916	380,237	160,653
Fund Balances:				
Beginning of Year	87,389	74,730	1,599,107	897,255
End of Year	\$ 434,597	\$ 152,646	\$ 1,979,344	\$ 1,057,908

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
	Measure W	Capital Improvement	Underground Assessment District	
Revenues:				
Taxes	\$ 404,547	\$ 420,377	\$ -	\$ 3,147,833
Licenses and permits	-	12,719	-	12,719
Intergovernmental	-	419,064	-	3,446,074
Charges for services	-	463,648	-	465,075
Use of money and property	270	667	230,346	271,478
Fines and forfeitures	-	73,936	-	73,936
Miscellaneous	-	100,393	3,723	104,116
Total Revenues	404,817	1,490,804	234,069	7,521,231
Expenditures:				
Current:				
Public safety	-	-	-	358,637
Culture and recreation	-	-	-	1,150,205
Public works	-	219,808	6,972,203	7,916,649
Capital outlay				
Community development	-	68,766	-	68,766
Culture and recreation	-	130,187	-	130,187
Public works	278,247	1,337,642	-	4,253,945
Debt service:				
Principal retirement	-	530,000	-	530,000
Interest and fiscal charges	-	239,562	-	239,562
Trustee fees	-	1,800	-	1,800
Total Expenditures	278,247	2,527,765	6,972,203	14,649,751
Excess (Deficiency) of Revenues Over (Under) Expenditures	126,570	(1,036,961)	(6,738,134)	(7,128,520)
Other Financing Sources (Uses):				
Transfers in	-	800,000	-	1,136,302
Issuance of long-term debt	-	-	-	502,097
Total Other Financing Sources (Uses)	-	800,000	-	1,638,399
Net Change in Fund Balances	126,570	(236,961)	(6,738,134)	(5,490,121)
Fund Balances:				
Beginning of Year	-	6,430,018	10,973,226	22,021,931
End of Year	\$ 126,570	\$ 6,193,057	\$ 4,235,092	\$ 16,531,810

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING AND LANDSCAPE
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Resources (Inflows):				
Taxes	377,688	377,688	371,010	(6,678)
Transfers in	12,230	12,230	336,302	324,072
Amounts Available for Appropriations	424,918	424,918	742,312	317,394
Charges to Appropriations (Outflow):				
Current:				
Public works	575,720	618,270	672,313	(54,043)
Total Charges to Appropriations	575,720	618,270	672,313	(54,043)
Budgetary Fund Balance, June 30	\$ (150,802)	\$ (193,352)	\$ 69,999	\$ 263,351

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,228,847	\$ 1,228,847	\$ 1,228,847	\$ -
Resources (Inflows):				
Intergovernmental	1,490,414	4,056,209	2,701,929	(1,354,280)
Use of money and property	30,000	30,000	19,083	(10,917)
Amounts Available for Appropriations	2,749,261	5,315,056	3,949,859	(1,365,197)
Charges to Appropriations (Outflow):				
Current:				
Public works	7,979	7,979	13,738	(5,759)
Capital outlay:				
Public works	755,000	4,190,856	2,198,784	1,992,072
Total Charges to Appropriations	762,979	4,198,835	2,212,522	1,986,313
Budgetary Fund Balance, June 30	\$ 1,986,282	\$ 1,116,221	\$ 1,737,337	\$ 621,116

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
ASSET FORFEITURE
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 301,299	\$ 301,299	\$ 301,299	\$ -
Resources (Inflows):				
Intergovernmental	-	-	52,825	52,825
Use of money and property	5,000	5,000	(3,016)	(8,016)
Amounts Available for Appropriations	306,299	306,299	351,108	44,809
Charges to Appropriations (Outflow):				
Current:				
Public safety	147,900	327,900	167,437	160,463
Total Charges to Appropriations	147,900	327,900	167,437	160,463
Budgetary Fund Balance, June 30	\$ 158,399	\$ (21,601)	\$ 183,671	\$ 205,272

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY GRANTS
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 395,060	\$ 395,060	\$ 395,060	\$ -
Resources (Inflows):				
Intergovernmental	139,000	139,000	156,727	17,727
Use of money and property	4,000	4,000	1,002	(2,998)
Amounts Available for Appropriations	538,060	538,060	552,789	14,729
Charges to Appropriations (Outflow):				
Current:				
Public safety	142,000	242,000	191,200	50,800
Total Charges to Appropriations	142,000	242,000	191,200	50,800
Budgetary Fund Balance, June 30	\$ 396,060	\$ 296,060	\$ 361,589	\$ 65,529

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 87,389	\$ 87,389	\$ 87,389	\$ -
Resources (Inflows):				
Taxes	647,861	916,611	991,505	74,894
Charges for services	7,700	7,700	1,427	(6,273)
Use of money and property	-	-	2,384	2,384
Miscellaneous	17,500	17,500	-	(17,500)
Amounts Available for Appropriations	760,450	1,029,200	1,584,802	555,602
Charges to Appropriations (Outflow):				
Current:				
Culture and recreation	941,812	1,433,752	1,150,205	283,547
Total Charges to Appropriations	941,812	1,433,752	1,150,205	283,547
Budgetary Fund Balance, June 30	\$ (181,362)	\$ (404,552)	\$ 434,597	\$ 839,149

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE

AB 2766

YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 74,730	\$ 74,730	\$ 74,730	\$ -
Resources (Inflows):				
Intergovernmental	46,000	46,000	77,529	31,529
Use of money and property	1,000	1,000	1,059	59
Amounts Available for Appropriations	121,730	121,730	153,318	31,588
Charges to Appropriations (Outflow):				
Current:				
Public works	673	673	672	1
Total Charges to Appropriations	673	673	672	1
Budgetary Fund Balance, June 30	\$ 121,057	\$ 121,057	\$ 152,646	\$ 31,589

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
MEASURE R
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,599,107	\$ 1,599,107	\$ 1,599,107	\$ -
Resources (Inflows):				
Taxes	375,497	375,497	450,247	74,750
Intergovernmental	540,000	540,000	38,000	(502,000)
Use of money and property	28,000	28,000	10,111	(17,889)
Amounts Available for Appropriations	2,542,604	2,542,604	2,097,465	(445,139)
Charges to Appropriations (Outflow):				
Current:				
Public works	7,979	7,979	13,738	(5,759)
Capital outlay:				
Public works	1,260,000	1,920,000	104,383	1,815,617
Total Charges to Appropriations	1,267,979	1,927,979	118,121	1,809,858
Budgetary Fund Balance, June 30	\$ 1,274,625	\$ 614,625	\$ 1,979,344	\$ 1,364,719

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
MEASURE M
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 897,255	\$ 897,255	\$ 897,255	\$ -
Resources (Inflows):				
Taxes	425,518	425,518	510,147	84,629
Intergovernmental	3,640,000	3,640,000	-	(3,640,000)
Use of money and property	-	-	9,572	9,572
Amounts Available for Appropriations	4,962,773	4,962,773	1,416,974	(3,545,799)
Charges to Appropriation (Outflow):				
Current:				
Public works	7,979	7,979	24,177	(16,198)
Capital outlay:				
Public works	4,280,000	4,757,017	334,889	4,422,128
Total Charges to Appropriations	4,287,979	4,764,996	359,066	4,405,930
Budgetary Fund Balance, June 30	\$ 674,794	\$ 197,777	\$ 1,057,908	\$ 860,131

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,430,018	\$ 6,430,018	\$ 6,430,018	\$ -
Resources (Inflows):				
Taxes	635,144	635,144	420,377	(214,767)
Licenses and permits	10,902	10,902	12,719	1,817
Intergovernmental	100,000	862,129	419,064	(443,065)
Charges for services	650,750	650,750	463,648	(187,102)
Use of money and property	-	-	667	667
Fines and forfeitures	88,000	88,000	73,936	(14,064)
Miscellaneous	-	-	100,393	100,393
Transfers in	-	100,000	800,000	700,000
Amounts Available for Appropriations	7,914,814	8,776,943	8,720,822	(56,121)
Charges to Appropriations (Outflow):				
Current:				
Public works	127,670	127,670	219,808	(92,138)
Capital outlay:				
Public safety	-	360,134	68,766	291,368
Culture and recreation	-	1,091,335	130,187	961,148
Public works	650,000	6,707,002	1,337,642	5,369,360
Debt service:				
Principal retirement	530,000	530,000	530,000	-
Interest and fiscal charges	239,564	239,564	239,562	2
Trustee Fees	1,800	1,800	1,800	-
Total Charges to Appropriations	1,549,034	9,057,505	2,527,765	6,529,740
Budgetary Fund Balance, June 30	\$ 6,365,780	\$ (280,562)	\$ 6,193,057	\$ 6,473,619

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
UNDERGROUND ASSESSMENT DISTRICT
YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,973,226	\$ 10,973,226	\$ 10,973,226	\$ -
Resources (Inflows):				
Use of money and property	-	-	230,346	230,346
Miscellaneous	-	-	3,723	3,723
Amounts Available for Appropriations	10,973,226	10,973,226	11,207,295	234,069
Charges to Appropriation (Outflow):				
Current:				
Public works	-	10,995,832	6,972,203	4,023,629
Total Charges to Appropriations	-	10,995,832	6,972,203	4,023,629
Budgetary Fund Balance, June 30	\$ 10,973,226	\$ (22,606)	\$ 4,235,092	\$ 4,257,698

CITY OF MANHATTAN BEACH

JUNE 30, 2021

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. The fund was closed out to the General Fund in the current fiscal year.

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, 2021

	Business-Type Activities - Enterprise Funds				Totals
	Stormwater	Refuse	County Parking Lot	State Pier and Parking Lot	
Assets:					
Current:					
Cash and investments	\$ 2,233,487	\$ -	\$ 702,560	\$ 989,304	\$ 3,925,351
Receivables:					
Accounts	312,971	-	-	-	312,971
Total Current Assets	2,546,458	-	702,560	989,304	4,238,322
Noncurrent:					
Capital assets - net of accumulated depreciation	3,791,736	-	-	-	3,791,736
Total Noncurrent Assets	3,791,736	-	-	-	3,791,736
Total Assets	6,338,194	-	702,560	989,304	8,030,058
Deferred Outflows of Resources:					
Deferred pension related items	125,582	-	47,059	47,058	219,699
Deferred OPEB related items	30,045	-	11,446	11,446	52,937
Total Deferred Outflows of Resources	155,627	-	58,505	58,504	272,636
Liabilities:					
Current:					
Accounts payable	262,833	-	680,831	35,297	978,961
Accrued payables	34,421	-	-	17	34,438
Accrued interest	332	-	124	124	580
Deposits payable	457,199	-	-	-	457,199
Bonds payable	3,714	-	1,384	1,384	6,482
Total Current Liabilities	758,499	-	682,339	36,822	1,477,660
Noncurrent:					
Net pension liability	101,075	-	41,911	41,910	184,896
Net OPEB liability	25,232	-	9,613	9,613	44,458
Bonds payable	103,384	-	38,524	38,522	180,430
Total Noncurrent Liabilities	229,691	-	90,048	90,045	409,784
Total Liabilities	988,190	-	772,387	126,867	1,887,444
Deferred Inflows of Resources:					
Deferred pension related items	342	-	141	141	624
Deferred OPEB related items	806	-	306	306	1,418
Total Deferred Inflows of Resources	1,148	-	447	447	2,042
Net Position:					
Investment in capital assets	3,791,736	-	-	-	3,791,736
Unrestricted	1,712,747	-	(11,769)	920,494	2,621,472
Total Net Position	\$ 5,504,483	\$ -	\$ (11,769)	\$ 920,494	\$ 6,413,208

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Totals
	Stormwater	Refuse	County Parking Lot	State Pier and Parking Lot	
Operating Revenues:					
Sales and service charges	\$ 308,133	\$ -	\$ 1,404,059	\$ 813,273	\$ 2,525,465
Miscellaneous	21,241	-	-	432	21,673
Total Operating Revenues	329,374	-	1,404,059	813,705	2,547,138
Operating Expenses:					
Salaries	74,897	-	27,716	27,715	130,328
Employee benefits	25,772	-	27,712	27,622	81,106
Contract and professional services	954,671	-	37,084	203,124	1,194,879
Materials and services	19,854	-	3,544	182,197	205,595
Utilities	32,029	-	4,183	46,510	82,722
Administrative service charges	194,712	-	37,356	44,172	276,240
Leases and rents	-	-	772,232	-	772,232
Depreciation expense	149,266	-	-	-	149,266
Total Operating Expenses	1,451,201	-	909,827	531,340	2,892,368
Operating Income (Loss)	(1,121,827)	-	494,232	282,365	(345,230)
Nonoperating Revenues (Expenses):					
Interest revenue	(13,495)	-	-	1,312	(12,183)
Interest expense	(332)	-	(124)	(124)	(580)
Total Nonoperating Revenues (Expenses)	(13,827)	-	(124)	1,188	(12,763)
Income (Loss) Before Transfers	(1,135,654)	-	494,108	283,553	(357,993)
Transfers in	1,317,480	-	-	-	1,317,480
Transfers out	-	(1,178,926)	(489,165)	-	(1,668,091)
Changes in Net Position	181,826	(1,178,926)	4,943	283,553	(708,604)
Special items	-	148,434	-	-	148,434
Net Position:					
Beginning of Year	5,322,657	1,030,492	(16,712)	636,941	6,973,378
End of Fiscal Year	\$ 5,504,483	\$ -	\$ (11,769)	\$ 920,494	\$ 6,413,208

