



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

Fiscal Year 2024-2025

City of Seal Beach

Annual Comprehensive Financial Report For the Year Ended June 30, 2025



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

City of Seal Beach
Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

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December 18, 2025

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, 2025. 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, 2025, 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 24,350.

ECONOMIC CONDITIONS

Local economy: Although the focus of this Annual Comprehensive Financial Report is the financial condition of the City at June 30, 2025, 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 \$1.2 million from the prior year. This increase is mostly due to tax increases.

Property tax is the City's largest General Fund revenue source with revenues of \$16.1 million, an increase of 4.3 percent over the prior fiscal year. Sales tax is the second largest General Fund revenue source with revenues of \$12.4 million including transaction tax, an increase of 8.1 percent from the prior year. Additionally, Transient Occupancy Tax was \$2.1 million, an increase of 6.9 percent from the previous year. The increase in Property Tax is due to the continued robust housing demographics in the City. The increase in Sales Tax, compared to the prior year, is primarily due to Measure GG which became effective the last quarter of 2025. In November 2024, Measure GG passed in Seal Beach with 68% voter approval, implementing a 0.5% increase in the local sales tax to support current essential City services.

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, 2025, the reserve balance was \$11.0 million or 22.3 percent of the final operating budget.

Major initiatives: The Strategic Plan goals are approved and/or affirmed by the City Council each year. Priorities included Organizational Efficiencies, Community Outreach and Capital Projects, Housing Element Updates, Local Coastal Plan, Fiscal Sustainability, Flooding, and Public Safety. Highlights of this year's major initiatives reflect the City's commitment to sustaining the community's quality of life and fiscal health. Key accomplishments include enhancing public safety services through funding for emergency response and community policing, upgrading critical infrastructure such as streets and recreational facilities, and maintaining essential transportation programs like the senior shuttle and dial-a-ride program. The City also prioritized preserving beaches and neighborhoods, reducing the unfunded pension liability, and fostering community engagement. Notable achievements include the pier and street improvements, expanding recreation and community engagement, and revisions to the Housing Element. Despite fluctuating federal and economic conditions, the City remains fully operational, providing increased recreational programs, and continues to deliver essential services to the community.

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, 2024. This was the twenty-third 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

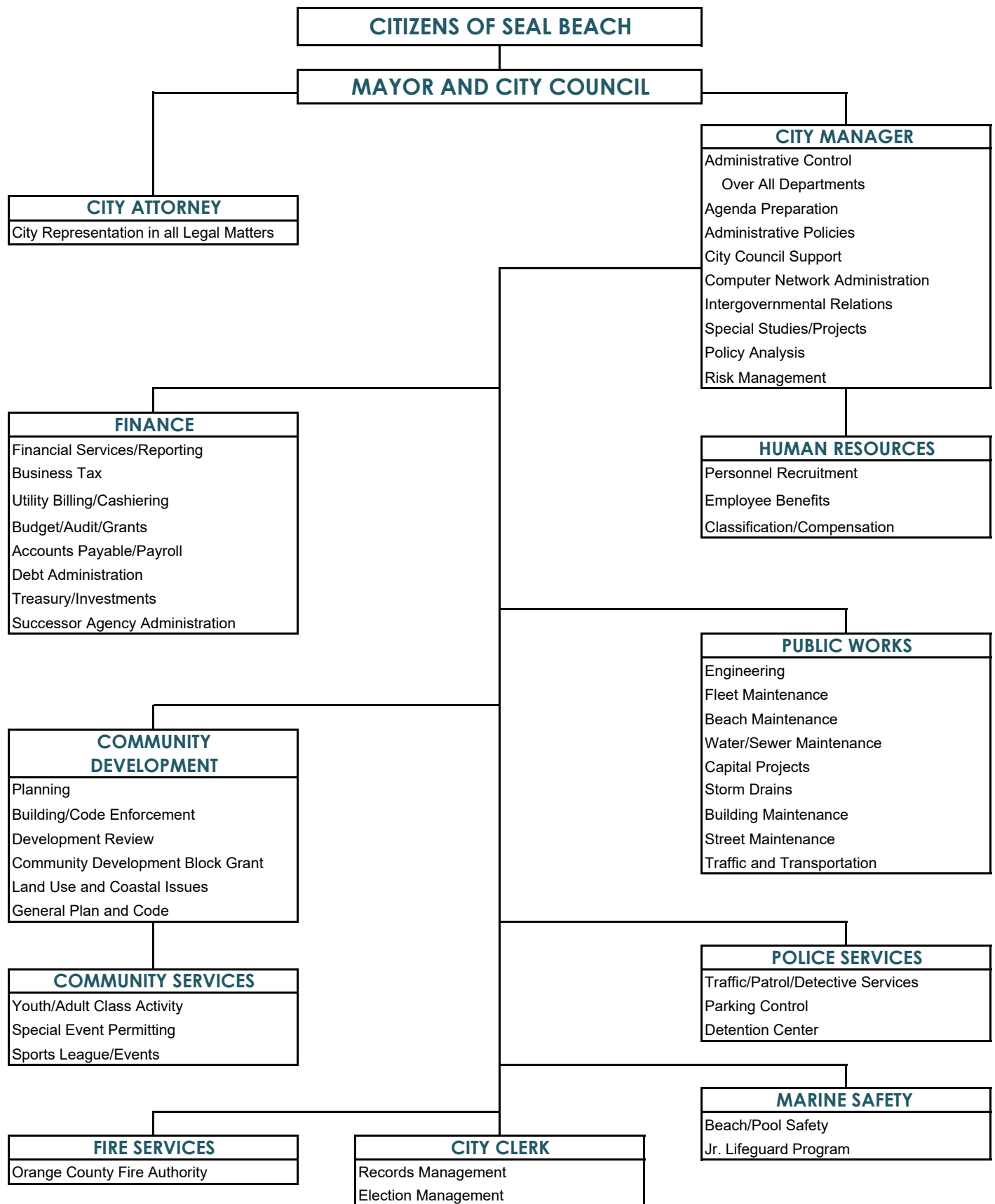
**City of Seal Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



CITY OF SEAL BEACH CALIFORNIA

Principal Officers

City Council

Lisa Landau, Mayor
Nathan Steele, Mayor Pro Tem
Joe Kalmick, Council Member
Patty Senecal, Council Member
Ben Wong, Council Member

Executive Officers

Patrick Gallegos, City Manager
Nicholas R. Ghirelli, City Attorney

Administrative Personnel

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

**INDEPENDENT AUDITOR'S REPORT**www.pungroup.cpa

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, 2025, 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, 2025, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matters***Change in Accounting Principle - Implementation of GASB 101***

As discussed in Notes 1 and 15 to the basic financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated absences*. The adoption of this standard resulted in the restatement of the City's net position as of June 30, 2024. Our opinion is not modified with respect to this matter.

Restatement due to Error Corrections

As discussed in the Note 15 to the basic financial statements, the City also recorded restatements due to error corrections in the governmental and business-type activities in the amounts of \$2,622,626 and \$2,652,594, respectively due to correction of capital assets. Our opinion is not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 auditor's 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.

To the Honorable Mayor and the Members of the City Council
of the City of Seal Beach
Seal Beach, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025 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.

The PwC Group, LLP

Santa Ana, California
December 18, 2025

City of Seal Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025

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, 2025, along with comparisons to the fiscal year ended June 30, 2024. All increases and decreases are expressed relative to fiscal year 2023-2024. 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 \$150.6 million, an increase of \$2.2 million or 1.5%. The net position of governmental activities increased by \$1.8 million or 1.8%, while the net position of business-type activities increased by \$0.4 million or 0.9%.
- The net position of \$150.6 million consisted of \$126.7 million of net investment in capital assets; \$7.2 million of resources that are subject to external restrictions on how they may be used; \$2.9 million that may be used to meet the City's obligations for its governmental activities; and \$13.8 million to meet obligations for its business-type activities.
- Total revenues were \$65.8 million and total expenses were \$63.6 million. Revenues increased by \$2.0 million or 3.2%, and expenses increased by \$3.6 million or 6.0%.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$48.4 million, representing an increase of \$1.8 million or 3.8%. Of this amount, \$17.5 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 \$11.9 million or 23.1% of total General Fund expenditures and transfers out.
- The City's Reserve Fund Policy aims to maintain a minimum balance in the Fiscal Policy Reserve equal to approximately three months' worth of the City's General Fund operating expenditures. As of June 30, 2025, the Committed-Fiscal Policy Reserve has a balance of \$11.0 million, or 22.1% 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, 2025

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, 2025

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 nonmajor 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 \$150.6 million and \$149.3 million for the years ended June 30, 2025, and June 30, 2024, respectively, as shown in Table 1.

Table 1 Condensed Statement of Net Position (in Thousands)						
	Governmental Activities		Business-Type Activities		Total Activities	
	2025	2024*	2025	2024*	2025	2024*
Current and other assets	\$ 62,614	\$ 62,658	\$ 19,596	\$ 19,762	\$ 82,210	\$ 82,420
Capital assets	94,472	90,629	35,941	36,398	130,413	127,027
Total assets	157,086	153,287	55,537	56,160	212,623	209,447
Deferred outflows of resources	16,608	20,128	1,463	2,443	18,071	22,571
Long-term liabilities outstanding	52,923	52,856	7,742	9,637	60,665	62,493
Other liabilities	5,395	4,841	2,131	1,742	7,526	6,583
Total liabilities	58,318	57,697	9,873	11,379	68,191	69,076
Deferred inflows of resources	11,311	12,636	572	1,038	11,883	13,674
Net position						
Net investment in capital assets	94,014	89,697	32,720	32,537	126,734	122,234
Restricted	7,188	9,915	25	25	7,213	9,940
Unrestricted	2,863	3,470	13,809	13,624	16,672	17,094
Total net position	\$ 104,065	\$ 103,082	\$ 46,554	\$ 46,186	\$ 150,619	\$ 149,268

* 2024 balances were restated due to error corrections. (see Note 15 for details.)

Note: a change in accounting estimate is treated prospectively, prior periods are not restated due to GASB 101 implementation and change in claim estimates.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

As of June 30, 2025, 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 (\$126.7 million or 84.1% 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 \$4.5 million, or 3.7%. 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 (\$7.2 million or 4.8% of total net position) represents resources that are subject to external restrictions on how they may be used. This is a decrease of \$2.7 million, or 27.4%. The majority of this decrease occurred in restrictions for public works which decreased \$.9 million or 19.0%, and public safety had a decrease of .6 million or 41.9%.

