

CITY OF SEAL BEACH, CALIFORNIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2023

City of Seal Beach

**Annual Comprehensive Financial Report
For the Year Ended June 30, 2023**



**Prepared by the Finance Department
Barbara Arenado
Director of Finance/City Treasurer**

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Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

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January 12, 2024

Honorable Mayor, Members of the City Council and Citizens of the City of Seal Beach:

City of Seal Beach staff is pleased to submit for your information the Annual Comprehensive Financial Report (“ACFR”) of the City of Seal Beach (“City”) for the fiscal year ended June 30, 2023. Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation including all disclosures rests with the City. In our opinion, the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City and contains all disclosures necessary to enable the reader to gain an understanding of the City’s financial affairs.

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

The City’s financial statements have been audited by The Pun Group, a public accounting firm fully licensed and qualified to perform audits of the state and local governments within the State of California. The audit was designed to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Seal Beach’s financial statements for the year ended June 30, 2023, are fairly presented in conformity with Generally Accepted Accounting Principles. The independent auditor’s report is presented as the first component of the financial section of this report.

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

PROFILE OF THE CITY

In 1904 J.C. Ord, a Civil War veteran, hired a 30–mule team to bring his small general store building from Los Alamitos to Bay City, where he set it down at the southwest corner of what is now known as Main Street and Electric Avenue.

J.C. Ord was one of five trustees voted into office in October 1915, the second Mayor, Postmaster, and the first Judge. His store on Main Street was the Post Office and Court House and the Jail House when it was necessary.

On October 27, 1915, the City was incorporated and governed by an elected five-member council. The new City had an area of 1.25 square miles with a population of 250. Bay City was renamed Seal Beach in August 1913 as part of a marketing re-branding by the Guy M. Rush Realty Company.

Another area of Seal Beach, Surfside Colony, was founded in 1929 and is credited as the one of the first beach resort communities of its type on the West Coast, following Santa Monica, Malibu Colony and Anaheim Landing.

In early 1944 during World War II, the Navy purchased most of the land around Anaheim Landing to construct the United States Navy's Naval Weapons Station Seal Beach ("NWS SB") for loading, unloading, and storing of ammunition for the Pacific Fleet. Today, NWS SB is the Navy's primary West Coast ordnance storage, loading, and maintenance installation. Located entirely within NWS SB is the Seal Beach National Wildlife Refuge, which was established in 1972 and protects habitat for threatened and endangered species.

Meanwhile Leisure World, a retirement community which comprises nearly a third of the city's residents, opened in 1962. Construction of homes in the College Park East and West neighborhoods occurred in the early 1960s.

The City has an area of 13.23 square miles and sits on the coast as the gateway to Orange County between the cities of Long Beach and Huntington Beach and currently has a population of 24,647.

ECONOMIC CONDITIONS

Local economy: Although the focus of this Annual Comprehensive Financial Report is the financial condition of the City at June 30, 2023, it may be best understood when it is considered from the broader perspective of the specific environment within which the City operates. The City has experienced a strong economic recovery after the challenging financial environment caused by the pandemic. As consumer demand increased and services returned to normal, the City ended the fiscal year in a positive position. Overall, the City's General Fund revenue for the fiscal year increased by \$0.7 million from the prior year.

Property tax is the City's largest General Fund revenue source with revenues of \$14.5 million, an increase of 7.7 percent over the prior fiscal year. Sales tax is the second largest General Fund revenue source with revenues of \$11.7 million including transaction tax, an increase of 2.0 percent. Additionally, Transient Occupancy Tax was \$1.9 million, an increase of 15.1 percent. The increase in Property tax is due to the continued robust housing demographics in the City. Increases in Sales and Transient Occupancy taxes are in direct response to the post-pandemic demand for consumer goods and travel and the re-opening of businesses and the City's hotels.

Long-term financial planning: The City of Seal Beach continues to implement cost saving measures while providing the core services for our residents, businesses, visitors, and to protect all essential services that contribute to the high quality of life our residents expect. On a yearly basis, the City Council sets goals and priorities for the future. Each year the City develops a Five-Year Financial Outlook which is the guiding document for long-range fiscal planning and serves as the framework for development of the next adopted budget. The outlook is included in the budget process and incorporates a range of information on items that influence projected revenues and anticipated appropriation needs over the next five fiscal years. These projections inform the City Council and the public of the long-term costs of programs in the context of the City's overall General Fund budget and projected revenue growth.

The City continues to be in good financial health due to its stable tax base, disciplined fiscal decisions, and strong governance. Conservative budgeting and sound financial policies have resulted in reserve levels that meet City Council policy. The City Council adopted policy seeks to maintain the reserve level between 20 to 25 percent of the General Fund adopted appropriations. The reserve may be used at the discretion of the City Council to provide resources during temporary decreases in revenues, in the event of an economic downturn while expenditure reductions are implemented, or to provide resources to meet emergency expenditures in the case of flood, fire, earthquake, landslides, or other natural disasters. At June 30, 2023, the reserve balance was \$10.1 million or 25.6 percent of the operating budget.

Major initiatives: The Strategic Plan goals are approved and/or affirmed by the City Council twice a year. Strategic Priorities include: Organizational Efficiencies, Community Outreach and Capital Projects, Housing Element, Local Coast Plan, Pacific Coast Highway Landscape Medians, Fiscal Sustainability, Flooding and Public Safety. This year, the City brought Animal Control Services in-house to boost efficiency and enhance City services. The groundbreaking for the new Tennis and Pickleball Center began, and plans were finalized for a major beach sand restoration project to recover nearly 2 million cubic feet lost to storm erosion. Revisions were made to the Housing element and despite volatile economic times, the City was fully operational and back to live/active recreational programs, while adopting a balanced budget.

FINANCIAL POLICIES AND PROCEDURES

Internal control structure: Management of the City is responsible for establishing and maintaining an adequate internal control structure. Internal accounting controls are designed to ensure that the assets of the City are protected from loss, theft, or misuse, and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The internal control structure is designed to provide reasonable, but not absolute, assurance, that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgment by management.

Budgetary controls: The annual budget serves as the foundation for the City of Seal Beach's financial planning and control. The City Council adopts an annual budget and appropriates the funds necessary to provide the services and operations for the fiscal year. The City Manager may make appropriation transfers within and between departments which do not result in an increase in appropriations. The City of Seal Beach City Council must approve all appropriation changes that result in an increase in appropriations.

AWARDS

GFOA Award Program – Annual Comprehensive Financial Report

The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Seal Beach for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the twenty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. City staff believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA again this year for award.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Barbara Arenado
Director of Finance/City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

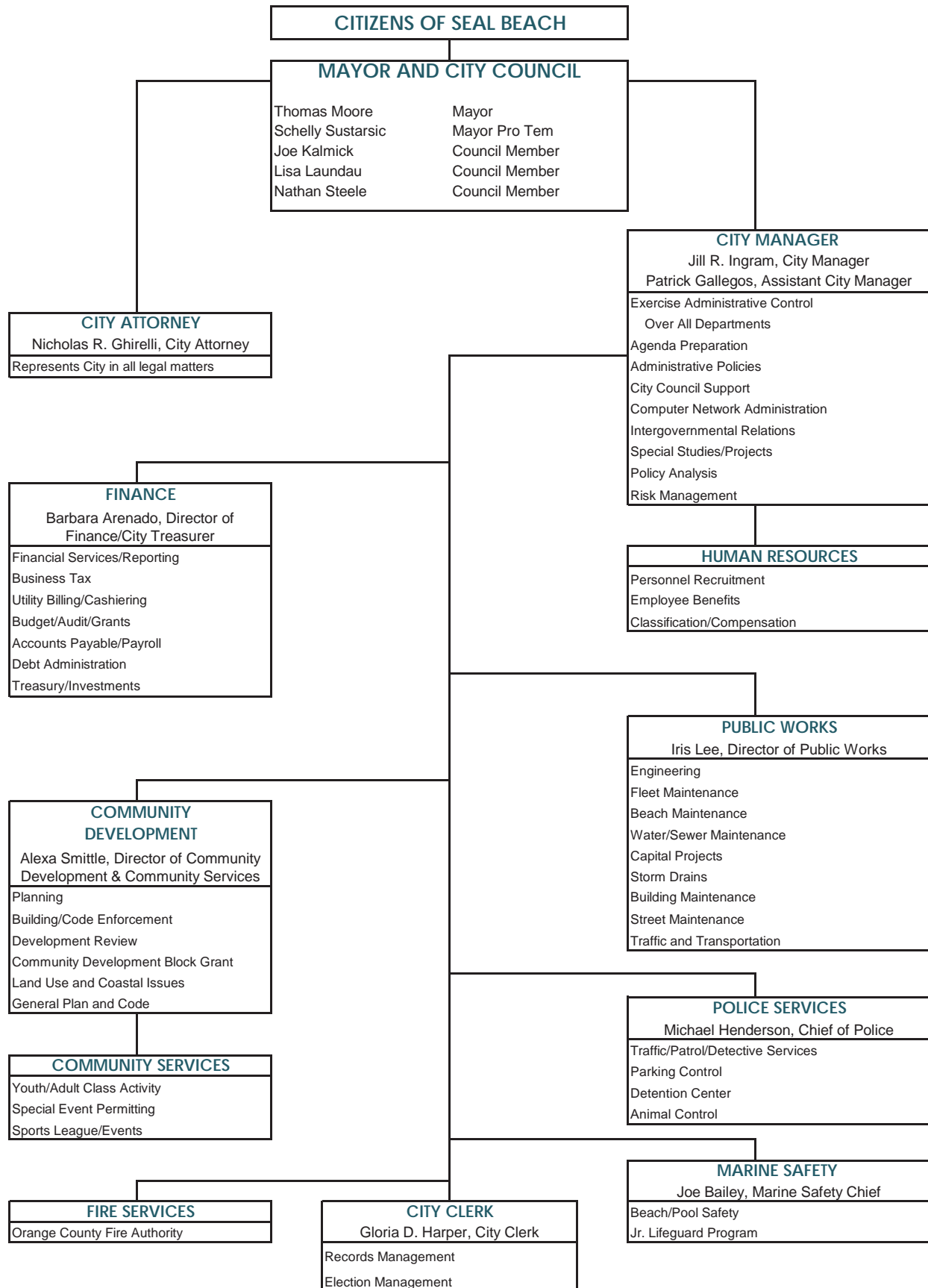
**City of Seal Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



CITY OF SEAL BEACH CALIFORNIA

Principal Officers

City Council

Thomas Moore, Mayor
Schelly Sustarsic, Mayor Pro Tem
Joe Kalmick, Council Member
Lisa Landau, Council Member
Nathan Steele, Council Member

Executive Officers

Jill R. Ingram, City Manager
Nicholas Ghirelli, City Attorney

Administrative Personnel

Patrick Gallegos, Assistant City Manager
Michael Henderson, Chief of Police
Iris Lee, Director of Public Works
Barbara Arenado, Director of Finance/City Treasurer
Alexa Smittle, Director of Community Development
Joe Bailey, Marine Safety Chief
Gloria D. Harper, City Clerk

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INDEPENDENT AUDITORS' REPORT



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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Seal Beach, California (the "City") as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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 ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors’ 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 auditors’ report that includes our opinions. 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 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.

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, the Schedule of the City’s Proportionate Share of the Net Pension Liability and Related Ratios, the Schedules of Contributions – Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Contributions – Other Postemployment Benefits 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 GAAS, 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.

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 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 basic 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 GAAS. In our opinion, the Combining and Individual Fund Financial Statements 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 and Statistical Sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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, 2024 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.



Santa Ana, California
January 12, 2024

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City of Seal Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Management of the City of Seal Beach is pleased to offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023, along with comparisons to the fiscal year ended June 30, 2022. All increases and decreases are expressed relative to fiscal year 2021-2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City's net position – the difference between its assets and deferred outflows of resources compared to its liabilities and deferred inflows of resources – was \$141.6 million, an increase of \$13.9 million or 10.8%. The net position of governmental activities increased by \$13.7 million or 16.5%, while the net position of business-type activities increased by \$0.1 million or 0.3%.
- The net position of \$141.6 million consisted of \$115.6 million of net investment in capital assets; \$10.4 million of resources that are subject to external restrictions on how they may be used; \$0.9 million that may be used to meet the City's obligations for its governmental activities; and \$14.7 million to meet obligations for its business-type activities.
- Total revenues were \$58.9 million and total expenses were \$45.0 million. Revenues increased by \$1.2 million or 2.2%, and expenses decreased by \$13.1 million or 22.5%.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$44.1 million, representing an increase of \$4.1 million or 10.4%. Of this amount, \$9.3 million (the sum of assigned and unassigned fund balances) is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$4.9 million or 11.1% of total General Fund expenditures and transfers out.
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Information Technology Arrangements (SBITAs), during the current fiscal year. As a result, the City reported \$1.0 million net of amortizable subscription assets and \$1.0 million of subscription liability.
- The City's Reserve Fund Policy aims to maintain a minimum balance in the Fiscal Policy Reserve equal to approximately three months' worth of the City's General Fund operating expenditures. As of June 30, 2023, the Committed-Fiscal Policy Reserve has a balance of \$10.1 million, or 25.6% of General Fund expenditures (less transfers out related to capital projects). This percentage aligns with the City's goals and is in accordance with the recommendation of the Government Finance Officers Association (GFOA).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

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

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

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

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

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

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

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

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

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

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Fiduciary funds account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. All the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the City's government-wide financial statement because the City cannot use these assets to finance its operations. The basic fiduciary fund financial statements can be found immediately following the proprietary funds financial statements.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Government-wide Financial Analysis focuses on the City's net position and changes in net position resulting from the City's activities as a whole.

Analysis of Net Position – As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position was \$141.6 million and \$127.7 million for the years ended June 30, 2023, and June 30, 2022, respectively, as shown in Table 1.

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 61,494	\$ 55,876	\$ 19,864	\$ 19,875	\$ 81,358	\$ 75,751
Capital assets	87,343	85,735	34,301	34,662	121,644	120,397
Total assets	148,837	141,611	54,165	54,537	203,002	196,148
Deferred outflows of resources	21,111	10,715	2,171	802	23,282	11,517
Long-term liabilities outstanding	53,514	32,878	9,743	7,171	63,257	40,049
Other liabilities	5,635	4,005	1,472	1,666	7,107	5,671
Total liabilities	59,149	36,883	11,215	8,837	70,364	45,720
Deferred inflows of resources	13,893	32,247	455	1,979	14,348	34,226
Net position						
Net investment in capital assets	85,687	84,448	29,929	30,111	115,616	114,559
Restricted	10,354	8,759	25	25	10,379	8,784
Unrestricted	864	(10,011)	14,713	14,386	15,577	4,375
Total net position	\$ 96,905	\$ 83,196	\$ 44,667	\$ 44,522	\$ 141,572	\$ 127,718

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

As of June 30, 2023, the City continued to report positive balances in all three categories of net position for the government as a whole.

Net position – Net investment in capital assets (\$115.6 million or 81.7% of total net position) represents capital assets, such as land, buildings, infrastructure, and equipment, less any related outstanding debt used to acquire those assets. This is an overall increase of \$1.1 million, or 0.9%. The City uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position - Restricted (\$10.4 million or 7.3% of total net position) represents resources that are subject to external restrictions on how they may be used. This is an increase of \$1.6 million, or 18.2%. The majority of this increase occurred in restrictions for public works, which increased \$1.4 million, or 32.5%.

Net position – Unrestricted (\$15.6 million or 11.0% of total net position) represents an increase of \$11.2 million or 256.1%. The governmental activities unrestricted of \$0.9 million is an increase of \$10.9 million or 108.6% as a result of the effect of implementing Governmental Accounting Standards Board (GASB) statements related to pension and other post-employment benefits (OPEB) liabilities. The total deferred inflows of resources on pension plans decreased by \$18.7 million as a result of net differences between projected and actual earnings on pension plan investments. Generally accepted accounting principles require financial statement recording when a liability is incurred. However, the City, like many other governments, raises and budgets resources needed to liquidate certain liabilities during the year in which the liability is to be liquidated rather than during the year in which the liability is incurred. The City will continue to fund these obligations on an actuarial basis, contributing the full amount of annual required contributions every year.

Analysis of Activities - The City's net position increased by \$13.9 million or 10.8%. The following Table 2 provides a summary of the City's operations for the years ended June 30, 2023, and June 30, 2022.

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 8,662	\$ 8,198	\$ 8,131	\$ 8,256	\$ 16,793	\$ 16,454
Operating grants and contributions	4,166	9,362	-	-	4,166	9,362
Capital grants and contributions	1	1	-	-	1	1
General revenues:						
Taxes:						
Property taxes	14,468	13,429	-	-	14,468	13,429
Sales taxes	11,667	11,444	-	-	11,667	11,444
Utility user taxes	5,349	4,508	-	-	5,349	4,508
Other taxes	4,202	3,528	-	-	4,202	3,528
Use of money and property	782	(1,428)	290	218	1,072	(1,210)
Other	1,145	97	-	-	1,145	97
Total revenues	<u>50,442</u>	<u>49,139</u>	<u>8,421</u>	<u>8,474</u>	<u>58,863</u>	<u>57,613</u>
Expenses:						
General government	6,778	8,604	-	-	6,778	8,604
Public safety	20,063	26,912	-	-	20,063	26,912
Community development	1,836	3,044	-	-	1,836	3,044
Community services	264	1,992	-	-	264	1,992
Public works	8,488	9,086	-	-	8,488	9,086
Interest on long-term debt	36	61	-	-	36	61
Water	-	-	5,251	6,064	5,251	6,064
Sewer	-	-	2,293	2,323	2,293	2,323
Total expenses	<u>37,465</u>	<u>49,699</u>	<u>7,544</u>	<u>8,387</u>	<u>45,009</u>	<u>58,086</u>
Change in net position before transfers	12,977	(560)	877	87	13,854	(473)
Transfers	733	733	(733)	(733)	-	-
Changes in net position	<u>13,710</u>	<u>173</u>	<u>144</u>	<u>(646)</u>	<u>13,854</u>	<u>(473)</u>
Net position at beginning of year	83,195	83,022	44,523	45,169	127,718	128,191
Net position at end of year	<u>\$ 96,905</u>	<u>\$ 83,195</u>	<u>\$ 44,667</u>	<u>\$ 44,523</u>	<u>\$ 141,572</u>	<u>\$ 127,718</u>

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Governmental Activities experienced an increase of \$13.7 million in net position as of June 30, 2023, compared to an increase of \$0.2 million at June 30, 2022. The reason for this year-to-year net increase of \$13.7 million is due to increases of \$1.3 million in revenues in addition to decreases to expenses of \$12.2 million.

The overall net change in revenues is due to recognizing 1) less COVID-related operating grants in the current year, 2) higher tax revenues across all tax categories as a result of the overall economic growth which occurred as the City moved out of the pandemic slow-down, 3) increases in use of money and property due to rising interest rates throughout the fiscal year.

The cost of all governmental activities during the current fiscal year was \$37.5 million, which is a \$12.2 million decrease from fiscal year 2021-2022. The majority of this decrease was due to pension expenses decreasing by \$12.9 million (refer to Note 9 of the Notes to the Basic Financial Statements for further analysis of the pension expense). The largest operating cost was comprised of Public Safety, representing 53.6% of total governmental expenditures compared to 54.1% of total governmental expenditures in fiscal year 2021-2022.

Business-type Activities net position increased by \$0.1 million. An updated water and sewer rate study was conducted and implemented in 2021. As a result of higher charges for services and slightly lower operating costs, net position increased by nearly \$0.1 million from operations. During the year, business-type activities paid \$0.7 million in administrative costs which were recorded as a transfer to governmental activities.

FINANCIAL ANALYSIS OF CITY FUNDS

The City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Governmental funds – The objective of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$44.1 million. Approximately \$4.2 million, or 9.6% of this total amount, constitutes unassigned fund balance. The remainder of the fund balance is reported as nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been designated to pay for encumbrances, loans, prepaid expenses, or advances to other funds or has been legally restricted for other purposes.

The General Fund ended the fiscal year with a fund balance of \$37.3 million, representing a net increase of \$3.0 million. In comparison, in the prior fiscal year, the General Fund had a net increase of \$4.4 million to fund balance. Fiscal year 2022-2023 had an increase of \$0.7 million in revenues which was entirely offset by an increase in expenditures of \$0.8 million. The primary reason for the increase in fund balance is due to revenues over expenditures of \$5.0 million offset by net transfers of \$2.0 million. Net transfers increased by \$1.3 million compared to the prior fiscal year.

Total governmental fund revenues increased overall by \$1.0 million or 2.1% due to collecting higher tax revenues; these increases were offset by reductions to intergovernmental due to less COVID related grants in this fiscal year; and by increases in interest earnings due to rising interest rates throughout the fiscal year which caused an increase in the fair value of investments as of June 30. Overall expenditures increased by \$2.5 million or 5.7%, as the City reopened services and support to residents and businesses.

City of Seal Beach
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

Proprietary funds – The City’s proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position totaled \$4.1 million and \$10.6 million for the Water and Sewer Funds, respectively. The Water Fund had an operating income of \$0.5 million and the Sewer Fund had an operating income of \$0.2 million. For the fiscal year 2021-2022, new water and sewer rates were implemented and contributed to a combined operating income of \$20,600.

GENERAL FUND BUDGETARY HIGHLIGHTS

When preparing its budget, the City attempts to estimate its revenues using realistic, but conservative methods to budget its expenditure appropriations in a prudent manner. Amendments were approved during the fiscal year to the adopted budget. The fiscal year 2022-2023 General Fund’s revenue budget was adopted at \$41.5 million and had amendments to taxes and charges for services of \$1.1 million. The fiscal year 2022-2023 General Fund’s original (adopted) budget for expenditures was \$43.5 million, and the final budget was \$44.4 million, a net increase of \$0.9 million. The largest change was an increase of \$0.7 million to public works due to establishing expenditures for encroachment deposit permitting activities due to GASB 84.