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Totals
	Stormwater	Refuse	County Parking Lot	State Pier and Parking Lot	
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 161,620	\$ 603,913	\$ 1,404,059	\$ 813,705	\$ 2,983,297
Cash paid to suppliers for goods and services	(1,214,510)	(1,207,807)	(570,484)	(499,440)	(3,492,241)
Cash paid to employees for services	(213,182)	-	(78,674)	(78,672)	(370,528)
Net Cash Provided (Used) by Operating Activities	(1,266,072)	(603,894)	754,901	235,593	(879,472)
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	-	(1,178,926)	(489,165)	-	(1,668,091)
Cash transfers in	1,317,480	-	-	-	1,317,480
Proceeds from Pension Obligation Bond Issuance	107,098	-	39,908	39,906	186,912
Net Cash Provided (Used) by Non-Capital Financing Activities	1,424,578	(1,178,926)	(449,257)	39,906	(163,699)
Cash Flows from Investing Activities:					
Interest received	(13,495)	-	-	1,312	(12,183)
Net Cash Provided (Used) by Investing Activities	(13,495)	-	-	1,312	(12,183)
Net Increase (Decrease) in Cash and Cash Equivalents	145,011	(1,782,820)	305,644	276,811	(1,055,354)
Cash and Cash Equivalents at Beginning of Year	2,088,476	1,782,820	396,916	712,493	4,980,705
Cash and Cash Equivalents at End of Year	\$ 2,233,487	\$ -	\$ 702,560	\$ 989,304	\$ 3,925,351
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (1,121,827)	\$ -	\$ 494,232	\$ 282,365	\$ (345,230)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Special items	-	148,434	-	-	148,434
Depreciation	149,266	-	-	-	149,266
(Increase) decrease in accounts receivable	(305,679)	603,913	-	-	298,234
Increase (decrease) in accounts payable	(23,940)	(331,492)	283,915	(23,454)	(94,971)
Increase (decrease) in accrued payables	10,696	(876,315)	-	17	(865,602)
Increase (decrease) in deposits payable	137,925	-	-	-	137,925
Increase (decrease) in net pension liability	(10,466)	(188,609)	15,426	15,426	(168,223)
Increase (decrease) in net OPEB liability	2,793	(17,096)	8,266	8,266	2,229
Increase (decrease) in deferred pension related items	(108,365)	25,964	(42,072)	(42,161)	(166,634)
Increase (decrease) in deferred OPEB related items	3,525	31,307	(4,866)	(4,866)	25,100
Total Adjustments	(144,245)	(603,894)	260,669	(46,772)	(534,242)
Net Cash Provided (Used) by Operating Activities	\$ (1,266,072)	\$ (603,894)	\$ 754,901	\$ 235,593	\$ (879,472)

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, 2021

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, 2021**

	Governmental Activities - Internal Service Funds				Totals
	Insurance Reserve	Information Systems	Fleet Management	Building Maintenance and Operations	
Assets:					
Current:					
Cash and investments	\$ 16,853,655	\$ 1,410,461	\$ 2,877,239	\$ 52,433	\$ 21,193,788
Receivables:					
Accounts	67	-	7,106	-	7,173
Prepaid costs	-	-	-	92	92
Inventories	-	-	-	102,472	102,472
Total Current Assets	16,853,722	1,410,461	2,884,345	154,997	21,303,525
Noncurrent:					
Capital assets - net of accumulated depreciation	-	-	3,975,755	-	3,975,755
Total Noncurrent Assets	-	-	3,975,755	-	3,975,755
Total Assets	16,853,722	1,410,461	6,860,100	154,997	25,279,280
Deferred Outflows of Resources:					
Deferred pension related items	663,321	2,036,461	592,071	805,933	4,097,786
Deferred OPEB related items	94,421	188,840	114,444	143,055	540,760
Total Deferred Outflows of Resources	757,742	2,225,301	706,515	948,988	4,638,546
Liabilities:					
Current:					
Accounts payable	20,010	78,834	56,030	52,497	207,371
Accrued liabilities	-	-	17	27	44
Accrued interest	1,745	5,445	1,558	2,126	10,874
Workers' compensation claims	9,257,732	-	-	-	9,257,732
Accrued claims and judgments	1,817,668	-	-	-	1,817,668
Bonds payable	19,529	60,930	17,430	23,787	121,676
Total Current Liabilities	11,116,684	145,209	75,035	78,437	11,415,365
Noncurrent:					
Bonds payable	543,656	1,696,247	485,239	662,192	3,387,334
Net pension liability	578,773	1,271,205	516,961	672,445	3,039,384
Net OPEB liability	79,293	158,586	96,108	120,136	454,123
Workers' compensation claims	6,453,809	-	-	-	6,453,809
Accrued claims and judgments	524,205	-	-	-	524,205
Total Noncurrent Liabilities	8,179,736	3,126,038	1,098,308	1,454,773	13,858,855
Total Liabilities	19,296,420	3,271,247	1,173,343	1,533,210	25,274,220
Deferred Inflows of Resources:					
Deferred pension related items	1,956	4,297	1,747	2,273	10,273
Deferred OPEB related items	2,531	5,061	3,067	3,834	14,493
Total Deferred Inflows of Resources	4,487	9,358	4,814	6,107	24,766
Net Position:					
Investment in capital assets	-	-	3,975,755	-	3,975,755
Unrestricted	(1,689,443)	355,157	2,412,703	(435,332)	643,085
Total Net Position	\$ (1,689,443)	\$ 355,157	\$ 6,388,458	\$ (435,332)	\$ 4,618,840

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Funds				Totals
	Insurance Reserve	Information Systems	Fleet Management	Building Maintenance and Operations	
Operating Revenues:					
Interdepartmental service charges	\$ 7,153,980	\$ 2,814,348	\$ -	\$ 1,758,866	\$ 11,727,194
Miscellaneous	36,481	-	59,454	-	95,935
Total Operating Revenues	7,190,461	2,814,348	59,454	1,758,866	11,823,129
Operating Expenses:					
Salaries	366,276	1,249,178	318,608	430,826	2,364,888
Employee benefits	321,359	613,891	177,224	221,169	1,333,643
Contract for professional services	151,735	494,216	196,092	671,937	1,513,980
Materials and services	366,732	844,011	463,391	334,610	2,008,744
Utilities	122	1,011	-	111,146	112,279
Claims expense	5,987,812	-	-	-	5,987,812
Depreciation expense	-	-	923,890	-	923,890
Total Operating Expenses	7,194,036	3,202,307	2,079,205	1,769,688	14,245,236
Operating Income (Loss)	(3,575)	(387,959)	(2,019,751)	(10,822)	(2,422,107)
Nonoperating Revenues (Expenses):					
Interest expense	(1,745)	(5,445)	(1,558)	(2,126)	(10,874)
Gain (loss) on disposal of capital assets	-	-	36,245	-	36,245
Total Nonoperating Revenues (Expenses)	(1,745)	(5,445)	34,687	(2,126)	25,371
Income (Loss) Before Transfers	(5,320)	(393,404)	(1,985,064)	(12,948)	(2,396,736)
Changes in Net Position	(5,320)	(393,404)	(1,985,064)	(12,948)	(2,396,736)
Net Position:					
Beginning of Year	(1,684,123)	748,561	8,373,522	(422,384)	7,015,576
End of Fiscal Year	\$ (1,689,443)	\$ 355,157	\$ 6,388,458	\$ (435,332)	\$ 4,618,840

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Funds				
	Insurance Reserve	Information Systems	Fleet Management	Building Maintenance and Operations	Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 36,424	\$ -	\$ 52,348	\$ -	\$ 88,772
Cash received from interfund service provided	7,153,980	2,814,348	-	1,758,866	11,727,194
Cash paid to suppliers for goods and services	(6,107,336)	(1,335,049)	(661,135)	(1,208,224)	(9,311,744)
Cash paid to employees for services	(1,119,478)	(3,497,168)	(938,888)	(1,283,666)	(6,839,200)
Net Cash Provided (Used) by Operating Activities	(36,410)	(2,017,869)	(1,547,675)	(733,024)	(4,334,978)
Cash Flows from Non-Capital Financing Activities:					
Proceeds from Pension Obligation Bond Issuance	563,185	1,757,177	502,669	685,979	3,509,010
Net Cash Provided (Used) by Non-Capital Financing Activities	563,185	1,757,177	502,669	685,979	3,509,010
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	-	(291,172)	-	(291,172)
Proceeds from sales of capital assets	-	-	36,245	-	36,245
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(254,927)	-	(254,927)
Net Increase (Decrease) in Cash and Cash Equivalents	526,775	(260,692)	(1,299,933)	(47,045)	(1,080,895)
Cash and Cash Equivalents at Beginning of Year	16,326,880	1,671,153	4,177,172	99,478	22,274,683
Cash and Cash Equivalents at End of Year	\$ 16,853,655	\$ 1,410,461	\$ 2,877,239	\$ 52,433	\$ 21,193,788
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (3,575)	\$ (387,959)	\$ (2,019,751)	\$ (10,822)	\$ (2,422,107)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (Used) by Operating Activities:					
Depreciation	-	-	923,890	-	923,890
(Increase) decrease in accounts receivable	(57)	-	(7,106)	-	(7,163)
(Increase) decrease in prepaid expense	-	18,498	-	5,953	24,451
(Increase) decrease in inventory	-	-	-	(46,407)	(46,407)
Increase (decrease) in accounts payable	(33,023)	(14,309)	(973)	(50,077)	(98,382)
Increase (decrease) in accrued payables	(65,325)	-	(679)	(2,922)	(68,926)
Increase (decrease) in net pension liability	212,497	191,904	65,807	33,179	503,387
Increase (decrease) in net OPEB liability	43,032	(17,024)	(22,306)	8,801	12,503
Increase (decrease) in deferred pension related items	(602,199)	(1,862,895)	(507,962)	(695,742)	(3,668,798)
Increase (decrease) in deferred OPEB related items	(19,848)	53,916	21,405	25,013	80,486
Increase (decrease) in workers' compensation claims	806,468	-	-	-	806,468
Increase (decrease) in claims and judgments	(374,380)	-	-	-	(374,380)
Total Adjustments	(32,835)	(1,629,910)	472,076	(722,202)	(1,912,871)
Net Cash Provided (Used) by Operating Activities	\$ (36,410)	\$ (2,017,869)	\$ (1,547,675)	\$ (733,024)	\$ (4,334,978)

Non-Cash Investing, Capital, and Financing Activities:

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

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities					
Net Investment in capital assets	\$ 93,795,301	\$ 98,930,447	\$ 100,924,816	\$ 101,159,813	\$ 102,028,495
Restricted:					
Debt Service & Restricted Cash	2,062,187	1,130,434	977,888	32,566	12,586
Special Revenue Funds	9,122,955	9,065,922	10,266,913	10,186,991	10,784,745
Post-Employment Benefits	-	-	-	-	-
Total Restricted	11,185,142	10,196,356	11,244,801	10,219,557	10,797,331
Unrestricted (1,2)	29,224,129	31,058,162	31,714,367	(17,546,716)	(15,597,553)
Total governmental activities net position	<u>\$ 134,204,572</u>	<u>\$ 140,184,965</u>	<u>\$ 143,883,984</u>	<u>\$ 93,832,654</u>	<u>\$ 97,228,273</u>
Business-type activities					
Net Investment in capital assets	\$ 28,293,829	\$ 33,902,701	\$ 34,342,910	\$ 35,610,816	\$ 40,621,092
Restricted:					
Business Improvement district	523,928	520,514	532,510	546,317	541,863
Debt Service & Restricted Cash	1,210,125	-	215,656	204,856	-
Total Restricted	1,734,053	520,514	748,166	751,173	541,863
Unrestricted	17,942,198	21,754,310	29,522,345	36,006,212	38,979,894
Total business-type activities net position	<u>\$ 47,970,080</u>	<u>\$ 56,177,525</u>	<u>\$ 64,613,421</u>	<u>\$ 72,368,201</u>	<u>\$ 80,142,849</u>
Primary government					
Net Investment in capital assets	\$ 122,089,130	\$ 132,833,148	\$ 135,267,726	\$ 136,770,629	\$ 142,649,587
Restricted:					
Business Improvement district	523,928	520,514	532,510	546,317	541,863
Debt Service & Restricted Cash	3,272,312	1,130,434	1,193,544	237,422	12,586
Special Revenue Funds	9,122,955	9,065,922	10,266,913	10,186,991	10,784,745
Post-Employment Benefits	-	-	-	-	-
Total Restricted	3,796,240	1,650,948	1,726,054	783,739	554,449
Unrestricted	47,166,327	52,812,472	61,236,712	18,459,496	23,382,341
Total primary government net position	<u>\$ 173,051,697</u>	<u>\$ 187,296,568</u>	<u>\$ 198,230,492</u>	<u>\$ 156,013,864</u>	<u>\$ 166,586,377</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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities					
Net Investment in capital assets	\$ 103,345,895	\$ 103,659,026	\$ 111,406,609	\$ 113,205,816	\$ 110,223,781
Restricted:					
Debt Service & Restricted Cash	-	-	-	-	-
Special Revenue Funds	11,329,103	9,897,701	7,004,222	20,404,297	11,034,877
Post-Employment Benefits	-	763,621	1,068,946	1,365,844	1,820,529
Total Restricted	11,329,103	10,661,322	8,073,168	21,770,141	12,855,406
Unrestricted (1,2)	(16,091,037)	(14,862,095)	(19,756,174)	(29,141,204)	(31,912,766)
Total governmental activities net position	<u>\$ 98,583,961</u>	<u>\$ 99,458,253</u>	<u>\$ 99,723,603</u>	<u>\$ 105,834,753</u>	<u>\$ 91,166,421</u>
Business-type activities					
Net Investment in capital assets	\$ 42,329,262	\$ 43,188,261	\$ 43,807,896	\$ 47,574,700	\$ 59,896,315
Restricted:					
Business Improvement district	552,266	553,653	571,598	508,505	420,300
Debt Service & Restricted Cash	-	-	-	-	-
Total Restricted	552,266	553,653	571,598	508,505	420,300
Unrestricted	43,669,078	48,387,171	56,303,666	60,652,282	51,521,530
Total business-type activities net position	<u>\$ 86,550,606</u>	<u>\$ 92,129,085</u>	<u>\$ 100,683,160</u>	<u>\$ 108,735,487</u>	<u>\$ 111,838,145</u>
Primary government					
Net Investment in capital assets	\$ 145,675,157	\$ 146,847,287	\$ 155,214,505	\$ 160,780,516	\$ 170,120,096
Restricted:					
Business Improvement district	552,266	553,653	571,598	508,505	420,300
Debt Service & Restricted Cash	-	-	-	-	-
Special Revenue Funds	11,329,103	9,897,701	7,004,222	20,404,297	11,034,877
Post-Employment Benefits	-	763,621	1,068,946	1,365,844	1,820,529
Total Restricted	552,266	11,214,975	8,644,766	22,278,646	13,275,706
Unrestricted	27,578,041	33,525,076	36,547,492	31,511,078	19,608,764
Total primary government net position	<u>\$ 173,805,464</u>	<u>\$ 191,587,338</u>	<u>\$ 200,406,763</u>	<u>\$ 214,570,240</u>	<u>\$ 203,004,566</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
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses					
Governmental activities:					
General government	\$ 9,489,937	\$ 8,659,381	\$ 11,102,480	\$ 12,276,294	\$ 13,318,679
Public Safety	32,190,597	33,374,733	34,955,520	37,098,767	37,458,469
Culture and recreation	5,761,135	5,798,599	7,062,072	7,707,656	8,476,953
Public Works	8,369,506	8,044,071	7,256,983	9,084,861	8,396,503
Interest on long-term debt	820,494	791,358	384,950	428,406	416,551
Total governmental activities expenses	<u>56,631,669</u>	<u>56,668,142</u>	<u>60,762,005</u>	<u>66,595,984</u>	<u>68,067,155</u>
Business-type activities:					
Water	8,523,452	8,857,744	9,235,903	9,133,069	9,851,136
Stormwater	752,257	402,914	765,387	778,084	1,117,244
Wastewater	1,740,453	2,024,852	2,068,755	1,679,545	1,383,922
Refuse	4,205,443	4,167,310	3,900,588	4,011,830	4,110,197
Parking	2,888,269	3,385,556	2,963,610	3,160,043	4,000,175
Total business-type activities expenses	<u>18,109,874</u>	<u>18,838,376</u>	<u>18,934,243</u>	<u>18,762,571</u>	<u>20,462,674</u>
Total primary government expenses	<u>\$ 74,741,543</u>	<u>\$ 75,506,518</u>	<u>\$ 79,696,248</u>	<u>\$ 85,358,555</u>	<u>\$ 88,529,829</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 4,223,405	\$ 4,535,499	\$ 4,950,743	\$ 5,814,648	\$ 5,859,027
Public Safety	4,783,038	5,172,443	4,154,836	4,309,976	4,182,052
Parks and recreation	2,805,841	2,470,359	2,798,673	3,034,335	3,135,249
Public works	4,134,599	3,792,239	3,563,085	4,074,858	4,253,809
Operating grants and contributions	1,183,103	1,847,316	1,638,522	1,739,455	1,587,534
Capital grants and contributions	2,554,310	2,032,724	2,314,830	2,724,621	2,316,956
Total governmental activities program revenues	<u>19,684,296</u>	<u>19,850,580</u>	<u>19,420,689</u>	<u>21,697,893</u>	<u>21,334,627</u>
Business-type activities:					
Charges for services:					
Water	12,578,908	14,916,283	16,275,584	16,101,667	14,514,443
Stormwater	352,860	345,821	344,556	353,616	345,736
Wastewater	3,087,150	3,406,077	3,626,144	3,562,456	3,281,179
Refuse	4,363,739	4,426,190	3,965,882	4,063,886	4,242,316
Parking	3,396,749	3,506,309	3,761,948	3,899,746	3,828,054
Operating grants and contributions	33,209	69,937	19,880	10,020	19,611
Capital grants and contributions	-	500,000	-	-	850,000
Total business-type activities program revenues	<u>23,812,615</u>	<u>27,170,617</u>	<u>27,993,994</u>	<u>27,991,391</u>	<u>27,081,339</u>
Total primary government program revenues	<u>\$ 43,496,911</u>	<u>\$ 47,021,197</u>	<u>\$ 47,414,683</u>	<u>\$ 49,689,284</u>	<u>\$ 48,415,966</u>

Source: City of Manhattan Beach Finance Department

Exhibit A-3

Fiscal Year Ending				
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 13,812,252	\$ 15,510,329	\$ 15,887,856	\$ 17,765,606	\$ 17,133,923
41,381,149	43,350,463	46,314,516	49,316,528	49,746,507
9,020,080	9,895,447	9,922,148	8,580,759	7,966,453
9,572,971	10,188,714	10,805,410	18,749,101	26,157,349
616,179	465,472	439,858	415,642	678,619
<u>74,402,631</u>	<u>79,410,425</u>	<u>83,369,788</u>	<u>94,827,636</u>	<u>101,682,851</u>
10,729,445	11,305,635	12,141,933	11,996,331	13,820,298
1,005,835	1,657,886	1,052,389	1,122,871	1,451,533
1,430,253	1,454,510	1,754,562	1,780,379	1,845,203
3,999,131	4,223,690	4,109,233	4,241,681	-
3,785,249	4,463,751	3,561,198	3,471,329	4,557,379
<u>20,949,913</u>	<u>23,105,472</u>	<u>22,619,315</u>	<u>22,612,591</u>	<u>21,674,413</u>
<u>\$ 95,352,544</u>	<u>\$ 102,515,897</u>	<u>\$ 105,989,103</u>	<u>\$ 117,440,227</u>	<u>\$ 123,357,264</u>
\$ 7,099,310	\$ 4,198,331	\$ 6,495,480	\$ 5,638,942	\$ 9,555,217
4,173,082	4,586,742	3,538,806	3,418,760	3,497,543
3,420,580	3,731,563	3,757,047	3,164,582	2,104,003
5,293,202	6,831,671	5,540,348	4,752,704	5,819,113
2,304,536	3,253,902	2,190,097	2,800,719	813,280
1,850,921	2,461,094	4,046,717	22,682,418	7,465,878
<u>24,141,631</u>	<u>25,063,303</u>	<u>25,568,495</u>	<u>42,458,125</u>	<u>29,255,034</u>
14,670,316	15,527,415	15,424,972	15,348,975	15,705,887
348,880	349,888	350,106	343,406	308,133
3,293,933	3,417,772	3,462,973	3,599,946	3,592,183
4,205,361	4,306,957	4,131,074	4,474,113	-
3,715,624	3,862,585	4,439,452	4,326,827	5,458,430
9,353	331,705	117,833	23,090	-
-	-	-	-	-
<u>26,243,467</u>	<u>27,796,322</u>	<u>27,926,410</u>	<u>28,116,357</u>	<u>25,064,633</u>
<u>\$ 50,385,098</u>	<u>\$ 52,859,625</u>	<u>\$ 53,494,905</u>	<u>\$ 70,574,482</u>	<u>\$ 54,319,667</u>

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

	Fiscal Year Ending				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (Expense)/Revenue					
Governmental activities (1,2)	\$ (36,947,373)	\$ (36,817,562)	\$ (41,341,316)	\$ (44,898,091)	\$ (46,732,528)
Business-type activities (1,2)	5,702,741	8,332,241	9,059,751	9,228,820	6,618,665
Total primary government net expense	<u>\$ (31,244,632)</u>	<u>\$ (28,485,321)</u>	<u>\$ (32,281,565)</u>	<u>\$ (35,669,271)</u>	<u>\$ (40,113,863)</u>
General Revenues and Other Changes					
Governmental activities:					
Taxes					
Property taxes	\$ 20,408,314	\$ 21,626,173	\$ 23,353,743	\$ 24,435,184	\$ 26,344,276
Sales taxes	8,788,599	9,103,160	8,921,346	9,268,657	8,826,767
Transient occupancy tax	3,240,364	3,881,174	4,289,009	4,809,421	5,139,425
Motor vehicle in lieu tax	95,915	18,887	15,631	15,099	14,430
Business license tax	3,018,177	3,124,644	3,140,273	3,376,113	3,475,792
Franchise taxes	1,335,815	1,471,197	1,441,769	1,539,453	1,439,957
Real estate transfer taxes	521,274	587,399	642,718	720,826	850,974
Rental income	2,087,648	2,406,174	2,554,820	2,751,302	3,028,151
Investment earnings	603,334	226,951	480,568	433,200	841,905
Other	151,219	151,613	-	111,382	809,976
Special Items					
Transfers	99,884	200,583	200,458	250,324	(643,506)
Total governmental activities	<u>40,350,543</u>	<u>42,797,955</u>	<u>45,040,335</u>	<u>47,710,961</u>	<u>50,128,147</u>
Business-type activities:					
Investment earnings	144,701	56,266	151,923	273,944	479,475
Transfers	(99,884)	(200,583)	(200,458)	(250,324)	643,506
Special Items					
Other	-	19,521	43,388	74,643	60,678
Total business-type activities	<u>44,817</u>	<u>(124,796)</u>	<u>(5,147)</u>	<u>98,263</u>	<u>1,183,659</u>
Total primary government	<u>\$ 40,395,360</u>	<u>\$ 42,673,159</u>	<u>\$ 45,035,188</u>	<u>\$ 47,809,224</u>	<u>\$ 51,311,806</u>
Change in Net Position					
Governmental activities	\$ 3,403,170	\$ 5,980,393	\$ 3,699,019	\$ 2,812,870	\$ 3,395,619
Business-type activities	5,747,558	8,207,445	9,054,604	9,327,083	7,802,324
Total primary government	<u>\$ 9,150,728</u>	<u>\$ 14,187,838</u>	<u>\$ 12,753,623</u>	<u>\$ 12,139,953</u>	<u>\$ 11,197,943</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

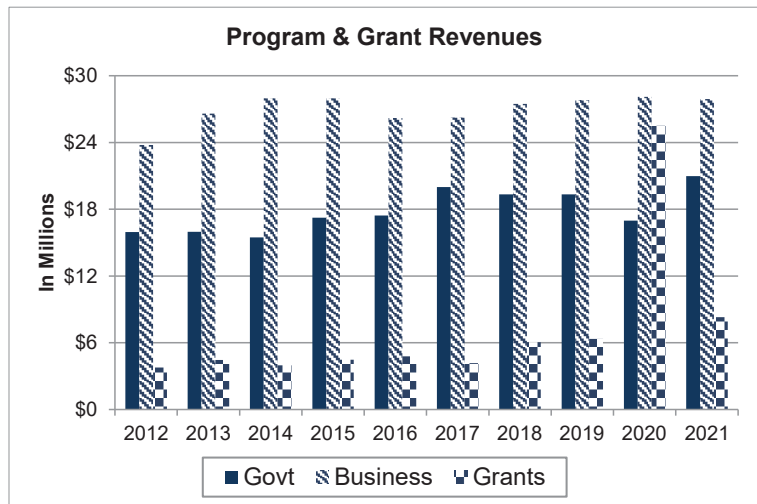
(3) Special Items in FY 2021 recorded the transfer of net pension and OPEB liabilities and related outflows/inflows due to the closure of the Refuse fund.

Exhibit A-3
Continued

Fiscal Year Ending				
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ (50,261,000)	\$ (54,347,122)	\$ (57,801,293)	\$ (52,369,511)	\$ (72,427,817)
5,293,554	4,690,850	5,307,095	5,503,766	3,390,220
<u>\$ (44,967,446)</u>	<u>\$ (49,656,272)</u>	<u>\$ (52,494,198)</u>	<u>\$ (46,865,745)</u>	<u>\$ (69,037,597)</u>
\$ 28,215,709	\$ 30,318,225	\$ 32,107,341	\$ 34,002,017	\$ 37,598,821
9,088,502	9,083,389	9,734,444	8,817,192	10,088,430
5,201,518	4,429,080	5,140,858	4,203,026	2,802,514
15,812	18,680	17,276	28,431	-
3,658,194	3,718,418	4,053,020	3,652,228	3,755,555
1,256,125	1,262,037	1,234,752	1,167,345	1,189,086
776,298	788,203	1,013,516	1,102,815	1,842,571
3,299,373	2,402,463	3,394,762	2,815,741	2,339,670
195,755	413,405	2,352,641	2,683,390	141,900
724,240	10,345	27,943	42,997	1,440,844
(814,838)	(735,737)	(1,009,910)	(34,521)	421,631
<u>51,616,688</u>	<u>51,708,508</u>	<u>58,066,643</u>	<u>58,480,661</u>	<u>61,472,588</u>
70,885	224,471	2,237,070	2,554,232	(21,070)
814,838	735,737	1,009,910	34,521	(421,631)
				148,434
258,030	2,580	-	76,430	55,826
<u>1,143,753</u>	<u>962,788</u>	<u>3,246,980</u>	<u>2,665,183</u>	<u>(238,441)</u>
<u>\$ 52,760,441</u>	<u>\$ 52,671,296</u>	<u>\$ 61,313,623</u>	<u>\$ 61,145,844</u>	<u>\$ 61,234,147</u>
\$ 1,355,688	\$ (2,638,614)	\$ 265,350	\$ 6,111,150	\$ (10,955,229)
6,437,307	5,653,638	8,554,075	8,168,949	3,151,779
<u>\$ 7,792,995</u>	<u>\$ 3,015,024</u>	<u>\$ 8,819,425</u>	<u>\$ 14,280,099</u>	<u>\$ (7,803,450)</u>