Net position – Unrestricted (\$16.7 million or 11.1% of total net position) represents a decrease of \$.4 million or 2.5%. The governmental activities unrestricted of \$2.9 million is a decrease of \$.6 million or 17.5% primarily due to the implementation of GASB No. 101, which changed the recognition and presentation of compensated absences and related liabilities, increasing the liability by \$656 thousand. As a result of GASB 101, certain employee leave liabilities are now required to be recognized earlier and more comprehensively than in prior guidance. This accounting change reflects a change in financial statement presentation. In addition, the total deferred inflows of resources on pension plans increased by \$56.4 thousand 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.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

Analysis of Activities – The City's net position increased by \$2.2 million or 1.48%. The following Table 2 provides a summary of the City's operations for the years ended June 30, 2025, and June 30, 2024.

Table 2 Condensed Statement of Activities (in Thousands)						
	Governmental Activities		Business-Type Activities		Total Activities	
	2025	2024*	2025	2024*	2025	2024*
Revenues:						
Program revenues:						
Charges for services	\$ 9,633	\$ 9,266	\$ 8,835	\$ 8,712	\$ 18,468	\$ 17,978
Operating grants and contributions	4,920	4,232	-	-	4,920	4,232
Capital grants and contributions	2	1	-	-	2	1
General revenues:						
Taxes:						
Property taxes	16,137	15,473	-	-	16,137	15,473
Sales taxes	12,424	11,495	-	-	12,424	11,495
Utility user taxes	5,401	5,510	-	-	5,401	5,510
Other taxes	4,315	3,889	-	-	4,315	3,889
Use of money and property	2,954	2,673	593	401	3,547	3,074
Other	573	2,108	-	-	573	2,108
Total revenues	56,359	54,647	9,428	9,113	65,787	63,760
Expenses:						
General government	9,322	7,834	-	-	9,322	7,834
Public safety	29,492	26,933	-	-	29,492	26,933
Community development	3,060	2,723	-	-	3,060	2,723
Community services	1,945	1,208	-	-	1,945	1,208
Public works	10,730	10,766	-	-	10,730	10,766
Interest on long-term debt	12	34	-	-	12	34
Water	-	-	6,350	7,128	6,350	7,128
Sewer	-	-	2,668	3,353	2,668	3,353
Total expenses	54,561	49,498	9,018	10,481	63,579	59,979
Change in net position before transfers	1,798	5,149	410	(1,368)	2,208	3,781
Transfers	-	-	-	-	-	-
Changes in net position	1,798	5,149	410	(1,368)	2,208	3,781
Net position at beginning of year	103,082	95,310	46,186	44,901	149,268	140,211
Restatement - Error Corrections	-	2,623	-	2,653	-	5,276
Restatement - Change in accounting principles and estimates	(815)	-	(42)	-	(857)	-
Net position at end of year	\$ 104,065	\$ 103,082	\$ 46,554	\$ 46,186	\$ 150,619	\$ 149,268
* 2024 balances were restated due to error corrections. (see Note 15 for details.)						
Note: a change in accounting estimate is treated prospectively, prior periods are not restated due to GASB 101 implementation and change in claim estimates.						

Governmental Activities experienced an increase of \$1.8 million in net position as of June 30, 2025. The reason for the net increase of \$1.8 million is due to error correction of \$2.6 million offset by the changes in accounting principles and estimates of \$815 thousand. Higher revenues of \$1.7 million, partially offset by higher expenditures of approximately \$5.1 million compared to the prior year, also contributed to the increase in net position.

The increase in revenues is largely driven by higher voter approved Measure BB revenues, the recognition of remaining balances upon the closure of the Fire Station Bond Fund, and increased investment earnings resulting from higher interest rates throughout the fiscal year. These revenue increase, combined with the timing of certain expenditure activity, contributed to the overall increase in fund balance.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

The cost of all governmental activities during the current fiscal year was \$54.6 million, which is a \$5.1 million increase from fiscal year 2023-2024. The majority of this increase was attributable to higher personnel-related costs, including salary and benefit increases, higher pension and OPEB expenses, and increased operating and contractual services costs across several departments. In specific, General Governmental expenditures increased by \$1.5 million and Public Safety expenditures increased by \$2.6 million. The largest operating cost was comprised of Public Safety, representing 54.0% of total governmental expenditures.

Business-type Activities net position increased by \$0.4 million. The increase is due to the water and sewer rate increase adopted in 2025. Increases in operating costs were mostly due to repairs and imported water.

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, 2025, the City's governmental funds reported combined ending fund balances of \$48.4 million. Approximately \$11.5 million, or 23.7% 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 \$42.3 million, representing a net increase of \$2.9 million. In comparison, in the prior fiscal year, the General Fund had a net increase of \$1.9 million to fund balance. Fiscal year 2024-2025 had an increase of \$1.2 million in revenues which was due to payments received from sales tax, property tax, and interest rate increases, offset by an increase in expenditures of \$2.7 million. The primary reason for the increase in fund balance is due to revenues over expenditures of \$4.7 million offset by net transfers and proceeds of \$1.8 million. Net transfers and proceeds decreased by \$2.5 million compared to the prior fiscal year.

The Capital Projects and Equipment Capital Projects Fund balance of \$0.2 million, represents a net increase of \$147 thousand from prior fiscal year. In comparison, in the prior fiscal year, the Capital Projects and Equipment Capital Projects Fund had a net decrease of \$53 thousand. This increase accounts for resources used for the acquisition and construction of the City's capital assets. Activity in this fund during the fiscal year reflects the timing of capital project expenditures and related financing, including transfers from the General Fund. The fund saw an increase in transfers net of capital project expenditures of \$92 thousand compared to the prior year's decrease of \$53 thousand. Changes in the Capital Projects and Equipment Capital Projects Fund are primarily attributable to capital outlays incurred during the year, offset by available financing sources, and do not directly impact the City's operating results.

Total governmental fund revenues increased overall by \$2.1 million or 3.8% due to collecting higher tax revenues, offset by slight reductions in Bradley Burns, refuse services, and vehicle code violations, utilities users tax, 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 4.7%, as the City continued to support essential City services and support to residents and businesses.

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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 \$3.8 million and \$10.0 million for the Water and Sewer Funds, respectively. The Water Fund had an operating surplus of \$0.3 million and the Sewer Fund had an operating loss of \$0.3 million. The City adopted the water and sewer rate fees that will address this.

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 2024-2025 General Fund's revenue budget was adopted at \$46.3 million and had amendments to building permits, transfers, and rental property of telecom, of \$0.2 million. The fiscal year 2024-2025 General Fund's original (adopted) budget for expenditures was \$47.6 million, and the final budget was \$49.2 million, a net increase of \$1.6 million. The largest changes were an increase of \$0.6 million in Public Works due to rising labor and material cost and \$0.6 million in Public Safety due to MOU agreements.

The General Fund balance reflected a net total positive budget variance of \$15.0 million when comparing actual amounts to the final amended budget for the current fiscal year. Actual revenues show a positive variance of \$5.1 million or 11.1% of the final budget due to unanticipated receipts of taxes and insurance reimbursement revenues due to a case settlement. Actual expenditures of \$46.9 million generated budgetary savings of \$2.3 million, or 4.8% of the final budget mostly due to savings in Public Works stemming from several factors, including (1) unspent funds in contract professional; (2) the message to overall reduce City-wide expenditures to meet future-year funding availability; and (3) carry-over of encumbrances of work that straddled two or more fiscal years. Additionally, although capital outlay was budgeted, project delivery extended across multiple fiscal years, and changes in project scope led to expenditures being lower than anticipated.

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of June 30, 2025, total \$130.4 million compared to \$127.0 million (net of accumulated depreciation and amortization) as of June 30, 2024. 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.

<p style="text-align: center;">Table 3 Capital Assets, At Fiscal Year-End (Net of Depreciation, in Thousands)</p>						
	Governmental Activities		Business-Type Activities		Total Activities	
	2025	2024*	2025	2024*	2025	2024*
Land and land easements	\$ 21,220	\$ 21,220	\$ -	\$ -	\$ 21,220	\$ 21,220
Buildings and improvements	8,875	8,302	-	-	8,875	8,302
Machinery and equipment	2,214	1,328	612	617	2,826	1,945
Vehicles	1,484	1,210	220	259	1,704	1,469
Infrastructure	47,686	47,978	31,174	32,042	78,860	80,020
Lease assets	-	203	-	-	-	203
Subscription assets	219	450	120	202	339	652
Construction-in-progress	12,774	9,938	3,815	3,278	16,589	13,216
Totals	<u>\$ 94,472</u>	<u>\$ 90,629</u>	<u>\$ 35,941</u>	<u>\$ 36,398</u>	<u>\$ 130,413</u>	<u>\$ 127,027</u>

* 2024 balances were restated due to error corrections. (see Note 15 for details.)

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

During fiscal year 2024-2025, major capital projects formally completed include:

- Pier Abutment Restoration (BP2201) - \$566,186.99
- Annual Local Paving Program (STO2) - \$781,832.25
- Almond Avenue Paving Project (ST2201) - \$520,873.64
- Pier Restroom Renovation Project (BP2202) - \$261,070.08
- Beverly Manor Well Rehabilitation (WT0904) - \$674,360
- FY 24-25 Slurry Seal Program (STO1) - \$242,358.58
- Heather Park Project (PR2203/O-PR-1) - \$786,348.85
- West End Pump Station VFD Replacement Project (SD2401 / BG2401ex101-WEPS) - \$232,373.22
- SB Tennis and Pickleball Center Sports Court Lighting Project (BG2105-Lighting) - \$201,552.06
- North Seal Beach Community Center (BG2501) - \$404,023.76
- Lampson Avenue Bike Lane Gap Closure Project (ST1811) - \$2,288,746.39
- Pier Boat Ramp Repair Project (EM2501) - \$47,580

DEBT ADMINISTRATION

As of June 30, 2025, the City had bonded debt, notes payable, subscription liabilities, claims payable, and compensated absence liabilities totaling \$6.6 million compared to \$7.2 million at the end of the fiscal year 2023-2024. The City's governmental activities maintained \$3.1 million in lease revenue bonds, subscription liabilities, claims payable, and compensated absences versus \$3.1 million last fiscal year, representing an increase of approximately \$18 thousand. This increase reflects the implementation of GASB 101 during fiscal year 2024-2025.