The General Fund reflected a net total positive budget variance of \$8.5 million when comparing actual amounts to the final amended budget for the current fiscal year. Actual revenues show a positive variance of \$3.6 million or 8.5% of the final budget due to unanticipated receipts of taxes and miscellaneous revenues due to a case settlement. Actual expenditures of \$41.2 million generated budgetary savings of \$3.2 million, or 7.1% of the final budget mostly due to savings in public works from vacant positions and contract professional. Additionally, capital outlay was less than anticipated due to not needing to transfer out to other funds as was originally anticipated.

CAPITAL ASSETS

The City’s capital assets for its governmental and business-type activities as of June 30, 2023, total \$121.6 million compared to \$121.7 million (net of accumulated depreciation and amortization) as of June 30, 2022. The investment in capital assets includes land, land easements, building and improvements, machinery and equipment, vehicles, infrastructure, leases, subscriptions and construction in progress as summarized in the following Table 3. Additional information on the City’s capital assets can be found in Note 5 in the notes to the basic financial statements.

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022*	2023	2022*	2023	2022*
Land and land easements	\$ 21,220	\$ 21,220	\$ -	\$ -	\$ 21,220	\$ 21,220
Buildings and improvements	8,250	8,659	-	-	8,250	8,659
Machinery and equipment	1,625	1,743	617	629	2,242	2,372
Vehicles	1,609	1,572	74	265	1,683	1,837
Infrastructure	50,144	50,525	30,534	31,921	80,678	82,446
Lease assets	321	178	-	-	321	178
Subscription assets	706	949	284	357	990	1,306
Construction-in-progress	3,468	1,838	2,792	1,847	6,260	3,685
Totals	<u>\$ 87,343</u>	<u>\$ 86,684</u>	<u>\$ 34,301</u>	<u>\$ 35,019</u>	<u>\$ 121,644</u>	<u>\$ 121,703</u>

* as restated

City of Seal Beach
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

During fiscal year 2022-2023, major capital projects formally completed include:

- Seal Beach Boulevard Traffic Signal Synchronization - Phase I (ST2109) - \$246,646

DEBT ADMINISTRATION

As of June 30, 2023, the City had bonded debt, lease liabilities, notes payable, subscription liabilities, claims payable, and compensated absence liabilities totaling \$7.7 million compared to \$8.9 million at the end of the fiscal year 2021-2022. The City’s governmental activities maintained \$3.1 million in lease revenue bonds, leases, subscription liabilities, claims payable, and compensated absences versus \$3.8 million last fiscal year, representing a decrease of approximately \$0.7 million. This decrease reflects interest and principal payments made during fiscal year 2022-2023 in addition to an increase to leases.

The City’s business-type activities debt decreased \$0.6 million from \$5.1 million to \$4.5 million. Debt in the business-type activities consists of lease revenue bonds, State loans for water and sewer capital improvement projects, subscription liabilities and compensated absences. The decrease reflects interest and principal payments made during fiscal year 2022-2023.

A summary of outstanding debt can be found in the following Table 4, and additional information on the City’s long-term debt can be found in Note 6 in the basic financial statements.

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022*	2023	2022*	2023	2022*
Lease revenue bonds	\$ 315	\$ 735	\$ 1,385	\$ 1,580	\$ 1,700	\$ 2,315
Leases	546	538	-	-	546	538
Capital project notes	-	-	2,758	3,052	2,758	3,052
Subscription liabilities	695	949	277	357	972	1,306
Self-insured Claims Payable	175	263	-	-	175	263
Compensated absences	1,395	1,333	114	115	1,509	1,448
Total	<u>\$ 3,126</u>	<u>\$ 3,818</u>	<u>\$ 4,534</u>	<u>\$ 5,104</u>	<u>\$ 7,660</u>	<u>\$ 8,922</u>

* as restated

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

The City of Seal Beach economy and tax base continue to support core services for our residents, businesses, and visitors contributing to the high quality of life within the City. The City has largely emerged from the pandemic-depressed revenues due to improved economic activity. For the upcoming fiscal year, revenues are expected to improve moderately. However, challenges from high inflation and supply chain issues temper the recovering outlook.

Property taxes are expected to increase as well, primarily from continued improvement in assessed value and the continued strength in the local real estate market.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2023

The City prepared a balanced annual budget for fiscal year 2023-2024. The one-year budget represents a General Fund surplus of operating revenues over operating expenditures (excluding capital projects). Expenditures of the City were budgeted at the current level of service with capital improvement projects to be supported primarily by the City's General Fund Balance. The revenue projections for the 2023-2024 budget year were conservative due to the continuing unknown lingering impacts from the pandemic and fiscal uncertainty. The City will continue to monitor revenue streams throughout the coming years and will adjust spending levels as necessary.

The most significant issues facing the City are the aged condition of the City's infrastructure. The City has completed and adopted numerous infrastructure planning documents (i.e., Water Master Plan, Sewer Master Plan, Master Plan of Drainage, Facilities Master Plan, and Pavement Management Plan). These plans identify well over \$160 million in needed improvements throughout the City. The City annually adopts a 5-year Capital Improvement Program (CIP) that strategically plans construction of these needed improvements. The fiscal year 2024-2028 CIP recommends approximately \$49.2 million in improvements over the next 5 years, including \$0.8 million for implementation of Revitalization projects. The 5-Year Capital Improvement Program identifies needs in the following areas: Buildings (\$15.5M), Beach and Pier (\$4.0M), Parks (\$0.7M), Sewer System (\$10.7M), Streets and Transportation (\$13.4M), Storm Drain (\$2.6M), and Water System (\$1.5M). It should be noted that a comprehensive Water System 5-Year CIP projection is not included and is deferred until a Water Financial Plan/Rate Update is approved.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Seal Beach
Statement of Net Position
June 30, 2023

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash and investments	\$ 44,214,188	\$ 18,663,236	\$ 62,877,424
Accounts receivable	1,612,280	1,149,274	2,761,554
Taxes receivable	3,493,600	-	3,493,600
Lease receivable, due within one year	342,715	-	342,715
Interest receivable	255,808	-	255,808
Due from other governments	762,907	-	762,907
Prepaid items	61,989	26,484	88,473
Total current assets	50,743,487	19,838,994	70,582,481
Noncurrent Assets:			
Restricted cash with fiscal agent	637,447	25,082	662,529
Lease receivable, due in more than one year	10,112,627	-	10,112,627
Capital assets:			
Capital assets, not being depreciated	24,687,502	2,792,266	27,479,768
Capital assets, being depreciated, net	61,628,326	31,224,236	92,852,562
Intangible capital assets, being amortized, net	1,026,836	284,244	1,311,080
Total capital assets, net	87,342,664	34,300,746	121,643,410
Total noncurrent assets	98,092,738	34,325,828	132,418,566
Total assets	148,836,225	54,164,822	203,001,047
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	72,422	72,422
Pension related	19,272,836	1,563,772	20,836,608
Other postemployment benefits related	1,838,014	534,841	2,372,855
Total deferred outflows of resources	21,110,850	2,171,035	23,281,885

(Continued)

City of Seal Beach
Statement of Net Position (Continued)
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current Liabilities:			
Accounts payable	4,216,605	1,188,651	5,405,256
Accrued liabilities	303,794	36,721	340,515
Accrued interest	3,506	45,803	49,309
Deposits payable	1,010,969	176,203	1,187,172
Retention payable	100,308	23,964	124,272
Long-term liabilities, due within one year	1,152,843	605,370	1,758,213
Total current liabilities	6,788,025	2,076,712	8,864,737
Long-term liabilities:			
Long-term liabilities, due in more than one year	1,973,145	3,928,830	5,901,975
Net pension liabilities	45,514,539	3,790,557	49,305,096
Net other postemployment benefits liabilities	4,873,231	1,418,057	6,291,288
Total noncurrent liabilities	52,360,915	9,137,444	61,498,359
Total liabilities	59,148,940	11,214,156	70,363,096
DEFERRED INFLOWS OF RESOURCES			
Pension related	3,205,721	387,172	3,592,893
Other postemployment benefits related	231,724	67,429	299,153
Leases related	10,455,342	-	10,455,342
Total deferred inflows of resources	13,892,787	454,601	14,347,388
NET POSITION			
Net investment in capital assets	85,686,837	29,928,878	115,615,715
Restricted for:			
Community development projects	915,006	-	915,006
Public safety	497,220	-	497,220
Community services	544,849	-	544,849
Public works	5,700,549	-	5,700,549
Debt service	761,441	25,082	786,523
Waste management, park in lieu, and I-405 corridor improvement	1,935,127	-	1,935,127
Total restricted	10,354,192	25,082	10,379,274
Unrestricted	864,319	14,713,140	15,577,459
Total net position	\$ 96,905,348	\$ 44,667,100	\$ 141,572,448

(Concluded)

City of Seal Beach
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 6,778,212	\$ 1,069,669	\$ 62,767	\$ -	\$ 1,132,436
Public safety	20,062,949	2,282,044	552,008	-	2,834,052
Community development	1,836,054	499,835	786,228	-	1,286,063
Community services	263,478	1,221,628	-	-	1,221,628
Public works	8,487,999	3,588,535	2,764,833	889	6,354,257
Interest and fiscal charges	36,443	-	-	-	-
Total governmental activities	37,465,135	8,661,711	4,165,836	889	12,828,436
Business-Type Activities:					
Water utility	5,250,934	5,759,925	-	-	5,759,925
Sewer utility	2,292,687	2,371,663	-	-	2,371,663
Total business-type activities	7,543,621	8,131,588	-	-	8,131,588
Total primary government	\$ 45,008,756	\$ 16,793,299	\$ 4,165,836	\$ 889	\$ 20,960,024

(Continued)

City of Seal Beach
Statement of Activities (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Positions		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ (5,645,776)	\$ -	\$ (5,645,776)
Public safety	(17,228,897)	-	(17,228,897)
Community development	(549,991)	-	(549,991)
Community services	958,150	-	958,150
Public works	(2,133,742)	-	(2,133,742)
Interest and fiscal charges	(36,443)	-	(36,443)
Total governmental activities	(24,636,699)	-	(24,636,699)
Business-Type Activities:			
Water Utility	-	508,991	508,991
Sewer Utility	-	78,976	78,976
Total business-type activities	-	587,967	587,967
Total primary government	(24,636,699)	587,967	(24,048,732)
General Revenues:			
Taxes:			
Property taxes, levied for general purpose	14,468,211	-	14,468,211
Sales taxes	11,666,838	-	11,666,838
Franchise taxes	1,175,046	-	1,175,046
Utility users tax	5,349,003	-	5,349,003
Transient occupancy taxes	1,922,823	-	1,922,823
Other taxes	1,104,573	-	1,104,573
Motor vehicle in lieu- unrestricted	25,874	-	25,874
Use of money and property	781,761	289,885	1,071,646
Other	1,118,893	-	1,118,893
Transfers	733,500	(733,500)	-
Total general revenues and transfers	38,346,522	(443,615)	37,902,907
Changes in net position	13,709,823	144,352	13,854,175
Net Position:			
Beginning of year	83,195,525	44,522,748	127,718,273
End of year	\$ 96,905,348	\$ 44,667,100	\$ 141,572,448

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Seal Beach
Balance Sheet
Governmental Funds
June 30, 2023

	General	Capital Projects and Equipment Capital Projects Fund	Nonmajor Governmental Funds	Total
ASSETS				
Cash and investments	\$ 35,747,368	\$ 1,269,069	\$ 7,013,603	\$ 44,030,040
Receivables:				
Accounts	939,645	-	672,635	1,612,280
Taxes	3,385,355	-	108,245	3,493,600
Interest	254,694	-	1,114	255,808
Leases	10,455,342	-	-	10,455,342
Due from other governments	200,489	-	562,418	762,907
Due from other funds	520,038	-	-	520,038
Prepaid items	42,705	-	19,284	61,989
Restricted assets:				
Cash and investments with fiscal agents	1,939	-	635,508	637,447
Total assets	\$ 51,547,575	\$ 1,269,069	\$ 9,012,807	\$ 61,829,451
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,263,021	\$ 1,059,662	\$ 864,472	\$ 4,187,155
Accrued liabilities	293,303	-	10,491	303,794
Deposits payable	1,010,969	-	-	1,010,969
Due to other funds	-	-	520,038	520,038
Retentions payable	-	69,426	30,882	100,308
Total liabilities	3,567,293	1,129,088	1,425,883	6,122,264
Deferred inflow of resources:				
Unavailable revenue	200,489	-	941,788	1,142,277
Leases	10,455,342	-	-	10,455,342
Total deferred inflow of resources	10,655,831	-	941,788	11,597,619
Fund Balances:				
Nonspendable	42,705	-	-	42,705
Restricted	1,935,127	-	7,477,277	9,412,404
Committed	25,322,120	-	-	25,322,120
Assigned	5,097,455	-	-	5,097,455
Unassigned (deficit)	4,927,044	139,981	(832,141)	4,234,884
Total fund balances	37,324,451	139,981	6,645,136	44,109,568
Total liabilities, deferred inflow of resources, and fund balances	\$ 51,547,575	\$ 1,269,069	\$ 9,012,807	\$ 61,829,451

City of Seal Beach
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds \$ 44,109,568

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

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

Nondepreciable	\$ 24,687,502	
Depreciable, net of \$636,878 reported in Internal Service Funds	60,991,448	
Amortizable, net of \$281,976 reported in Internal Service Funds	744,860	86,423,810

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All

Bonds payable	\$ (315,000)	
Loans payable	(218,963)	
Lease liabilities, net of \$287,813 reported in Internal Service Funds	(39,298)	
Subscription liabilities	(694,445)	
Claims and judgments	(175,046)	
Compensated absences	(1,395,423)	(2,838,175)

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds. (3,506)

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

Pension related deferred outflows of resources	\$ 19,272,836	
Net pension liability	(45,514,539)	
Pension related deferred inflows of resources	(3,205,721)	(29,447,424)

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

OPEB related deferred outflows of resources	\$ 1,838,014	
Net OPEB liability	(4,873,231)	
OPEB related deferred inflows of resources	(231,724)	(3,266,941)

Revenue reported as unavailable revenue in the governmental funds when it is not received soon enough after year-end to be considered available. The availability criteria does not apply to the Government-Wide Financial Statements and, therefore, the revenue is recognized when eligibility requirements are met and earned. 1,142,277

Internal Service Funds were used by management to charge the costs of certain activities, such as insurance and equipment replacement to individual funds. The assets and liabilities of the Internal Service Funds were included in the governmental activities in the Government-Wide Statement of Net Position. 785,739

Net Position of Governmental Activities \$ 96,905,348

City of Seal Beach
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Capital Projects and Equipment Capital Projects Fund	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 35,686,493	\$ -	\$ 2,030,181	\$ 37,716,674
Licenses and permits	1,027,232	-	-	1,027,232
Intergovernmental	370,982	-	1,251,023	1,622,005
Charges for services	5,712,979	-	108,103	5,821,082
Use of money and property	694,426	-	117,092	811,518
Fines and forfeitures	1,435,250	-	-	1,435,250
Contributions	37,023	-	40,000	77,023
Miscellaneous	1,291,231	-	-	1,291,231
Total revenues	46,255,616	-	3,546,399	49,802,015
Expenditures:				
Current:				
General government	7,604,654	-	66,422	7,671,076
Public safety	24,003,022	-	567,185	24,570,207
Community development	1,587,435	-	630,580	2,218,015
Community services	1,219,014	-	-	1,219,014
Public works	6,273,410	66,800	285,471	6,625,681
Capital outlay	169,269	2,405,775	1,034,510	3,609,554
Debt service:				
Principal retirement	369,974	-	420,000	789,974
Interest and fiscal charges	12,227	-	24,424	36,651
Total expenditures	41,239,005	2,472,575	3,028,592	46,740,172
Revenues over (under) expenditures	5,016,611	(2,472,575)	517,807	3,061,843
Other Financing Sources (Uses):				
Transfers in	1,007,500	2,612,556	739,455	4,359,511
Transfers out	(3,048,566)	-	(226,057)	(3,274,623)
Total other financing sources (uses):	(2,041,066)	2,612,556	513,398	1,084,888
Net change in fund balances	2,975,545	139,981	1,031,205	4,146,731
Fund Balances:				
Beginning of year	34,348,906	-	5,613,931	39,962,837
End of year	<u>\$ 37,324,451</u>	<u>\$ 139,981</u>	<u>\$ 6,645,136</u>	<u>\$ 44,109,568</u>

City of Seal Beach
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		\$ 4,146,731
Governmental activities in the Statement of Activities were reported differently because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		
Capital outlay, net of \$0 reported in Internal Service Fund	\$ 3,609,554	
Depreciation and amortization, net of \$254,327 reported in Internal Service Fund	(2,924,136)	
Net effect on disposal of capital assets, net of \$7,138 reported in Internal Service Fund	56,934	742,352
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
		789,974
Interest expense on long-term debt is reported in the Statement of Activities, but do not require the use of current financial resources. Therefore, interest is reported as an expenditure in governmental funds. This amount represents the change in accrued interest from the prior year.		
		3,659
Claims and judgment changes reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
		88,123
Compensated absences were reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, compensated absences were not reported as expenditures in the governmental funds.		
		(62,310)
Certain pension income (expenses) reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, net of contribution made after the measurement period in the amount of \$5,218,453.		
		7,164,091
Certain other postemployment benefits income (expenses) reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, net of contribution made after the measurement period in the amount of \$990,171.		
		867,485
Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities.		
		585,112
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenue of the Internal Service Funds is reported in governmental activities.		
		(615,394)
Change in net position of governmental activities		\$ 13,709,823

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PROPRIETARY FUND FINANCIAL STATEMENTS

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City of Seal Beach
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water Utility	Sewer Utility	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 6,849,688	\$ 11,813,548	\$ 18,663,236	\$ 184,148
Accounts receivable	754,057	395,217	1,149,274	-
Prepaid items	26,484	-	26,484	-
Total current assets	7,630,229	12,208,765	19,838,994	184,148
Noncurrent Assets:				
Restricted cash	25,082	-	25,082	-
Capital assets, not being depreciated	2,258,277	533,989	2,792,266	-
Capital assets, net of accumulated depreciation	14,423,232	16,801,004	31,224,236	636,878
Intangible assets, net of accumulated amortization	158,522	125,722	284,244	281,976
Total capital assets	16,840,031	17,460,715	34,300,746	918,854
Total noncurrent assets	16,865,113	17,460,715	34,325,828	918,854
Total Assets	24,495,342	29,669,480	54,164,822	1,103,002
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	72,422	72,422	-
Pension related items	973,368	590,404	1,563,772	-
Other postemployment benefits related items	332,911	201,930	534,841	-
Total deferred outflows of resources	1,306,279	864,756	2,171,035	-

(Continued)

City of Seal Beach
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Internal Service Funds
	Water Utility	Sewer Utility	Total	
LIABILITIES				
Current Liabilities:				
Accounts payable	1,061,535	127,116	1,188,651	29,450
Accrued liabilities	22,984	13,737	36,721	-
Accrued interest	776	45,027	45,803	-
Retention payable	23,964	-	23,964	-
Deposits payable	167,029	9,174	176,203	-
Compensated absences, due within one year	8,197	19,437	27,634	-
Long-term debt, due within one year	127,075	450,661	577,736	80,586
Total current liabilities	1,411,560	665,152	2,076,712	110,036
Noncurrent Liabilities:				
Compensated absences, due in more than one year	56,554	29,686	86,240	-
Long-term debt, due in more than one year	425,184	3,417,406	3,842,590	207,227
Net pension liabilities	2,359,428	1,431,129	3,790,557	-
Net other postemployment benefits liabilities	882,668	535,389	1,418,057	-
Total noncurrent liabilities	3,723,834	5,413,610	9,137,444	207,227
Total liabilities	5,135,394	6,078,762	11,214,156	317,263
DEFERRED INFLOW OF RESOURCES				
Pension related items	240,995	146,177	387,172	-
Other postemployment benefits related items	41,971	25,458	67,429	-
Total deferred inflows of resources	282,966	171,635	454,601	-
NET POSITION				
Net investment in capital assets	16,263,808	13,665,070	29,928,878	631,041
Restricted for debt service	25,082	-	25,082	-
Unrestricted	4,094,371	10,618,769	14,713,140	154,698
Total net position	\$ 20,383,261	\$ 24,283,839	\$ 44,667,100	\$ 785,739

(Concluded)

City of Seal Beach
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water Utility	Sewer Utility	Total	Internal Service Funds
OPERATING REVENUES:				
Sales and service charges	\$ 5,759,325	\$ 2,371,621	\$ 8,130,946	\$ -
Miscellaneous	600	42	642	-
Total operating revenues	<u>5,759,925</u>	<u>2,371,663</u>	<u>8,131,588</u>	<u>-</u>
OPERATING EXPENSES:				
Personnel expenses	1,413,264	770,777	2,184,041	-
Operating expenses	3,330,368	393,748	3,724,116	60,559
Amortization and depreciation expenses	510,725	1,005,215	1,515,940	254,327
Total operating expenses	<u>5,254,357</u>	<u>2,169,740</u>	<u>7,424,097</u>	<u>314,886</u>
Operating income (loss)	<u>505,568</u>	<u>201,923</u>	<u>707,491</u>	<u>(314,886)</u>
NONOPERATING INCOME (LOSS):				
Interest revenues	104,907	184,978	289,885	-
Interest expenses	(7,234)	(148,389)	(155,623)	(3,451)
Gain on sale of assets	10,657	25,442	36,099	54,331
Total nonoperating income (loss)	<u>108,330</u>	<u>62,031</u>	<u>170,361</u>	<u>50,880</u>
Income (loss) before transfers	<u>613,898</u>	<u>263,954</u>	<u>877,852</u>	<u>(264,006)</u>
TRANSFERS:				
Transfers out	(440,000)	(293,500)	(733,500)	(351,388)
Total transfers	<u>(440,000)</u>	<u>(293,500)</u>	<u>(733,500)</u>	<u>(351,388)</u>
Changes in net position	<u>173,898</u>	<u>(29,546)</u>	<u>144,352</u>	<u>(615,394)</u>
NET POSITION:				
Beginning of year	20,209,363	24,313,385	44,522,748	1,401,133
End of year	<u>\$ 20,383,261</u>	<u>\$ 24,283,839</u>	<u>\$ 44,667,100</u>	<u>\$ 785,739</u>