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

	Fiscal Year				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 4,223,405	\$ 4,535,499	\$ 4,950,743	\$ 5,814,648	\$ 5,859,027
Public Safety	4,783,038	5,172,443	4,154,836	4,309,976	4,182,052
Culture and recreation	2,805,841	2,470,359	2,798,673	3,034,335	3,135,249
Public works	4,134,599	3,792,239	3,563,085	4,074,858	4,253,809
Operating grants and contributions	1,183,103	1,847,316	1,638,522	1,739,455	1,587,534
Capital grants and contributions	2,554,310	2,032,724	2,314,830	2,724,621	2,316,956
Total governmental activities program revenues	19,684,296	19,850,580	19,420,689	21,697,893	21,334,627
Business-type activities:					
Charges for services:					
Water	12,578,908	14,916,283	16,275,584	16,101,667	14,514,443
Stormwater	352,860	345,821	344,556	353,616	345,736
Wastewater	3,087,150	3,406,077	3,626,144	3,562,456	3,281,179
Refuse	4,363,739	4,426,190	3,965,882	4,063,886	4,242,316
Parking	3,396,749	3,506,309	3,761,948	3,899,746	3,828,054
Operating grants and contributions	33,209	69,937	19,880	10,020	19,611
Capital grants and contributions	-	500,000	-	-	850,000
Total business-type activities program revenues	23,812,615	27,170,617	27,993,994	27,991,391	27,081,339
Total primary government program revenues	\$ 43,496,911	\$ 47,021,197	\$ 47,414,683	\$ 49,689,284	\$ 48,415,966



Source: City of Manhattan Beach Finance Department

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

Exhibit A-4

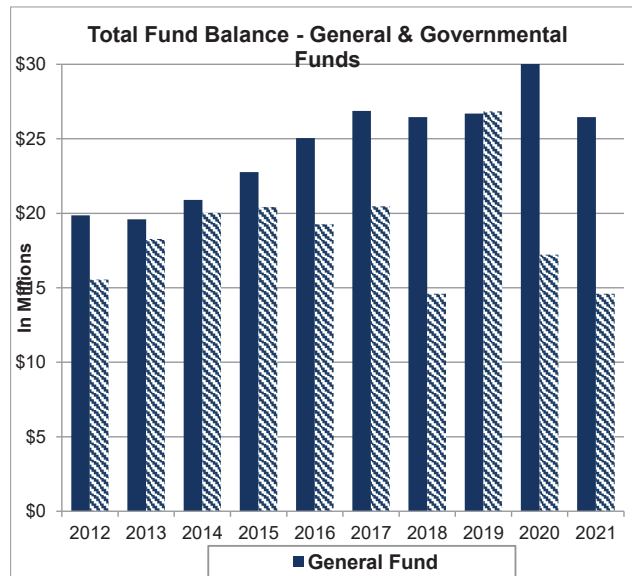
	Fiscal Year				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 7,099,310	\$ 4,198,331	\$ 6,495,480	\$ 5,638,942	\$ 9,555,217
Public Safety	4,173,082	4,586,742	3,538,806	3,418,760	3,497,543
Culture and recreation	3,420,580	3,731,563	3,757,047	3,164,582	2,104,003
Public works	5,293,202	6,831,671	5,540,348	4,752,704	5,819,113
Operating grants and contributions	2,304,536	3,253,902	2,190,097	2,800,719	813,280
Capital grants and contributions	1,850,921	2,461,094	4,046,717	22,682,418	7,465,878
Total governmental activities program revenues	24,141,631	25,063,303	25,568,495	42,458,125	29,255,034
Business-type activities:					
Charges for services:					
Water	14,670,316	15,527,415	15,424,972	15,348,975	15,705,887
Stormwater	348,880	349,888	350,106	343,406	308,133
Wastewater	3,293,933	3,417,772	3,462,973	3,599,946	3,592,183
Refuse	4,205,361	4,306,957	4,131,074	4,474,113	-
Parking	3,715,624	3,862,585	4,439,452	4,326,827	5,458,430
Operating grants and contributions	9,353	331,705	117,833	23,090	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	26,243,467	27,796,322	27,926,410	28,116,357	25,064,633
Total primary government program revenues	\$ 50,385,098	\$ 52,859,625	\$ 53,494,905	\$ 70,574,482	\$ 54,319,667

Source: City of Manhattan Beach Finance Department

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)

	Fiscal Year Ending				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund					
Reserved					
Debt service & restricted cash	-	-	-	-	-
Encumbrances & other items	-	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable					
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid costs	\$ 48,989	\$ 42,514	\$ 46,823	\$ 46,080	\$ 82,138
Notes and loans	432,000	432,000	1,700,000	1,649,129	3,771,864
Advances to other funds	-	22,488	-	-	-
Restricted					
Post-employment benefits	-	-	-	-	-
Debt service & restricted cash	1,245,112	1,130,434	813,407	32,566	12,586
Committed					
School safety/security	-	-	-	-	-
Assigned to City Retirement Plans	-	-	-	-	-
Unassigned	18,134,492	17,961,324	18,338,105	21,036,975	19,883,693
Total General fund	19,860,593	19,588,760	20,898,335	22,764,750	23,750,281
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	38,336	45,052	-	58,232	-
Advances to other funds	771,100	469,200	-	-	-
Restricted					
Public safety	1,187,562	1,073,789	1,084,541	1,000,434	873,595
Parks and recreation	107,428	179,663	-	-	-
Public works	4,558,434	4,826,828	4,546,040	4,613,796	5,272,830
Capital projects	3,269,531	3,572,234	4,636,332	4,572,761	4,638,320
Debt service	817,075	8,278	164,481	-	-
Committed					
Capital projects	4,823,535	8,122,690	9,617,146	10,208,481	9,270,230
Unassigned	(22,488)	(22,488)	(22,488)	(22,488)	(22,488)
Total all other governmental funds	15,550,513	18,275,246	20,026,052	20,431,216	20,032,487
Total all governmental funds	\$ 35,411,106	\$ 37,864,006	\$ 40,924,387	\$ 43,195,966	\$ 43,782,768



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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund					
Reserved					
Debt service & restricted cash	-	-	-	-	-
Encumbrances & other items	-	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable					
Inventory	\$ -	\$ -	\$ 7,167	\$ 22,915	\$ 4,285
Prepaid costs	\$ 133,786	\$ 753,765	\$ 684,023	\$ 50,207	\$ 1,978
Notes and loans	1,546,266	1,494,268	-	-	-
Advances to other funds	-	-	-	-	-
Restricted					
Post-employment benefits	-	763,621	1,068,946	1,365,844	1,820,529
Debt service & restricted cash	-	-	-	-	-
Committed					
School safety/security	-	1,000,000	-	-	-
Assigned to City Retirement Plans	-	-	-	130,114	92,390
Unassigned	23,367,583	22,860,400	24,694,460	25,117,005	30,691,719
Total General fund	25,047,635	26,872,054	26,454,596	26,686,085	32,610,901
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	809,361	730,541	724,355	696,359	545,260
Parks and recreation	-	-	-	87,389	434,597
Public works	5,495,829	348,127	44,857	11,082,956	4,457,737
Capital projects	5,023,913	8,819,033	6,235,010	8,537,593	5,597,283
Debt service	-	-	-	-	-
Committed					
Capital projects	7,961,065	10,569,488	7,598,135	6,430,018	6,193,057
Unassigned	(22,488)	-	-	-	-
Total all other governmental funds	19,267,680	20,467,189	14,602,357	26,834,315	17,227,934
Total all governmental funds	\$ 44,315,315	\$ 47,339,243	\$ 41,056,953	\$ 53,520,400	\$ 49,838,835

*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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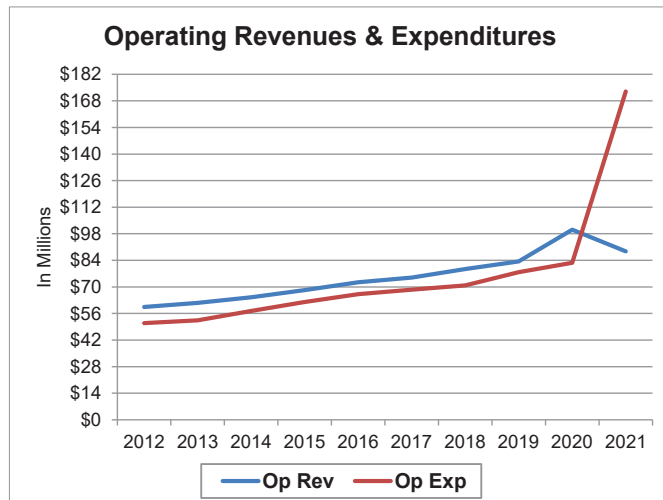
Statistical Section

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				
	2012	2013	2014	2015	2016
Revenues					
Tax and assessments	\$ 39,389,241	\$ 42,273,666	\$ 44,213,347	\$ 46,601,118	\$ 48,908,825
Licenses, fees, and permits	1,418,230	1,513,821	1,759,180	2,185,871	2,812,480
Intergovernmental	2,566,478	1,599,821	2,183,990	2,495,207	2,406,440
Charges for services	9,706,289	9,202,436	10,253,540	10,362,276	10,284,762
Interest and Rents	2,692,576	2,633,124	3,048,749	3,184,502	3,870,056
Fines and forfeitures	2,805,559	2,588,865	2,566,436	2,637,538	2,615,306
Net change fair value investments	(21,265)	(95,900)	30,910	13,651	254,377
Other revenues	878,475	1,867,612	490,870	820,295	1,267,893
Total revenues	59,435,583	61,583,445	64,547,022	68,300,458	72,420,139
Expenditures					
General government	8,560,273	9,101,953	10,467,524	11,838,504	13,360,320
Public Safety	30,449,560	30,470,567	33,525,828	34,897,663	37,189,782
Culture and recreation	5,552,632	5,680,001	6,831,568	7,349,487	8,335,111
Public works	6,369,092	7,155,292	6,527,537	8,026,650	7,356,842
Total operating expenditures	50,931,557	52,407,813	57,352,457	62,112,304	66,242,055
Excess of revenue over expenditures	8,504,026	9,175,632	7,194,565	6,188,154	6,178,084
Capital outlay	4,272,496	2,485,027	2,819,131	2,275,709	3,153,156
Debt service					
Interest	820,494	640,413	379,123	412,240	403,458
Principal	1,485,000	2,985,000	1,830,000	1,480,000	725,000
Fees					
Cost of Issuance	-	150,944	-	-	-
Payment to refunding bond escrow agent	-	821,153	-	-	-
Total Non Operating expenditures	6,577,990	7,082,537	5,028,254	4,167,949	4,281,614
Excess of revenues over expenditures	1,926,036	2,093,095	2,166,311	2,020,205	1,896,470
Other financing sources (Uses)					
Bonds issued	-	-	-	-	-
Premium on bonds issues	-	-	-	-	-
Proceeds from sale of capital assets	434	-	693,612	1,050	838
Transfers in	3,353,075	3,770,569	1,260,327	534,480	714,082
Transfers out	(3,253,191)	(3,569,986)	(1,059,869)	(284,156)	(2,024,588)
Other financing sources	-	11,010,846	-	-	-
Other financing uses	-	(10,851,624)	-	-	-
Total other financing sources (uses)	100,318	359,805	894,070	251,374	(1,309,668)
Prior Period Adjustment					
Net change in fund balances	\$ 2,026,354	\$ 2,452,900	\$ 3,060,381	\$ 2,271,579	\$ 586,802
Debt - % of Operating Expenditures & Debt	4.3%	6.5%	3.7%	3.0%	1.7%

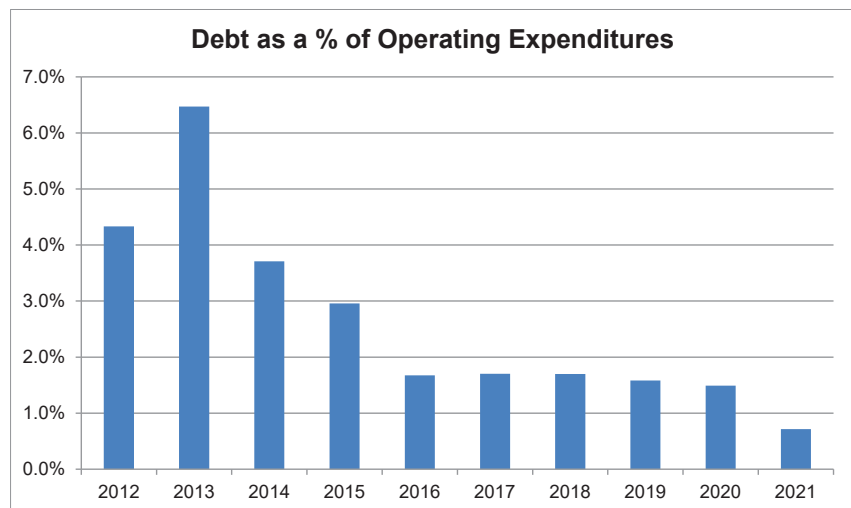


Source: City of Manhattan Beach Finance Department Historical CAFRs

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				
	2017	2018	2019	2020	2021
Revenues					
Tax and assessments	\$ 50,405,516	\$ 52,246,911	\$ 55,981,022	\$ 55,515,380	\$ 57,509,332
Licenses, fees, and permits	2,738,149	3,383,839	3,084,603	2,586,996	3,590,052
Intergovernmental	2,093,411	3,583,892	2,725,463	4,148,407	11,235,911
Charges for services	11,724,813	12,918,156	12,743,463	11,210,104	10,728,270
Interest and Rents	3,495,128	2,815,868	5,747,403	5,246,508	2,734,193
Fines and forfeitures	2,599,654	2,570,974	2,051,692	1,997,803	1,517,113
Net change fair value investments	(519,971)	(518,607)	1,062,513	18,496,956	597,218
Other revenues	2,348,814	2,417,724	69,816	941,260	807,381
Total revenues	74,885,514	79,418,757	83,465,975	100,143,414	88,719,470
Expenditures					
General government	13,290,308	14,018,117	15,581,223	14,304,120	24,214,335
Public Safety	38,522,882	39,685,053	42,890,892	43,739,598	109,709,901
Culture and recreation	8,656,533	8,873,425	9,350,246	7,827,704	11,013,760
Public works	8,113,384	8,206,580	9,966,290	16,831,713	28,014,195
Total operating expenditures	68,583,107	70,783,175	77,788,651	82,703,135	172,952,191
Excess of revenue over expenditures	6,302,407	8,635,582	5,677,324	17,440,279	(84,232,721)
Capital outlay	3,669,140	2,979,570	8,956,807	3,837,436	4,499,063
Debt service					
Interest	442,116	479,537	456,437	432,213	407,312
Principal	745,000	745,000	795,000	820,000	840,000
Fees	-	4,810	3,400	3,400	3,400
Cost of Issuance	-	-	-	-	-
Payment to refunding bond escrow agent	11,334	-	-	-	-
Total Non Operating expenditures	4,867,590	4,208,917	10,211,644	5,093,049	5,749,775
Excess of revenues over expenditures	1,434,817	4,426,665	(4,534,320)	12,347,230	(89,982,496)
Other financing sources (Uses)					
Bonds issued	5,905,000	-	-	-	85,879,300
Premium on bonds issues	438,570	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	1,685,005	639,686	1,004,433	460,262	2,075,413
Transfers out	(2,587,281)	(2,042,423)	(2,752,403)	(494,783)	(1,653,782)
Other financing sources	-	-	-	-	-
Other financing uses	(6,343,564)	-	-	-	-
Total other financing sources (uses)	(902,270)	(1,402,737)	(1,747,970)	(34,521)	86,300,931
Prior Period Adjustment					
Net change in fund balances	\$ 532,547	\$ 3,023,928	\$ (6,282,290)	\$ 12,312,709	\$ (3,681,565)
Debt - % of Operating Expenditures & Debt	1.7%	1.7%	1.6%	1.5%	0.7%