The City's business-type activities debt decreased \$0.6 million from \$4.0 million to \$3.4 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 2024-2025.

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.

Table 4 Outstanding Debt, At Fiscal Year-End (in Thousands)						
	Governmental Activities		Business-Type Activities		Total Activities	
	2025	2024*	2025	2024*	2025	2024*
Lease revenue bonds	\$ -	\$ -	\$ 965	\$ 1,180	\$ 965	\$ 1,180
Leases	-	210	-	-	-	210
Capital project notes	-	-	2,153	2,500	2,153	2,500
Subscription liabilities	234	456	129	205	363	661
Self-insured Claims Payable	222	331	-	-	222	331
Compensated absences	2,669	2,110	182	169	2,851	2,279
Total	<u>\$ 3,125</u>	<u>\$ 3,107</u>	<u>\$ 3,429</u>	<u>\$ 4,054</u>	<u>\$ 6,554</u>	<u>\$ 7,161</u>
* 2024 balances were restated due to GASB 101 implementation and change in claim estimates. (see Note 15 for details.)						

City of Seal Beach
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2025

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 continue to improve. 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.

The City prepared a balanced annual budget for fiscal year 2025-2026. Expenditures of the City were increased to maintain 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 2025-2026 budget year were conservative and determined in partnership with the City's consultants. In November 2024, Measure GG passed in Seal Beach with 68% voter approval, implementing a 0.5% increase in the local sales tax to support current essential City services and began in 2025. The City will continue to monitor revenue streams throughout the coming years and will adjust spending levels as necessary.

One of the City's most significant challenges is the aging condition of its infrastructure. The City has completed and adopted several long-range planning documents, including the Water Master Plan, Sewer Master Plan, Master Plan of Drainage, Facilities Master Plan, and Pavement Management Plan, which collectively identify more than \$160 million in needed infrastructure improvements citywide, excluding the impacts of market volatility and escalation. To address these needs, the City annually adopts a 5-year Capital Improvement Program (CIP) to strategically plan and prioritize construction projects.

The fiscal year 2026-2030 CIP recommends approximately \$43.2 million in improvements over the next 5 years, including \$2.5 million for implementation of Revitalization projects. The 5-Year Capital Improvement Program identifies needs in the following areas: Buildings (\$14.7M), Beach and Pier (\$2.4M), Parks (\$1.7M), Sewer System (\$3.6M), Streets and Transportation (\$14.6M), Storm Drain (\$1.2M), and Water System (\$5.0M).

It should also be noted that a Water and Sewer Financial Plan/Rate Update was approved in August 2025 and includes a separate five-year CIP projection for water and sewer infrastructure. Because this analysis was not incorporated into the FY 2026–2030 budget projections, those water and sewer CIP projects are not reflected above and will instead be included in the FY 2027–2031 five-year projections.

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.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Seal Beach
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 47,813,704	\$ 18,314,995	\$ 66,128,699
Accounts receivable	1,513,719	1,206,937	2,720,656
Taxes receivable	4,416,579	-	4,416,579
Lease receivable, due within one year	335,844	-	335,844
Interest receivable	352,234	-	352,234
Prepaid items	119,534	49,000	168,534
Total current assets	54,551,614	19,570,932	74,122,546
Noncurrent Assets:			
Restricted cash with fiscal agent	11,675	25,082	36,757
Lease receivable, due in more than one year	8,050,436	-	8,050,436
Capital assets:			
Capital assets, not being depreciated	33,993,625	3,814,492	37,808,117
Capital assets, being depreciated, net	60,259,296	32,007,038	92,266,334
Intangible capital assets, being amortized, net	218,995	119,699	338,694
Total capital assets, net	94,471,916	35,941,229	130,413,145
Total noncurrent assets	102,534,027	35,966,311	138,500,338
Total assets	157,085,641	55,537,243	212,622,884
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	-	48,281	48,281
Pension related	15,479,312	1,110,952	16,590,264
Other postemployment benefits related	1,128,667	304,015	1,432,682
Total deferred outflows of resources	16,607,979	1,463,248	18,071,227

(Continued)

City of Seal Beach
Statement of Net Position (Continued)
June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts payable	3,532,553	1,794,750	5,327,303
Accrued liabilities	577,390	55,771	633,161
Accrued interest	490	36,804	37,294
Deposits payable	1,060,563	222,236	1,282,799
Retention payable	224,307	21,697	246,004
Long-term liabilities, due within one year	708,192	639,326	1,347,518
Total current liabilities	6,103,495	2,770,584	8,874,079
Long-term liabilities:			
Long-term liabilities, due in more than one year	2,417,106	2,790,088	5,207,194
Net pension liabilities	47,794,537	3,773,268	51,567,805
Net other postemployment benefits liabilities	2,003,181	539,573	2,542,754
Total noncurrent liabilities	52,214,824	7,102,929	59,317,753
Total liabilities	58,318,319	9,873,513	68,191,832
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,398,133	124,749	1,522,882
Other postemployment benefits related	1,662,060	447,689	2,109,749
Leases related	8,250,988	-	8,250,988
Total deferred inflows of resources	11,311,181	572,438	11,883,619
NET POSITION			
Net investment in capital assets	94,013,748	32,720,435	126,734,183
Restricted for:			
Community development projects	1,076,174	-	1,076,174
Public safety	775,112	-	775,112
Community services	681,806	-	681,806
Public works	4,051,239	-	4,051,239
Debt service	-	25,082	25,082
Waste management, park in lieu, and I-405 corridor improvement	603,140	-	603,140
Total restricted	7,187,471	25,082	7,212,553
Unrestricted	2,862,901	13,809,023	16,671,924
Total net position	\$ 104,064,120	\$ 46,554,540	\$ 150,618,660

(Concluded)

City of Seal Beach
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 9,322,342	\$ 1,451,404	\$ 142,922	\$ -	\$ 1,594,326
Public safety	29,492,199	2,262,656	190,868	-	2,453,524
Community development	3,060,390	608,029	759,393	-	1,367,422
Community services	1,945,079	1,395,661	-	-	1,395,661
Public works	10,729,829	3,915,149	3,827,488	1,872	7,744,509
Interest and fiscal charges	12,643	-	-	-	-
Total governmental activities	54,562,482	9,632,899	4,920,671	1,872	14,555,442
Business-Type Activities:					
Water utility	6,349,610	6,580,915	-	-	6,580,915
Sewer utility	2,667,896	2,254,777	-	-	2,254,777
Total business-type activities	9,017,506	8,835,692	-	-	8,835,692
Total primary government	\$ 63,579,988	\$ 18,468,591	\$ 4,920,671	\$ 1,872	\$ 23,391,134

(Continued)

City of Seal Beach
Statement of Activities (Continued)
For the Year Ended June 30, 2025

	Net (Expense) Revenue and Changes in Net Positions		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs			
Governmental Activities:			
General government	\$ (7,728,016)	\$ -	\$ (7,728,016)
Public safety	(27,038,675)	-	(27,038,675)
Community development	(1,692,968)	-	(1,692,968)
Community services	(549,418)	-	(549,418)
Public works	(2,985,320)	-	(2,985,320)
Interest and fiscal charges	(12,643)	-	(12,643)
Total governmental activities	(40,007,040)	-	(40,007,040)
Business-Type Activities:			
Water utility	-	231,305	231,305
Sewer utility	-	(413,119)	(413,119)
Total business-type activities	-	(181,814)	(181,814)
Total primary government	(40,007,040)	(181,814)	(40,188,854)
General Revenues:			
Taxes:			
Property taxes, levied for general purpose	16,137,118	-	16,137,118
Sales taxes	12,423,838	-	12,423,838
Franchise taxes	1,161,770	-	1,161,770
Utility users tax	5,401,062	-	5,401,062
Transient occupancy taxes	2,052,664	-	2,052,664
Other taxes	1,100,806	-	1,100,806
Motor vehicle in lieu- unrestricted	39,887	-	39,887
Use of money and property	2,953,712	592,779	3,546,491
Other	533,315	-	533,315
Total general revenues and transfers	41,804,172	592,779	42,396,951
Changes in net position	1,797,132	410,965	2,208,097
Net Position:			
Beginning of year, as previously reported	100,459,364	43,532,865	143,992,229
Error corrections (Note 15)	2,622,626	2,652,594	5,275,220
Change in accounting principals and estimates (Note 15)	(815,002)	(41,884)	(856,886)
Beginning of year, as restated	102,266,988	46,143,575	148,410,563
End of year	<u>\$ 104,064,120</u>	<u>\$ 46,554,540</u>	<u>\$ 150,618,660</u>

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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City of Seal Beach
Balance Sheet
Governmental Funds
June 30, 2025

	General	Capital Projects and Equipment Capital Projects Fund	Nonmajor Governmental Funds	Total
ASSETS				
Cash and investments	\$ 39,850,968	\$ 834,424	\$ 6,895,680	\$ 47,581,072
Receivables:				
Accounts	752,565	-	761,154	1,513,719
Taxes	4,296,572	-	120,007	4,416,579
Interest	350,545	-	1,689	352,234
Leases	8,386,280	-	-	8,386,280
Due from other funds	725,401	-	-	725,401
Prepaid items	119,534	-	-	119,534
Restricted assets:				
Cash and investments with fiscal agents	11,675	-	-	11,675
Total assets	<u>\$ 54,493,540</u>	<u>\$ 834,424</u>	<u>\$ 7,778,530</u>	<u>\$ 63,106,494</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,258,355	\$ 490,264	\$ 721,089	\$ 3,469,708
Accrued liabilities	566,132	-	11,258	577,390
Deposits payable	1,060,563	-	-	1,060,563
Due to other funds	-	-	725,401	725,401
Retentions payable	8,750	109,812	105,745	224,307
Total liabilities	<u>3,893,800</u>	<u>600,076</u>	<u>1,563,493</u>	<u>6,057,369</u>
Deferred inflow of resources:				
Unavailable revenue	-	-	369,294	369,294
Leases	8,250,988	-	-	8,250,988
Total deferred inflow of resources	<u>8,250,988</u>	<u>-</u>	<u>369,294</u>	<u>8,620,282</u>
Fund Balances:				
Nonspendable	119,534	-	-	119,534
Restricted	603,140	-	6,215,037	6,818,177
Committed	23,718,921	234,348	-	23,953,269
Assigned	6,037,300	-	-	6,037,300
Unassigned (deficit)	11,869,857	-	(369,294)	11,500,563
Total fund balances	<u>42,348,752</u>	<u>234,348</u>	<u>5,845,743</u>	<u>48,428,843</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 54,493,540</u>	<u>\$ 834,424</u>	<u>\$ 7,778,530</u>	<u>\$ 63,106,494</u>

City of Seal Beach
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds	\$ 48,428,843
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Amounts reported for governmental activities in the Statement of Net Position were reported differently because:

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

Nondepreciable	\$ 33,993,625	
Depreciable, net of \$368,975 reported in Internal Service Funds	59,890,321	
Amortizable, net of \$0 reported in Internal Service Funds	218,995	94,102,941

Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, net of \$0 reported in Internal Service Funds, are reported in the Statement of Net Position:

Interest payable	\$ (490)	
Subscription liabilities	(233,861)	
Claims and judgments	(222,189)	
Compensated absences	(2,669,248)	(3,125,788)

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	\$ 15,479,312	
Net pension liability	(47,794,537)	
Pension related deferred inflows of resources	(1,398,133)	(33,713,358)

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	\$ 1,128,667	
Net OPEB liability	(2,003,181)	
OPEB related deferred inflows of resources	(1,662,060)	(2,536,574)

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.