City of Seal Beach
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water Utility	Sewer Utility	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 5,862,302	\$ 2,453,420	\$ 8,315,722	\$ 26,750
Cash paid to suppliers for goods and services	(3,429,669)	(392,959)	(3,822,628)	(78,537)
Cash paid to employees for services	(1,607,154)	(829,694)	(2,436,848)	-
Net cash provided by (used in) operating activities	<u>825,479</u>	<u>1,230,767</u>	<u>2,056,246</u>	<u>(51,787)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash transfers out	(440,000)	(293,500)	(733,500)	(351,388)
Net cash (used in) noncapital financing activities	<u>(440,000)</u>	<u>(293,500)</u>	<u>(733,500)</u>	<u>(351,388)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(756,751)	(185,625)	(942,376)	-
Proceed on disposal of assets	10,657	191,000	201,657	61,469
Principal paid on long-term liabilities	(130,671)	(438,165)	(568,836)	(54,795)
Interest paid on long-term liabilities	(7,243)	(140,536)	(147,779)	(3,451)
Net cash provided by (used in) capital and related financing activities	<u>(884,008)</u>	<u>(573,326)</u>	<u>(1,457,334)</u>	<u>3,223</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	104,907	184,978	289,885	-
Net cash provided by investing activities	<u>104,907</u>	<u>184,978</u>	<u>289,885</u>	<u>-</u>
Net change in cash and cash equivalents	<u>(393,622)</u>	<u>548,919</u>	<u>155,297</u>	<u>(399,952)</u>
CASH AND CASH EQUIVALENTS:				
Beginning of year	7,268,392	11,264,629	18,533,021	584,100
End of year	<u>\$ 6,874,770</u>	<u>\$ 11,813,548</u>	<u>\$ 18,688,318</u>	<u>\$ 184,148</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:				
Cash and investments	\$ 6,849,688	\$ 11,813,548	\$ 18,663,236	\$ 184,148
Restricted cash	25,082	-	25,082	-
Total cash and cash equivalents	<u>\$ 6,874,770</u>	<u>\$ 11,813,548</u>	<u>\$ 18,688,318</u>	<u>\$ 184,148</u>

(Continued)

City of Seal Beach
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Water Utility	Sewer Utility	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to to Net Cash Provided by (Used in)				
Operating Activities:				
Operating income (loss)	\$ 505,568	\$ 201,923	707,491	\$ (314,886)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Amortization and depreciation expenses	510,725	1,005,215	1,515,940	254,327
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivables	101,121	80,567	181,688	26,750
(Increase)/decrease in prepaid items	(16,021)	-	(16,021)	-
(Increase)/decrease in deferred outflows of resources related to pensions	(587,435)	(365,820)	(953,255)	-
(Increase)/decrease in deferred outflows of resources related to OPEB	(273,296)	(154,238)	(427,534)	-
Increase/(decrease) in accounts payable	(83,280)	789	(82,491)	(17,978)
Increase/(decrease) in accrued liabilities	(107,193)	(24,567)	(131,760)	-
Increase/(decrease) in deposits payable	1,256	1,190	2,446	-
Increase/(decrease) in compensated absences	(7,817)	6,438	(1,379)	-
Increase/(decrease) in net pension liabilities	1,086,417	690,332	1,776,749	-
Increase/(decrease) in net OPEB liabilities	655,060	353,303	1,008,363	-
Increase/(decrease) in deferred inflows of resources related to pensions	(942,424)	(542,484)	(1,484,908)	-
Increase/(decrease) in deferred inflows of resources related to OPEB	(17,202)	(21,881)	(39,083)	-
Net cash provided by (used in) operating activities	\$ 825,479	\$ 1,230,767	\$ 2,056,246	\$ (51,787)
NONCASH ITEM:				
Acquisition of lease assets	\$ -	\$ -	\$ -	\$ (178,158)
Issuance of lease liabilities	\$ -	\$ -	\$ -	\$ 178,158
Amortization of deferred charges	\$ -	\$ 12,070	\$ 12,070	\$ -

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Seal Beach
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds
ASSETS	
Cash and investments	\$ 645,750
Restricted investments with fiscal agent	978,103
Total assets	1,623,853
LIABILITIES	
Current liabilities:	
Accounts payable	7,642
Interest payable	101,459
Total current liabilities	109,101
Total liabilities	109,101
NET POSITION	
Restricted	
For individual, organization and other government	\$ 1,514,752
Total fiduciary net position	1,514,752

City of Seal Beach
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds
ADDITIONS:	
Assessment revenue collected	\$ 808,602
Investment income	37,471
Total additions	846,073
DEDUCTIONS:	
Return of deposits	201,175
Payment of special assessment district debt service	801,362
Total deductions	1,002,537
Change in net position	(156,464)
NET POSITION:	
Beginning of year	1,671,216
End of year	\$ 1,514,752

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Seal Beach
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For the Year Ended June 30, 2023

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City of Seal Beach
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For the Year Ended June 30, 2023

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City of Seal Beach
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

Blended Component Units:

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

The Seal Beach Public Financing Authority (the “Authority”) was formed May 8, 2000, pursuant to Articles 1 through 4 of Chapter 5, Division 7, Title 1 of the California Government Code, to create a joint exercise of powers authority between the City and the former Seal Beach Redevelopment Agency. The City Council of the City is the governing board. Management of the primary government has operational responsibility for the blended component unit. The Authority was formed to undertake the financing of public capital improvements. On June 12, 2017, the City Council adopted Resolution No. 6741, to create the Parking Authority, and the Parking Authority became a new member to the Authority. On the same date, the Successor Agency Board of Directors adopted Resolution No. SA 17-3, approving the Successor Agency’s withdrawal of its Authority membership. On June 28, 2017, the Oversight Board to the Successor Agency adopted Resolution No. OB17-03, approving such withdrawal. Resolution No. OB17-03 became effective upon the State of California Department of Finance’s approval, received by the Successor Agency on August 18, 2017. The Authority does not issue separate financial statements.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Blended Component Units (Continued)

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

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

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

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

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

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

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

- Due from and to other funds, which are short-term loans within the primary government
- Except between Governmental and Business-Type Activities, transfers in and out, which are flows of assets between funds without the requirement for repayment

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

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

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

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

The City reports the following major Governmental Funds:

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

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

Proprietary Fund Financial Statements

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

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

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

The City reports the following major Proprietary Funds:

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

Sewer Utility Enterprise Fund – This fund accounts for the financial transactions of the City’s wastewater collection system.

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

Fiduciary Fund Financial Statements

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

The City reports the following fiduciary fund:

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

C. Cash and Investments

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Fair Value Measurement

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

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

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

E. Property Taxes Receivable

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

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

The property tax calendar is as follows:

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

F. Lease Receivable

The City is a lessor for leases of land and buildings and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. The City established a threshold of \$50,000 for lease receivables. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method. The City used the interest method of revenue recognition.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Lease Receivable (Continued)

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses incremental borrowing rate (IBR) provided by the financial institution at July 1, 2021 for existing leases or the current rate at the time a new lease is executed.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

G. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended. The City uses the consumption method to account for prepaid items.

H. Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from/to other funds” (i.e., current portion of interfund loans). These are typically routine and temporary cash flow assistance from the General Fund to other funds in advance of receiving grant funds or other types of revenue.

Transactions which move resources from a fund receiving revenue to the fund through which the resources are expended are recorded as transfers.

I. Capital Assets

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

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

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

The City established a threshold to recognize a right-to-use including lease asset or subscription-based information technology arrangements (“SBITA”) asset (“subscription assets”) in the government-wide financial statements and proprietary fund financial statements right-to-use asset over \$5,000.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and adjusted by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Subscription assets are recorded at the amount of the initial measurement of the SBITA liabilities (“subscription liabilities”) and adjusted by any subscription payments to the SBITA vendor at or before the commencement of the subscription term, less any incentives received from the SBITA vendor at or before the commencement of the subscription term along with subscription implementation costs. Subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT assets.

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

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

J. Unearned and Unavailable Revenue

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

In the governmental fund financial statements, unavailable revenue is reported when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City reports unavailable revenue when an asset is reported in governmental fund financial statements but the revenue is not collected within the availability period (within 60 days of year-end).

K. Compensated Absences Payable

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

L. Claims Payable

When it is probable that a claim liability has been incurred at year-end and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. Small dollar claims and judgments are recorded as expenditures when paid.

The City's self-insurance program is administered through California Joint Powers Insurance Authority (CJPIA), which is described in Note 8 to the financial statements. The Authority is a public entity risk pool. Claims losses recorded in the Authority include both current claims and incurred but not reported claims (IBNR). Deposits to the Authority are recorded by the City as insurance expenditures in the General Fund when paid. These deposits are subject to retrospective adjustment. Favorable claims experience in prior years results in a refund of deposits from the Authority and such refunds, if any, are recorded as prepaid items in the General Fund since they will be used to offset future deposit requirements. Adverse claims experience in prior years results in the payment of additional deposits and such deposits, if any, are recorded as insurance expenditures when incurred.

M. Pensions

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

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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

Pension liabilities are liquidated principally by General Fund for the governmental activities.

N. Other Postemployment Benefits

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Other Postemployment Benefits (Continued)

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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

OPEB liabilities are liquidated principally by General Fund for the governmental activities.

O. Deferred Outflows/Inflows of Resources

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

Deferred Outflows of Resources represent a consumption of net assets that applies to future periods.

Deferred Inflows of Resources represent an acquisition of net assets that applies to future period.

P. Long-Term Liabilities

Long-term debt and other long-term liabilities are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Q. Lease Liabilities

The City recognizes lease liabilities with an initial, individual value of \$5,000 or more with a lease term greater than one year in the government-wide and proprietary fund financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Lease Liabilities (Continued)

- The City uses incremental borrowing rate provided by the financial institution or the current rate at the time a new lease is executed.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.
- Lease payments included in the measurement of the lease payable is composed of fixed payments to the lessor.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

R. Subscription Liabilities

The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more with a subscription term greater than one year in the government-wide and proprietary fund financial statements. Variable payments based on future performance of the City, usage of the underlying IT assets, or number of user seats are not included in the measurement of the subscription liability.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Key estimates and judgments related to subscription liabilities include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses incremental borrowing rate provided by the financial institution at July 1, 2022 for existing subscription or the current rate at the time a new subscription is executed.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

S. Net Position

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

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Net Position (Continued)

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

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

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

T. Fund Balances

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

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

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

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

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

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

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

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Use of Estimates

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

V. Tax Abatement

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

W. Implementation of New GASB Pronouncements

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (GASB Statement No. 96), to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. Under this Statement, a government is required to recognize a subscription liability and an intangible right-to-use subscription asset. The effective date of GASB Statement No. 96 is for fiscal years beginning after June 15, 2022. Implementation of this Statement resulted in restatement of beginning balance of capital assets (Note 9) and long-term debt liabilities (Note 11) at July 1, 2022.

Note 2 – Cash and Investments

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

The City had the following cash and investments at June 30, 2023:

	Government-Wide Statement of Net Position	Statement of Fiduciary Net Position	Total
Cash and investments	\$ 62,877,424	\$ 645,750	\$ 63,523,174
Restricted cash and investment with fiscal agent	662,529	978,103	1,640,632
Total cash and investments	<u>\$ 63,539,953</u>	<u>\$ 1,623,853</u>	<u>\$ 65,163,806</u>

The City's cash and investments at June 30, 2023 in more detail:

Petty cash	\$ 9,000
Demand deposits	4,059,384
Restricted cash	27,021
Investments	61,068,400
Total cash and investments	<u>\$ 65,163,805</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

A. Demand Deposits

The carrying amounts of the City’s demand deposits were \$4,059,384 at June 30, 2023. Bank balances at that date were \$4,213,342, the total amount of which was insured or collateralized with accounts held by the pledging financial institutions in the City’s name as discussed below.

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

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

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

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

Authorized Investment Type	Maturity	Maximum Portfolio*	Maximum One Issuer*
U.S. Treasury securities	5 years	100%	None
U.S. agency and U.S. government sponsored enterprise securities	5 years	20%	None
Obligation of the State of California or any local agency	5 years	100%	None
Registered treasury notes or bonds of any of the 49 states in addition to California	5 years	100%	None
Bankers' acceptance	180 days	40%	5%
Commercial paper	270 days	25%	10%
Nonnegotiable certificate of deposit	5 years	100%	None
Negotiable certificate of deposit	5 years	30%	None
Medium term notes	5 years	30%	10%
Money market mutual funds	5 years	10%	10%
Local Agency Investment Fund (LAIF)	None	100%	50 Million/account

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreements

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

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

D. Fair Value Measurement

At June 30, 2023, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within the fair value hierarchy in which the fair value measurements fall at June 30, 2023:

Investment Type	Value	Fair Value Measurement	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments:			
US Treasury bonds/notes	\$ 16,758,037	\$ 16,758,037	\$ -
Supra-National Agency Note	615,932	-	615,932
U.S. government sponsored enterprise securities	4,478,182	-	4,478,182
Asset-backed securities	48,058	-	48,058
Municipal bonds	1,133,142	-	1,133,142
Corporate notes	4,340,595	-	4,340,595
Negotiable certificates of deposit	269,826	-	269,826
Bank notes	237,025	-	237,025
Total investments subject to fair value measurement	<u>\$ 27,643,772</u>	<u>\$ 16,758,037</u>	<u>\$ 10,885,735</u>

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures

Disclosures Relating to Interest Rate Risk

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

Investment Type	Amount	Investment Maturities (in Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
Investments:						
US Treasury bonds/notes	\$ 16,758,037	\$ 1,324,049	\$ 2,389,269	\$ 6,500,821	\$ 2,240,462	\$ 4,303,436
Supra-National Agency Note	615,932	210,698	405,234	-	-	-
U.S. government sponsored enterprise securities	4,478,182	576,764	1,771,714	1,938,729	190,975	-
Asset-backed securities	48,058	-	-	48,058	-	-
Municipal bonds	1,133,142	267,931	510,157	355,054	-	-
Corporate notes	4,340,595	517,291	1,970,565	635,298	525,287	692,154
Negotiable certificates of deposit	269,826	-	269,826	-	-	-
Bank notes	237,025	-	-	-	-	237,025
LAIF	31,573,992	31,573,992	-	-	-	-
Investments with Fiscal Agent:						
Money market funds	1,613,611	1,613,611	-	-	-	-
Total investments	<u>\$ 61,068,400</u>	<u>\$ 36,084,336</u>	<u>\$ 7,316,765</u>	<u>\$ 9,477,960</u>	<u>\$ 2,956,724</u>	<u>\$ 5,232,615</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Disclosures Relating to Credit Risk

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

Investment Type	Minimum Legal Rating	Total	AAA	AA- to AA+	A- to A+	Unrated
Investments:						
US Treasury bonds/notes	N/R	\$ 16,758,037	\$ -	\$ 16,758,037	\$ -	\$ -
Supra-National Agency Note	AA	615,932	615,932	-	-	-
U.S. government sponsored enterprise securities	A	4,478,182	-	4,478,182	-	-
Asset-backed securities	AA	48,058	48,058	-	-	-
Municipal bonds		1,133,142	183,120	950,022	-	-
Corporate notes	A	4,340,595	328,557	1,072,827	2,612,165	327,046
Negotiable certificates of deposit	N/R	269,826	-	-	269,826	-
Bank notes	N/R	237,025	-	-	237,025	-
LAIF	N/A	31,573,992	-	-	-	31,573,992
Investments with Fiscal Agent:						
Money market funds	N/R	1,613,611	1,613,611	-	-	-
Total investments		<u>\$ 61,068,400</u>	<u>\$ 2,789,278</u>	<u>\$ 23,259,068</u>	<u>\$ 3,119,016</u>	<u>\$ 31,901,038</u>

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

N/A - Not applicable

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2023, the City deposits (bank balances were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California law.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Custodial Credit Risk (Continued)

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

F. Investment in Local Agency Investment Fund (“LAIF”)

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2023, the City had \$31,573,992 invested in LAIF. LAIF is reported at amortized cost, which approximates fair value.

Note 3 – Lease Receivable

Lease receivables consists of agreements with other for the right-to-use of the underlying assets for land and buildings owned by the City at various locations for cell tower use and business use, respectively. The remaining terms of the business agreements range from 3 to 35 years and the cell towers range from 4 to 25 years. The incremental borrowing rates used was 1.5%. For the year ended June 30, 2023, the City recognized \$339,837 in lease revenue and \$160,140 in lease interest revenue for General Fund. The outstanding lease receivable is in the amount of \$10,455,342 in the General Fund.

The future receipts for the lease receivables, including interest, are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 342,715	\$ 155,389	\$ 498,104
2025	355,053	149,865	504,918
2026	350,753	144,460	495,213
2027	292,969	139,671	432,640
2028	300,058	135,643	435,701
2029-2033	1,586,294	606,468	2,192,762
2034-2038	2,019,069	473,497	2,492,566
2039-2043	1,797,910	321,201	2,119,111
2044-2048	1,615,903	189,649	1,805,552
2049-2053	903,528	102,682	1,006,210
2054-2057	891,090	28,098	919,188
	<u>\$ 10,455,342</u>	<u>\$ 2,446,623</u>	<u>\$ 12,901,965</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 4 – Interfund Transactions

A. Due From/To Other Funds

At June 30, 2023, the City had the following due from/to other funds:

	Due From Other Funds
Due To Other Funds	General Fund
Nonmajor Governmental Funds	\$ 520,038

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

B. Transfers

During the year ended June 30, 2023, the City had the following transfers:

	Transfers out					
	General Fund	Nonmajor Governmental Funds	Water Utility Enterprise Fund	Sewer Utility Enterprise Fund	Internal Service Fund	
Transfers in						
General Fund	\$ -	\$ 109,000	\$ 440,000	\$ 293,500	\$ 165,000	\$ 1,007,500
Capital Projects and Equipment						
Capital Projects Fund	2,309,111	117,057	-	-	186,388	2,612,556
Nonmajor Governmental Funds	739,455	-	-	-	-	739,455
Total	\$ 3,048,566	\$ 226,057	\$ 440,000	\$ 293,500	\$ 351,388	\$ 4,359,511

Transfers totaling \$733,500 from the Water and Sewer Utility Enterprise Funds were made to the General Fund to provide funding for certain administrative costs. Transfers of \$109,000 from Nonmajor Governmental Funds were made to the General Fund for non-capital expenditures. Transfers of \$165,000 from Internal Service Funds were made to the General Fund to provide funding for overhead costs.

The General Fund, Nonmajor Governmental Funds and Internal Service Funds transferred \$2,309,111 and \$117,057 and \$186,388, respectively, to the Capital Projects and Equipment Capital Projects Fund to pay for capital projects.