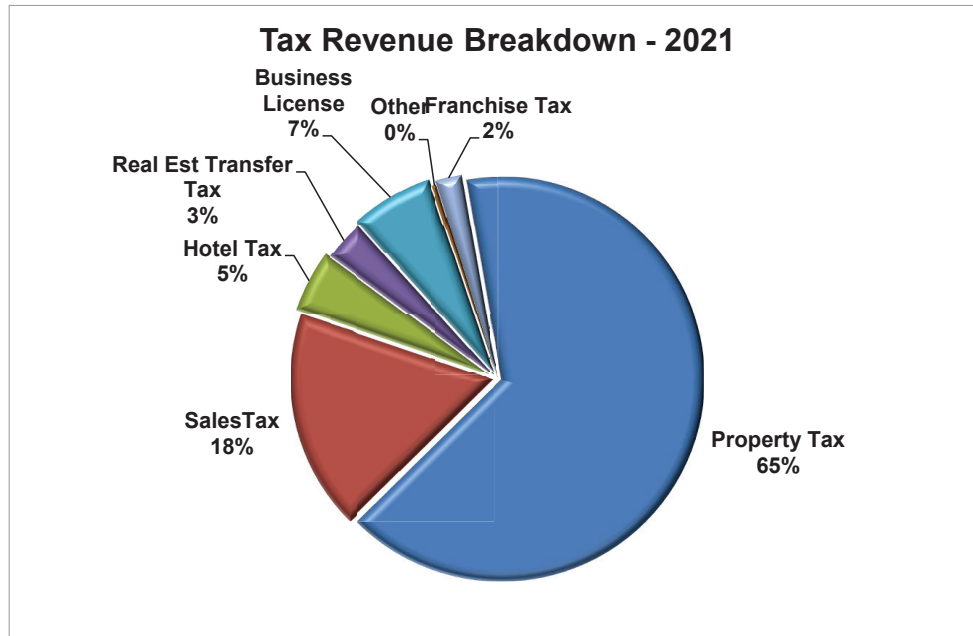
Source: City of Manhattan Beach Finance Department Historical CAFRs

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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 & 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>
2021	\$ 37,598,821	\$ 10,088,430	\$ 2,802,514	\$ 1,189,086	\$ 1,842,571	\$ 3,755,555	\$ 232,355	\$ 57,509,332
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
Change 2010-2019	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**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Total Assessed Value
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
2021	18,698,835,090	1,320,682,796	495,751,708	1,049,831,342	21,565,100,936

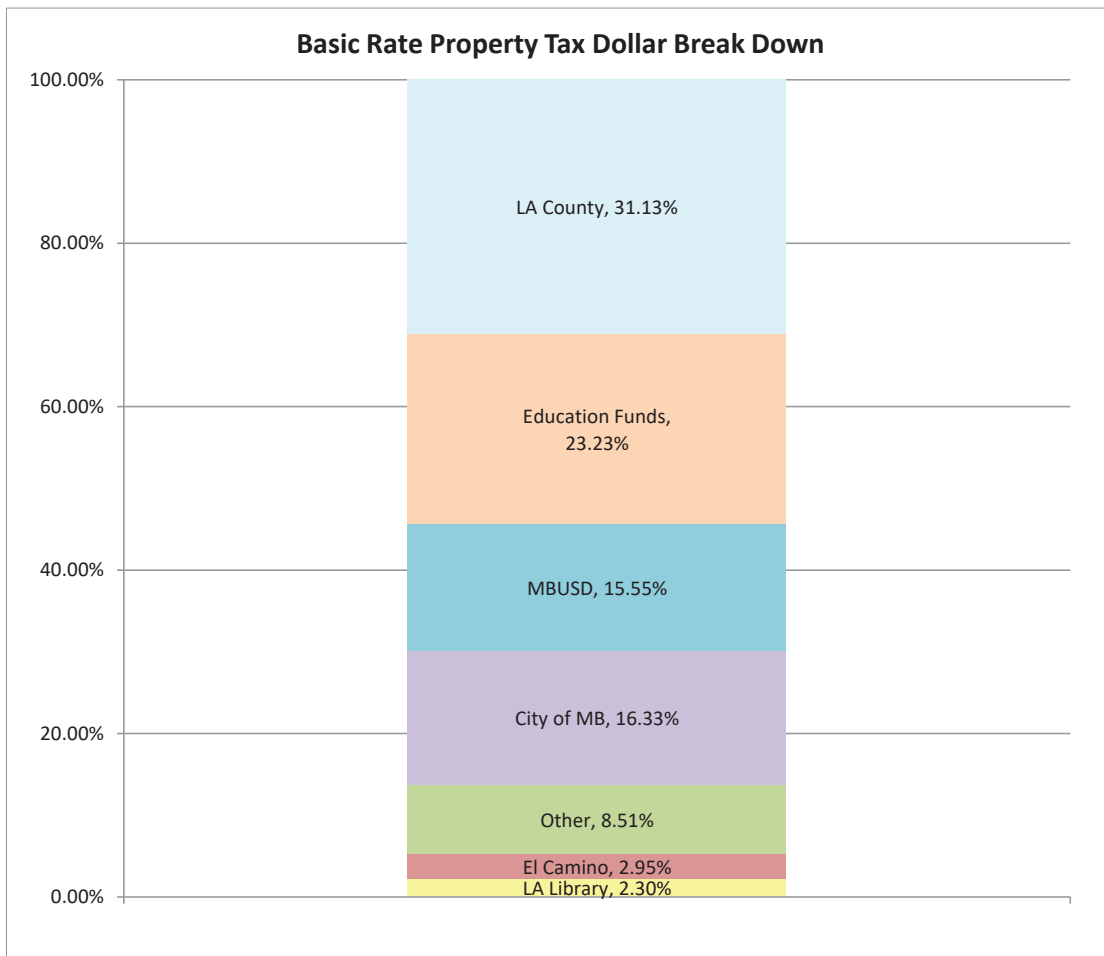
Exhibit A-8

Tax-Exempt Property	Total Direct Tax Rate	Net Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 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%
289,572,846	0.16391%	21,235,867,296	101.550%

**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 (Basic Rate)	City Direct Rate	LA County	Colleges & School Districts	Metro Water District	Flood Control District	Total Overlap Rate	General Levy	Total Rate
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
2021	1.00000%	0.14561%	0.00000	0.11210	0.00350	0.00000	0.11560	1.00000	1.11560



**City of Manhattan Beach
Principal Property Tax Payers Based on Net Values,
Current Year and Nine Years Ago**

Exhibit A-10

Taxpayer	2021			2012		
	Net Value	Rank	Percentage of Total City Net Value	Net Value	Rank	Percentage of Total City Net Value
MBS Media Campus LLC ¹	\$ 341,676,572	1	1.61%			
Northrop Grumman Systems Corp	288,240,639	2	1.36%	\$ 158,479,151	1	1.30%
Rreef America Reit II Corporation BBB	177,917,427	3	0.84%	157,568,692	2	1.29%
Manhattan Beach Hotel Owner LLC	116,440,432	4	0.55%			
ONNI Manhattan Towers LP ¹	108,911,775	5	0.51%			
WH Manhattan Beach LP ¹	57,562,719	6	0.27%			
Skechers USA Inc.	57,458,347	7	0.27%	35,629,488	8	0.29%
Coastal Market Plaza LLC	53,040,000	8	0.25%			
Bay Club Manhattan Beach LLC	47,245,611	9	0.22%			
1000 Cherry OCA LLC ¹	43,466,070	10	0.20%			
CRP MB Studios LLC	-	-	-	138,000,000	3	1.13%
1230 and 1240 Rosecrans H	-	-	-	99,739,509	4	0.82%
Parstem Realty Company Inc	-	-	-	65,544,538	5	0.54%
Host Marriott Corporation Insterstate	-	-	-	61,796,185	6	0.51%
RIMB LLC	-	-	-	45,700,000	7	0.37%
St. Paul Properties	-	-	-	29,988,124	9	0.25%
Continental 1500 Rosecrans LLC	-	-	-	25,366,859	10	0.21%
Top Ten Total	\$ 1,291,959,592		6.08%	\$ 817,812,546		6.71%
City Total	\$ 21,235,867,296			\$ 11,913,602,319		

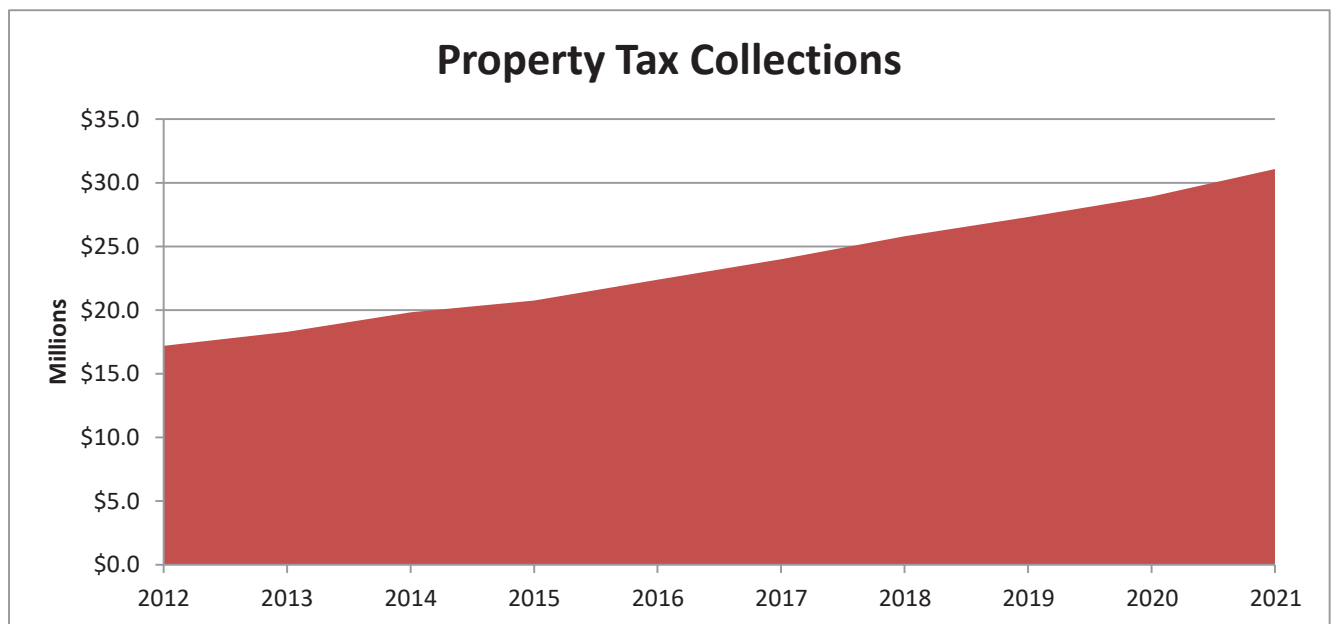
¹No data available or collected for fiscal year 2012.