369,294

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.

538,762

Net Position of Governmental Activities	\$ 104,064,120
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City of Seal Beach
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	Capital Projects and Equipment Capital Projects Fund	Formerly Major Fund Citywide Grants Special Revenue Funds	Nonmajor Governmental Funds	Total
Revenues:					
Taxes	\$ 37,948,689	\$ -		\$ 328,568	\$ 38,277,257
Licenses and permits	1,066,988	-		-	1,066,988
Intergovernmental	524,245	-		4,474,512	4,998,757
Charges for services	6,542,436	80,517		134,931	6,757,884
Use of money and property	3,261,969	-		233,695	3,495,664
Fines and forfeitures	1,491,069	-		-	1,491,069
Contributions	94,105	-		66,936	161,041
Miscellaneous	632,186	54,951		7,445	694,582
Total revenues	51,561,687	135,468		5,246,087	56,943,242
Expenditures:					
Current:					
General government	8,527,678	-		65,935	8,593,613
Public safety	25,606,881	-		884,322	26,491,203
Community development	2,057,439	-		504,549	2,561,988
Community services	1,505,709	-		-	1,505,709
Public works	7,776,429	182,500		717,952	8,676,881
Capital outlay	1,131,714	2,295,929		3,684,070	7,111,713
Debt service:					
Principal retirement	259,045	-		-	259,045
Interest and fiscal charges	12,153	-		-	12,153
Total expenditures	46,877,048	2,478,429		5,856,828	55,212,305
Revenues over (under) expenditures	4,684,639	(2,342,961)		(610,741)	1,730,937
Other Financing Sources (Uses):					
Transfers in	986,866	2,489,962		426,214	3,903,042
Transfers out	(2,825,813)	-		(1,051,866)	(3,877,679)
Proceeds from issuance of subscription	34,005	-		-	34,005
Total other financing sources (uses):	(1,804,942)	2,489,962		(625,652)	59,368
Net change in fund balances	2,879,697	147,001		(1,236,393)	1,790,305
Fund Balances:					
Beginning of year, as previously reported	39,469,055	87,347	(761,934)	7,844,070	46,638,538
Change in the financial reporting entity (major fund to nonmajor)	-	-	761,934	(761,934)	-
Beginning of year, as restated (Note 15)	39,469,055	87,347	-	7,082,136	46,638,538
End of year	<u>\$ 42,348,752</u>	<u>\$ 234,348</u>	<u>\$ -</u>	<u>\$ 5,845,743</u>	<u>\$ 48,428,843</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, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 1,790,305

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	\$ 7,111,713	
Depreciation and amortization, net of \$154,043 reported in Internal Service Fund	(2,783,927)	
Net effect on disposal of capital assets, net of \$59,451 reported in Internal Service Fund	(71,202)	4,256,584

Repayment of debt principal, net of \$207,226 reported in Internal Service Fund, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 259,045

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. (490)

Inception of subscription liability, net of \$0 reported in the Internal Service Funds. (34,005)

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. 109,214

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. (559,736)

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 \$5,259,193. (3,064,413)

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 \$643,095. (225,723)

Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. (534,540)

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. (199,109)

Change in net position of governmental activities \$ 1,797,132

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Seal Beach
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Water Utility	Sewer Utility		Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 6,618,107	\$ 11,696,888	\$ 18,314,995	\$ 232,632
Accounts receivable	821,294	385,643	1,206,937	-
Prepaid items	26,222	22,778	49,000	-
Total current assets	7,465,623	12,105,309	19,570,932	232,632
Noncurrent Assets:				
Restricted cash	25,082	-	25,082	-
Capital assets, not being depreciated	2,724,644	1,089,848	3,814,492	-
Capital assets, net of accumulated depreciation	13,624,159	18,382,879	32,007,038	368,975
Intangible assets, net of accumulated amortization	63,715	55,984	119,699	-
Total capital assets	16,412,518	19,528,711	35,941,229	368,975
Total noncurrent assets	16,437,600	19,528,711	35,966,311	368,975
Total Assets	23,903,223	31,634,020	55,537,243	601,607
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	-	48,281	48,281	-
Pension related items	546,576	564,376	1,110,952	-
Other postemployment benefits related items	149,572	154,443	304,015	-
Total deferred outflows of resources	696,148	767,100	1,463,248	-

(Continued)

City of Seal Beach
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2025

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Internal
	Water Utility	Sewer Utility	Total	Service Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	1,667,457	127,293	1,794,750	62,845
Accrued liabilities	29,795	25,976	55,771	-
Accrued interest	597	36,207	36,804	-
Retention payable	3,196	18,501	21,697	-
Deposits payable	212,666	9,570	222,236	-
Compensated absences, due within one year	5,432	33,904	39,336	-
Long-term debt, due within one year	116,429	483,561	599,990	-
Total current liabilities	2,035,572	735,012	2,770,584	62,845
Noncurrent Liabilities:				
Compensated absences, due in more than one year	79,568	63,132	142,700	-
Long-term debt, due in more than one year	180,569	2,466,819	2,647,388	-
Net pension liabilities	1,856,405	1,916,863	3,773,268	-
Net other postemployment benefits liabilities	265,464	274,109	539,573	-
Total noncurrent liabilities	2,382,006	4,720,923	7,102,929	-
Total liabilities	4,417,578	5,455,935	9,873,513	62,845
DEFERRED INFLOW OF RESOURCES				
Pension related items	61,375	63,374	124,749	-
Other postemployment benefits related items	220,258	227,431	447,689	-
Total deferred inflows of resources	281,633	290,805	572,438	-
NET POSITION				
Net investment in capital assets	16,112,324	16,608,111	32,720,435	368,975
Restricted for debt service	25,082	-	25,082	-
Unrestricted	3,762,754	10,046,269	13,809,023	169,787
Total net position	\$ 19,900,160	\$ 26,654,380	\$ 46,554,540	\$ 538,762

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City of Seal Beach
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Internal Service Funds
	Water Utility	Sewer Utility	Total	
OPERATING REVENUES:				
Sales and service charges	\$ 6,580,190	\$ 2,254,730	\$ 8,834,920	\$ 54,951
Miscellaneous	725	47	772	-
Total operating revenues	6,580,915	2,254,777	8,835,692	54,951
OPERATING EXPENSES:				
Personnel expenses	733,102	1,263,291	1,996,393	-
Operating expenses	5,103,736	640,092	5,743,828	80,517
Amortization and depreciation expenses	491,034	637,069	1,128,103	154,043
Total operating expenses	6,327,872	2,540,452	8,868,324	234,560
Operating income (loss)	253,043	(285,675)	(32,632)	(179,609)
NONOPERATING INCOME (LOSS):				
Interest revenues	196,943	395,836	592,779	-
Interest expenses	(21,738)	(119,773)	(141,511)	-
Gain (loss) on sale of assets	-	(7,671)	(7,671)	5,863
Total nonoperating income (loss)	175,205	268,392	443,597	5,863
TRANSFERS:				
Transfer out	-	-	-	(25,363)
Total transfers	-	-	-	(25,363)
Changes in net position	428,248	(17,283)	410,965	(199,109)
NET POSITION:				
Beginning of year, as previously reported	19,751,042	23,781,823	43,532,865	737,871
Error corrections (Note 15)	(261,151)	2,913,745	2,652,594	-
Change in accounting principals and estimates (Note 15)	(17,979)	(23,905)	(41,884)	-
Beginning of year, as restated	19,471,912	26,671,663	46,143,575	737,871
End of year	<u>\$ 19,900,160</u>	<u>\$ 26,654,380</u>	<u>\$ 46,554,540</u>	<u>\$ 538,762</u>

City of Seal Beach
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Internal Service Funds
	Water Utility	Sewer Utility	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and users	\$ 6,748,852	\$ 2,331,453	\$ 9,080,305	\$ 69,563
Cash paid to suppliers for goods and services	(4,833,425)	(538,893)	(5,372,318)	(29,291)
Cash paid to employees for services	(1,548,644)	(1,242,351)	(2,790,995)	-
Net cash provided by operating activities	366,783	550,209	916,992	40,272
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash (paid to) other funds	-	-	-	(25,363)
Net cash used in noncapital financing activities	-	-	-	(25,363)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(170,974)	(523,150)	(694,124)	-
Proceeds from disposal of capital assets	-	-	-	65,534
Principal paid on long-term liabilities	(170,404)	(467,027)	(637,431)	(7,056)
Interest paid on long-term liabilities	(21,854)	(112,231)	(134,085)	-
Net cash provided by (used in) capital and related financing activities	(363,232)	(1,102,408)	(1,465,640)	58,478
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	196,943	395,836	592,779	-
Net cash provided by investing activities	196,943	395,836	592,779	-
Net change in cash and cash equivalents	200,494	(156,363)	44,131	73,387
CASH AND CASH EQUIVALENTS:				
Beginning of year	6,442,695	11,853,251	18,295,946	159,245
End of year	<u>\$ 6,643,189</u>	<u>\$ 11,696,888</u>	<u>\$ 18,340,077</u>	<u>\$ 232,632</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:				
Cash and investments	\$ 6,618,107	\$ 11,696,888	\$ 18,314,995	\$ 232,632
Restricted cash	25,082	-	25,082	-
Total cash and cash equivalents	<u>\$ 6,643,189</u>	<u>\$ 11,696,888</u>	<u>\$ 18,340,077</u>	<u>\$ 232,632</u>