The General Fund transferred a total of \$739,455 to the Nonmajor Governmental for debt service-related costs.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Capital Assets

The summary of changes in governmental activities capital assets for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022 (As Restated)	Additions	Deletions	Reclassifications	Balance June 30, 2023
<i>Capital assets not being depreciated:</i>					
Land	\$ 20,319,847	\$ -	\$ -	\$ -	\$ 20,319,847
Intangible asset-land easement	900,000	-	-	-	900,000
Construction in progress	1,838,004	3,129,054	-	(1,499,403)	3,467,655
Total capital assets not being depreciated	<u>23,057,851</u>	<u>3,129,054</u>	<u>-</u>	<u>(1,499,403)</u>	<u>24,687,502</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements	16,712,472	-	-	-	16,712,472
Machinery and equipment	4,341,079	122,791	-	-	4,463,870
Vehicles	3,596,632	353,443	(103,848)	-	3,846,227
Infrastructure	92,747,079	-	-	1,499,403	94,246,482
Total capital assets being depreciated	<u>117,397,262</u>	<u>476,234</u>	<u>(103,848)</u>	<u>1,499,403</u>	<u>119,269,051</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	(8,054,012)	(408,887)	-	-	(8,462,899)
Machinery and equipment	(2,598,153)	(240,278)	-	-	(2,838,431)
Vehicles	(2,024,512)	(309,248)	96,710	-	(2,237,050)
Infrastructure	(42,221,674)	(1,880,671)	-	-	(44,102,345)
Total accumulated depreciation	<u>(54,898,351)</u>	<u>(2,839,084)</u>	<u>96,710</u>	<u>-</u>	<u>(57,640,725)</u>
Total capital assets being depreciated, net	<u>62,498,911</u>	<u>(2,362,850)</u>	<u>(7,138)</u>	<u>1,499,403</u>	<u>61,628,326</u>
<i>Intangible assets being amortized:</i>					
Right of use - lease vehicles	185,210	178,158	-	-	363,368
Right of use - lease equipment	106,065	4,266	-	-	110,331
Right of use - subscription asset	949,058	-	-	-	949,058
Total intangible assets being amortized	<u>1,240,333</u>	<u>182,424</u>	<u>-</u>	<u>-</u>	<u>1,422,757</u>
<i>Less accumulated amortization for:</i>					
Right of use - lease vehicles	(20,759)	(60,633)	-	-	(81,392)
Right of use - lease equipment	(92,717)	(35,783)	56,934	-	(71,566)
Right of use - subscription asset	-	(242,963)	-	-	(242,963)
Total accumulated amortization	<u>(113,476)</u>	<u>(339,379)</u>	<u>56,934</u>	<u>-</u>	<u>(395,921)</u>
Total intangible assets being amortized, net	<u>1,126,857</u>	<u>(156,955)</u>	<u>56,934</u>	<u>-</u>	<u>1,026,836</u>
Total governmental activities	<u>\$ 86,683,619</u>	<u>\$ 609,249</u>	<u>\$ 49,796</u>	<u>\$ -</u>	<u>\$ 87,342,664</u>

Depreciation and amortization expense was charged to functions/programs of governmental activities for the year ended June 30, 2023 as follows:

General government	\$ 342,201
Public safety	439,732
Community development	135,805
Public works	2,006,398
Internal service funds	254,327
Total	<u>\$ 3,178,463</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Capital Assets (Continued)

The summary of changes in business-type activities capital assets for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022 (As Restated)	Additions	Deletions	Reclassifications	Balance June 30, 2023
<i>Capital assets not being depreciated:</i>					
Construction in progress-water	\$ 1,498,343	\$ 759,934	\$ -	\$ -	\$ 2,258,277
Construction in progress-sewer	348,364	185,625	-	-	533,989
Total capital assets not being depreciated	<u>1,846,707</u>	<u>945,559</u>	<u>-</u>	<u>-</u>	<u>2,792,266</u>
<i>Capital assets being depreciated:</i>					
Buildings and improvements - water	73,284	-	-	-	73,284
Machinery and equipment - water	660,446	17,585	(33,436)	-	644,595
Machinery and equipment - sewer	829,189	-	-	-	829,189
Vehicles - water	297,295	-	-	-	297,295
Vehicles - sewer	589,772	-	(207,102)	-	382,670
Infrastructure - water	34,337,306	-	-	-	34,337,306
Infrastructure - sewer	38,622,844	-	-	-	38,622,844
Total capital assets being depreciated	<u>75,410,136</u>	<u>17,585</u>	<u>(240,538)</u>	<u>-</u>	<u>75,187,183</u>
<i>Less accumulated depreciation for:</i>					
Buildings and improvements - water	(73,284)	-	-	-	(73,284)
Machinery and equipment - water	(549,372)	(10,204)	33,436	-	(526,140)
Machinery and equipment - sewer	(311,125)	(19,306)	-	-	(330,431)
Vehicles - water	(200,693)	(23,040)	-	-	(223,733)
Vehicles - sewer	(421,553)	(2,662)	41,544	-	(382,671)
Infrastructure - water	(19,667,509)	(438,582)	-	-	(20,106,091)
Infrastructure - sewer	(21,371,444)	(949,153)	-	-	(22,320,597)
Total accumulated depreciation	<u>(42,594,980)</u>	<u>(1,442,947)</u>	<u>74,980</u>	<u>-</u>	<u>(43,962,947)</u>
Total capital assets being depreciated, net	<u>32,815,156</u>	<u>(1,425,362)</u>	<u>(165,558)</u>	<u>-</u>	<u>31,224,236</u>
<i>Intangible assets being amortized:</i>					
Right of use - subscription asset - water	197,421	-	-	-	197,421
Right of use - subscription asset - sewer	159,816	-	-	-	159,816
Total intangible assets being amortized	<u>357,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,237</u>
<i>Less accumulated amortization for:</i>					
Right of use - subscription asset - water	-	(38,899)	-	-	(38,899)
Right of use - subscription asset - sewer	-	(34,094)	-	-	(34,094)
Total accumulated amortization	<u>-</u>	<u>(72,993)</u>	<u>-</u>	<u>-</u>	<u>(72,993)</u>
Total intangible assets being amortized, net	<u>357,237</u>	<u>(72,993)</u>	<u>-</u>	<u>-</u>	<u>284,244</u>
Total business-type activities	<u>\$ 35,019,100</u>	<u>\$ (552,796)</u>	<u>\$ (165,558)</u>	<u>\$ -</u>	<u>\$ 34,300,746</u>

Depreciation expense was charged to functions/programs of business-type activities for the year ended June 30, 2023 as follows:

Water Utility	\$ 510,725
Sewer Utility	<u>1,005,215</u>
Total	<u>\$ 1,515,940</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022 (As Restated)	Additions	Deletions	Balance June 30, 2023	Classification	
					Due within One Year	Due in more than One Year
<u>Private Placement</u>						
2009 Lease Revenue Bonds	\$ 735,000	\$ -	\$ (420,000)	\$ 315,000	\$ 315,000	\$ -
<u>Direct Borrowing</u>						
Municipal Finance Corporation	300,555	-	(81,592)	218,963	85,801	133,162
<u>Lease Liabilities</u>						
De Lage Landen	73,067	-	(33,769)	39,298	36,252	3,046
Enterprise Fleet	164,450	178,158	(54,795)	287,813	80,586	207,227
<u>Subscriptions</u>						
Subscription liabilities	949,058	-	(254,613)	694,445	238,590	455,855
Claims payable	263,169	-	(88,123)	175,046	34,320	140,726
Compensated absences	1,333,113	796,530	(734,220)	1,395,423	362,294	1,033,129
Total	<u>\$ 3,818,412</u>	<u>\$ 974,688</u>	<u>\$ (1,667,112)</u>	<u>\$ 3,125,988</u>	<u>\$ 1,152,843</u>	<u>\$ 1,973,145</u>

The General Fund has been used to liquidate the majority of the liability for compensated absences.

2009 Series Lease Revenue Bonds

On January 14, 2009, the City issued 2009 Series Lease Revenue Bonds for the purpose of financing the construction of a new fire station in the City in the amount of \$6,300,000. Interest rate on the bonds is 3.71%. Annual installments are due April 15, 2009 through January 15, 2024. The total balance of the 2009 Series Lease Revenue bonds at June 30, 2023 was \$315,000.

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

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2024	<u>\$ 315,000</u>	<u>\$ 5,844</u>	<u>\$ 320,844</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Municipal Finance Corporation Loan

On May 8, 2014, the City entered into a Lease with Option to Purchase agreement with Municipal Finance Corporation relating to a capital project to be performed by Climatec LLC in the amount of \$1,546,931. Interest rate on the loan is 3.40%. The balance of the Municipal Finance Corporation Loan at June 30, 2023 was \$218,963.

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

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 85,801	\$ 6,704	\$ 92,505
2025	88,025	3,786	91,811
2026	45,137	767	45,904
Total	<u>\$ 218,963</u>	<u>\$ 11,257</u>	<u>\$ 230,220</u>

De Lage Landen Lease Payable

On August 27, 2019, the City entered into a 60-month lease agreement with De Lage Landen Public Finance LLC for 22 copy machines for a monthly lease payment in the amount of \$4,612. Lease payments are due on the 1st of each month. Interest on the copy machines accrues at 1.5% annum. In the event of default, the lease shall be deemed terminated. Outstanding lease liabilities at June 30, 2023 was in the amount of \$39,298.

Future lease payments under the lease payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 36,252	\$ 341	\$ 36,593
2025	3,046	4	3,050
Total	<u>\$ 39,298</u>	<u>\$ 345</u>	<u>\$ 39,643</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Enterprise Fleet

On October 25, 2021, the City entered into a 60-month lease agreement with Enterprise Fleet Management for 3 vehicles for a total monthly lease payment in the amount of \$3,202. As of June 30, 2023 the City leased a total of 6 vehicles with terms of 48-month for a total monthly lease payment in the amount of \$7,030. Lease payments are due on the 1st of each month. Interest accrues at 1.5% annum. In the event of default, the lease shall be deemed terminated. Outstanding lease liabilities at June 30, 2023 was in the amount of \$287,813.

Future lease payments under the lease payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 80,586	\$ 3,765	\$ 84,351
2025	81,803	2,548	84,351
2026	83,039	1,312	84,351
2027	42,385	190	42,575
Total	<u>\$ 287,813</u>	<u>\$ 7,815</u>	<u>\$ 295,628</u>

Subscription Liabilities

The City entered into subscription agreements with various vendors for software. The agreements expire from July 19, 2025 to February 8, 2027 with interest rates ranging 2.35 percent to 2.80 percent. Outstanding subscription liabilities at June 30, 2023 was in the amount of \$694,445.

The future subscription payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 238,590	\$ 10,463	\$ 249,053
2025	244,413	11,326	255,739
2026	104,397	5,362	109,759
2027	107,045	2,714	109,759
Total	<u>\$ 694,445</u>	<u>\$ 29,865</u>	<u>\$ 724,310</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities (Continued)

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2023 is as follows:

	Balance			Balance June 30, 2023	Classification	
	July 1, 2022 (As Restated)	Additions	Deletions		Due within One Year	Due in more than One Year
<u>Private Placement</u>						
2011 Sewer Revenue Refunding Bonds	\$ 1,580,000	\$ -	\$ (195,000)	\$ 1,385,000	\$ 205,000	\$ 1,180,000
<u>Direct Borrowing</u>						
Sewer Capital Improvement Project #1	1,478,277	-	(131,345)	1,346,932	134,760	1,212,172
Sewer Capital Improvement Project #2	1,088,139	-	(78,432)	1,009,707	80,471	929,236
West Orange County Water Board Loan	485,509	-	(84,436)	401,073	84,436	316,637
<u>Subscriptions</u>						
Subscription liabilities - water	197,421	-	(46,235)	151,186	42,639	108,547
Subscription liabilities - sewer	159,816	-	(33,388)	126,428	30,430	95,998
Compensated absences	115,253	58,150	(59,529)	113,874	27,634	86,240
Total	<u>\$ 5,104,415</u>	<u>\$ 58,150</u>	<u>\$ (628,365)</u>	<u>\$ 4,534,200</u>	<u>\$ 605,370</u>	<u>\$ 3,928,830</u>

2011 Sewer System Revenue Refunding Bonds

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

Interest rate on the 2011 Sewer System Revenue Refunding Bonds is 4.8%, and the outstanding balance of the 2011 Sewer System Revenue Refunding Bonds at June 30, 2023 was \$1,385,000. In the event of a default the City may be required to pay all principal components of the unpaid installment payments, together with accrued interest at the overdue rate from the preceding interest payment date which will become immediately due and payable.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 205,000	\$ 64,080	\$ 269,080
2025	215,000	54,120	269,120
2026	225,000	43,680	268,680
2027	235,000	32,760	267,760
2028	245,000	21,360	266,360
2029	260,000	9,360	269,360
Total	<u>\$ 1,385,000</u>	<u>\$ 225,360</u>	<u>\$ 1,610,360</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Sewer Capital Improvement Project Loan #1

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,644,356 or the eligible costs of the project, whichever is less. As of June 30, 2023, the City had drawn down the entire loan fund. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2023 was \$1,346,932.

In the event of default, the Clean Water State Revolving Fund Control Board may sue the City as it deems necessary to compel the payment of the loan.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 134,760	\$ 35,020	\$ 169,780
2025	138,264	31,516	169,780
2026	141,859	27,921	169,780
2027	145,547	24,233	169,780
2028	149,331	20,449	169,780
2029-2032	637,171	41,949	679,120
Total	<u>\$ 1,346,932</u>	<u>\$ 181,088</u>	<u>\$ 1,528,020</u>

Sewer Capital Improvement Project Loan #2

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,125,112 or the eligible costs of the project, whichever is less. At June 30, 2023, the State Water Resources Control Board had disbursed \$1,652,742. The loan has an interest rate of 2.6% with maturities through 2031. The outstanding balance at June 30, 2023 was \$1,009,707.

In the event of default, the Clean Water State Revolving Fund Control Board may sue the City as it deems necessary to compel the payment of the loan.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 80,471	\$ 26,252	\$ 106,723
2025	82,563	24,160	106,723
2026	84,709	22,014	106,723
2027	86,912	19,811	106,723
2028	89,171	17,552	106,723
2029-2033	481,863	51,752	533,615
2034	104,018	2,705	106,723
Total	<u>\$ 1,009,707</u>	<u>\$ 164,246</u>	<u>\$ 1,173,953</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 6 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

West Orange County Water Board Loan

On December 11, 2017, the City entered into financial participation agreement with the West Orange County Water Board (the “WOCWB”) for relocation of the City’s allocated 14.3% ownership in the waterline. The City’s portion of project costs was in the amount of \$894,928. The repayments are due quarterly on the first of the month commencing June 1, 2018. The interest rate ranges from 1.414% to 5.314% with maturity date on March 1, 2028. The outstanding balance at June 30, 2023 was \$401,073.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 84,436	\$ 9,553	\$ 93,989
2025	84,436	8,483	92,919
2026	84,436	6,764	91,200
2027	84,436	4,370	88,806
2028	63,329	1,302	64,631
Total	<u>\$ 401,073</u>	<u>\$ 30,472</u>	<u>\$ 431,545</u>

Subscription Liabilities

The City entered into subscription agreements with various vendors for software. The agreements expire from July 19, 2025 to February 8, 2027 with interest rates ranging 2.35 percent to 2.80 percent. Outstanding subscription liabilities at June 30, 2023 was in the amount of \$277,614.

The future subscription payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 73,069	\$ 7,103	\$ 80,172
2025	74,952	5,220	80,172
2026	63,985	3,287	67,272
2027	65,608	1,664	67,272
Total	<u>\$ 277,614</u>	<u>\$ 17,274</u>	<u>\$ 294,888</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Non-City Obligations

A. Heron Pointe Community Facilities District No. 2002-01

The Heron Pointe Community Facilities District No. 2002-01 was formed to finance public facilities improvements within Heron Pointe. The debt service payments on the bonds will be included on property tax bills within community facilities district and will be collected by the City and then forwarded to the paying agent. A reserve fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the reserve fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor have the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2023, was \$2,515,000.

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

The Pacific Gateway Business Center Community Facilities District No. 2005-01 was formed to finance public facilities within the Pacific Gateway. The debt service payments on the bonds will be included on property tax bills within the community facilities district and will be collected by the City and then forwarded to the paying agent. A reserve fund was established in which the City may make withdrawals enough to cover any delinquent payments on the reassessments. The City has no liability for the bonds beyond the amount held in the Reserve Fund. The bonds are not secured by the general taxing power of the City, county, state, or any political subdivision of the state nor have the City, county, state, or any political subdivision thereof pledged its full faith and credit for the repayment thereof. Since the City has no liability for these bonds, the reserve fund and debt service monies are stored in the Agency Fund and the debt is not included in the financial statements. The outstanding balance at June 30, 2023, was \$6,735,000.

Note 8 – Risk Management and Self Insurance Program

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

The City of Seal Beach is a member of the California Joint Powers Insurance Authority (the “CJPIA”). The CJPIA is composed of 124 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The CJPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Risk Management and Self Insurance Program (Continued)

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

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

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

Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2022-23 the CJPIA's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City of Seal Beach participates in the pollution legal liability insurance program which is available through the CJPIA. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Seal Beach. Coverage is on a claims-made basis. There is a \$250,000 deductible. The CJPIA has an aggregate limit of \$20 million.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Risk Management and Self Insurance Program (Continued)

C. Purchased Insurance (Continued)

Property Insurance

The City of Seal Beach participates in the all-risk property protection program of the CJPIA. This insurance protection is underwritten by several insurance companies. The City’s property is currently insured according to a schedule of covered property submitted by the City to the CJPIA. The City’s property currently has all-risk property insurance protection in the amount of \$61,247,578. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the CJPIA. The City’s property currently has earthquake protection in the amount of \$60,313,603. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the CJPIA.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2022-23.

E. Claims Activity

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were workers’ compensation claims that remained outstanding for claims occurred prior to joining the Authority. At June 30, 2023, the amount of these liabilities was \$175,046.

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

Workers' Compensation	Balance Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance End of Year
2020-2021	\$ 301,413	\$ -	\$ (4,118)	\$ 297,295
2021-2022	297,295	-	(34,126)	263,169
2022-2023	263,169	-	(88,123)	175,046

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Defined Benefit Pension Plans

A. General Information about the Pension Plan

Plan Description

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

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

	<u>Misc</u>	<u>Misc PEPRA</u>	<u>Safety</u>	<u>Safety Fire</u>	<u>Safety Police PEPRA</u>	<u>Other Safety PEPRA</u>
Active employees	32	25	31	-	10	1
Transferred and terminated employees	38	7	6	-	-	-
Separated	28	2	3	-	2	-
Retired Employees and Beneficiaries	148	1	97	37	-	-
Total	<u>246</u>	<u>35</u>	<u>137</u>	<u>37</u>	<u>12</u>	<u>1</u>

Benefit Provided

CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Classic miscellaneous members become eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. Classic safety members become eligible for service retirement upon attainment of age 50 with at least five years of service. PEPRA safety members become eligible for service retirement upon attainment of age 57 with at least five years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member’s highest 36 full-time equivalent monthly pay.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Defined Benefit Pension Plans (Continued)

A. General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

Following are the benefit provisions for each plan:

	Cost-sharing Rate Plans			
	Miscellaneous Rate Plan*	PEPRA Miscellaneous Rate Plan	Safety Rate Plan*	PEPRA Safety Rate Plan
Hire date	Prior to	January 1, 2013	Prior to	January 1, 2013
Benefit formula	2% @ 55	2% @ 62	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively	3.000%, 50+ yrs	2.000%-2.7000%, 52 yrs - 57+ yrs, respectively

* Closed to new entrants

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

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 6 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

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

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Defined Benefit Pension Plans (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2022 (the measurement date), the contribution rates were as follows:

	Cost-sharing Rate Plans			
	Miscellaneous Rate Plan*	PEPRA Miscellaneous Rate Plan	Safety Rate Plan*	PEPRA Safety Rate Plan
Required employee contribution rates	7.000%	7.250%	8.990%	13.750%
Required employer contribution rates	11.610%	7.760%	25.640%	13.660%

* Closed to new entrants

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine June 30, 2022 total pension liability based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal in accordance with requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 2.3% until Purchasing Power Protection Allowance Floor on

¹The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Defined Benefit Pension Plans (Continued)

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

Change of Assumption

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

Asset Class ¹	Assumed Asset Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.80%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
	100.00%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Defined Benefit Pension Plans (Continued)

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

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

The following presents the City’s proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
	Miscellaneous	\$ 24,362,134	\$ 16,817,024
Safety	\$ 46,903,345	\$ 32,488,072	\$ 20,706,842

Pension Plan Fiduciary Net Position

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

Proportionate Share of Net Pension Liability and Pension Expense

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

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous			
Balance at: 6/30/21 (Valuation date)	\$ 52,586,741	\$ 43,233,246	\$ 9,353,495
Balance at: 6/30/22 (Measurement date)	55,349,318	38,532,294	16,817,024
Net Changes during 2021-2022	2,762,577	(4,700,952)	7,463,529
Safety			
Balance at: 6/30/21 (Valuation date)	\$ 98,571,877	\$ 80,045,511	\$ 18,526,366
Balance at: 6/30/22 (Measurement date)	104,384,046	71,895,974	32,488,072
Net Changes during 2021-2022	5,812,169	(8,149,537)	13,961,706

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

- (1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2021). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Defined Benefit Pension Plans (Continued)

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

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

- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2022). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2022 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-2022).
- (3) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan’s share of the actuarial accrued liability. FNP is allocated based on the rate plan’s share of the fair value assets.
- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

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

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

	Miscellaneous	Safety
June 30, 2021	0.17294%	0.97569%
June 30, 2022	0.14559%	0.28126%
Change - Increase (Decrease)	-0.02735%	-0.69443%

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

The expected average remaining service lifetime (“EARSLS”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSLS for risk pool for the 2021-2022 measurement period is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired).

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Defined Benefit Pension Plans (Continued)

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

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

For the year ended June 30, 2023, the City recognized pension credit for the miscellaneous and safety plans in the amounts of (\$1,884,698) and (\$293,821), respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Contribution after measurement date	\$ 1,731,376	\$ -	\$ 3,915,610	\$ -
Changes of assumptions	1,723,253	-	3,275,780	-
Difference between expected and actual experience	337,718	(226,189)	1,344,561	(352,794)
Difference between projected and actual earning on pension plan investments	3,080,430	-	5,130,320	-
Differences in proportions	64,985	(1,018,642)	232,575	(73,031)
Difference between City contributions and proportionate share of contributions	-	(472,882)	-	(1,449,355)
Total	\$ 6,937,762	\$ (1,717,713)	\$ 13,898,846	\$ (1,875,180)

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date in the amount of \$1,731,376 and \$3,915,610 for the miscellaneous and safety plans, respectively, will be recognized as a reduction of the collective net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous	Safety
2023	\$ 719,524	\$ 2,242,390
2024	579,236	1,745,752
2025	305,818	990,352
2026	1,884,095	3,129,562
2027	-	-
Thereafter	-	-
	\$ 3,488,673	\$ 8,108,056

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Other Postemployment Benefits (“OPEB”) Plan

A. General Information about the OPEB Plan

Plan Description

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

Benefits Provided

Future Retirees are eligible for PEMCHA minimum medical benefits (\$151 per month in 2023) if they retire at Age 50 and above. For legacy hires, reimbursements are generally subject to a maximum, which varies by bargaining group and service years. Dependents are eligible to enroll subject to service year requirements.

Employees Covered by Benefit Term

Active employees	91
Active employees waiving coverage	10
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	79
Total	180

Contributions

The City makes contributions based on an actuarially determined rate.

