



To the Honorable Mayor,
Members of the City Council
City of Seaside, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seaside, California (City) as of and for the year ended June 30, 2021 and have issued our report thereon dated February 24, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Seaside are described in Note 1 to the financial statements.

As described in Note 1, the City changed accounting policies related to fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, Fiduciary Activities, in 2021. Accordingly, beginning net position and fund balance have been restated, as described in Note 4G.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the claims liabilities is based on estimated claims cost detail reports obtained from experts.
- Management's estimate of the other post-employment benefits (OPEB) liability is based on actuarial valuation reports obtained from experts.
- Management's estimate of the net pension liability and related deferred inflows/outflows is based on actuarial valuation reports obtained from CalPERS and PARS.
- Management's estimate of the acquisition value of land transfers from Fort Ord Reuse Authority (FORA) are based on recent sales of similar parcels.

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We evaluated the key factors and assumptions used to develop the estimates described above and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected Misstatements

The following material and immaterial misstatements detected as a result of audit procedures were corrected by management:

- Decrease of \$1,400,000 to cash and beginning net position in the Successor Agency Fund to accurately reflect beginning cash balance at July 1, 2020. This overstatement was caused by a \$1,400,000 wire transfer to the Successor Agency for land sales which was subsequently transferred to the General Fund during the prior year and not properly adjusted in the private purpose trust fund to reflect the outflow of cash.
- Increase of \$116,883,188 to reflect estimated value of land contributed to the City from Fort Ord Reuse Authority during the prior year.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letters date February 24, 2022 for the City's financial statements.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Issues Discussed with Management Prior to Engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other Information in Documents Containing Audited Financial Statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the combining and individual fund statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated February 24, 2022.

The introductory and statistical sections accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

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This communication is intended solely for the information and use of the Mayor and the members of City Council and management of the City of Seaside, is not intended to be, and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
February 24, 2022