(Continued)

City of Seal Beach
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			Governmental
	Enterprise Funds		Total	Activities
	Water Utility	Sewer Utility		Internal Service Funds
Reconciliation of Operating Income (Loss) to to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 253,043	\$ (285,675)	(32,632)	\$ (179,609)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Amortization and depreciation expenses	491,034	637,069	1,128,103	154,043
Changes in assets and liabilities:				
(Increase)/decrease in accounts receivables	136,379	76,676	213,055	14,612
(Increase)/decrease in prepaid items	(3,008)	436	(2,572)	-
(Increase)/decrease in deferred outflows of resources related to pensions	419,846	57,951	477,797	-
(Increase)/decrease in deferred outflows of resources related to OPEB	289,812	199,785	489,597	-
Increase/(decrease) in accounts payable	273,319	100,763	374,082	51,226
Increase/(decrease) in accrued liabilities	(158)	3,075	2,917	-
Increase/(decrease) in deposits payable	31,558	-	31,558	-
Increase/(decrease) in compensated absences	4,097	8,907	13,004	-
Increase/(decrease) in net pension liabilities	(706,862)	266,247	(440,615)	-
Increase/(decrease) in net OPEB liabilities	(515,685)	(355,646)	(871,331)	-
Increase/(decrease) in deferred inflows of resources related to pensions	(86,790)	(32,037)	(118,827)	-
Increase/(decrease) in deferred inflows of resources related to OPEB	(219,802)	(127,342)	(347,144)	-
Net cash provided by operating activities	\$ 366,783	\$ 550,209	\$ 916,992	\$ 40,272
NONCASH ITEMS:				
Construction in progress deletion	\$ -	\$ (7,671)	\$ (7,671)	\$ -
Retention payable	(33,607)	18,501	(15,106)	-
Amortization of deferred charges	-	12,071	12,071	-
Lease asset early termination	-	-	-	(200,390)
Lease liability early termination	-	-	-	200,170

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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, 2025

	Custodial Funds
ASSETS	
Cash and investments	\$ 646,562
Receivables:	
Accounts	736
Taxes	3,047
Restricted investments with fiscal agent	984,945
Total assets	<u>1,635,290</u>
LIABILITIES	
Current liabilities:	
Interest payable	91,611
Total current liabilities	<u>91,611</u>
Total liabilities	<u>91,611</u>
NET POSITION	
Restricted for	
Individual, organization and other government	\$ 1,543,679
Total fiduciary net position	<u><u>1,543,679</u></u>

City of Seal Beach
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Funds
ADDITIONS:	
Assessment revenue collected	\$ 827,646
Investment income	59,738
Total additions	<u>887,384</u>
DEDUCTIONS:	
Return of deposits	98,458
Payment of special assessment district debt service	826,282
Total deductions	<u>924,740</u>
Change in net position	(37,356)
NET POSITION:	
Beginning of year, as previously reported	1,581,035
End of year	<u><u>\$ 1,543,679</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Seal Beach
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For the Year Ended June 30, 2025

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City of Seal Beach
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For the Year Ended June 30, 2025

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City of Seal Beach
Notes to the Basic Financial Statements
For the Year Ended June 30, 2025

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, 2025

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, 2025

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, 2025

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. The custodial 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, 2025

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 \$5,000 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, 2025

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, 2025

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

The City generally follows the above ranges in determining the estimated useful lives of capital assets. However, in certain instances, management may assign different useful lives that are considered reasonable and appropriate under generally accepted accounting principles, based on factors such as the asset’s condition, usage, or industry standards.

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

Compensated absences comprise vested accumulated vacation and sick leave. The City's liability for compensated absences is recorded in governmental or business-type activities as appropriate.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

K. *Compensated Absences Payable (Continued)*

The liability for compensated absences is determined annually. The liability for compensated absences is recognized as leave is earned, based on the employee's pay rate in effect at the financial statement date, including any applicable salary-related costs. The liability includes only leave attributable to services already rendered and that is more likely than not to be paid.

Under GASB 101, a liability must be recognized for leave that is attributable to services already rendered, accumulates and carries forward to future periods, and is more likely than not to be used or paid. This represents a shift from previous guidance, particularly in how likelihood and eligibility are assessed.

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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

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. 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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Subscription Liabilities (Continued)

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.

R. 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, deferred charges, and retention payable.

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

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

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.

S. 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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

S. Fund Balances (Continued)

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.

T. 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.

U. Tax Abatement

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

V. Implementation of New GASB Pronouncements

During fiscal year ended June 30, 2025, the City has implemented the following new GASB Pronouncements:

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Implementation of this Statement resulted in a restatements of the beginning fund balance as of July 1, 2024, as presented in Note 15.

GASB Statement No. 102 – In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The City has evaluated its exposure to financial risk stemming from concentrations and constraints and determined that none exist.

W. Upcoming New GASB Pronouncements

The City is currently evaluating its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Application of this statement is effective for the City's fiscal year ending June 30, 2026. The City has not determined the effect on the financial statements.

GASB Statement No. 104 – In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. This Statement also requires additional disclosures for capital assets held for sale. The City has not determined the effect on the financial statements.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025:

	Government-Wide Statement of Net Position	Statement of Fiduciary Net Position	Total
Cash and investments	\$ 66,128,699	\$ 646,562	\$ 66,775,261
Restricted cash and investment with fiscal agent	36,757	984,945	1,021,702
Total cash and investments	<u>\$ 66,165,456</u>	<u>\$ 1,631,507</u>	<u>\$ 67,796,963</u>

The City's cash and investments at June 30, 2025 in more detail:

Cash and Investments:	
Petty cash	\$ 9,000
Demand deposits	3,787,879
Restricted cash	36,757
Investments	63,979,927
Total cash and investments	<u>\$ 67,813,563</u>

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$3,787,879 at June 30, 2025. Bank balances at that date were \$3,635,102, 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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

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	None	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%	5%
Asset-Backed Securities	5 years	20%	5%
Supranationals	5 years	30%	5%
Money market mutual funds	5 years	20%	5%
Local Agency Investment Fund (LAIF)	None	100%	75 Million/account

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

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

D. Fair Value Measurement

At June 30, 2025, 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, 2025:

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	\$ 15,026,190	\$ 15,026,190	\$ -
U.S. government sponsored enterprise securities	6,195,601	-	6,195,601
Asset-backed securities	2,443,577	-	2,443,577
Municipal bonds	274,074	-	274,074
Corporate notes	6,136,387	-	6,136,387
Negotiable certificates of deposit	283,891	-	283,891
Bank notes	539,396	-	539,396
Total investments subject to fair value measurement	30,899,116	\$ 15,026,190	\$ 15,872,926
Investments measured at amortized cost:			
Local Agency Investment Fund (LAIF)	32,095,866		
Investments held with fiscal agents:			
Money market funds	984,945		
Total investments	\$ 63,979,927		

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. Investments in bank notes are based on an option-adjusted spread methodology provided by US Bank and are observable through corroboration with market data at the measurement date.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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	\$ 15,026,190	\$ 3,158,245	\$ 2,646,084	\$ 3,161,420	\$ 889,160	\$ 5,171,281
U.S. government sponsored enterprise securities	6,195,601	-	617,879	911,986	4,078,907	586,829
Asset-backed securities	2,443,577	-	-	211,138	1,155,713	1,076,726
Municipal bonds	274,074	274,074	-	-	-	-
Corporate notes	6,136,387	99,657	1,219,505	1,059,884	2,234,912	1,522,429
Negotiable certificates of deposit	283,891	-	283,891	-	-	-
Bank notes	539,396	-	-	539,396	-	-
LAIF	32,095,866	32,095,866	-	-	-	-
Investments with Fiscal Agent:						
Money market funds	984,945	984,945	-	-	-	-
Total investments	<u>\$ 63,979,927</u>	<u>\$36,612,787</u>	<u>\$ 4,767,359</u>	<u>\$ 5,883,824</u>	<u>\$ 8,358,692</u>	<u>\$ 8,357,265</u>

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	\$15,026,190	\$ -	\$15,026,190	\$ -	\$ -
U.S. government sponsored enterprise securities	A	6,195,601	-	6,195,601	-	-
Asset-backed securities	AA	2,443,577	2,443,577	-	-	-
Municipal bonds	N/R	274,074	-	274,074	-	-
Corporate notes	A	6,136,387	344,023	1,925,541	3,866,823	-
Negotiable certificates of deposit	N/R	283,891	-	-	283,891	-
Bank notes	N/R	539,396	-	-	539,396	-
LAIF	N/A	32,095,866	-	-	-	32,095,866
Investments with Fiscal Agent:						
Money market funds	N/R	984,945	984,945	-	-	-
Total investments		<u>\$63,979,927</u>	<u>\$ 3,772,545</u>	<u>\$23,421,406</u>	<u>\$ 4,690,110</u>	<u>\$32,095,866</u>

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

N/A - Not applicable

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

E. Risk Disclosures (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. June 30, 2025, the following investment represent 5% or more of total City investments:

Issuer	Investment Type	Amount	Percentage
Federal Home Loan Mortgage Corporation	U.S. Agency Notes	\$ 5,923,381	9.4%

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, 2025, the City deposits (bank balances were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balances were collateralized under California law.

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

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

The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2025, the City had \$32,095,866 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 2 to 32 years with incremental borrowing rates between 1.5% and 3.87% and the cell towers range from 1 to 22 years with incremental borrowing rates between 1.5% and 3.67%. For the year ended June 30, 2025, the City recognized \$474,178 in lease revenue and \$164,019 in lease interest revenue for General Fund. The outstanding lease receivable is in the amount of \$8,386,280 in the General Fund.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 3 – Lease Receivable (Continued)

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

Year ending June 30,	Principal	Interest	Total
2026	\$ 335,844	\$ 157,010	\$ 492,854
2027	263,845	150,572	414,417
2028	233,718	145,622	379,340
2029	248,045	140,544	388,589
2030	215,980	135,417	351,397
2031-2035	1,322,345	599,594	1,921,939
2036-2040	1,784,271	436,740	2,221,011
2041-2045	1,449,522	259,063	1,708,585
2046-2050	1,073,724	146,259	1,219,983
2051-2055	993,196	74,293	1,067,489
2056-2057	465,790	7,386	473,176
	<u>\$ 8,386,280</u>	<u>\$ 2,252,500</u>	<u>\$ 10,638,780</u>

Note 4 – Interfund Transactions

A. Due From/To Other Funds

At June 30, 2025, the City had the following due from/to other funds:

Due To Other Funds	Due From Other Funds	
	General Fund	
Nonmajor Governmental Funds	\$	725,401
Total	<u>\$</u>	<u>725,401</u>

The above amounts resulted from deficits in the pooled cash account and short-term borrowing to cover deficits.