B. Net OPEB Liability

The City's net OPEB liability is based on a roll-forward of the June 30, 2021 valuation with liabilities and assets measured as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry age normal level percentage of salary
Actuarial Assumptions:	
Inflation	2.30%
Salary increases	Base salary increases in year one: 2.80%
	Base salary increases in subsequent years: 2.80%
	Additional merit-based increases based on CalPERS.
Investment rate of return	6.00%
Healthcare cost trend rates	Based on 2021 Getzen model that reflects actual premium increases from to 2023 followed by 5.5% (non-Medicare) / 5.3% (Medicare) in 2022, decreasing gradually to an ultimate rate of 4.04% by 2075.
Mortality rate	Derived using CalPERS’ Membership Data for all Funds.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

B. Net OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Expected Long-Term Rates of Return

Asset Class	Current Target Allocation	Projected Real Rates of Return ¹
Global Equity	49.0%	4.50%
Global Fixed Income	23.0%	1.40%
Inflation Sensitive	20.0%	3.70%
Real Estate	5.0%	0.50%
Infrastructure and Forestland	3.0%	1.10%
	<u>100.0%</u>	

¹An expected inflation of 2.3% used for this period

C. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2021	\$ 12,510,371	\$ 7,958,212	\$ 4,552,159
Changes during the measurement period:			
Service cost	250,120	-	250,120
Interest	805,675	-	805,675
Differences between expected and actual experience	(140,904)	-	(140,904)
Change of assumptions	738,472	-	738,472
Contributions:			
Employer	-	985,606	(985,606)
Employee	-	-	-
Net investment income	-	(1,069,356)	1,069,356
Benefit payments, including refunds of employee Contributions	(742,658)	(742,658)	-
Administrative expenses	-	(2,016)	2,016
Net changes during measurement period 2021-2022	910,705	(828,424)	1,739,129
Balances as of June 30, 2022 (Measurement Date)	<u>\$ 13,421,076</u>	<u>\$ 7,129,788</u>	<u>\$ 6,291,288</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

C. Changes in the Net OPEB Liability (Continued)

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

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) follows:

Net OPEB Liability/(Asset)		
Discount Rate - 1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate + 1% (7.00%)
\$ 7,988,688	\$ 6,291,288	\$ 4,877,267

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

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

Net OPEB Liability/(Asset)		
Healthcare		
1% Decrease	Cost Trend Rate	1% Increase
\$ 4,841,501	\$ 6,291,288	\$ 8,058,302

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

For the year ended June 30, 2023, the City recognized an OPEB expense of \$650,906. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
OPEB contribution after measurement date	\$ 981,209	\$ -
Difference between expected and actual experience	714,130	(109,015)
Changes of assumptions	87,285	(190,138)
Difference between projected and actual earning on OPEB plan investments	590,231	-
Total	\$ 2,372,855	\$ (299,153)

Deferred outflows of resources related to OPEB resulting from City's contributions subsequent to the measurement date in the amount of \$981,209 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Other Postemployment Benefits (“OPEB”) Plan (Continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Measurement Period Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2023	\$ 126,505
2024	164,949
2025	163,209
2026	449,640
2027	208,320
Thereafter	(20,130)
	\$ 1,092,493

Note 11 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2023 is reported as follows:

	Governmental Activities	Business-Type Activities	Enterprise Fund	
			Water Utility	Sewer Utility
Total capital assets, net	\$ 87,342,664	\$ 34,300,746	\$ 16,840,031	\$ 17,460,715
Deferred loss on refunding debt	-	72,422	-	72,422
Other capital-related liabilities	(100,308)	(23,964)	(23,964)	-
Capital related debt	(1,555,519)	(4,420,326)	(552,259)	(3,868,067)
Net investment in capital assets	\$ 85,686,837	\$ 29,928,878	\$ 16,263,808	\$ 13,665,070

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Classification of Fund Balances

At June 30, 2023, fund balances are classified in the governmental funds as follows:

	General Fund	Capital Projects and Equipment Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepaid items	\$ 42,705	\$ -	\$ -	\$ 42,705
Restricted:				
Waste Management	50,110	-	-	50,110
Parking In-lieu	197,497	-	-	197,497
I-405 Corridor Improvements	1,687,520	-	-	1,687,520
Street Lighting	-	-	53	53
Supplemental Law Enforcement	-	-	134,022	134,022
Detention Center	-	-	28,341	28,341
Air Quality Improvements	-	-	17,117	17,117
Parks Improvement	-	-	54,102	54,102
Traffic Impact	-	-	198,690	198,690
State Gasoline Tax	-	-	1,688,048	1,688,048
Measure M2	-	-	1,558,030	1,558,030
Landscape District	-	-	689,113	689,113
Heron Pointe	-	-	69,408	69,408
Pacific Gateway	-	-	150,455	150,455
Seal Beach Cable	-	-	544,849	544,849
SB 1	-	-	1,583,608	1,583,608
City Debt Service	-	-	761,441	761,441
Total restricted	<u>1,935,127</u>	<u>-</u>	<u>7,477,277</u>	<u>9,412,404</u>
Committed:				
College Park East	477,000	-	-	477,000
Swimming Pool	4,395,824	-	-	4,395,824
Fiscal Policy	10,079,976	-	-	10,079,976
Economic Contingency	1,750,000	-	-	1,750,000
Capital Project Improvement	7,753,008	-	-	7,753,008
Revitalization	866,312	-	-	866,312
Total committed	<u>25,322,120</u>	<u>-</u>	<u>-</u>	<u>25,322,120</u>
Assigned:				
Community Development	1,383,978	-	-	1,383,978
Pier Restaurant	1,395,638	-	-	1,395,638
Compensated Absences	1,241,001	-	-	1,241,001
Encumbrance for public works	318,767	-	-	318,767
Encumbrance for police	122,640	-	-	122,640
Encumbrance for community development	51,920	-	-	51,920
Other	583,511	-	-	583,511
Total assigned	<u>5,097,455</u>	<u>-</u>	<u>-</u>	<u>5,097,455</u>
Unassigned (deficit)	<u>4,927,044</u>	<u>139,981</u>	<u>(832,141)</u>	<u>4,234,884</u>
Total fund balances	<u>\$ 37,324,451</u>	<u>\$ 139,981</u>	<u>\$ 6,645,136</u>	<u>\$ 44,109,568</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – Commitments and Contingencies

A. Commitments

The City had no material commitments as of June 30, 2023.

B. Contingencies

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

C. Grants

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

Note 14 – Individual Fund Disclosure

Funds with deficit fund balances at June 30, 2023 are as follows:

	Deficit
Community Development Block Grant Special Revenue Fund	\$ (59,687)
Police Grants Special Revenue Fund	(76,072)
Citywide Grants Special Revenue Fund	(696,382)

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

The following funds exceeded appropriation amounts for the year ended June 30, 2023:

	Appropriations	Expenditures	in Excess of Appropriations
Nonmajor Governmental Funds:			
Street Lighting Special Revenue Fund	\$ 204,500	\$ 218,260	\$ (13,760)
Air Quality Improvement Special Revenue Fund	50,000	63,834	(13,834)

Note 15 – Restatement of Beginning Net Position

	Governmental Activities	Business Type Activities	Total
Net position as perviously reported at July 1, 2022	\$ 83,195,525	\$ 44,522,748	\$ 127,718,273
Subscription assets	949,058	357,237	1,306,295
Subscription liabilities	(949,058)	(357,237)	(1,306,295)
Net position as restated at July 1, 2022	\$ 83,195,525	\$ 44,522,748	\$ 127,718,273

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of Seal Beach
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 32,556,100	\$ 32,956,100	\$ 35,686,493	\$ 2,730,393
Licenses and permits	812,100	812,100	1,027,232	215,132
Intergovernmental	132,400	132,400	370,982	238,582
Charges for services	4,848,000	5,548,000	5,712,979	164,979
Use of money and property	966,900	966,900	694,426	(272,474)
Fines and forfeitures	1,917,500	1,917,500	1,435,250	(482,250)
Contributions	26,000	26,000	37,023	11,023
Miscellaneous	274,500	274,500	1,291,231	1,016,731
Total revenues	41,533,500	42,633,500	46,255,616	3,622,116
Expenditures:				
Current:				
General government	7,703,000	7,882,178	7,604,654	277,524
Public safety	24,178,500	24,178,500	24,003,022	175,478
Community development	1,980,000	2,023,200	1,587,435	435,765
Community services	1,419,300	1,419,300	1,219,014	200,286
Public works	6,934,900	7,634,900	6,273,410	1,361,490
Capital outlay	1,165,000	1,165,000	169,269	995,731
Debt service:				
Principal retirement	82,300	82,300	369,974	(287,674)
Interest and fiscal charges	9,500	9,500	12,227	(2,727)
Total expenditures	43,472,500	44,394,878	41,239,005	3,155,873
Revenues over (under) expenditures	(1,939,000)	(1,761,378)	5,016,611	6,777,989
Other Financing Sources (Uses):				
Transfers in	924,700	924,700	1,007,500	82,800
Transfers out	(2,963,500)	(4,651,725)	(3,048,566)	1,603,159
Total other financing sources (uses)	(2,038,800)	(3,727,025)	(2,041,066)	1,685,959
Net change in fund balance	\$ (3,977,800)	\$ (5,488,403)	2,975,545	\$ 8,463,948
Fund Balance:				
Beginning of year			34,348,906	
End of year			<u>\$ 37,324,451</u>	

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City of Seal Beach
Required Supplementary Information (Unaudited)
Notes to the Budgetary Comparison Schedule
For the Year Ended June 30, 2023

Budgetary Control and Accounting Policy

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

Annual budgets are adopted for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. In fiscal year 2022-2023, no budget was adopted for the Detention Center Special Revenue Fund. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year.

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

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
City's Proportion of the Net Pension Liability	0.14559%	0.17295%	0.13777%	0.12949%
City's Proportionate Share of the Net Pension Liability	\$ 16,817,024	\$ 9,353,495	\$ 14,411,297	\$ 13,320,233
City's Covered Payroll	\$ 5,536,109	\$ 5,387,941	\$ 5,243,738	\$ 4,721,968
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>303.77%</u>	<u>173.60%</u>	<u>274.83%</u>	<u>282.09%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>69.62%</u>	<u>82.21%</u>	<u>71.73%</u>	<u>73.26%</u>

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

Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
City's Proportion of the Net Pension Liability	0.28126%	1.09047%	0.26123%	0.25611%
City's Proportionate Share of the Net Pension Liability	\$ 32,488,072	\$ 18,526,366	\$ 28,423,181	\$ 26,243,693
City's Covered Payroll	\$ 5,920,369	\$ 5,761,916	\$ 5,607,704	\$ 5,137,216
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>548.75%</u>	<u>321.53%</u>	<u>506.86%</u>	<u>510.85%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>68.88%</u>	<u>79.77%</u>	<u>70.11%</u>	<u>71.27%</u>

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

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

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

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

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

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

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

Fiscal year	2022-23 ²	2021-22	2020-21	2019-20	2018-19
Actuarially Determined Contribution	\$ 1,731,376	\$ 1,575,633	\$ 1,443,709	\$ 1,275,186	\$ 1,076,211
Contribution in Relation to the Actuarially Determined Contribution	<u>(1,731,376)</u>	<u>(1,575,633)</u>	<u>(1,443,709)</u>	<u>(1,275,186)</u>	<u>(1,076,211)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ²	<u>\$ 5,691,120</u>	<u>\$ 5,536,109</u>	<u>\$ 5,387,941</u>	<u>\$ 5,243,738</u>	<u>\$ 4,721,968</u>
Contributions as a Percentage of Covered Payroll	<u>30.42%</u>	<u>28.46%</u>	<u>26.80%</u>	<u>24.32%</u>	<u>22.79%</u>

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

Fiscal year	2022-23 ²	2021-22	2020-21	2019-20	2018-19
Actuarially Determined Contribution	\$ 3,915,610	\$ 3,642,820	\$ 3,231,920	\$ 2,882,385	\$ 2,509,250
Contribution in Relation to the Actuarially Determined Contribution	<u>(3,915,610)</u>	<u>(3,642,820)</u>	<u>(3,231,920)</u>	<u>(2,882,385)</u>	<u>(2,509,250)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ²	<u>\$ 6,086,139</u>	<u>\$ 5,920,369</u>	<u>\$ 5,761,916</u>	<u>\$ 5,607,704</u>	<u>\$ 5,137,216</u>
Contributions as a Percentage of Covered Payroll	<u>64.34%</u>	<u>61.53%</u>	<u>56.09%</u>	<u>51.40%</u>	<u>48.84%</u>

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

² Includes one year's payroll growth using 2.80 percent payroll assumption for fiscal year 2022-23.

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms.

Changes of Assumptions: In 2022, the accounting discount rate reduced from 7.15 percent to 6.90 percent. In 2021, 2020, and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

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

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

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

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

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

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms.

Changes of Assumptions: In 2022, the accounting discount rate reduced from 7.15 percent to 6.90 percent. In 2021, 2020, and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability					
Service cost	\$ 250,120	\$ 269,955	\$ 253,910	\$ 262,452	\$ 275,665
Interest	805,675	771,486	751,631	736,104	786,251
Differences between expected and actual experience	(140,904)	122,199	(109,256)	(109,256)	-
Changes of assumption	738,472	113,616	(49,484)	(49,484)	(413,262)
Benefit payments	(742,658)	(720,545)	(516,782)	(419,956)	(406,031)
Implicit rate subsidy fulfilled	-	-	-	(136,833)	(123,043)
Net change in total OPEB liability	910,705	556,711	330,019	283,027	119,580
Total OPEB liability, beginning	12,510,371	11,953,660	11,623,641	11,340,614	11,221,034
Total OPEB liability, ending (a)	<u>\$ 13,421,076</u>	<u>\$ 12,510,371</u>	<u>\$ 11,953,660</u>	<u>\$ 11,623,641</u>	<u>\$ 11,340,614</u>
OPEB fiduciary net position					
Contributions:					
Employer - City's contribution	\$ 985,606	\$ 963,042	\$ 588,400	\$ 710,200	\$ 720,871
Employer - Implicit subsidy	-	-	-	136,833	123,043
Net investment income	(1,069,356)	1,663,551	360,219	324,350	346,820
Other additions	-	-	-	-	3,763
Benefit payments	(742,658)	(720,545)	(516,782)	(419,956)	(406,031)
Implicit rate subsidy fulfilled	-	-	-	(136,833)	(123,043)
Administrative expense	(2,016)	(2,291)	(2,768)	(1,095)	(2,323)
Other deductions	-	-	-	-	(5,765)
Net change in plan fiduciary net position	(828,424)	1,903,757	429,069	613,499	657,335
Plan fiduciary net position, beginning	7,958,212	6,054,455	5,625,386	5,011,887	4,354,552
Plan fiduciary net position, ending (b)	7,129,788	7,958,212	6,054,455	5,625,386	5,011,887
Plan net OPEB liability - ending (a) - (b)	<u>\$ 6,291,288</u>	<u>\$ 4,552,159</u>	<u>\$ 5,899,205</u>	<u>\$ 5,998,255</u>	<u>\$ 6,328,727</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	<u>53.12%</u>	<u>63.61%</u>	<u>50.65%</u>	<u>48.40%</u>	<u>44.19%</u>
Covered payroll	<u>\$ 11,261,244</u>	<u>\$ 10,959,848</u>	<u>\$ 10,666,519</u>	<u>\$ 9,923,172</u>	<u>\$ 9,518,945</u>
Net OPEB liability as a percentage of covered payroll	<u>55.87%</u>	<u>41.53%</u>	<u>55.31%</u>	<u>60.45%</u>	<u>66.49%</u>

¹ Historical information is presented only for measurement periods for which GASB 75 is implemented.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

	<u>June 30, 2017¹</u>
Measurement period	
Total OPEB liability	
Service cost	\$ 267,961
Interest	752,721
Differences between expected and actual experience	-
Changes of assumption	-
Benefit payments	(454,685)
Implicit rate subsidy fulfilled	<u>(114,993)</u>
Net change in total OPEB liability	451,004
Total OPEB liability, beginning	<u>10,770,030</u>
Total OPEB liability, ending (a)	<u><u>\$ 11,221,034</u></u>
OPEB fiduciary net position	
Contributions:	
Employer - City's contribution	\$ 567,185
Employer - Implicit subsidy	114,993
Net investment income	411,482
Other additions	-
Benefit payments	(454,685)
Implicit rate subsidy fulfilled	(114,993)
Administrative expense	(1,995)
Other deductions	<u>-</u>
Net change in plan fiduciary net position	521,987
Plan fiduciary net position, beginning	<u>3,832,565</u>
Plan fiduciary net position, ending (b)	<u>4,354,552</u>
Plan net OPEB liability - ending (a) - (b)	<u><u>\$ 6,866,482</u></u>
Plan's fiduciary net position as a percentage of the total OPEB liability	<u><u>38.81%</u></u>
Covered payroll	<u><u>\$ 8,807,230</u></u>
Net OPEB liability as a percentage of covered payroll	<u><u>77.96%</u></u>

¹ Historical information is presented only for measurement periods for which GASB 75 is implemented.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2022-23 ^{2,3}	2021-22	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution ²	\$ 810,473	\$ 679,537	\$ 794,339	\$ 763,351	\$ 755,936	\$ 833,241
Contribution in relation to the actuarially determined contribution ²	(981,209)	(990,171)	(963,041)	(867,112)	(847,033)	(843,914)
Contribution deficiency/(excess)	<u>\$ (170,736)</u>	<u>\$ (310,634)</u>	<u>\$ (168,702)</u>	<u>\$ (103,761)</u>	<u>\$ (91,097)</u>	<u>\$ (10,673)</u>
Covered-employee payroll ³	<u>\$ 11,576,559</u>	<u>\$ 11,261,244</u>	<u>\$ 10,959,848</u>	<u>\$ 10,666,519</u>	<u>\$ 9,923,172</u>	<u>\$ 9,518,945</u>
Contributions as a percentage of covered-employee payroll	<u>8.48%</u>	<u>8.79%</u>	<u>8.79%</u>	<u>8.13%</u>	<u>8.54%</u>	<u>8.87%</u>

¹ Historical information is presented only for measurement periods for which GASB 75 is implemented.

² The June 30, 2021 actuarial valuation provided the actuarially determined contributions for fiscal year ended June 30, 2023.

³ Includes one year's payroll growth using 2.80 percent payroll assumption from fiscal year 2022-23.

Notes to Schedule:

Valuation date:	June 30, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method:	Entry age normal, level percent of pay
Inflation:	2.30% per year
Assumed payroll growth:	2.80% year one and thereafter
Healthcare cost trend:	5.50% (non-Medicare) / 5.30% (Medicare), trending down to 4.04% by 2075
Rate of return on assets:	6.00%
Mortality:	Based on assumptions for Public Agency Miscellaneous and Police members published in the December 2017 CalPERS Experience Study

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits (Continued)
For the Year Ended June 30, 2023

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2016-17 ¹
Actuarially determined contribution ²	\$ 812,317
Contribution in relation to the actuarially determined contribution ²	(682,178)
Contribution deficiency/(excess)	\$ 130,139
Covered-employee payroll ³	\$ 8,807,230
Contributions as a percentage of covered-employee payroll	7.75%

¹ Historical information is presented only for measurement periods for which GASB 75 is implemented.

Notes to Schedule:

Valuation date:	June 30, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method:	Entry age normal, level percent of pay
Inflation:	2.30% per year
Assumed payroll growth:	2.80% year one and thereafter
Healthcare cost trend:	5.50% (non-Medicare) / 5.30% (Medicare), trending down to 4.04% by 2075
Rate of return on assets:	6.00%
Mortality:	Based on assumptions for Public Agency Miscellaneous and Police members published in the December 2017 CalPERS Experience Study

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SUPPLEMENTARY INFORMATION

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City of Seal Beach
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Capital Projects and Equipment Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ 66,800	\$ (66,800)
Capital outlay	2,620,500	4,308,725	2,405,775	1,902,950
Total expenditures	<u>2,620,500</u>	<u>4,308,725</u>	<u>2,472,575</u>	<u>1,836,150</u>
Other Financing Sources:				
Transfers in	2,620,500	4,308,725	2,612,556	(1,696,169)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	139,981	<u>\$ 139,981</u>
Fund Balance (Deficit):				
Beginning of year			-	
End of year			<u>\$ 139,981</u>	

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NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Seal Beach
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
ASSETS				
Cash and investments	\$ 17,433	\$ 124,441	\$ 28,341	\$ 58,173
Receivables:				
Accounts	-	-	-	16,671
Taxes	1,305	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	19,284	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 18,738	\$ 143,725	\$ 28,341	\$ 74,844
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 18,685	\$ 8,669	\$ -	\$ -
Accrued liabilities	-	1,034	-	-
Due to other funds	-	-	-	71,626
Retentions payable	-	-	-	-
Total liabilities	18,685	9,703	-	71,626
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted	53	134,022	28,341	3,218
Unassigned (deficit)	-	-	-	-
Total fund balances	53	134,022	28,341	3,218
Total liabilities, deferred inflow of resources, and fund balances	\$ 18,738	\$ 143,725	\$ 28,341	\$ 74,844

(Continued)

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue			
	Air Quality Improvement	Park Improvement	Traffic Impact	State Gasoline Tax
ASSETS				
Cash and investments	\$ 19,820	\$ 54,102	\$ 195,472	\$ 1,777,521
Receivables:				
Accounts	8,286	-	-	-
Taxes	-	-	-	56,383
Interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 28,106	\$ 54,102	\$ 195,472	\$ 1,833,904
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 10,989	\$ -	\$ -	\$ 145,856
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Retentions payable	-	-	-	-
Total liabilities	10,989	-	-	145,856
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted	17,117	54,102	195,472	1,688,048
Unassigned (deficit)	-	-	-	-
Total fund balances	17,117	54,102	195,472	1,688,048
Total liabilities, deferred inflow of resources, and fund balances	\$ 28,106	\$ 54,102	\$ 195,472	\$ 1,833,904

(Continued)

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue			
	Measure M2	Community Development Block Grant	Police Grants	Landscape District
ASSETS				
Cash and investments	\$ 1,488,962	\$ -	\$ 147,760	\$ 700,051
Receivables:				
Accounts	91,204	122,062	89,250	-
Taxes	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 1,580,166	\$ 122,062	\$ 237,010	\$ 700,051
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 12,533	\$ 114,688	67,011	\$ 10,605
Accrued liabilities	-	-	8,798	333
Due to other funds	-	6,030	161,200	-
Retentions payable	9,603	-	-	-
Total liabilities	22,136	120,718	237,009	10,938
Deferred Inflows of Resources:				
Unavailable revenues	-	61,031	76,073	-
Total deferred inflows of resources	-	61,031	76,073	-
Fund Balances:				
Restricted	1,558,030	-	-	689,113
Unassigned (deficit)	-	(59,687)	(76,072)	-
Total fund balances	1,558,030	(59,687)	(76,072)	689,113
Total liabilities, deferred inflow of resources, and fund balances	\$ 1,580,166	\$ 122,062	\$ 237,010	\$ 700,051

(Continued)