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

Exhibit A-11

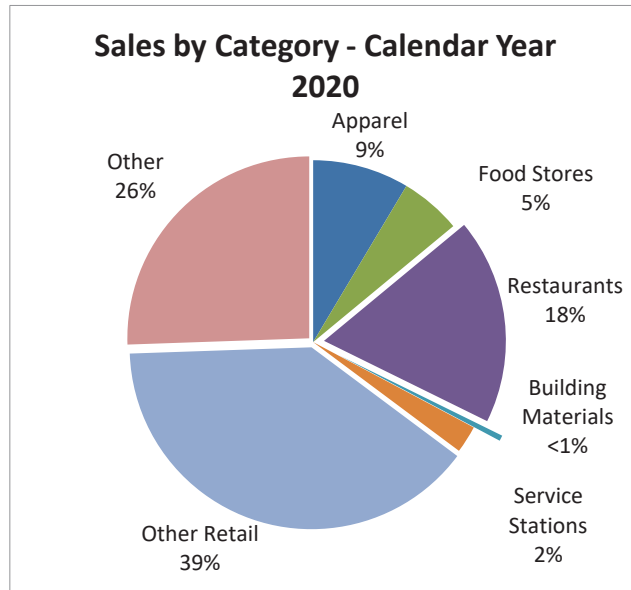
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Prior Year	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 17,529,077	\$ 16,865,345	96.21%	\$ 334,117	\$ 17,199,461	98.12%
2013	18,294,098	17,716,515	96.84%	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%
2021	30,949,109	30,333,626	98.01%	745,930	31,079,556	100.42%



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)

	Calendar Year				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Apparel Stores	\$ 70,746	\$ 73,110	\$ 73,708	\$ 73,809	\$ 75,919
General Merchandise	103,665	104,276	106,017	104,277	102,310
Food Stores	29,743	30,351	31,819	31,832	33,110
Eating and Drinking Establishments	158,938	172,168	180,221	189,227	200,840
Building Materials	2,364	2,262	2,424	2,734	2,605
Service Stations	36,163	41,752	43,169	42,789	37,000
Other Retail Stores	288,594	303,299	305,320	286,140	295,157
All Other Outlets	<u>221,184</u>	<u>247,112</u>	<u>252,074</u>	<u>261,863</u>	<u>176,347</u>
Total	<u>\$ 911,397</u>	<u>\$ 974,330</u>	<u>\$ 994,752</u>	<u>\$ 992,671</u>	<u>\$ 923,288</u>
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

	Calendar Year				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Apparel Stores	\$ 74,515	\$ 77,995	\$ 78,622	\$ 78,443	\$ 65,209
General Merchandise	101,038	96,353	96,372	96,939	-
Food Stores	34,634	33,270	33,882	36,633	41,294
Eating and Drinking Establishments	202,915	202,646	205,363	206,532	139,108
Building Materials	2,623	2,829	4,122	4,083	3,760
Service Stations	31,670	32,992	36,706	36,052	18,438
Other Retail Stores	303,311	308,555	309,131	303,700	298,660
All Other Outlets	<u>154,628</u>	<u>148,764</u>	<u>161,173</u>	<u>184,773</u>	<u>194,393</u>
Total	<u>\$ 905,334</u>	<u>\$ 903,404</u>	<u>\$ 925,371</u>	<u>\$ 947,155</u>	<u>\$ 760,862</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>
2021	1.00%	.25%
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%

**City of Manhattan Beach
Principal Sales Tax Remitters,
Fiscal Year Comparison**

Exhibit A-14

Tax Remitter

2021

Apple
BevMo
Bristol Famrs
California Pizza Kitchen
Chevron
Circle K
CVS Pharmacy
Garland Company
Gelsons Markets
Macys
Manhattan Beach Toyota Scion
McDonalds
Nick's Manhattan Beach
Office Depot
Old Navy
Ralphs Fresh Fare
REI
Skechers by Mail
Solvent Direct
Sugarfish
Target
Toyota Lease Trust
Trader Joes
Vons
Wrights

2012

Apple
Arco
Barnes & Noble
BevMo
California Pizza Kitchen
Chevron
Circle K
CVS Pharmacy
Dewitt Petroleum
Frys Electronics
Houston's
Macys
Manhattan Beach Toyota Scion
Old Navy
Olive Garden
Power Pre Owned Auto Center of South Bay
Ralphs Fresh Fare
REI
Sephora
Skechers
Strand House Standbar
Target
Tin Roof Bistro
Trader Joes
William Sonoma

* Listed Alphabetically

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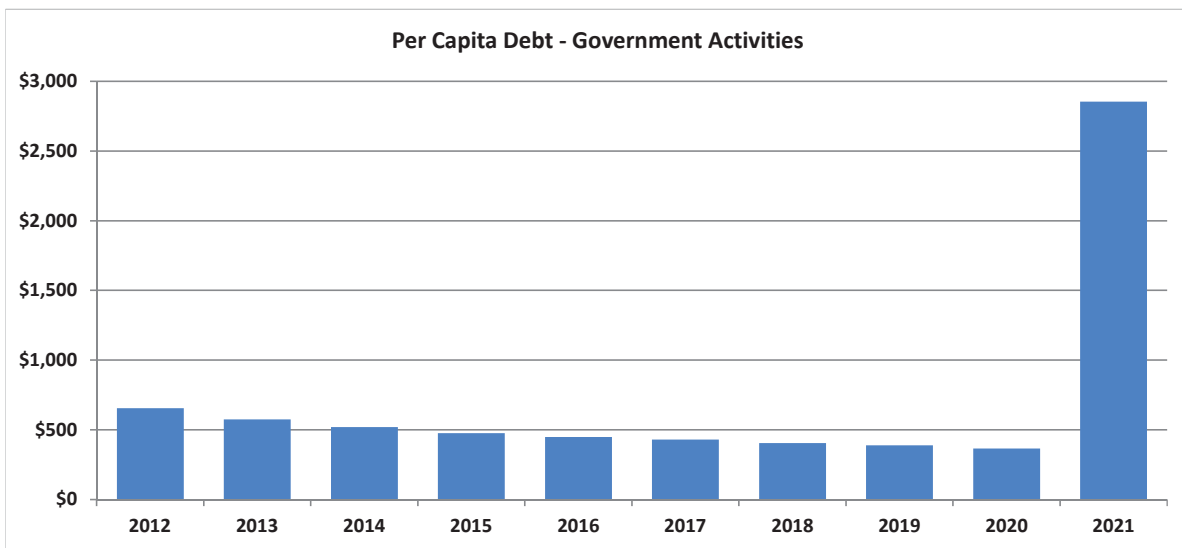
Statistical Section

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.

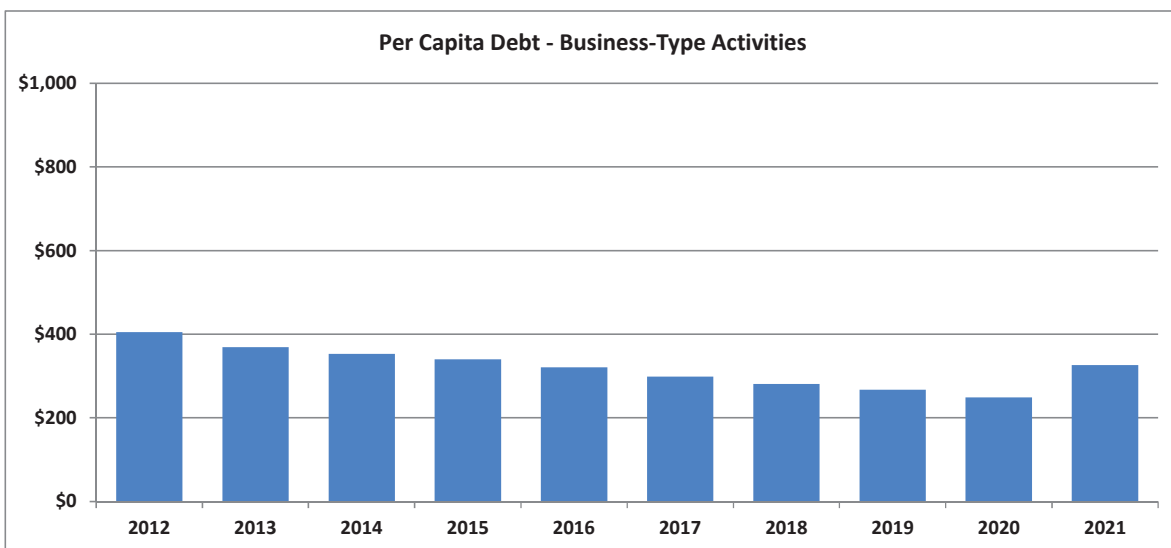
**City of Manhattan Beach
 Ratios of Outstanding Debt by Type,
 Last Ten Fiscal Years**

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
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	431
2018	-	-	-	6,026,968	-	8,535,865	-	14,562,833	405
2019	-	-	-	5,706,170	-	8,009,505	-	13,715,675	389
2020	-	-	-	5,375,372	-	7,468,144	-	12,843,516	366
2021	-	89,388,310	-	5,039,574	-	6,972,970	-	101,400,854	2,856



Source: City of Manhattan Beach Finance Department Historical CAFRs Debt Schedules

Business-type Activities							Total		
Utility Revenue Bonds	Pension Obligation 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
3,240,000	-	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	299	26,270,823	0.85%	730
-	-	-	1,913,417	8,191,630	10,105,047	281	24,667,880	0.77%	687
-	-	-	1,703,962	7,727,805	9,431,767	268	23,147,442	0.72%	657
-	-	-	1,484,506	7,243,981	8,728,487	249	21,572,003	0.67%	615
-	1,886,690	-	2,807,492	6,902,493	11,596,675	327	112,997,529	3.52%	3,182



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City of Manhattan Beach
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2021

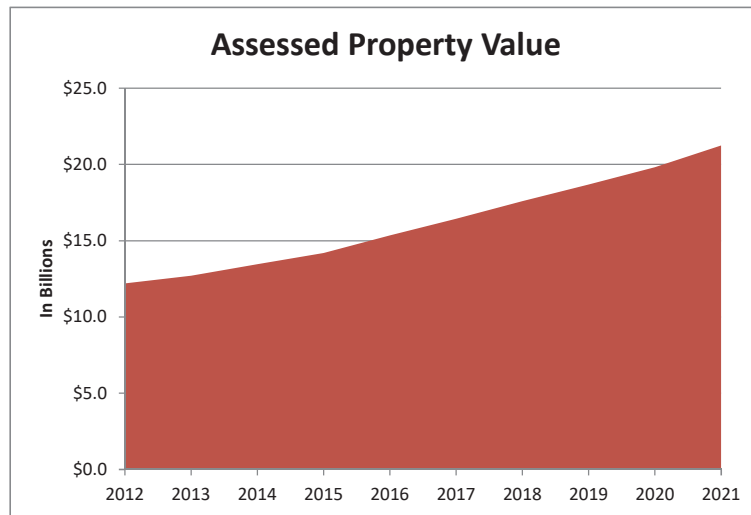
Exhibit A-16

<u>Governmental Unit</u>	<u>Gross Bonded Debt Balance</u>	<u>Percentage Applicable To City</u>	<u>Net Bonded Debt</u>
Direct Debt			
City of Manhattan Beach:			
Certificates of Participation Marine Avenue Park	\$ 4,730,000	100.000%	\$ 4,730,000
Refunding Certificates of Participation Police/Fire	6,635,000	100.000%	6,635,000
Pension Obligation Bonds	89,388,310	100.000%	89,388,310
Total Direct Debt			<u>100,753,310</u>
Overlapping Debt			
Manhattan Beach UNIF DS 1998 SER B	\$ 3,670,371	99.998%	3,670,302
Manhattan Beach USD DS 1999 SER C	1,917,600	99.998%	1,917,564
Manhattan Beach USD DS 2001 SER D	6,275,928	99.998%	6,275,810
Manhattan Beach USD DS 2010 SER A	5,547,048	99.998%	5,546,944
Manhattan Beach USD DS 1995 SER E	7,651,589	99.998%	7,651,445
Manhattan Beach USD DS 2000 SER B	9,738,877	99.998%	9,738,694
Manhattan Beach USD DS 2008, 2011 SER C	4,690,000	99.998%	4,689,912
Manhattan Beach USD DS 2008 2012 SER E	6,485,000	99.998%	6,484,878
Manhattan Beach USD DS 2008 2013 SER F	10,385,000	99.998%	10,384,805
Manhattan Beach USD DS 2016 SER A MEAS C	30,550,000	99.998%	30,549,426
Manhattan Beach USD DS 2016 SER A MEAS EE	34,855,000	99.998%	34,854,345
Manhattan Beach USD DS 2016 SER B MEAS C	66,930,000	99.998%	66,928,742
Metropolitan Water District	13,101,783	1.333%	174,690
El Camino CCS DS 2002 SER 2012C	142,035,305	16.721%	23,749,668
El Camino CCS DS 2012 REF BONDS	12,650,000	16.721%	2,115,202
El Camino CCD DS 2012 SER 2016 A	88,475,000	16.721%	14,793,870
El Camino CCS DS 2016 REF BONDS	62,850,000	16.721%	10,509,124
El Camino CCS DS 2012 SER 2018B	45,610,000	16.721%	7,626,430
El Camino CCS DS 2012 SER 2020C	90,465,000	16.721%	15,126,618
Total Overlapping Debt			<u>262,788,471</u>
Total Direct and Overlapping Debt			<u>\$ 363,541,781</u>

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Assessed Value	\$ 12,190,853,653	\$ 12,713,329,765	\$ 13,453,303,900	\$ 14,196,903,333	\$ 15,352,495,483
Legal debt limit (3.75%)	457,157,012	476,749,866	504,498,896	532,383,875	575,718,581
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 457,157,012</u>	<u>\$ 476,749,866</u>	<u>\$ 504,498,896</u>	<u>\$ 532,383,875</u>	<u>\$ 575,718,581</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	2.33%	4.29%	5.82%	5.53%	8.14%