B. Transfers

During the year ended June 30, 2025, the City had the following transfers:

Transfers out	Transfers in			Total
	General Fund	Capital Projects and Equipment Capital Projects Fund	Nonmajor Governmental Funds	
Governmental Funds:				
General Fund	\$ -	\$ 2,489,962	\$ 335,851	\$ 2,825,813
Nonmajor Governmental Funds	961,503	-	90,363	1,051,866
Proprietary Funds:				
Internal Service Funds	25,363	-	-	25,363
Total	<u>\$ 986,866</u>	<u>\$ 2,489,962</u>	<u>\$ 426,214</u>	<u>\$ 3,903,042</u>

Transfers of \$961,503 from Nonmajor Governmental Funds were made to the General Fund for non-capital expenditures and closure of Detention Center Nonmajor Special Revenue Fund.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 4 – Interfund Transactions (Continued)

B. Transfers (Continued)

Transfers of \$25,363 was made to the General Fund for closure of Information Technology Internal Service Fund.

The General Fund transferred \$2,489,962 to the Capital Projects and Equipment Capital Projects Fund to pay for capital projects.

The General Fund and Nonmajor Governmental Funds transferred \$335,851 and \$90,363, respectively, to the Nonmajor Governmental for debt service-related and administrative costs.

Note 5 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024 (As Restated)	Additions	Deletions	Reclassification	Balance June 30, 2025
<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	9,938,321	4,882,682	(40,681)	(2,006,544)	12,773,778
Total capital assets not being depreciated	31,158,168	4,882,682	(40,681)	(2,006,544)	33,993,625
<i>Capital assets being depreciated:</i>					
Buildings and improvements	17,211,064	265,879	-	718,395	18,195,338
Machinery and equipment	4,379,208	1,107,638	-	26,125	5,512,971
Vehicles	3,733,030	650,011	(156,117)	-	4,226,924
Infrastructure	92,853,901	171,498	-	1,262,024	94,287,423
Total capital assets being depreciated	118,177,203	2,195,026	(156,117)	2,006,544	122,222,656
<i>Less accumulated depreciation for:</i>					
Buildings and improvements	(8,908,595)	(411,517)	-	-	(9,320,112)
Machinery and equipment	(3,051,455)	(247,482)	-	-	(3,298,937)
Vehicles	(2,523,236)	(286,220)	66,145	-	(2,743,311)
Infrastructure	(44,876,034)	(1,724,966)	-	-	(46,601,000)
Total accumulated depreciation	(59,359,320)	(2,670,185)	66,145	-	(61,963,360)
Total capital assets being depreciated, net	58,817,883	(475,159)	(89,972)	2,006,544	60,259,296
<i>Intangible assets being amortized:</i>					
Right of use - leased vehicles	363,368	-	(363,368)	-	-
Right of use - leased equipment	110,331	-	(110,331)	-	-
Right of use - subscription asset	949,058	34,005	-	-	983,063
Total intangible assets being amortized	1,422,757	34,005	(473,699)	-	983,063
<i>Less accumulated amortization for:</i>					
Right of use - leased vehicles	(162,978)	-	162,978	-	-
Right of use - leased equipment	(107,349)	(2,982)	110,331	-	-
Right of use - subscription asset	(499,265)	(264,803)	-	-	(764,068)
Total accumulated amortization	(769,592)	(267,785)	273,309	-	(764,068)
Total intangible assets being amortized, net	653,165	(233,780)	(200,390)	-	218,995
Total governmental activities	\$ 90,629,216	\$ 4,173,743	\$ (331,043)	\$ -	\$ 94,471,916

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Depreciation and amortization expense was charged to functions/programs of governmental activities for the year ended June 30, 2025 as follows:

General government	\$ 329,520
Public safety	464,500
Community development	123,734
Public works	1,866,173
Internal service funds	154,043
Total	\$ 2,937,970

B. Business-Type Activities

The summary of changes in business-type activities capital assets for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024 (As Restated)	Additions	Deletions	Reclassification	Balance June 30, 2025
<i>Capital assets not being depreciated:</i>					
Construction in progress-water	\$ 2,660,703	\$ 63,941	\$ -	\$ -	\$ 2,724,644
Construction in progress-sewer	617,088	520,431	(7,671)	(40,000)	1,089,848
Total capital assets not being depreciated	3,277,791	584,372	(7,671)	(40,000)	3,814,492
<i>Capital assets being depreciated:</i>					
Buildings and improvements - water	73,284	-	-	-	73,284
Machinery and equipment - water	644,596	-	-	-	644,596
Machinery and equipment - sewer	829,189	21,220	-	-	850,409
Vehicles - water	503,027	-	-	-	503,027
Vehicles - sewer	382,670	-	-	-	382,670
Infrastructure - water	34,382,051	73,426	-	-	34,455,477
Infrastructure - sewer	38,622,844	-	-	40,000	38,662,844
Total capital assets being depreciated	75,437,661	94,646	-	40,000	75,572,307
<i>Less accumulated depreciation for:</i>					
Buildings and improvements - water	(73,284)	-	-	-	(73,284)
Machinery and equipment - water	(507,144)	(6,400)	-	-	(513,544)
Machinery and equipment - sewer	(349,738)	(19,306)	-	-	(369,044)
Vehicles - water	(243,659)	(39,560)	-	-	(283,219)
Vehicles - sewer	(382,670)	-	-	-	(382,670)
Infrastructure - water	(20,784,507)	(397,671)	-	-	(21,182,178)
Infrastructure - sewer	(20,178,436)	(582,894)	-	-	(20,761,330)
Total accumulated depreciation	(42,519,438)	(1,045,831)	-	-	(43,565,269)
Total capital assets being depreciated, net	32,918,223	(951,185)	-	40,000	32,007,038
<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	357,237	-	-	-	357,237
<i>Less accumulated amortization for:</i>					
Right of use - subscription asset - water	(86,303)	(47,403)	-	-	(133,706)
Right of use - subscription asset - sewer	(68,963)	(34,869)	-	-	(103,832)
Total accumulated amortization	(155,266)	(82,272)	-	-	(237,538)
Total intangible assets being amortized, net	201,971	(82,272)	-	-	119,699
Total business-type activities	\$ 36,397,985	\$ (449,085)	\$ (7,671)	\$ -	\$ 35,941,229

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 5 – Capital Assets (Continued)

B. Business-Type Activities (Continued)

Depreciation expense was charged to functions/programs of business-type activities for the year ended June 30, 2025 as follows:

Water Utility	\$ 491,034
Sewer Utility	637,069
Total	\$ 1,128,103

Note 6 – Long-Term Liabilities

A. Governmental Activities

Summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024 (As Restated)	Additions	Deletions	Balance June 30, 2025	Classification	
					Due within One Year	Due in more than One Year
<u>Lease Liabilities</u>						
De Lage Landen	\$ 3,046	\$ -	\$ (3,046)	\$ -	\$ -	\$ -
Enterprise Fleet	207,226	-	(207,226)	-	-	-
Subscription liabilities	455,855	34,005	(255,999)	233,861	113,820	120,041
Claims payable	331,403	34,492	(143,706)	222,189	44,438	177,751
Compensated absences	2,109,512	559,736 *	-	2,669,248	549,934	2,119,314
Total	<u>\$ 3,107,042</u>	<u>\$ 628,233</u>	<u>\$ (609,977)</u>	<u>\$ 3,125,298</u>	<u>\$ 708,192</u>	<u>\$ 2,417,106</u>

* The change in the compensated absences liability is presented as a net change.

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

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. During the year ended June 30, 2025, the lease was fully paid off.

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. As of July 2025, the City terminated the lease with Enterprise and fully purchased all remaining vehicles.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Long-Term Liabilities (Continued)

A. Governmental Activities (Continued)

Subscription Liabilities

The City entered into subscription agreements with various vendors for software. The agreements expire from July 19, 2025 to June 30, 2027 with interest rates ranging 2.35 percent to 3.76 percent. Outstanding subscription liabilities at June 30, 2025 was in the amount of \$233,861.

The future subscription payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 113,820	\$ 5,872	\$ 119,692
2027	120,041	2,754	122,795
Total	<u>\$ 233,861</u>	<u>\$ 8,626</u>	<u>\$ 242,487</u>

B. Business-Type Activities

Summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024 (as restated)	Additions	Deletions	Balance June 30, 2025	Classification	
					Due within One Year	Due in more than One Year
<u>Private Placement</u>						
2011 Sewer Revenue Refunding Bonds	\$ 1,180,000	\$ -	\$ (215,000)	\$ 965,000	\$ 225,000	\$ 740,000
<u>Direct Borrowing</u>						
Sewer Capital Improvement Project #1	1,212,172	-	(138,264)	1,073,908	141,859	932,049
Sewer Capital Improvement Project #2	929,237	-	(82,562)	846,675	84,709	761,966
West Orange County Water Board Loan	358,855	-	(126,654)	232,201	84,436	147,765
<u>Subscriptions</u>						
Subscription liabilities - water	108,547	-	(43,750)	64,797	31,993	32,804
Subscription liabilities - sewer	95,998	-	(31,201)	64,797	31,993	32,804
Compensated absences	169,032	13,004 *	-	182,036	39,336	142,700
Total	<u>\$ 4,053,841</u>	<u>\$ 13,004</u>	<u>\$ (637,431)</u>	<u>\$ 3,429,414</u>	<u>\$ 639,326</u>	<u>\$ 2,790,088</u>

* The change in the compensated absences liability is presented as a net change.

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, 2025 was \$965,000. 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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

2011 Sewer System Revenue Refunding Bonds (Continued)

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
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>\$ 965,000</u>	<u>\$ 107,160</u>	<u>\$ 1,072,160</u>

Sewer Capital Improvement Project Loan #1

On April 6, 2011, the City entered into an agreement with the Clean Water State Revolving Fund Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to \$2,644,356 or the eligible costs of the project, whichever is less. As of June 30, 2025, 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, 2025 was \$1,073,908.