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue			
	Heron Pointe	Pacific Gateway	Seal Beach Cable	SB 1
ASSETS				
Cash and investments	\$ 69,424	\$ 155,053	\$ 518,066	\$ 1,533,051
Receivables:				
Accounts	-	-	25,669	-
Taxes	-	-	-	50,557
Interest	-	-	1,114	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total assets	\$ 69,424	\$ 155,053	\$ 544,849	\$ 1,583,608
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 16	\$ 4,272	\$ -	\$ -
Accrued liabilities	-	326	-	-
Due to other funds	-	-	-	-
Retentions payable	-	-	-	-
Total liabilities	16	4,598	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted	69,408	150,455	544,849	1,583,608
Unassigned (deficit)	-	-	-	-
Total fund balances	69,408	150,455	544,849	1,583,608
Total liabilities, deferred inflow of resources, and fund balances	\$ 69,424	\$ 155,053	\$ 544,849	\$ 1,583,608

(Continued)

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	<u>Special Revenue</u>	<u>Debt Service</u>	Total Other Governmental Funds
	Citywide Grants	City Debt Service	
ASSETS			
Cash and investments	\$ -	\$ 125,933	\$ 7,013,603
Receivables:			
Accounts	319,493	-	672,635
Taxes	-	-	108,245
Interest	-	-	1,114
Due from other governments	562,418	-	562,418
Prepaid items	-	-	19,284
Restricted assets:			
Cash and investments with fiscal agents	-	635,508	635,508
Total assets	<u>\$ 881,911</u>	<u>\$ 761,441</u>	<u>\$ 9,012,807</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 471,148	\$ -	\$ 864,472
Accrued liabilities	-	-	10,491
Due to other funds	281,182	-	520,038
Retentions payable	21,279	-	30,882
Total liabilities	<u>773,609</u>	<u>-</u>	<u>1,425,883</u>
Deferred Inflows of Resources:			
Unavailable revenues	804,684	-	941,788
Total deferred inflows of resources	<u>804,684</u>	<u>-</u>	<u>941,788</u>
Fund Balances:			
Restricted	-	761,441	7,477,277
Unassigned (deficit)	(696,382)	-	(832,141)
Total fund balances	<u>(696,382)</u>	<u>761,441</u>	<u>6,645,136</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 881,911</u>	<u>\$ 761,441</u>	<u>\$ 9,012,807</u>

(Concluded)

City of Seal Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
Revenues:				
Taxes	\$ 140,344	\$ -	\$ -	\$ -
Intergovernmental	-	199,877	-	192,435
Charges for services	-	-	-	-
Use of money and property	-	2,425	-	80
Contributions	-	-	-	-
Total revenues	<u>140,344</u>	<u>202,302</u>	<u>-</u>	<u>192,515</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	176,887	-	-
Community development	-	-	-	-
Public works	218,260	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>218,260</u>	<u>176,887</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>(77,916)</u>	<u>25,415</u>	<u>-</u>	<u>192,515</u>
Other Financing Sources (Uses):				
Transfers in	94,322	-	-	52,948
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>94,322</u>	<u>-</u>	<u>-</u>	<u>52,948</u>
Net change in fund balances	<u>16,406</u>	<u>25,415</u>	<u>-</u>	<u>245,463</u>
Fund Balance (Deficit):				
Beginning of year	(16,353)	108,607	28,341	(242,245)
End of year	<u>\$ 53</u>	<u>\$ 134,022</u>	<u>\$ 28,341</u>	<u>\$ 3,218</u>

(Continued)

City of Seal Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue			
	Air Quality Improvement	Park Improvement	Traffic Impact	State Gasoline Tax
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 646,195
Intergovernmental	32,798	-	-	-
Charges for services	-	-	-	-
Use of money and property	641	888	3,125	25,956
Contributions	-	-	-	-
Total revenues	<u>33,439</u>	<u>888</u>	<u>3,125</u>	<u>672,151</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	63,834	-	-	3,328
Capital outlay	-	-	-	222,391
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>63,834</u>	<u>-</u>	<u>-</u>	<u>225,719</u>
Revenues over (under) expenditures	<u>(30,395)</u>	<u>888</u>	<u>3,125</u>	<u>446,432</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(30,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
Net change in fund balances	<u>(30,395)</u>	<u>888</u>	<u>3,125</u>	<u>416,432</u>
Fund Balance (Deficit):				
Beginning of year	<u>47,512</u>	<u>53,214</u>	<u>192,347</u>	<u>1,271,616</u>
End of year	<u>\$ 17,117</u>	<u>\$ 54,102</u>	<u>\$ 195,472</u>	<u>\$ 1,688,048</u>

(Continued)

City of Seal Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue			
	Measure M2	Community Development Block Grant	Police Grants	Landscape District
Revenues:				
Taxes	\$ 453,476	\$ -	\$ -	\$ 138,662
Intergovernmental	-	330,409	176,923	-
Charges for services	-	-	-	-
Use of money and property	23,306	-	-	11,624
Contributions	-	-	-	-
Total revenues	<u>476,782</u>	<u>330,409</u>	<u>176,923</u>	<u>150,286</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	390,298	-
Community development	-	452,804	-	91,391
Public works	49	-	-	-
Capital outlay	214,424	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>214,473</u>	<u>452,804</u>	<u>390,298</u>	<u>91,391</u>
Revenues over (under) expenditures	<u>262,309</u>	<u>(122,395)</u>	<u>(213,375)</u>	<u>58,895</u>
Other Financing Sources (Uses):				
Transfers in	-	-	147,760	-
Transfers out	-	-	-	(31,400)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>147,760</u>	<u>(31,400)</u>
Net change in fund balances	<u>262,309</u>	<u>(122,395)</u>	<u>(65,615)</u>	<u>27,495</u>
Fund Balance (Deficit):				
Beginning of year	<u>1,295,721</u>	<u>62,708</u>	<u>(10,457)</u>	<u>661,618</u>
End of year	<u>\$ 1,558,030</u>	<u>\$ (59,687)</u>	<u>\$ (76,072)</u>	<u>\$ 689,113</u>

(Continued)

City of Seal Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue			
	Heron Pointe	Pacific Gateway	Seal Beach Cable	SB1
Revenues:				
Taxes	\$ -	\$ 94,126	\$ -	\$ 557,378
Intergovernmental	-	-	-	-
Charges for services	-	-	108,103	-
Use of money and property	-	-	9,304	20,451
Contributions	15,000	25,000	-	-
Total revenues	<u>15,000</u>	<u>119,126</u>	<u>117,407</u>	<u>577,829</u>
Expenditures:				
Current:				
General government	-	-	66,422	-
Public safety	-	-	-	-
Community development	6,586	64,560	-	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>6,586</u>	<u>64,560</u>	<u>66,422</u>	<u>-</u>
Revenues over (under) expenditures	<u>8,414</u>	<u>54,566</u>	<u>50,985</u>	<u>577,829</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(1,600)	(26,000)	(20,000)	-
Total other financing sources (uses)	<u>(1,600)</u>	<u>(26,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balances	6,814	28,566	30,985	577,829
Fund Balance (Deficit):				
Beginning of year	62,594	121,889	513,864	1,005,779
End of year	<u>\$ 69,408</u>	<u>\$ 150,455</u>	<u>\$ 544,849</u>	<u>\$ 1,583,608</u>

(Continued)

City of Seal Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	<u>Special Revenue</u>	<u>Debt Service</u>	Total Other
	Citywide	City Debt	Governmental
	Grants	Service	Funds
Revenues:			
Taxes	\$ -	\$ -	\$ 2,030,181
Intergovernmental	318,581	-	1,251,023
Charges for services	-	-	108,103
Use of money and property	-	19,292	117,092
Contributions	-	-	40,000
Total revenues	<u>318,581</u>	<u>19,292</u>	<u>3,546,399</u>
Expenditures:			
Current:			
General government	-	-	66,422
Public safety	-	-	567,185
Community development	15,239	-	630,580
Public works	-	-	285,471
Capital outlay	597,695	-	1,034,510
Debt service:			
Principal	-	420,000	420,000
Interest and fiscal charges	-	24,424	24,424
Total expenditures	<u>612,934</u>	<u>444,424</u>	<u>3,028,592</u>
Revenues over (under) expenditures	<u>(294,353)</u>	<u>(425,132)</u>	<u>517,807</u>
Other Financing Sources (Uses):			
Transfers in	-	444,425	739,455
Transfers out	(117,057)	-	(226,057)
Total other financing sources (uses)	<u>(117,057)</u>	<u>444,425</u>	<u>513,398</u>
Net change in fund balances	<u>(411,410)</u>	<u>19,293</u>	<u>1,031,205</u>
Fund Balance (Deficit):			
Beginning of year	(284,972)	742,148	5,613,931
End of year	<u>\$ (696,382)</u>	<u>\$ 761,441</u>	<u>\$ 6,645,136</u>

(Concluded)

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Lighting Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 141,000	\$ 141,000	\$ 140,344	\$ (656)
Total revenues	<u>141,000</u>	<u>141,000</u>	<u>140,344</u>	<u>(656)</u>
Expenditures:				
Current:				
Public works	204,500	204,500	218,260	(13,760)
Total expenditures	<u>204,500</u>	<u>204,500</u>	<u>218,260</u>	<u>(13,760)</u>
Revenues over (under) expenditures	<u>(63,500)</u>	<u>(63,500)</u>	<u>(77,916)</u>	<u>(14,416)</u>
Other Financing Sources:				
Transfers in	63,500	63,500	94,322	30,822
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>16,406</u>	<u>\$ 16,406</u>
Fund Balance (Deficit):				
Beginning of year			(16,353)	
End of year			<u>\$ 53</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Supplemental Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 157,500	\$ 157,500	\$ 199,877	\$ 42,377
Use of money and property	1,500	1,500	2,425	925
Total revenues	<u>159,000</u>	<u>159,000</u>	<u>202,302</u>	<u>43,302</u>
Expenditures:				
Current:				
Public safety	215,400	215,400	176,887	38,513
Total expenditures	<u>215,400</u>	<u>215,400</u>	<u>176,887</u>	<u>38,513</u>
Net change in fund balance	<u>\$ (56,400)</u>	<u>\$ (56,400)</u>	25,415	<u>\$ 81,815</u>
Fund Balance:				
Beginning of year			<u>108,607</u>	
End of year			<u>\$ 134,022</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Police Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 192,435	\$ 192,435
Use of money and property	200	200	80	(120)
Total revenues	<u>200</u>	<u>200</u>	<u>192,515</u>	<u>192,315</u>
Expenditures:				
Current:				
Public safety	265,000	265,000	-	265,000
Total expenditures	<u>265,000</u>	<u>265,000</u>	<u>-</u>	<u>265,000</u>
Revenues over (under) expenditures	<u>(264,800)</u>	<u>(264,800)</u>	<u>192,515</u>	<u>457,315</u>
Other Financing Sources:				
Transfers in	-	-	52,948	52,948
Net change in fund balance	<u>\$ (264,800)</u>	<u>\$ (264,800)</u>	<u>245,463</u>	<u>\$ 510,263</u>
Fund Balance (Deficit):				
Beginning of year			(242,245)	
End of year			<u>\$ 3,218</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 32,798	\$ 2,798
Use of money and property	100	100	641	541
Total revenues	<u>30,100</u>	<u>30,100</u>	<u>33,439</u>	<u>3,339</u>
Expenditures:				
Current:				
Public works	30,000	50,000	63,834	(13,834)
Total expenditures	<u>30,000</u>	<u>50,000</u>	<u>63,834</u>	<u>(13,834)</u>
Net change in fund balance	<u>\$ 100</u>	<u>\$ (19,900)</u>	<u>(30,395)</u>	<u>\$ (10,495)</u>
Fund Balance:				
Beginning of year			<u>47,512</u>	
End of year			<u>\$ 17,117</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Park Improvement Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental	\$ 100	\$ 100	\$ -	\$ (100)
Use of money and property	500	500	888	388
Total revenues	<u>600</u>	<u>600</u>	<u>888</u>	<u>288</u>
Net change in fund balance	<u>\$ 600</u>	<u>\$ 600</u>	888	<u>\$ 288</u>
Fund Balance:				
Beginning of year			<u>53,214</u>	
End of year			<u>\$ 54,102</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Traffic Impact Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 1,600	\$ 1,600	\$ 3,125	\$ 1,525
Total revenues	1,600	1,600	3,125	1,525
Net change in fund balance	\$ 1,600	\$ 1,600	3,125	\$ 1,525
Fund Balance:				
Beginning of year			192,347	
End of year			\$ 195,472	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Gasoline Tax Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 719,000	\$ 719,000	\$ 646,195	\$ (72,805)
Use of money and property	8,500	8,500	25,956	17,456
Total revenues	<u>727,500</u>	<u>727,500</u>	<u>672,151</u>	<u>(55,349)</u>
Expenditures:				
Current:				
Public works	3,000	3,000	3,328	(328)
Capital outlay	315,000	380,000	222,391	157,609
Total expenditures	<u>318,000</u>	<u>383,000</u>	<u>225,719</u>	<u>157,281</u>
Revenues over (under) expenditures	<u>409,500</u>	<u>344,500</u>	<u>446,432</u>	<u>101,932</u>
Other Financing Uses:				
Transfers out	(30,000)	(30,000)	(30,000)	-
Net change in fund balance	<u>\$ 379,500</u>	<u>\$ 314,500</u>	<u>416,432</u>	<u>\$ 101,932</u>
Fund Balance:				
Beginning of year			<u>1,271,616</u>	
End of year			<u>\$ 1,688,048</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M2 Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 487,800	\$ 487,800	\$ 453,476	\$ (34,324)
Use of money and property	8,500	8,500	23,306	14,806
Total revenues	<u>496,300</u>	<u>496,300</u>	<u>476,782</u>	<u>(19,518)</u>
Expenditures:				
Current:				
Public works	-	-	49	(49)
Capital outlay	1,430,000	1,430,000	214,424	1,215,576
Total expenditures	<u>1,430,000</u>	<u>1,430,000</u>	<u>214,473</u>	<u>1,215,527</u>
Net change in fund balance	<u>\$ (933,700)</u>	<u>\$ (933,700)</u>	262,309	<u>\$ 1,196,009</u>
Fund Balance:				
Beginning of year			<u>1,295,721</u>	
End of year			<u>\$ 1,558,030</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 200,000	\$ 500,000	\$ 330,409	\$ (169,591)
Total revenues	<u>200,000</u>	<u>500,000</u>	<u>330,409</u>	<u>(169,591)</u>
Expenditures:				
Current:				
Community development	200,000	500,000	452,804	47,196
Total expenditures	<u>200,000</u>	<u>500,000</u>	<u>452,804</u>	<u>47,196</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(122,395)	<u>\$ (122,395)</u>
Fund Balance:				
Beginning of year			<u>62,708</u>	
End of year			<u>\$ (59,687)</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Police Grants Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 383,700	\$ 383,700	\$ 176,923	\$ (206,777)
Total revenues	<u>383,700</u>	<u>383,700</u>	<u>176,923</u>	<u>(206,777)</u>
Expenditures:				
Current:				
Public safety	312,400	432,200	390,298	41,902
Total expenditures	<u>312,400</u>	<u>432,200</u>	<u>390,298</u>	<u>41,902</u>
Revenues over (under) expenditures	<u>71,300</u>	<u>(48,500)</u>	<u>(213,375)</u>	<u>(164,875)</u>
Other Financing Sources:				
Transfers in	-	-	147,760	147,760
Net change in fund balance	<u>\$ 71,300</u>	<u>\$ (48,500)</u>	<u>(65,615)</u>	<u>\$ (17,115)</u>
Fund Balance (Deficit):				
Beginning of year			<u>(10,457)</u>	
End of year			<u>\$ (76,072)</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Landscape District Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 188,700	\$ 188,700	\$ 138,662	\$ (50,038)
Use of money and property	7,000	7,000	11,624	4,624
Total revenues	<u>195,700</u>	<u>195,700</u>	<u>150,286</u>	<u>(45,414)</u>
Expenditures:				
Current:				
Community development	104,300	104,300	91,391	12,909
Total expenditures	<u>104,300</u>	<u>104,300</u>	<u>91,391</u>	<u>12,909</u>
Revenues over expenditures	<u>91,400</u>	<u>91,400</u>	<u>58,895</u>	<u>(32,505)</u>
Other Financing Uses:				
Transfers out	(31,400)	(31,400)	(31,400)	-
Net change in fund balance	<u>\$ 60,000</u>	<u>\$ 60,000</u>	27,495	<u>\$ (32,505)</u>
Fund Balance:				
Beginning of year			661,618	
End of year			<u>\$ 689,113</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Heron Pointe Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue:				
Contributions	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Expenditures:				
Current:				
Community development	8,100	8,100	6,586	1,514
Total expenditures	<u>8,100</u>	<u>8,100</u>	<u>6,586</u>	<u>1,514</u>
Revenues over (under) expenditures	<u>6,900</u>	<u>6,900</u>	<u>8,414</u>	<u>1,514</u>
Other Financing Uses:				
Transfers out	(1,600)	(1,600)	(1,600)	-
Net change in fund balance	<u>\$ 5,300</u>	<u>\$ 5,300</u>	6,814	<u>\$ 1,514</u>
Fund Balance:				
Beginning of year			62,594	
End of year			<u>\$ 69,408</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Pacific Gateway Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 66,300	\$ 66,300	\$ 94,126	\$ 27,826
Contributions	25,000	25,000	25,000	-
Total revenues	<u>91,300</u>	<u>91,300</u>	<u>119,126</u>	<u>27,826</u>
Expenditures:				
Current:				
Community development	92,300	92,300	64,560	27,740
Total expenditures	<u>92,300</u>	<u>92,300</u>	<u>64,560</u>	<u>27,740</u>
Revenues over (under) expenditures	<u>(1,000)</u>	<u>(1,000)</u>	<u>54,566</u>	<u>55,566</u>
Other Financing Uses:				
Transfers out	(26,000)	(26,000)	(26,000)	-
Net change in fund balance	<u>\$ (27,000)</u>	<u>\$ (27,000)</u>	<u>28,566</u>	<u>\$ 55,566</u>
Fund Balance:				
Beginning of year			<u>121,889</u>	
End of year			<u>\$ 150,455</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Seal Beach Cable Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 109,000	\$ 109,000	\$ 108,103	\$ (897)
Use of money and property	3,000	3,000	9,304	6,304
Total revenues	<u>112,000</u>	<u>112,000</u>	<u>117,407</u>	<u>5,407</u>
Expenditures:				
Current:				
General government	145,000	145,000	66,422	78,578
Total expenditures	<u>145,000</u>	<u>145,000</u>	<u>66,422</u>	<u>78,578</u>
Revenues over (under) expenditures	<u>(33,000)</u>	<u>(33,000)</u>	<u>50,985</u>	<u>83,985</u>
Other Financing Uses:				
Transfer out	(20,000)	(20,000)	(20,000)	-
Net change in fund balance	<u>\$ (53,000)</u>	<u>\$ (53,000)</u>	<u>30,985</u>	<u>\$ 83,985</u>
Fund Balance:				
Beginning of year			513,864	
End of year			<u>\$ 544,849</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SB1 Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 557,200	\$ 557,200	\$ 557,378	\$ 178
Use of money and property	6,000	6,000	20,451	14,451
Total revenues	<u>563,200</u>	<u>563,200</u>	<u>577,829</u>	<u>14,629</u>
Expenditures:				
Capital outlay	770,000	770,000	-	770,000
Total expenditures	<u>770,000</u>	<u>770,000</u>	<u>-</u>	<u>770,000</u>
Net change in fund balance	<u>\$ (206,800)</u>	<u>\$ (206,800)</u>	577,829	<u>\$ 784,629</u>
Fund Balance:				
Beginning of year			<u>1,005,779</u>	
End of year			<u>\$ 1,583,608</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Citywide Grants Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,250,300	\$ 1,745,300	\$ 318,581	\$ (1,426,719)
Total revenues	<u>1,250,300</u>	<u>1,745,300</u>	<u>318,581</u>	<u>(1,426,719)</u>
Expenditures:				
Current:				
Community development	2,381,000	2,381,000	15,239	2,365,761
Capital outlay	1,316,100	1,811,100	597,695	1,213,405
Total expenditures	<u>3,697,100</u>	<u>4,192,100</u>	<u>612,934</u>	<u>3,579,166</u>
Revenues over (under) expenditures	<u>(2,446,800)</u>	<u>(2,446,800)</u>	<u>(294,353)</u>	<u>2,152,447</u>
Other Financing Uses:				
Transfers out	-	-	(117,057)	(117,057)
Net change in fund balance	<u>\$ (2,446,800)</u>	<u>\$ (2,446,800)</u>	(411,410)	<u>\$ 2,035,390</u>
Fund Balance (Deficit):				
Beginning of year			(284,972)	
End of year			<u>\$ (696,382)</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Debt Service Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money and property	\$ 100	\$ 100	\$ 19,292	\$ 19,192
Total revenues	<u>100</u>	<u>100</u>	<u>19,292</u>	<u>19,192</u>
Expenditures:				
Debt service:				
Principal retirement	420,000	420,000	420,000	-
Interest and fiscal charges	24,500	24,500	24,424	76
Total Expenditures	<u>444,500</u>	<u>444,500</u>	<u>444,424</u>	<u>76</u>
Revenues over (under) expenditures	<u>(444,400)</u>	<u>(444,400)</u>	<u>(425,132)</u>	<u>19,268</u>
Other Financing Sources:				
Transfers in	444,500	444,500	444,425	(75)
Total other financing sources	<u>444,500</u>	<u>444,500</u>	<u>444,425</u>	<u>(75)</u>
Net change in fund balance	<u>\$ 100</u>	<u>\$ 100</u>	19,293	<u>\$ 19,193</u>
Fund Balance:				
Beginning of year			<u>742,148</u>	
End of year			<u>\$ 761,441</u>	