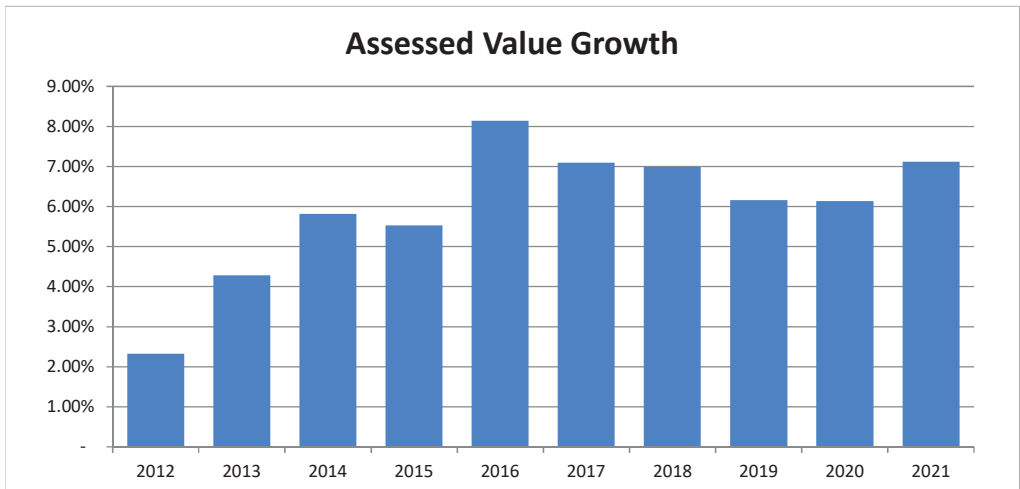


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Fiscal Year				
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 16,442,347,904	\$ 17,591,875,267	\$ 18,676,191,358	\$ 19,822,822,094	\$ 21,235,867,296
616,588,046	659,695,323	700,357,176	743,355,829	796,345,024
-	-	-	-	-
<u>\$ 616,588,046</u>	<u>\$ 659,695,323</u>	<u>\$ 700,357,176</u>	<u>\$ 743,355,829</u>	<u>\$ 796,345,024</u>

0.00%	0.00%	0.00%	0.00%	0.00%
-------	-------	-------	-------	-------

7.10%	6.99%	6.16%	6.14%	7.13%
-------	-------	-------	-------	-------



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	
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
2021	19,311,412	14,706,241	4,605,171	210,000	49,299 (b)	17.76

(a) Operating Expense less depreciation expense

(b) Interest "expense" for this purpose reflects Footnote 6 Debt Service Requirements as presented in prior years' AFCRs and is presented on a cash basis

(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	
\$ 2,302,557	\$ 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
3,261,909	2,647,308	614,601	470,000	246,863 (b)	0.86

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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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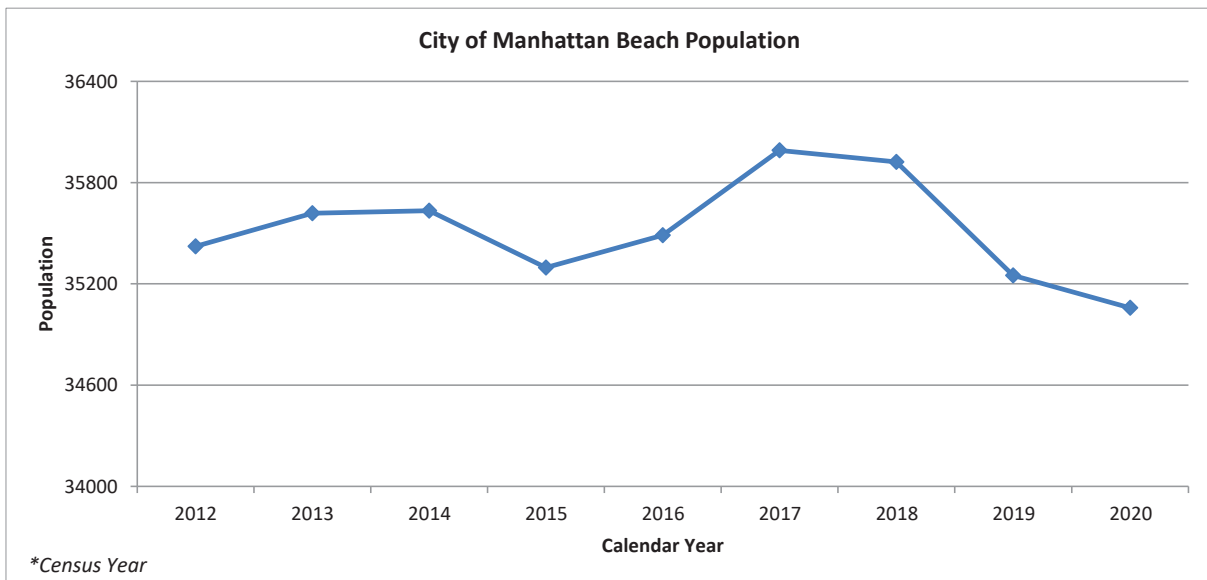
**City of Manhattan Beach
Demographic and Economic Statistics,
Last Ten Calendar Years**

Exhibit A-19

Calendar Year	Population	Man Beach Personal Income (in thousands)	Personal Income L.A. County¹ (in thousands)	Per Capita Personal Income L.A. County¹	Per Capita Personal Income Man Beach	Unempl Rate	School Enrollment
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	628,809,000	62,221	89,306	3.4%	6,647
2019	35,250	3,330,194	658,900,000	64,700	94,473	3.2%	6,524
2020	35,058	3,420,177	654,900,000	64,376	97,557	7.3%	6,030

Source: HdL Companies, County of Los Angeles Comprehensive Annual Financial Report

¹ 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

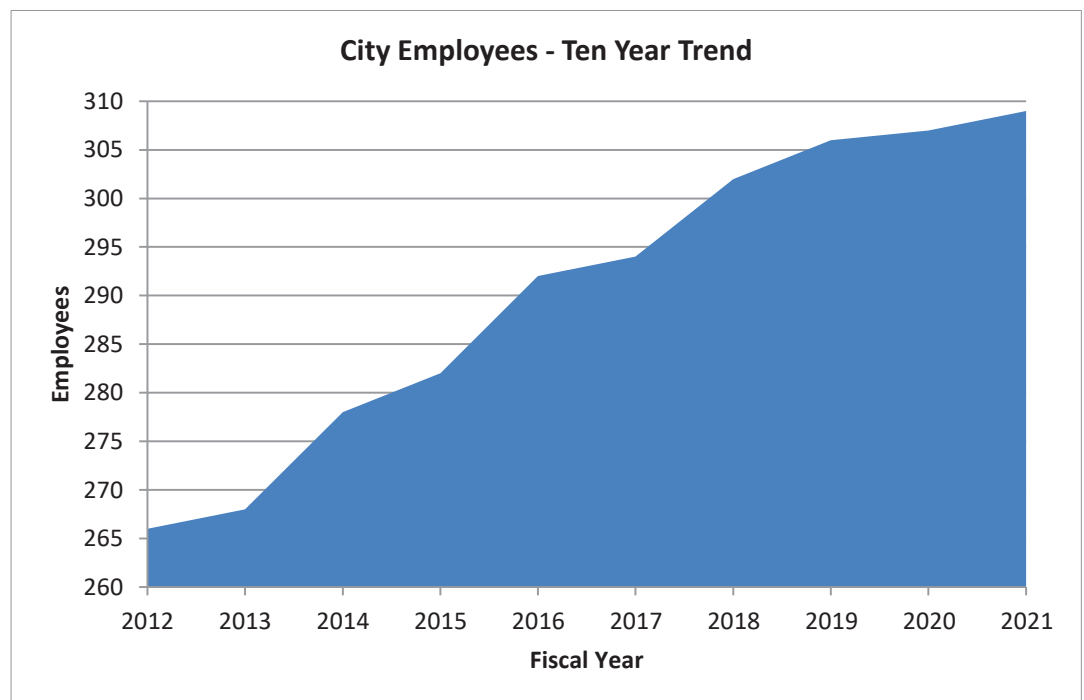
<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Northrop Grumman Systems Corp.	2362	1	21.58%	1920	1	15.85%
Manhattan Beach Unified School District ¹	699	2	6.47%	-		-
Kinecta Federal Credit Union ¹	550	3	5.12%	-		-
Skechers U.S.A., Inc. (Corporate)	492	4	4.62%	356	4	2.94%
Target Stores T199 Target Corp	405	5	3.84%	405	3	3.34%
City of Manhattan Beach	309	6	2.95%	272	5	2.25%
Skechers U.S.A., Inc. (Online)	235	7	2.24%	148	10	1.22%
Manhattan Beach Hotel TRS LLC ¹	233	8	2.24%	-		-
Ralphs Grocery Company #166	167	9	1.61%	167	9	1.38%
Skechers USA Inc. (Retail Store)	148	10	1.44%			
Fry's Electronics, Inc.	-		-	264	7	2.18%
Kinecta Federal Credit Union	-		-	550	2	4.54%
Macy's West LLC	-		-	271	6	2.24%
Marriott- HMC Interstate	-		-	233	8	1.92%
Total	5,600		52.10%	5,979		37.87%

¹No data available or collected for fiscal year 2012.

**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>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>	<u>2021</u>
General government										
Management services	13	12	13	13	17	17	17	15	15	14
Finance*	20	20	25	25	17	17	17	18	18	19
Information Technology*	-	-	-	-	9	9	9	9	9	9
Human Resources	6	6	6	6	8	8	8	8	8	8
Community Development	19	20	21	22	24	24	28	30	30	30
Parks and Recreation	20	20	21	23	25	25	25	25	25	25
Police										
Officers	62	65	65	65	65	65	65	65	65	65
Civilians	35	36	39.8	39.8	39.8	41.8	41.8	42.8	42.8	43.8
Fire										
Firefighters & officers	30	30	30	31	30	30	30	30	30	30
Civilians	1	1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Public works										
Engineering	8	8.2	7.25	7.25	7.5	8.5	11	12.5	13.5	13.5
Water	14.25	11.7	11.2	11.2	11.2	11.35	10.85	10.8	10.8	11.8
Wastewater	3.35	3.3	3.2	3.2	3.2	3.45	3	3.9	3.9	3.9
Other	34.4	34.8	34.35	34.35	34.1	32.7	35.15	34.8	34.8	34.8
Total	<u>266</u>	<u>268</u>	<u>278</u>	<u>282</u>	<u>292</u>	<u>294</u>	<u>302</u>	<u>306</u>	<u>307</u>	<u>309</u>



Source: City of Manhattan Beach Finance Department

CITY OF MANHATTAN BEACH
SCHEDULE OF INSURANCE IN FORCE

June 30, 2021

<u>TYPE OF COVERAGE</u>	<u>POLICY NUMBER</u>	<u>FROM</u>
Liability Self-Insured	NA	07/01/21
Excess Liability Public Risk Innovation, Solutions, and Management (PRISM) General Liability 1 Program (GL1)	PRISM-PE 21 EL-109	07/01/21
Building & Property (All Risk, Flood, Earthquake, & \$100M Boiler and Machinery) Public Risk Innovation, Solutions and Management (PRISM)	PRISMPR2022	03/31/21
Workers' Comp. Self-Insured	NA	07/01/21
Excess Workers' Comp. Public Risk Innovation, Solutions, and Management (PRISM) Reinsured by Great American Reinsured by ACE American Insurance Company Liberty Insurance Corporation	PRISM-PE 21 EWC-153 PRISM-PE 21 EWC-153 EWC-153	07/01/21 07/01/21 07/01/21
Government Crime Policy PRISM Master Crime Program National Union Fire Insurance Company of Pittsburg, PA Berkely Insurance	14208623 BGOV4500394921	06/30/21
Cyber Risk Beazley Syndicate/Lloyd's of London Excess Cyber	FN2133951	7/1/2021
Deadly Weapons Response Lloyd's of London	PJ20000500079	07/01/21

CITY OF MANHATTAN BEACH
SCHEDULE OF INSURANCE IN FORCE
June 30, 2021

<u>TO</u>	<u>LIMITS OF COVERAGE</u>	<u>ANNUAL PREMIUM</u>
07/01/22	\$500,000 per occurrence	\$0
07/01/22	\$25,000,000 inclusive of self-insured retention	\$567,070
03/31/22	\$25,000,000 Primary All Risk various sub-limits	\$384,594
07/01/22	\$750,000 per occurrence	\$0
		\$273,182
07/01/22	\$4,250,000 excess of \$750,000	
07/01/22	\$45,000,000 excess of \$5,000,000	
07/01/22	Statutory limits excess of \$50,000,000	
06/30/22	\$10,000,000 5000000 excess of \$10,000,000	\$8,046
7/1/2022	\$2,000,000 various limits/sub-limits	\$11,119 NA
07/01/22	\$500,000	\$6,825

**City of Manhattan Beach
Operating Indicators by Function/Program,
Last Ten Fiscal Years**

Exhibit A-23

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2021</u>
General government										
Building permits issued	1,484	1,339	1,673	1,847	1,853	1,223	1,644	1,353	1,595	2,312
Building inspections conducted	10,298	11,165	13,370	14,708	14,630	14,796	16,032	15,272	14,441	15,650
Police										
Arrests	1,387	1,173	1,367	1,383	1,590	1,371	1,095	1,019	795	650
Parking citations	68,080	63,624	61,651	63,423	66,255	64,105	57,624	47,422	41,133	44,613
Traffic citations	9,605	6,890	6,339	4,222	4,723	3,682	4,209	2,449	2,062	970
Fire (a)										
Emergency responses	3,254	3,176	3,379	3,434	3,690	3,760	3,637	3,653	3,642	3,439
Fires extinguished	94	95	76	56	63	76	87	87	88	73
Inspections	1,650	933	1,078	536	852	697	688	1,421	749	426
Refuse collection										
Refuse collected (tons per day)	47.78	43.55	42.05	49.48	52.72	53.31	51.01	54	53	57
Recyclables collected (tons per day)	45.18	48.16	50.19	53.05	47.7	41.55	34.66	35	28	33
Other public works										
Street resurfacing (miles)	3.9	-	1.0	3.0	1.0	0.7	2.9	4.0	1.3	3.8
Parks and recreation										
Athletic field permits issued	5,901	7,002	7,779	10,369	9,912	10,328	8,499	6,815	6,515	118
Community center admissions*	41,374	89,134	107,632	76,860	52,424	63,083	64,592	52,505	39,379	15,752
Water										
Water main breaks	3	4	6	7	4	9	8	7	7	7
Average daily consumption (thousands of gallons)	4,920	5,123	4,929	4,468	4,021	4,130	4,392	4,257	4,312	4,442
Peak daily consumption (thousands of gallons)	6,712	6,989	7,169	5,344	5,344	6,190	5,735	7,266	6,086	5,734
Transportation										
Total route miles	43,461	38,995	41,680	44,067	46,175	40,961	42,535	49,639	34,824	15,507
Passengers	18,899	16,039	17,059	20,065	22,067	26,810	25,963	26,223	16,750	4,275