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
2026	\$ 141,859	\$ 27,922	\$ 169,781
2027	145,547	24,233	169,780
2028	149,331	20,449	169,780
2029	153,214	16,566	169,780
2030	157,197	12,583	169,780
2031-2032	326,760	12,798	339,558
Total	<u>\$ 1,073,908</u>	<u>\$ 114,551</u>	<u>\$ 1,188,459</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, 2025, 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, 2025 was \$846,675.

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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 6 – Long-Term Liabilities (Continued)

B. Business-Type Activities (Continued)

Sewer Capital Improvement Project Loan #2 (Continued)

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2026	\$ 84,709	\$ 22,014	\$ 106,723
2027	86,912	19,811	106,723
2028	89,171	17,551	106,722
2029	91,490	15,233	106,723
2030	93,869	12,854	106,723
2031-2034	400,524	26,368	426,892
Total	<u>\$ 846,675</u>	<u>\$ 113,831</u>	<u>\$ 960,506</u>

West Orange County Water Board Loan

On December 11, 2017, the City entered into financial participation agreement with the West Orange County Water Board (the “WOCWB”) for relocation of the City’s allocated 14.3% ownership in the waterline. The City’s portion of project costs was in the amount of \$894,928. The repayments are due quarterly on the first of the month commencing June 1, 2018. The interest rate ranges from 1.414% to 5.314% with maturity date on March 1, 2028. The outstanding balance at June 30, 2025 was \$232,201.

The annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2026	\$ 84,436	\$ 6,764	\$ 91,200
2027	84,436	4,370	88,806
2028	63,329	1,302	64,631
Total	<u>\$ 232,201</u>	<u>\$ 12,436</u>	<u>\$ 244,637</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, 2025 was in the amount of \$204,545.

The future subscription payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 63,986	\$ 3,287	\$ 67,273
2027	65,608	1,664	67,272
Total	<u>\$ 129,594</u>	<u>\$ 4,951</u>	<u>\$ 134,545</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, was \$2,200,000.

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, 2025, was \$6,065,000.

Note 8 – Risk Management and Self Insurance Program

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

The City of Seal Beach (the “City”) is a member of the California Joint Powers Insurance Authority (the “Authority”). The Authority is composed of 126 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Primary Self-Insurance Programs of the Authority

Each member pays an annual contribution at the beginning of the coverage period. 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, 2025

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 Authority'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 2024-25 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

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

Property Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$69,017,982. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

C. Purchased Insurance (Continued)

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 Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2024-25.

E. Claims Activity

Claims expenses and liabilities are recognized when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities are based on estimates of the ultimate cost of claims, including future claim adjustment expenses, for claims that have been reported as well as those that have been incurred but not yet reported. These estimates are reviewed periodically and are subject to adjustment as additional information becomes available.

The City retains responsibility for workers' compensation tail claims related to incidents that occurred prior to joining the Authority. These liabilities represent claims incurred before participation but settled or paid subsequent to joining. As of June 30, 2025, the estimated liability for these tail claims was \$222,189.

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

Workers' Compensation	Balance Beginning of Year (As Restated)	Current Year Changes in Estimates	Claim Payments	Balance End of Year
2022-2023	\$ 263,169	\$ 2,366	\$ (90,489)	\$ 175,046
2023-2024	175,046	188,743	(32,386)	331,403
2024-2025	331,403	34,492	(143,706)	222,189

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>.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

	Misc	Misc PEPRA	Safety	Safety Fire	Safety Police PEPRA	Other Safety PEPRA
Active employees	28	31	29	-	12	2
Transferred and terminated employees	33	12	4	-	-	-
Separated	26	4	5	-	2	-
Retired Employees and Beneficiaries	157	1	98	37	-	-
Total	244	48	136	37	14	2

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.

Following are the benefit provisions for each plan:

	Cost-sharing Rate Plans			
	Miscellaneous Rate Plan*	PEPRA 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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (Continued)

A. General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

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.

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, 2024 (the measurement date), the contribution rates were as follows:

	Cost-sharing Rate Plans			
	Miscellaneous Rate Plan*	PEPRA Rate Plan	Safety Rate Plan*	PEPRA Safety Rate Plan
Required employee contribution rates	7.00%	8.25%	9.00%	14.50%
Required employer contribution rates	13.26%	8.00%	29.09%	15.50%

* Closed to new entrants

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 valuation was rolled forward to determine June 30, 2024 total pension liability based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
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	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

¹The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the *2021 CalPERS Experience Study and Review of Actuarial Assumptions*. Mortality rates incorporate full 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 2021 experience study report from November 2021 that can be found on the CalPERS website.

Change of Assumption

In 2024, there were no changes in assumptions.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. 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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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)

Long-term Expected Rate of Return (Continued)

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.

Subsequent Events

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

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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	Current Discount	Discount Rate
	- 1% (5.90%)	Rate (6.90%)	+ 1% (7.90%)
Miscellaneous	\$ 25,787,062	\$ 17,781,656	\$ 11,192,028
Safety	\$ 49,244,879	\$ 33,786,149	\$ 21,143,081

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	Plan Fiduciary	Net Pension
		Pension Liability	Net Position	Liability/(Asset)
Miscellaneous				
Balance at: 6/30/23 (Valuation date)	\$	57,305,152	\$ 39,479,926	\$ 17,825,226
Balance at: 6/30/24 (Measurement date)		59,325,499	41,543,843	17,781,656
Net Changes during 2023-2024		2,020,347	2,063,917	(43,570)
Safety				
Balance at: 6/30/23 (Valuation date)	\$	108,683,799	\$ 74,040,135	\$ 34,643,664
Balance at: 6/30/24 (Measurement date)		113,168,657	79,382,508	33,786,149
Net Changes during 2023-2024		4,484,858	5,342,373	(857,515)

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, 2023). 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, 2025

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, 2024). 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, 2024 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2023-2024).
- (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:

	<u>Miscellaneous</u>	<u>Safety</u>
June 30, 2023	0.14288%	0.27770%
June 30, 2024	0.14662%	0.27859%
Change - Increase (Decrease)	<u>0.00374%</u>	<u>0.00089%</u>

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 ("EARS�") 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 EARS� for risk pool for the 2023-2024 measurement period is 3.8 years, which was obtained by dividing the total service years of 630,177 (the sum of remaining service lifetimes of the active employees) by 166,163 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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, 2025, the City recognized pension expense for the miscellaneous and safety plans in the amounts of \$3,030,478 and \$6,628,087, respectively. At June 30, 2025, 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	\$ 2,031,324	\$ -	\$ 4,644,473	\$ -
Changes of assumptions	457,025	-	832,421	-
Difference between expected and actual experience	1,537,386	(59,987)	2,757,251	(89,649)
Net difference between projected and actual earning on pension plan investments	1,023,666	-	1,633,070	-
Differences in proportions	-	(447,859)	38,982	(619,572)
Difference between City contributions and proportionate share of contributions	186,000	(80,041)	1,448,666	(225,774)
Total	<u>\$ 5,235,401</u>	<u>\$ (587,887)</u>	<u>\$ 11,354,863</u>	<u>\$ (934,995)</u>

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date in the amount of \$2,031,324 and \$4,644,473 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, 2026. 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
2025	\$ 707,273	\$ 2,168,122
2026	2,250,220	4,061,401
2027	9,494	104,636
2028	(350,797)	(558,764)
2029	-	-
Thereafter	-	-
	<u>\$ 2,616,190</u>	<u>\$ 5,775,395</u>

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 (“PEMHCA”). 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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

A. General Information about the OPEB Plan (Continued)

Benefits Provided

Future Retirees are eligible for PEMCHA minimum medical benefits (\$158 per month in 2025) 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	107
Inactive employees entitled to but not yet receiving benefit payments	-
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	76
Total	<u>183</u>

Contributions

The City makes contributions based on an actuarially determined rate. 4.05% for 12 years, 2.52% thereafter.

B. Net OPEB Liability

The City's net OPEB liability is based on a roll-forward of the June 30, 2023 valuation with liabilities and assets measured as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 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
Actuarial Assumptions:	
Inflation	2.30%
Salary increases	2.80%
Investment rate of return	6.40%
Healthcare cost trend rates	6.80% (pre-Medicare) / 4.17% (Medicare) in 2024, decreasing gradually to an ultimate rate of 4.14% by 2075.
Mortality rate	Derived using CalPERS' Membership Data for all Funds.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.40%. 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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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

B. Net OPEB Liability (Continued)

Expected Long-Term Rates of Return

Asset Class	Projected Real Rates of Return ¹	Target Allocation CERBT		
		Strategy 1	Strategy 2	Strategy 3
Global Equity	6.90%	49.0%	34.0%	23.0%
Global Fixed Income	4.10%	23.0%	41.0%	51.0%
REITs	6.30%	20.0%	17.0%	14.0%
TIPS	3.90%	5.0%	5.0%	9.0%
Commodities	4.60%	3.0%	3.0%	3.0%
		100.0%	100.0%	100.0%

¹An expected inflation of 2.3% used for this period

Changes of Assumptions

The discount rate changed from 6.00% to 6.40%, the Pre-Medicare rate changed from 7.40% to 6.80%, and the Medicare rate changed from 4.20% to 4.17% from measurement dates June 30, 2023 to June 30, 2024.

Expected Average Remaining Service Lives (“EARSL”)

The effects on the total OPEB liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in the OPEB expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period. The expected average remaining service lives (EARSL) for the current period follows. Note, however, that for calculation purposes, we use 1 when calculating amortizations if the EARSL is less than 1 year.