INTERNAL SERVICE FUND FINANCIAL STATEMENTS

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City of Seal Beach
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Vehicle Replacement Fund	Information Technology Fund	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 83,845	\$ 100,303	\$ 184,148
Total current assets	83,845	100,303	184,148
Noncurrent Assets:			
Depreciable capital assets, net of accumulated depreciation	636,878	-	636,878
Intangible capital assets, net of accumulated amortization	281,976	-	281,976
Total capital assets	918,854	-	918,854
Total noncurrent assets	918,854	-	918,854
Total assets	1,002,699	100,303	1,103,002
LIABILITIES			
Current Liabilities:			
Accounts payable	14,044	15,406	29,450
Long-term debt, due within one year	80,586	-	80,586
Total current liabilities	94,630	15,406	110,036
Noncurrent Liabilities:			
Long-term debt, due in more than one year	207,227	-	207,227
Total Noncurrent Liabilities	207,227	-	207,227
Total Liabilities	301,857	15,406	317,263
NET POSITION			
Net investment in capital assets	631,041	-	631,041
Unrestricted	69,801	84,897	154,698
Total Net Position	\$ 700,842	\$ 84,897	\$ 785,739

City of Seal Beach
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Vehicle Replacement Fund	Information Technology Fund	Total
OPERATING EXPENSES:			
Operating expenses	\$ 34,349	\$ 26,210	\$ 60,559
Amortization and depreciation expenses	254,327	-	254,327
Total operating expenses	288,676	26,210	314,886
OPERATING (LOSS)	(288,676)	(26,210)	(314,886)
NONOPERATING INCOME:			
Gain on sale of assets	54,331	-	54,331
Interest payments	(3,451)	-	(3,451)
Total nonoperating income	50,880	-	50,880
(LOSS) BEFORE TRANSFERS	(237,796)	(26,210)	(264,006)
TRANSFERS:			
Transfers out	(165,000)	(186,388)	(351,388)
Total Transfers	(165,000)	(186,388)	(351,388)
CHANGES IN NET POSITION	(402,796)	(212,598)	(615,394)
NET POSITION:			
Beginning of year	1,103,638	297,495	1,401,133
End of year	<u>\$ 700,842</u>	<u>\$ 84,897</u>	<u>\$ 785,739</u>

City of Seal Beach
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Vehicle Replacement Fund	Information Technology Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 26,750	\$ -	\$ 26,750
Cash paid to suppliers for goods and services	(60,258)	(18,279)	(78,537)
Net cash (used in) operating activities	(33,508)	(18,279)	(51,787)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers out	(165,000)	(186,388)	(351,388)
Net cash (used in) non-capital financing activities	(165,000)	(186,388)	(351,388)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceed on disposal of assets	61,469	-	61,469
Principal paid on long-term debt	(54,795)	-	(54,795)
Interest paid on long-term debt	(3,451)	-	(3,451)
Net cash provided by capital and related financing activities	3,223	-	3,223
Net change in cash and cash equivalents	(195,285)	(204,667)	(399,952)
CASH AND CASH EQUIVALENTS:			
Beginning of year	279,130	304,970	584,100
End of year	<u>\$ 83,845</u>	<u>\$ 100,303</u>	<u>\$ 184,148</u>
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities:			
Operating (loss)	\$ (288,676)	\$ (26,210)	\$ (314,886)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:			
Amortization and depreciation expenses	254,327	-	254,327
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivables	26,750	-	26,750
Increase/(decrease) in accounts payable	(25,909)	7,931	(17,978)
Net cash (used in) operating activities	\$ (33,508)	\$ (18,279)	\$ (51,787)
NONCASH ITEM:			
Acquisition of lease assets	\$ (178,158)	\$ -	\$ (178,158)
Issuance of lease liabilities	\$ 178,158	\$ -	\$ 178,158

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CUSTODIAL FUNDS FINANCIAL STATEMENTS

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City of Seal Beach
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Deposits	Community Facilities District Heron Pointe	Community Facilities District - Heron Pacific Gateway	Total
ASSETS:				
Cash and investments	\$ 290,337	\$ 120,916	\$ 234,497	\$ 645,750
Restricted investments with fiscal agents	-	262,697	715,406	978,103
Total Assets	290,337	383,613	949,903	1,623,853
LIABILITIES:				
Accounts payable	7,642	-	-	7,642
Interest payable	-	31,078	70,381	101,459
Total Liabilities	7,642	31,078	70,381	109,101
NET POSITION:				
Restricted for:				
Individual, organization and other government	<u>\$ 282,695</u>	<u>\$ 352,535</u>	<u>\$ 879,522</u>	<u>\$ 1,514,752</u>

City of Seal Beach
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2023

	Deposits	Community Facilities District Heron Pointe	Community Facilities District - Heron Pacific Gateway	Total
ADDITIONS:				
Assessment revenue collected	\$ -	\$ 253,620	\$ 554,982	\$ 808,602
Investment income	-	11,546	25,925	37,471
Total additions	-	265,166	580,907	846,073
DEDUCTIONS:				
Return of deposits	201,175	-	-	201,175
Payment of special assessment district debt service	-	260,258	541,104	801,362
Total deductions	201,175	260,258	541,104	1,002,537
Change in net position	(201,175)	4,908	39,803	(156,464)
NET POSITION:				
Beginning of year	483,870	347,627	839,719	1,671,216
End of year	<u>\$ 282,695</u>	<u>\$ 352,535</u>	<u>\$ 879,522</u>	<u>\$ 1,514,752</u>

STATISTICAL SECTION

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City of Seal Beach
Statistical Section
Description of Statistical Section Contents
For the Year Ended June 30, 2023

This part of the City of Seal Beach annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	<u>Page</u>
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.	146-155
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.	156-159
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.	160-166
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.	167-168
Operating 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.	169-172

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities:					
Net investment in capital assets,	\$ 72,498,068	\$ 74,296,935	\$ 73,939,948	\$ 72,399,752	\$ 72,667,466
Restricted	4,426,990	3,842,792	3,866,679	4,587,081	4,207,675
Unrestricted	25,953,129	4,097,282	4,713,193	(3,660,561)	(4,911,027)
Total governmental activities net position	<u>\$ 102,878,187</u>	<u>\$ 82,237,009</u>	<u>\$ 82,519,820</u>	<u>\$ 73,326,272</u>	<u>\$ 71,964,114</u>
Business-type activities:					
Net investment in capital assets,	\$ 32,360,440	\$ 34,451,074	\$ 34,145,069	\$ 33,109,258	\$ 31,663,486
Restricted	-	-	-	-	25,082
Unrestricted	15,532,304	12,470,553	13,544,158	12,625,701	14,709,960
Total business-type activities net position	<u>\$ 47,892,744</u>	<u>\$ 46,921,627</u>	<u>\$ 47,689,227</u>	<u>\$ 45,734,959</u>	<u>\$ 46,398,528</u>
Primary government:					
Net investment in capital assets,	\$ 104,858,508	\$ 108,748,009	\$ 108,085,017	\$ 105,509,010	\$ 104,330,952
Restricted	4,426,990	3,842,792	3,866,679	4,587,081	4,232,757
Unrestricted	41,485,433	16,567,835	18,257,351	8,965,140	9,798,933
Total primary government net position	<u>\$ 150,770,931</u>	<u>\$ 129,158,636</u>	<u>\$ 130,209,047</u>	<u>\$ 119,061,231</u>	<u>\$ 118,362,642</u>

Source: Finance Department, City of Seal Beach.

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Governmental activities:					
Net investment in capital assets,	\$ 87,071,592	\$ 84,530,565	\$ 85,059,375	\$ 84,447,535	\$ 85,686,837
Restricted	4,825,412	7,601,451	7,201,479	8,759,394	10,354,192
Unrestricted	<u>(9,873,029)</u>	<u>(11,716,752)</u>	<u>(9,239,218)</u>	<u>(10,011,404)</u>	<u>864,319</u>
Total governmental activities net position	<u>\$ 82,023,975</u>	<u>\$ 80,415,264</u>	<u>\$ 83,021,636</u>	<u>\$ 83,195,525</u>	<u>\$ 96,905,348</u>
Business-type activities:					
Net investment in capital assets,	\$ 32,937,448	\$ 31,473,936	\$ 30,784,313	\$ 30,111,234	\$ 29,928,878
Restricted	25,082	25,082	25,082	25,082	25,082
Unrestricted	<u>13,656,457</u>	<u>13,930,796</u>	<u>14,359,332</u>	<u>14,386,432</u>	<u>14,713,140</u>
Total business-type activities net position	<u>\$ 46,618,987</u>	<u>\$ 45,429,814</u>	<u>\$ 45,168,727</u>	<u>\$ 44,522,748</u>	<u>\$ 44,667,100</u>
Primary government:					
Net investment in capital assets,	\$ 120,009,040	\$ 116,004,501	\$ 115,843,688	\$ 114,558,769	\$ 115,615,715
Restricted	4,850,494	7,626,533	7,226,561	8,784,476	10,379,274
Unrestricted	<u>3,783,428</u>	<u>2,214,044</u>	<u>5,120,114</u>	<u>4,375,028</u>	<u>15,577,459</u>
Total primary government net position	<u>\$ 128,642,962</u>	<u>\$ 125,845,078</u>	<u>\$ 128,190,363</u>	<u>\$ 127,718,273</u>	<u>\$ 141,572,448</u>

Source: Finance Department, City of Seal Beach.

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Expenses:					
Governmental activities:					
General government	\$ 5,040,070	\$ 6,551,584	\$ 6,264,368	\$ 5,894,947	\$ 6,161,230
Public safety	15,999,900	16,022,465	16,972,880	19,867,060	19,877,068
Community development	1,306,898	1,393,712	1,100,110	1,218,902	1,593,008
Community services	1,079,006	1,129,300	1,036,627	995,468	964,634
Public works	6,902,521	7,862,892	6,956,443	6,992,604	7,367,882
Interest on long-term debt	487,221	444,132	349,652	342,951	225,675
Total governmental activities expenses	<u>30,815,616</u>	<u>33,404,085</u>	<u>32,680,080</u>	<u>35,311,932</u>	<u>36,189,497</u>
Business-type activities:					
Water utility	4,439,797	4,037,798	4,102,228	4,977,160	4,668,618
Sewer utility	1,730,940	1,661,225	1,676,651	2,639,043	2,539,783
Total business-type activities expenses	<u>6,170,737</u>	<u>5,699,023</u>	<u>5,778,879</u>	<u>7,616,203</u>	<u>7,208,401</u>
Total primary government expenses	<u>36,986,353</u>	<u>39,103,108</u>	<u>38,458,959</u>	<u>42,928,135</u>	<u>43,397,898</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	1,632,975	1,820,019	2,074,448	1,913,909	2,062,987
Public safety	1,384,701	2,132,176	1,521,220	2,045,589	1,903,530
Community development	182,021	186,858	192,878	217,486	300,640
Community services	1,062,796	1,020,316	1,015,517	707,813	733,456
Public works	1,962,242	1,937,305	1,832,289	2,105,747	2,398,039
Operating contributions and grants	2,402,490	2,768,435	2,122,139	1,721,167	2,334,480
Capital grants and contributions	10,000	20,000	10,000	174,685	79,175
Total governmental activities program revenues	<u>8,637,225</u>	<u>9,885,109</u>	<u>8,768,491</u>	<u>8,886,396</u>	<u>9,812,307</u>
Business-type activities:					
Charges for services:					
Water utility	5,092,152	4,556,001	4,261,566	4,782,468	5,097,807
Sewer utility	2,775,332	2,765,357	2,466,869	2,784,942	2,928,885
Total business-type activities program revenues	<u>7,867,484</u>	<u>7,321,358</u>	<u>6,728,435</u>	<u>7,567,410</u>	<u>8,026,692</u>
Total primary government program revenues	16,504,709	17,206,467	15,496,926	16,453,806	17,838,999
Net revenues (expenses):					
Governmental activities	(22,178,391)	(23,518,976)	(23,911,589)	(26,425,536)	(26,377,190)
Business-type activities	1,696,747	1,622,335	949,556	(48,793)	818,291
Total net revenues (expenses)	<u>\$ (20,481,644)</u>	<u>\$ (21,896,641)</u>	<u>\$ (22,962,033)</u>	<u>\$ (26,474,329)</u>	<u>\$ (25,558,899)</u>

Source: Finance Department, City of Seal Beach.

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Expenses:					
Governmental activities:					
General government	\$ 6,479,347	\$ 6,868,616	\$ 7,231,812	\$ 8,604,149	\$ 6,778,212
Public safety	21,497,362	24,079,442	23,326,808	26,912,192	20,062,949
Community development	1,499,652	1,581,361	2,283,377	3,043,960	1,836,054
Community services	945,425	866,786	1,139,731	1,991,897	263,478
Public works	7,752,351	11,180,509	8,290,658	9,086,138	8,487,999
Interest on long-term debt	143,040	88,274	57,902	61,160	36,443
Total governmental activities expenses	<u>38,317,177</u>	<u>44,664,988</u>	<u>42,330,288</u>	<u>49,699,496</u>	<u>37,465,135</u>
Business-type activities:					
Water utility	4,909,193	5,444,834	6,033,692	6,064,434	5,250,934
Sewer utility	2,523,366	3,035,447	2,651,801	2,323,027	2,292,687
Total business-type activities expenses	<u>7,432,559</u>	<u>8,480,281</u>	<u>8,685,493</u>	<u>8,387,461</u>	<u>7,543,621</u>
Total primary government expenses	<u>45,749,736</u>	<u>53,145,269</u>	<u>51,015,781</u>	<u>58,086,957</u>	<u>45,008,756</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	1,913,201	1,207,956	1,486,575	1,129,039	1,069,669
Public safety	1,907,577	2,124,798	2,361,646	2,547,127	2,282,044
Community development	597,318	231,087	221,140	434,955	499,835
Community services	840,428	700,877	985,542	1,244,430	1,221,628
Public works	2,556,857	2,732,164	2,596,848	2,842,031	3,588,535
Operating contributions and grants	2,588,454	3,442,883	4,287,922	9,362,550	4,165,836
Capital grants and contributions	9,777,900	30,707	10,692	655	889
Total governmental activities program revenues	<u>20,181,735</u>	<u>10,470,472</u>	<u>11,950,365</u>	<u>17,560,787</u>	<u>12,828,436</u>
Business-type activities:					
Charges for services:					
Water utility	4,851,274	4,268,610	4,957,483	5,824,338	5,759,925
Sewer utility	2,854,208	3,007,958	2,885,699	2,432,441	2,371,663
Total business-type activities program revenues	<u>7,705,482</u>	<u>7,276,568</u>	<u>7,843,182</u>	<u>8,256,779</u>	<u>8,131,588</u>
Total primary government program revenues	27,887,217	17,747,040	19,793,547	25,817,566	20,960,024
Net revenues (expenses):					
Governmental activities	(18,135,442)	(34,194,516)	(30,379,923)	(32,138,709)	(24,636,699)
Business-type activities	272,923	(1,203,713)	(842,311)	(130,682)	587,967
Total net revenues (expenses)	<u>\$ (17,862,519)</u>	<u>\$ (35,398,229)</u>	<u>\$ (31,222,234)</u>	<u>\$ (32,269,391)</u>	<u>\$ (24,048,732)</u>

Source: Finance Department, City of Seal Beach.

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

	Fiscal Year				
	2014	2015	2016	2017	2018
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 9,498,277	\$ 10,050,815	\$ 10,408,505	\$ 11,012,246	\$ 11,180,197
Sales tax	4,742,859	4,246,080	4,228,730	4,379,341	4,303,618
Franchise taxes	1,324,860	1,163,595	955,922	1,016,938	1,059,581
Utility users taxes	4,644,218	4,646,434	4,445,180	4,177,713	4,186,554
Transient occupancy taxes	1,509,095	1,525,723	1,655,376	1,693,515	1,666,996
Other taxes	555,804	344,789	197,166	190,510	163,277
Motor vehicle in lieu, unrestricted	11,035	10,659	9,960	11,235	13,102
Use of money and property	674,875	725,720	1,004,572	425,014	300,817
Other	544,406	356,749	536,175	214,219	1,762,390
Transfers	378,500	378,500	378,500	378,500	378,500
Extraordinary Gain(loss)	-	694,585	-	-	-
Total governmental activities	<u>23,883,929</u>	<u>24,143,649</u>	<u>23,820,086</u>	<u>23,499,231</u>	<u>25,015,032</u>
Business-type activities:					
Use of money and property	133,995	109,575	176,437	167,661	223,778
Other	805	3,698	20,107	-	-
Transfers	(378,500)	(378,500)	(378,500)	(378,500)	(378,500)
Extraordinary Gain(loss)	1,200,000	-	-	-	-
Total business-type activities	<u>956,300</u>	<u>(265,227)</u>	<u>(181,956)</u>	<u>(210,839)</u>	<u>(154,722)</u>
Total primary government	<u>24,840,229</u>	<u>23,878,422</u>	<u>23,638,130</u>	<u>23,288,392</u>	<u>24,860,310</u>
Changes in net position:					
Governmental activities	1,705,538	624,673	(91,503)	23,499,231	25,015,032
Business-type activities	2,653,047	1,357,108	767,600	(210,839)	(154,722)
Total primary government	<u>\$ 4,358,585</u>	<u>\$ 1,981,781</u>	<u>\$ 676,097</u>	<u>\$ 23,288,392</u>	<u>\$ 24,860,310</u>

Source: Finance Department, City of Seal Beach.

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

	Fiscal Year				
	2019	2020	2021	2022	2023
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 11,481,535	\$ 12,358,059	\$ 12,926,895	\$ 13,428,911	\$ 14,468,211
Sales tax	5,546,264	9,108,334	10,146,964	11,443,583	11,666,838
Franchise taxes	1,097,774	1,034,280	1,067,098	1,101,243	1,175,046
Utility users taxes	4,061,031	3,941,877	4,129,727	4,508,593	5,349,003
Transient occupancy taxes	1,631,445	1,298,707	878,165	1,670,504	1,922,823
Other taxes	227,978	724,854	720,807	757,421	1,104,573
Motor vehicle in lieu, unrestricted	12,473	21,133	19,070	28,238	25,874
Use of money and property	1,692,720	1,862,213	151,196	(1,428,396)	781,761
Other	2,065,583	1,463,177	3,270,753	69,001	1,118,893
Transfers	378,500	376,483	(324,379)	733,500	733,500
Extraordinary Gain(loss)	-	-	-	-	-
Total governmental activities	<u>28,195,303</u>	<u>32,189,117</u>	<u>32,986,296</u>	<u>32,312,598</u>	<u>38,346,522</u>
Business-type activities:					
Use of money and property	326,036	391,016	256,845	218,203	289,885
Other	-	-	-	-	-
Transfers	(378,500)	(376,483)	324,379	(733,500)	(733,500)
Extraordinary Gain(loss)	-	-	-	-	-
Total business-type activities	<u>(52,464)</u>	<u>14,533</u>	<u>581,224</u>	<u>(515,297)</u>	<u>(443,615)</u>
Total primary government	<u>28,142,839</u>	<u>32,203,650</u>	<u>33,567,520</u>	<u>31,797,301</u>	<u>37,902,907</u>
Changes in net position:					
Governmental activities	10,059,861	(2,005,399)	2,606,373	173,889	13,709,823
Business-type activities	220,459	(1,189,180)	(261,087)	(645,979)	144,352
Total primary government	<u>\$ 10,280,320</u>	<u>\$ (3,194,579)</u>	<u>\$ 2,345,286</u>	<u>\$ (472,090)</u>	<u>\$ 13,854,175</u>

Source: Finance Department, City of Seal Beach.