(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

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2021</u>
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)	108	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	18	18	18	18	18	18	18	18
Soccer/football fields	15	15	19	19	19	19	19	19	19	19
Community centers	2	2	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	106	106	106	106	106	106	106	106	106	140
Fire hydrants	774	774	774	774	774	774	774	775	775	775
Storage capacity (1000s Gallons)	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800	10,300
Wastewater										
Sanitary sewers (miles)	82.0	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	21.0	21.0	21.0
Transportation—minibuses	4	4	4	4	4	5	5	5	4	5

CITY OF MANHATTAN BEACH
 DEMOGRAPHIC STATISTICAL DATA
 Official Results from the 2020 US Census

Population distribution by ethnic group (one race):

	<u>Number of Persons</u>	<u>Percent</u>
White	27,766	78%
Asian	4,787	14%
Black or African American	191	1%
American Indian and Alaska Native	79	0%
Other	2,750	8%
	<u>35,500</u>	<u>100%</u>

Household Type:

	<u>Number of Persons</u>	<u>Percent</u>
Family:		
Married couple	7,931	59%
Female head	891	7%
Male head	759	6%
Nonfamily	3,846	29%
	<u>13,427</u>	<u>100%</u>

Population distribution by age group:

	<u>Number of Persons</u>	<u>Percent</u>
Under 5 years	2,107	6%
5-14	5,511	16%
15-24	3,180	9%
25-44	7,665	22%
45-59	8,715	25%
60-64	2,312	7%
65 and over	6,010	17%
	<u>35,500</u>	<u>100%</u>

Population distribution by gender:

	<u>Number of Persons</u>	<u>Percent</u>
Male	17,155	48%
Female	18,345	52%
	<u>35,500</u>	<u>100%</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:

- Metlox and Water/Wastewater Refunding Certificates of Participation, Series 2021
- Fire Station #2 Certificates of Participation, Series 2021
- Pension Obligation Bonds, Series 2021
- Assessment District No. 19-4 Limited Obligation Improvement Bonds, Series 2020 A
- Assessment District No. 19-12 Limited Obligation Improvement Bonds, Series 2019 A
- Assessment District No. 19-14 Limited Obligation Improvement Bonds, Series 2019 A
- Reassessment District Limited Obligation Refunding Bonds, Series 2018
- Marine Refunding Certificates of Participation, Series 2016
- Police and Fire Facility Refunding Certificates of Participation, Series 2013

The required Annual Report is contained herein as the Audited Financial Statements.

Reporting of Events with Respect to Debt Issuance during Fiscal Year 2020-21

The City issued new debt in 2021, including Pension Obligation Bonds and Certificates of Participation (COPs) for the reconstruction of Fire Station #2, as well as refinanced COPs previously issued in 2012 for the Metlox parking structure and Water/Wastewater projects.

Debt service on the three new bond issues will be included in the City's FY 2021-22 ACFR.

Information relating to Reassessment District Bonds, Series 2018, for Fiscal Year 2020-21

Principal Amount Outstanding	\$3,535,000
Balances as of June 30, 2021:	
Improvement Fund	\$12,063
Debt Service Reserve Fund	\$499,510

The balance in the Debt Service Reserve Fund exceeds the reserve requirement.

Taxes Levied and Delinquent for Fiscal Year 2020-21

As of June 30, 2021

Total Parcels **717**

Taxes Levied in FY 2020-21 **\$ 731,028.92**
Total Paid **719,417.40**
Delinquencies **\$ 11,611.52**

Prior Year Delinquencies **\$ 16,959.11**

PARCEL	ROLL YEAR	TAX LEVIED	TAX PAID	Delinquent
4169003001	2021	2,609.15	-	2,609.15
4169009012	2021	1,517.76	758.88	758.88
4169009013	2021	1,517.76	758.88	758.88
4175020016	2021	228.52	114.26	114.26
4175022004	2021	528.58	264.29	264.29
4175023023	2021	432.65	-	432.65
4175024033	2021	528.58	-	528.58
4175026035	2021	419.08	-	419.08
4175027006	2021	661.36	330.68	330.68
4175029007	2021	661.36	-	661.36
4175030008	2021	661.36	330.68	330.68
4176021008	2021	432.65	216.32	216.33
4176026013	2021	661.36	-	661.36
4176028007	2021	661.36	628.20	33.16
4177021002	2021	547.84	-	547.84
4178010019	2021	1,436.03	1,363.75	72.28
4178011007	2021	1,436.03	-	1,436.03
4178011008	2021	1,436.03	-	1,436.03
4169003001	2020	2,609.15	-	2,609.15
4169009012	2020	758.87	-	758.87
4169009013	2020	758.87	-	758.87
4175020016	2020	114.25	-	114.25
4175022004	2020	264.28	-	264.28
4175023023	2020	432.65	-	432.65
4175024033	2020	528.58	-	528.58
4175026035	2020	419.08	-	419.08
4175027006	2020	330.67	-	330.67
4175029007	2020	661.36	-	661.36
4175030008	2020	330.67	-	330.67
4176021008	2020	216.32	-	216.32
4176026013	2020	661.36	-	661.36
4176028007	2020	33.15	-	33.15
4177021002	2020	547.84	-	547.84
4178010019	2020	72.27	-	72.27
4178011007	2020	1,436.03	-	1,436.03
4178011008	2020	1,436.03	-	1,436.03
4169009012	2019	1,523.86	-	1,523.86
4169009013	2019	1,523.86	-	1,523.86
4175022004	2019	271.01	88.02	182.99
4175030009	2019	678.18	-	678.18
4176025034	2019	24.91	-	24.91
4178010019	2019	72.27	-	72.27
4175030009	2018	702.60	-	702.60
4176025034	2017	639.01	-	639.01
TOTAL DELIQUENCIES				\$28,570.63

of Parcels Delinquent for FY 2020-21 **18**
% of FY 2020-21 Levy Delinquent **1.6%**

Information relating to Assessment District Bonds 19-12, Series 2019, for Fiscal Year 2020-21

Principal Amount Outstanding	\$4,605,000
Balances as of June 30, 2021:	
Improvement Fund	\$45,690
Debt Service Reserve Fund	\$149,837

The balance in the Debt Service Reserve Fund exceeds the reserve requirement.

Taxes Levied and Delinquent for Fiscal Year 2020-21

As of June 30, 2021

Total Parcels **163**

Taxes Levied in FY 2020-21	\$ 300,284.54
Total Paid	298,505.51
Delinquencies	\$ 1,779.03

Prior Year Delinquencies **\$ 1,779.03**

PARCEL	ROLL YEAR	TAX LEVIED	TAX PAID	Delinquent
4137008018	2021	1,779.03	-	1,779.03
4137008018	2020	1,779.03	-	1,779.03
TOTAL DELIQUENCIES				\$3,558.06

<i># of Parcels Delinquent for FY 2020-21</i>	<i>1</i>
<i>% of FY 2020-21 Levy Delinquent</i>	<i>0.6%</i>

Information relating to Assessment District Bonds 19-14, Series 2019, for Fiscal Year 2020-21

Principal Amount Outstanding	\$4,785,000
Balances as of June 30, 2021:	
Improvement Fund	\$51,489
Debt Service Reserve Fund	\$155,966

The balance in the Debt Service Reserve Fund exceeds the reserve requirement.

Taxes Levied and Delinquent for Fiscal Year 2020-21

As of June 30, 2021

Total Parcels **180**

Taxes Levied in FY 2020-21	\$ 314,657.90
Total Paid	<u>311,645.00</u>
Delinquencies	\$ 3,012.90
 Prior Year Delinquencies	 \$ 3,012.89

PARCEL	ROLL YEAR	TAX LEVIED	TAX PAID	Delinquent
4137011059	2021	1,709.68	-	1,709.68
4137012078	2021	2,369.48	1,066.26	1,303.22
4137011059	2020	1,709.68	-	1,709.68
4137012078	2020	1,303.21	-	1,303.21
TOTAL DELIQUENCIES				\$6,025.79

# of Parcels Delinquent for FY 2020-21	2
% of FY 2020-21 Levy Delinquent	1.0%

Information relating to Assessment District Bonds 19-4, Series 2020, for Fiscal Year 2020-21

Principal Amount Outstanding	\$5,245,000
Balances as of June 30, 2021:	
Improvement Fund	\$34,423
Debt Service Reserve Fund	\$169,260

The balance in the Debt Service Reserve Fund exceeds the reserve requirement.

Taxes Levied and Delinquent for Fiscal Year 2020-21

As of June 30, 2021

Total Parcels **126**

Taxes Levied in FY 2020-21 **\$ 337,480.94**
Total Paid **331,889.01**
Delinquencies **\$ 5,591.93**

Prior Year Delinquencies **\$ 5,591.92**

PARCEL	ROLL YEAR	TAX LEVIED	TAX PAID	Delinquent
4169019002	2021	2,613.08	-	2,613.08
4169019004	2021	3,031.56	1,515.78	1,515.78
4169022012	2021	2,660.12	1,197.05	1,463.07
4169019002	2020	2,613.08	-	2,613.08
4169019004	2020	1,515.78	-	1,515.78
4169022012	2020	1,463.06	-	1,463.06
TOTAL DELIQUENCIES				\$11,183.85

of Parcels Delinquent for FY 2020-21 **3**

% of FY 2020-21 Levy Delinquent **1.7%**

Update of Financial Tables (Not Otherwise Contained in the Audited Financial Statements)

As required by the offering statements for the Series 2021, 2021 Fire, 2021 Pension, 2016, and 2013 debt issues.

Investment Portfolio Summary

As of June 30, 2021

<u>Type of Investment</u>	<u>Market Value</u>
Cash	\$5,271,476
Local Government Fund	61,005,061
US Treasury & Agency Notes	47,285,880
Medium-Term Notes	15,475,382
Funds Held by Fiscal Agent	3,276,543
Petty Cash	2,428
Total	\$132,316,770

Unrepresented Unit and Employee Associations

As of June 30, 2021

<u>Employee Unit</u>	<u>No. Full-Time Employees*</u>	<u>Percent of Workforce</u>
Manhattan Beach Fire Association	26	8.6%
Manhattan Beach Fire Management Association	3	1.0%
Manhattan Beach Police Officers' Association	57	18.8%
Manhattan Beach Police Management Association	7	2.3%
Miscellaneous Unit - Teamsters Local 911	133	43.9%
Manhattan Beach Mid-Managers Employee Association	50	16.5%
Management/Confidential (not represented)	27	8.9%
Total	303	100.0%

Historical and Projected Payments to PERS

Fiscal Year Ended June 30,

	<u>2020</u>	<u>2021*</u>	<u>2022 (Estimated)</u>
<u>Police</u>			
Employee	\$1,060,410	\$1,091,691	\$1,094,571
Employer	3,998,899	46,911,464	2,060,530
Subtotal	5,059,309	48,003,155	3,155,101
<u>Fire</u>			
Employee	\$586,073	\$539,502	\$587,699
Employer	1,998,954	21,877,491	1,009,862
Subtotal	2,585,027	22,416,993	1,597,561
<u>Misc</u>			
Employee	\$1,141,205	\$1,221,230	\$1,291,432
Employer	3,055,466	31,972,316	1,678,862
Subtotal	4,196,671	33,193,546	2,970,294
Total	\$11,841,007	\$103,613,693	\$7,722,956

*The large payments to CalPERS in FY 2021 are due to the issuance of pension obligation bonds.

Funding History – Classic Police Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	Share of Pool's Market <u>Value of Assets</u>	Plan's Share of Pool's <u>Unfunded Liability</u>	<u>Funded Ratio</u>	Annual <u>Covered Payroll</u>
6/30/2020	147,740,834	105,555,252	42,185,582	71.4%	7,201,991

Funding History – PEPRA Police Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	Share of Pool's Market <u>Value of Assets</u>	Plan's Share of Pool's <u>Unfunded Liability</u>	<u>Funded Ratio</u>	Annual <u>Covered Payroll</u>
6/30/2020	681,519	628,769	52,750	92.3%	1,753,694

Funding History – Classic Fire Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	Share of Pool's Market <u>Value of Assets</u>	Plan's Share of Pool's <u>Unfunded Liability</u>	<u>Funded Ratio</u>	Annual <u>Covered Payroll</u>
6/30/2020	71,145,582	51,578,979	19,566,603	72.5%	4,485,138

Funding History – PEPRA Fire Plan

<u>Valuation Date</u>	<u>Accrued Liability</u>	Share of Pool's Market <u>Value of Assets</u>	Plan's Share of Pool's <u>Unfunded Liability</u>	<u>Funded Ratio</u>	Annual <u>Covered Payroll</u>
6/30/2020	99,130	92,413	6,717	93.2%	129,095

Funding History – Miscellaneous Plan

<u>Valuation Date</u>	<u>Accrued Liability (AL)</u>	Market <u>Value of Assets (MVA)</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	Annual <u>Covered Payroll</u>
6/30/2020	122,455,775	93,984,083	28,471,692	76.7%	17,104,103

Additional Information

The City maintains AAA general obligation ratings from both Moody's and Standard and Poor's. Standard & Poor's last reaffirmed the City's AAA Credit Rating on July 20, 2021.

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