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

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund:					
Nonspendable	\$ 1,549,735	\$ 666,102	\$ 682,859	\$ 2,877	\$ 32,495
Restricted	-	-	-	12,277	5,266
Committed	-	-	-	-	-
Assigned	8,227,258	7,623,994	7,610,286	7,478,281	8,289,150
Unassigned	22,314,838	21,711,517	20,811,037	19,770,202	17,491,623
Total general fund	<u>\$ 32,091,831</u>	<u>\$ 30,001,613</u>	<u>\$ 29,104,182</u>	<u>\$ 27,263,637</u>	<u>\$ 25,818,534</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,426,990	3,842,792	3,866,679	4,131,203	4,110,558
Assigned	71,993	-	-	-	-
Unassigned	(368,629)	(525,408)	(51,254)	(184,908)	(34,159)
Total all Other government funds:	<u>\$ 4,130,354</u>	<u>\$ 3,317,384</u>	<u>\$ 3,815,425</u>	<u>\$ 3,946,295</u>	<u>\$ 4,076,399</u>

Source: Finance Department, City of Seal Beach

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

	Fiscal Year				
	2019	2020	2021	2022	2023
General Fund:					
Nonspendable	\$ 33,795	\$ 41,776	\$ 2,069,748	\$ 51,506	\$ 42,705
Restricted	5,419	2,190,469	2,046,356	2,034,271	1,935,127
Committed	-	17,067,216	17,546,968	23,523,980	25,322,120
Assigned	10,152,504	4,370,059	4,704,595	4,853,380	5,097,455
Unassigned	11,922,370	3,509,871	3,629,265	3,885,769	4,927,044
Total general fund	<u>\$ 22,114,088</u>	<u>\$ 27,179,391</u>	<u>\$ 29,996,932</u>	<u>\$ 34,348,906</u>	<u>\$ 37,324,451</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,819,993	5,410,982	5,037,618	6,167,958	7,477,277
Assigned	-	-	-	-	-
Unassigned	(425,639)	(671,694)	(373,870)	(554,027)	(692,160)
Total all Other government funds:	<u>\$ 4,394,354</u>	<u>\$ 4,739,288</u>	<u>\$ 4,663,748</u>	<u>\$ 5,613,931</u>	<u>\$ 6,785,117</u>

Source: Finance Department, City of Seal Beach

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues:					
Taxes	\$ 23,476,034	\$ 23,114,876	\$ 22,828,144	\$ 23,368,371	\$ 24,021,668
Licenses and permits	1,369,275	1,377,131	1,304,924	1,234,590	1,480,971
Intergovernmental	869,294	1,725,127	1,388,056	744,904	1,530,815
Charges for services	3,895,371	3,961,691	4,214,690	5,349,083	4,586,949
Use of money and property	674,875	725,720	1,004,572	426,418	347,117
Fines and forfeitures	1,013,695	1,146,509	1,110,606	152,845	1,089,515
Contributions from other governments	341,698	330,885	283,222	180,511	55,765
Miscellaneous	579,125	375,588	537,777	492,245	520,420
Total revenues	<u>32,219,367</u>	<u>32,757,527</u>	<u>32,671,991</u>	<u>31,948,967</u>	<u>33,633,220</u>
Expenditures					
Current:					
General government	4,493,594	5,462,668	5,351,130	5,673,309	5,757,859
Public safety	15,439,757	15,811,773	16,378,416	17,395,965	18,148,871
Community development	1,298,071	1,362,308	1,175,339	1,186,081	1,488,921
Community services	1,048,427	1,129,497	1,075,282	1,004,690	954,018
Public works	4,871,887	5,631,015	4,862,058	4,586,373	4,967,066
Capital outlay	2,094,120	4,578,308	2,645,823	1,506,476	2,567,080
Debt service:					
Principal retirement	1,265,135	1,337,573	1,490,150	2,162,379	1,640,521
Interest and fiscal charges	492,935	441,040	355,819	353,322	231,779
Total expenditures	<u>31,003,926</u>	<u>35,754,182</u>	<u>33,334,017</u>	<u>33,868,595</u>	<u>35,756,115</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,215,441</u>	<u>(2,996,655)</u>	<u>(662,026)</u>	<u>(1,919,628)</u>	<u>(2,122,895)</u>
Other financing sources (uses):					
Transfers in	4,363,955	7,012,848	5,602,944	4,472,129	5,714,614
Transfers out	(4,295,455)	(6,919,381)	(5,340,308)	(4,262,176)	(4,906,717)
Proceeds on sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>1,615,431</u>	<u>93,467</u>	<u>262,636</u>	<u>209,953</u>	<u>807,897</u>
Net change in fund balances	<u>\$ 2,830,872</u>	<u>\$ (2,903,188)</u>	<u>\$ (399,390)</u>	<u>\$ (1,709,675)</u>	<u>\$ (1,314,998)</u>
Debt service as a percentage of noncapital expenditures	6.1%	5.7%	6.0%	7.8%	5.6%

Source: Finance Department, City of Seal Beach

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Revenues:					
Taxes	\$ 25,903,080	\$ 27,481,580	\$ 31,711,229	\$ 34,976,825	\$ 37,716,674
Licenses and permits	1,416,737	844,274	771,615	926,792	1,027,232
Intergovernmental	857,923	4,330,159	2,195,977	6,754,322	1,622,005
Charges for services	4,878,405	4,684,076	4,853,170	5,118,769	5,821,082
Use of money and property	1,772,775	2,003,529	235,061	(1,197,815)	811,518
Fines and forfeitures	946,048	1,239,154	1,816,837	1,871,227	1,435,250
Contributions from other governments	45,994	60,942	106,528	76,817	77,023
Miscellaneous	2,319,864	2,995,022	3,431,013	240,917	1,291,231
Total revenues	<u>38,140,826</u>	<u>43,638,736</u>	<u>45,121,430</u>	<u>48,767,854</u>	<u>49,802,015</u>
Expenditures					
Current:					
General government	6,169,490	6,083,705	6,713,025	7,597,539	7,671,076
Public safety	19,240,608	20,921,107	21,895,428	23,892,990	24,570,207
Community development	1,446,025	1,408,699	2,203,834	2,185,707	2,218,015
Community services	942,804	852,664	1,131,906	1,174,593	1,219,014
Public works	5,160,373	6,672,230	5,748,811	6,884,360	6,625,681
Capital outlay	7,378,774	1,729,166	3,439,241	1,875,596	3,609,554
Debt service:					
Principal retirement	1,754,905	494,370	496,920	532,556	789,974
Interest and fiscal charges	152,863	88,612	70,479	55,856	36,651
	<u>42,245,842</u>	<u>38,250,553</u>	<u>41,699,644</u>	<u>44,199,197</u>	<u>46,740,172</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(4,105,016)</u>	<u>5,388,183</u>	<u>3,421,788</u>	<u>4,568,657</u>	<u>3,061,843</u>
Other financing sources (uses):					
Transfers in	9,381,712	4,141,526	2,858,654	2,697,577	4,359,511
Transfers out	(8,663,187)	(4,119,472)	(3,657,439)	(1,964,077)	(3,274,623)
Proceeds on sale of assets	-	-	119,000	-	-
Total other financing sources (uses)	<u>718,525</u>	<u>22,054</u>	<u>(679,785)</u>	<u>733,500</u>	<u>1,084,888</u>
Net change in fund balances	<u>\$ (3,386,491)</u>	<u>\$ 5,410,237</u>	<u>\$ 2,742,003</u>	<u>\$ 5,302,157</u>	<u>\$ 4,146,731</u>
Debt service as a percentage of noncapital expenditures	5.5%	1.6%	1.5%	2.4%	1.9%

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

Fiscal Year Ended June 30	City			Redevelopment Agency			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured (Note 1)	Unsecured	Taxable Assessed Value	
2014	4,408,299,607	172,172,784	4,580,472,391	453,448,325	8,270,821	461,719,146	1.00%
2015	4,706,609,532	184,449,987	4,891,059,519	556,548,983	3,863,246	560,412,229	1.00%
2016	4,794,299,125	287,392,225	5,081,691,350	530,597,248	32,693,247	563,290,495	1.00%
2017	4,978,010,106	189,618,406	5,167,628,512	300,533,393	2,090,757	302,624,150	1.00%
2018	5,233,421,188	194,765,328	5,428,186,516	309,374,617	2,150,646	311,525,263	1.00%
2019	5,475,549,249	150,370,464	5,625,919,713	320,174,015	2,103,366	322,277,381	1.00%
2020	5,817,397,419	163,933,178	5,981,330,597	363,940,344	3,281,367	367,221,711	1.00%
2021	6,051,394,489	149,026,764	6,200,421,253	375,196,393	5,389,789	380,586,182	1.00%
2022	6,253,511,227	148,714,210	6,402,225,437	414,507,317	7,059,017	421,566,334	1.00%
2023	6,688,384,474	169,071,299	6,857,455,773	-	-	-	1.00%

Note 1: Fiscal Year ending June 30, 2022 is the last year tax increment within the former Seal Beach RDA boundaries will be received. For Fiscal Year ended June 2023, per Resolution of the Orange Countywide Oversight Board No. 22-001 Successor Agency to the Seal Beach Redevelopment Agency was dissolved. Beginning with Fiscal Year ending June 30, 2023, the city receives the property tax per AB 8 process.

GENERAL NOTE:

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

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Direct Rates:										
City Direct Rate - Basic Levy	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates:										
Orange County Bonds	0.04603	0.04719	0.06135	0.06001	0.06072	0.05881	0.05509	0.06379	0.05996	0.05880
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Other Districts	0.07969	0.07468	0.07779	0.07367	0.09803	0.16561	0.13116	0.14183	0.12906	0.13106
Total Direct & Overlapping Rates	1.12922	1.12537	1.14264	1.13718	1.16225	1.22792	1.18975	1.20912	1.19252	1.19336

GENERAL NOTES:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter-approved bonds. The City receives only a portion of this basic 1% levy.

Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

Source: HdL, County of Orange, Auditor-Controller

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

Taxpayer	2023		2014	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Seal Beach Mutual	\$ 1,216,298,723	17.75%	\$ 660,240,339	14.40%
CPT Shops at Rossmoor LLC	137,065,900	2.00%		
ASN Long Beach LLC	130,906,683	1.91%	78,285,305	1.71%
Boeing	127,947,146	1.87%	115,679,380	2.52%
Terra Funding-Bixby Ranch LLC	98,964,451	1.44%		
Ranch Town Center LLC	50,247,838	0.73%	43,196,434	0.94%
AL United States Seal Beach Senior Housing LP	44,298,747	0.65%	47,814,406	1.04%
Farmers and Merch Bank	32,015,830	0.47%		
Columbia Regency Retail Partners LLC	30,282,146	0.44%		
OXY Long Beach Inc	29,385,011	0.43%	165,219,856	3.60%
Rossmoor Shops LLC			103,908,432	2.27%
Bixbybit - Bixby Office Park LLC			67,626,000	1.48%
DCOR LLC			47,181,855	1.03%
Hellman Properties			32,875,595	0.72%
	<u>\$ 1,897,412,475</u>	<u>27.69%</u>	<u>\$ 1,362,027,602</u>	<u>29.71%</u>

Source: HDL Coren & Cone

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2014	9,407,263	9,240,201	98.22%	103,007	9,343,208	99.32%
2015	10,438,079	10,222,017	97.93%	73,362	10,295,379	98.63%
2016	10,472,603	10,196,356	97.36%	81,860	10,278,216	98.14%
2017	10,945,834	10,710,665	97.85%	65,706	10,776,371	98.45%
2018	11,415,167	11,226,591	98.35%	75,788	11,292,740	98.93%
2019	12,131,891	11,590,056	95.53%	60,234	11,650,289	96.03%
2020	12,962,715	12,515,970	96.55%	88,367	12,604,337	97.24%
2021	13,231,113	12,990,870	98.18%	102,993	13,093,863	98.96%
2022	14,180,456	13,800,002	97.32%	95,442	13,895,444	97.99%
2023	11,160,585	10,909,185	97.75%	107,920	11,017,105	98.71%

Source: Orange County Tax Ledger

City of Seal Beach
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities

Fiscal Year Ended June 30	Leases	Pension Obligation Bonds	Fire Station Bonds	Climatec	Subscriptions	Total Governmental Activities
2014	-	5,270,000	4,095,000	1,562,400	-	10,927,400
2015	-	4,411,000	3,675,000	1,488,358	-	9,574,358
2016	-	3,461,000	3,255,000	1,368,208	-	8,084,208
2017	-	2,414,000	2,835,000	672,829	-	5,921,829
2018	-	1,263,000	2,415,000	603,308	-	4,281,308
2019	-	-	1,995,000	531,403	-	2,526,403
2020	-	-	1,575,000	457,033	-	2,032,033
2021	-	-	1,155,000	380,113	-	1,535,113
2022	237,517	-	735,000	300,555	949,058	2,222,130
2023	327,111	-	315,000	218,963	694,445	1,555,519

Notes:

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

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

*Data not readily available.

Source: Finance Department, City of Seal Beach

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

Business-type Activities

Fiscal Year Ended June 30	Water Board Loan	Sewer 2011 Installment Agreement	Sewer State Revolving Agreement	Subscriptions	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
2014	-	2,835,000	4,068,778	-	6,903,778	17,831,178	*	732
2015	-	2,705,000	3,893,311	-	6,598,311	16,172,669	*	697
2016	-	2,565,000	3,718,034	-	6,283,034	14,367,242	*	613
2017	-	2,420,000	3,538,201	-	5,958,201	11,880,030	*	483
2018	872,555	2,270,000	3,353,690	-	6,496,245	10,777,553	*	398
2019	783,064	2,110,000	3,164,384	-	6,057,448	8,583,851	*	345
2020	654,381	1,940,000	2,970,155	-	5,564,536	7,596,569	*	304
2021	569,945	1,765,000	2,770,876	-	5,105,821	6,640,934	*	266
2022	485,509	1,580,000	2,566,416	357,237	4,989,162	7,211,292	*	290
2023	401,073	1,385,000	2,356,639	277,614	4,420,326	5,975,845	*	241

Notes:

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

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

*Data not readily available.

Source: Finance Department, City of Seal Beach

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

Fiscal Year Ended June 30	Bonds	Private Placement Bonds	Total Bonds	Percent of Assessed Value ¹	Per Capita
2014	-	9,365,000	9,365,000	0.19%	360
2015	-	8,086,000	8,086,000	0.15%	329
2016	-	6,716,000	6,716,000	0.12%	273
2017	-	4,507,180	5,249,000	0.10%	213
2018	-	2,937,013	2,937,013	0.05%	118
2019	-	1,995,000	1,995,000	0.03%	80
2020	-	1,575,000	1,575,000	0.02%	63
2021	-	1,155,000	1,155,000	0.02%	46
2022	-	735,000	735,000	0.01%	30
2023	-	315,000	315,000	0.00%	13

NOTES:

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds. The City has no general bonded debt.

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

Source: Finance Department, City of Seal Beach

City of Seal Beach
Schedule of Direct and Overlapping Debt
June 30, 2023

<u>2022-23 Assessed Valuation:</u>	\$6,857,455,773		
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable ⁽¹⁾</u>	<u>Total Debt</u>	<u>City's Share of</u>
		6/30/2023	Debt 6/30/23
Metropolitan Water District	0.188%	\$ 19,215,000	\$ 36,124
Coast Community College District	2.882%	920,781,084	26,536,911
North Orange Jt. Community College District	1.158%	324,914,503	3,762,510
Los Alamitos Unified School District School Facilities Imp District No.1	48.346%	218,445,227	105,609,529
Huntington Beach Union High School District	0.001%	151,029,998	1,510
Ocean View School District	0.004%	126,975,000	5,079
City of Seal Beach Community Facilities District No. 2002-1	100.000%	2,515,000	2,515,000
City of Seal Beach Community Facilities District No. 2005-1	100.000%	6,735,000	<u>6,735,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 145,201,663</u>
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	0.946%	\$ 451,165,000	\$ 4,268,021
Orange County Board of Education Certificates of Participation	0.009%	10,860,000	102,736
North Orange County Regional Occupation Program Certificates of Participation	4.395%	7,790,000	342,371
Coast Community College District Certificates of Participation	2.882%	1,480,000	42,654
Coast Community College District Pension Obligation Bonds	2.882%	1,380,000	39,772
Los Alamitos Unified School District Certificates of Participation	53.547%	32,572,186	17,441,428
Huntington Beach Union High School District General Fund Obligations	0.001%	55,086,090	551
Ocean View School District General Fund Obligations	0.004%	14,555,000	582
City of Seal Beach Lease Revenue Bonds	100%	315,000	<u>315,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 22,553,115
TOTAL DIRECT DEBT			\$ 315,000
Less: Orange County Transit Authority (80% self-supporting)			0
TOTAL OVERLAPPING DEBT			\$ 167,439,778
COMBINED TOTAL DEBT			\$ 167,754,778 ⁽²⁾

⁽¹⁾ The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2022-23 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.12%
Total Direct Debt (\$315,000)	0.005%
Combined Total Debt	2.45%

City of Seal Beach
Legal Debt Margin Information
Last Ten Years

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 756,328,731	\$ 817,720,762	\$ 846,747,277	\$ 820,537,899	\$ 860,757,686
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 756,328,731</u>	<u>\$ 817,720,762</u>	<u>\$ 846,747,277</u>	<u>\$ 820,537,899</u>	<u>\$ 860,757,686</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

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

Source: Orange County Tax Assessor's Office

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

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 892,030,484	\$ 952,282,846	\$ 930,063,188	\$ 960,333,816	\$ 1,028,618,366
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 892,030,484</u>	<u>\$ 952,282,846</u>	<u>\$ 930,063,188</u>	<u>\$ 960,333,816</u>	<u>\$ 1,028,618,366</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed Valuation	\$ 6,857,455,773
Debt percentage ¹	<u>15%</u>
Debt limit	\$ 1,028,618,365.95
Debt applicable to limit	-
Legal debt margin	<u>\$ 1,028,618,366</u>

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

Source: Orange County Tax Assessor's Office

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

2000 Tax Allocation Refunding Bonds				
Fiscal Year Ended June 30	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2014	1,222,425	495,000	229,406	1.69
2015	1,084,135	515,000	204,269	1.51
2016	1,329,344	545,000	177,413	1.84
2017	1,218,363	575,000	148,759	1.68
2018	1,125,053	600,000	118,302	1.57
2019	1,198,637	635,000	86,013	1.66
2020	234,102	605,000	53,078	0.36
2021	530,978	160,000	32,519	2.76
2022	-	-	-	-
2023	-	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. The bonds were fully paid off during the year ended June 30, 2021.

Source: Finance Department, City of Seal Beach

City of Seal Beach
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2013	24,591	1,082,963	44,039	3.7%
2014	24,586	1,074,777	43,715	4.8%
2015	25,078	1,141,053	45,500	3.9%
2016	24,890	1,164,182	46,773	3.5%
2017	25,984	1,199,969	46,181	3.2%
2018	25,073	1,277,436	50,948	3.3%
2019	24,992	1,370,609	54,841	3.2%
2020	24,443	1,398,936	57,232	8.2%
2021	24,846	1,426,979	57,432	6.0%
2022	24,647	1,538,564	62,423	3.4%

Sources: HDL Coren & Cone

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

Business Name	2022-23	2013-14	Business Category
76	X	X	Service Stations
AT&T Mobility		X	Electronics/Appliance Store
Bed Bath & Beyond	X	X	Home Furnishings
Burlington	X		Family Apparel
Chevron	X	X	Service Stations
Chevron	X	X	Service Stations
Chevron	X		Service Stations
Chick Fil A	X		Quick-Service Restaurants
Cosmodyne		X	Light/Industrial Printers
CVS Pharmacy	X	X	Drug Stores
Energy Tubulars		X	Petroleum Prod/Equip
Hoff's Hut	X		Casual Dining
Home Goods	X	X	Home Furnishings
In N Out Burgers	X	X	Quick-Service Restaurants
Kobe Japanese Steakhouse	X		Casual Dining
Kohls	X	X	Department Stores
Mag Tek		X	Office Equipment
Marshalls	X	X	Family Apparel
Mobil	X	X	Service Stations
Old Ranch Country Club	X	X	Leisure/Entertainment
Original Parts Group	X	X	Automotive Supply Stores
Pavillions	X	X	Grocery Stores Liquor
Petsmart	X		Specialty Stores
Ralphs	X	X	Grocery Stores Liquor
Roger Dunn Golf Shop	X	X	Sporting Goods/Bike Stores
Seal Beach Chevron		X	Service Stations
Spaghettini	X	X	Fine Dining
Staples		X	Office Supplies/Furniture
Target	X	X	Discount Dept Stores
Toys R Us		X	Specialty Stores
Ulta Beauty	X		Specialty Stores
Walts Wharf	X	X	Fine Dining
2021-22 Percent of Fiscal Year Total Paid by Top 25 Accounts = 57.14%			
2013-14 Percent of Fiscal Year Total Paid by Top 25 Accounts = 67.66%			

Firms Listed Alphabetically: Period July Thru March

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

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

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	10.56	14.64	14.34	15.92	13.00	13.48	13.48	14.75	21.35	21.25
Public safety	76.78	79.13	74.12	77.19	78.50	79.82	79.82	80.78	82.05	86.90
Public works	11.03	10.94	4.97	3.98	6.00	5.00	5.00	17.99	17.99	17.69
Community development	12.01	18.16	17.25	16.53	13.60	14.76	14.76	13.88	13.50	12.44
Water	12.60	13.80	13.82	12.60	12.90	13.15	13.15	8.90	8.90	7.45
Sewer	5.28	5.91	7.11	7.69	6.71	6.89	6.89	5.86	5.86	6.99
Total	<u>113.21</u>	<u>128.26</u>	<u>142.58</u>	<u>131.61</u>	<u>133.91</u>	<u>130.71</u>	<u>133.10</u>	<u>142.16</u>	<u>149.65</u>	<u>152.72</u>

Source: Finance Department, City of Seal Beach

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Police:					
Arrests	758	798	790	781	854
Parking citations issued	18,931	21,043	19,264	18,319	19,929
Public works:					
Street centerline miles resurfaced	1	2	1	-	1
Number of public right of way permits issued	140	151	184	259	231
Number of street related service requests	35	45	40	68	109
Parks and recreation:					
Number of recreation classes	678	781	680	710	1,070
Number of facility rentals	1,763	2,633	557	585	1,030
Water:					
Number of water meters replaced	85	57	76	56	49
Acre feet of water used	3,878	3,540	3,208	3,259	3,208
Sewer:					
Number of feet of sewer cleaned	253,099	253,099	217,619	-	217,619
Number of catch basins cleaned	401	434	458	216	216

Source: City of Seal Beach

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


	Fiscal Year				
	2019	2020	2021	2022	2023
Police:					
Arrests	787	709	806	1,429	809
Parking citations issued	17,663	20,913	28,644	29,658	24,841
Public works:					
Street centerline miles resurfaced	1	4	3	1	1
Number of public right of way permits issued	253	242	232	213	213
Number of street related service requests	92	44	39	258	258
Parks and recreation:					
Number of recreation classes	1,100	790	1,113	955	828
Number of facility rentals	1,045	690	314	1,020	773
Water:					
Number of water meters replaced	49	104	154	89	89
Acre feet of water used	3,360	3,276	3,471	3,086	3,086
Sewer:					
Number of feet of sewer cleaned	154,000	146,619	126,563	190,569	190,569
Number of catch basins cleaned	216	216	217	218	218

Source: City of Seal Beach

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	34	34	34	34	34	34	34	34	34	34
Public works:										
Streets (center line miles)	43	43	43	43	43	43	43	43	43	43
Sidewalk (miles)	86	86	86	86	86	86	86	86	86	86
Signalized intersections	23	23	23	23	23	23	23	23	22	22
Parks and recreation:										
Parks	10	10	10	10	10	10	10	10	13	13
Community centers	3	3	3	3	3	3	3	3	5	5
Water:										
Water pipe (miles)	72	72	72	72	72	72	72	72	72	72
Reservoirs	2	2	2	2	2	2	2	2	2	2
Sewer										
Sanitary sewers (miles)	37	37	37	37	37	37	37	37	37	37
Storm sewers (miles)	4	4	4	4	4	4	4	4	4	4
Sewer lift/pump stations	7	7	7	7	7	7	7	7	6	6

Source: City of Seal Beach



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

**The City of Seal Beach Values:
Excellent Customer Service
Mutual Respect
Teamwork
Professionalism
Honest & Ethical Behavior**