EARSL: 7.2 years

C. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balances as of June 30, 2023 (Measurement Date)	\$ 11,553,425	\$ 7,833,668	\$ 3,719,757
Changes during the measurement period:			
Service cost	312,604	-	312,604
Interest	688,211	-	688,211
Differences between expected and actual experience	103,577	-	103,577
Change of assumptions	(462,805)	-	(462,805)
Contributions:			
Employer — City's Contributions	-	758,939	(758,939)
Employer — Implicit Subsidy	-	200,085	(200,085)
Net investment income	-	859,520	(859,520)
Benefit payments	(591,598)	(591,598)	-
Implicit Subsidy	(200,085)	(200,085)	-
Administrative expenses	-	(2,554)	2,554
Other Additions/Deductions	-	2,600	(2,600)
Net changes during measurement period 2023-2024	(150,096)	1,026,907	(1,177,003)
Balances as of June 30, 2024 (Measurement Date)	\$ 11,403,329	\$ 8,860,575	\$ 2,542,754

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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 (5.40%) or one percentage point higher (7.40%) follows:

Net OPEB Liability/(Asset)		
Discount Rate - 1% (5.40%)	Current Discount Rate (6.40%)	Discount Rate + 1% (7.40%)
\$ 3,759,109	\$ 2,542,754	\$ 1,506,298

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
\$ 1,524,318	\$ 2,542,754	\$ 3,716,524

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

For the year ended June 30, 2025, the City recognized an OPEB expense of \$306,850. At June 30, 2025, 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	\$ 816,318	\$ -
Changes of assumptions	470,676	(1,064,598)
Difference between expected and actual experience	141,562	(1,045,151)
Difference between projected and actual earning on OPEB plan investments	4,126	-
Total	\$ 1,432,682	\$ (2,109,749)

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

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)

Deferred outflows of resources related to OPEB resulting from City’s contributions subsequent to the measurement date in the amount of \$816,318 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2025	\$ (291,807)
2026	(21,606)
2027	(335,961)
2028	(364,109)
2029	(358,343)
Thereafter	(121,559)
	<u>\$ (1,493,385)</u>

Note 11 – Net Investment in Capital Assets

Net investment in capital assets at June 30, 2025 is reported as follows:

	Governmental Activities	Business-Type Activities	Enterprise Fund	
			Water Utility	Sewer Utility
Total capital assets, net	\$ 94,471,916	\$ 35,941,229	\$ 16,412,518	\$ 19,528,711
Deferred loss on refunding debt	-	48,281	-	48,281
Retention payable	(224,307)	(21,697)	(3,196)	(18,501)
Capital related debt	(233,861)	(3,247,378)	(296,998)	(2,950,380)
Net investment in capital assets	<u>\$ 94,013,748</u>	<u>\$ 32,720,435</u>	<u>\$ 16,112,324</u>	<u>\$ 16,608,111</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 12 – Classification of Fund Balances

At June 30, 2025, 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	\$ 119,534	\$ -	\$ -	\$ 119,534
Restricted:				
Waste Management	102,622	-	-	102,622
Parking In-lieu	178,239	-	-	178,239
I-405 Corridor Improvements	322,279	-	-	322,279
Supplemental Law Enforcement	-	-	124,632	124,632
Detention Center	-	-	-	-
Police Asset Forfeiture	-	-	167,372	167,372
Air Quality Improvements	-	-	10,685	10,685
Parks Improvement	-	-	57,173	57,173
Traffic Impact	-	-	206,565	206,565
State Gasoline Tax	-	-	2,537,975	2,537,975
Measure M2	-	-	820,699	820,699
Community Development Block Grant	-	-	73,249	73,249
Landscape District	-	-	739,883	739,883
Heron Pointe	-	-	79,454	79,454
Pacific Gateway	-	-	183,588	183,588
Seal Beach Cable	-	-	681,806	681,806
SB 1	-	-	531,956	531,956
Total restricted	603,140	-	6,215,037	6,818,177
Committed:				
Fiscal Policy	10,991,159	-	-	10,991,159
Economic Contingency	1,750,000	-	-	1,750,000
Capital Project Improvement	10,977,762	234,348	-	11,212,110
Total committed	23,718,921	234,348	-	23,953,269
Assigned:				
Community Development	769,710	-	-	769,710
Public Works	439,341	-	-	439,341
Pier Restaurant	1,792,805	-	-	1,792,805
Compensated Absences	2,517,704	-	-	2,517,704
Encumbrances	455,145	-	-	455,145
Other	62,595	-	-	62,595
Total assigned	6,037,300	-	-	6,037,300
Unassigned (deficit)	11,869,857	-	(369,294)	11,500,563
Total fund balances	<u>\$ 42,348,752</u>	<u>\$ 234,348</u>	<u>\$ 5,845,743</u>	<u>\$ 48,428,843</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 13 – Commitments and Contingencies

A. Commitments

The City has active projects as of June 30, 2025. At year-end, the City's commitments with contractors for these projects are as follows:

Projects	Commitments
Pump Station 35 Upgrades	\$ 1,355,043
I-405 Improvement Project for Waterline Relocation	245,447
SCADA Improvement Upgrade Project	33,968

B. Encumbrances

The City uses encumbrances to control expenditure commitments for the year. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities, but as restricted, or assigned fund balance.

As of June 30, 2025, the City had the following encumbrances outstanding:

Governmental Funds:	
General Fund	\$ 455,144
Capital Projects and Equipment Capital Projects Fund	293,246
Nonmajor Governmental Funds	952,307
Proprietary Funds:	
Water	430,904
Sewer	1,264,057
Internal services	58,126
Total	<u>\$ 3,453,784</u>

C. 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.

D. 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.

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 14 – Individual Fund Disclosure

Funds with deficit fund balances at June 30, 2025 are as follows:

	Deficit
Police Grants Special Revenue Fund	\$ (195,962)
Citywide Grants Special Revenue Fund	(173,332)

The City plans to eliminate the deficit fund balances with amounts due from grantors.

The following funds exceeded appropriation amounts for the year ended June 30, 2025:

	Appropriations	Expenditures	Expenditures in Excess of Appropriations
Nonmajor Governmental Funds:			
Air Quality Improvement Special Revenue Fund	\$ 32,000	\$ 32,056	\$ (56)
Landscape District Special Revenue Fund	88,450	97,234	(8,784)
Seal Beach Cable Special Revenue Fund	65,000	65,935	(935)

Note 15 – Restatements

During fiscal year 2025, changes in accounting principle restatements and error corrections of beginning net position and fund net position are as follows:

	June 30, 2024 As Previously Reported	Changes Within the Financial Reporting Entity	Changes in Accounting Principles and Estimates	Error Corrections	June 30, 2024 As Restated
Government-Wide					
Governmental Activities	\$ 100,459,364	\$ -	\$ (815,002)	\$ 2,622,626	\$ 102,266,988
Business-Type Activities	43,532,865	-	(41,884)	2,652,594	46,143,575
Total primary government	<u>\$ 143,992,229</u>	<u>\$ -</u>	<u>\$ (856,886)</u>	<u>\$ 5,275,220</u>	<u>\$ 148,410,563</u>
Governmental Funds:					
Major Funds:					
Citywide Grants Special Revenue Fund	\$ (761,934)	\$ 761,934	\$ -	\$ -	\$ -
Nonmajor Funds	7,844,070	(761,934)	-	-	7,082,136
Total Governmental Funds	<u>\$ 46,638,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,638,538</u>
Proprietary Funds:					
Major Funds:					
Water Fund	\$ 19,751,042	\$ -	\$ (17,979)	\$ (261,151)	\$ 19,471,912
Sewer Fund	23,781,823	-	(23,905)	2,913,745	26,671,663
Total Proprietary Funds	<u>\$ 43,532,865</u>	<u>\$ -</u>	<u>\$ (41,884)</u>	<u>\$ 2,652,594</u>	<u>\$ 46,143,575</u>

City of Seal Beach
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2025

Note 15 – Restatements (Continued)

Changes Within the Financial Reporting Entity

The Citywide Grants Special Revenue Fund changed from a Major Fund to a Nonmajor Fund (761,934).

Error Correction

The beginning balances of the Governmental Activities, Business-Type Activities, and Proprietary Funds were restated to correct errors related to capital assets resulting from assets that were not fully captured in prior periods and depreciation that was not calculated in accordance with the City's capitalization and depreciation policies.

As a result, the Governmental Activities beginning balance was restated to recognize construction-in-progress of \$1,079,358, depreciable capital assets of \$543,664, and accumulated depreciation of \$999,604.

The Business-Type Activities beginning balance was restated to correct accumulated depreciation of \$2,652,594.

The Proprietary Funds beginning balance was restated to correct accumulated depreciation of (\$261,151) in the Water Fund and \$2,913,745 in the Sewer Fund.

Changes in Accounting Principles and Estimates

The Governmental Activities beginning balance is restated to adjust for claims payable changes in estimates (\$160,200).

Implementation of GASB Statement No. 101, Compensated Absences

Effective for the fiscal year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*. This statement establishes accounting and financial reporting standards for compensated absences, including vacation, sick leave, and other paid time off. The implementation of GASB 101 resulted in a change in accounting principle, and prior year amounts have been restated accordingly.

Under GASB 101, a liability must be recognized for leave that is attributable to services already rendered, accumulates and carries forward to future periods, and is more likely than not to be used or paid. This represents a shift from previous guidance, particularly in how likelihood and eligibility are assessed.

The Governmental Activities and Business-Type Activities beginning balance are restated in the amounts of (\$654,802) and (\$41,884), respectively. The Proprietary Funds beginning balance is restated for the Water and Sewer Funds in the amounts of (\$17,979) and (\$23,905), respectively.

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 36,168,983	\$ 36,168,983	\$ 37,948,689	\$ 1,779,706
Licenses and permits	737,000	735,500	1,066,988	331,488
Intergovernmental	118,300	225,580	524,245	298,665
Charges for services	6,264,891	6,266,391	6,542,436	276,045
Use of money and property	1,116,000	1,169,000	3,261,969	2,092,969
Fines and forfeitures	1,596,000	1,596,000	1,491,069	(104,931)
Contributions	42,600	42,600	94,105	51,505
Miscellaneous	226,300	226,300	632,186	405,886
Total revenues	46,270,074	46,430,354	51,561,687	5,131,333
Expenditures:				
Current:				
General government	8,195,711	8,278,222	8,527,678	(249,456)
Public safety	26,068,383	26,642,425	25,606,881	1,035,544
Community development	2,232,446	2,232,446	2,057,439	175,007
Community services	1,432,739	1,432,039	1,505,709	(73,670)
Public works	8,434,091	9,057,686	7,776,429	1,281,257
Capital outlay	1,152,284	1,589,777	1,131,714	458,063
Debt service:				
Principal retirement	88,025	-	259,045	(259,045)
Interest and fiscal charges	3,786	-	12,153	(12,153)
Total expenditures	47,607,465	49,232,595	46,877,048	2,355,547
Revenues over (under) expenditures	(1,337,391)	(2,802,241)	4,684,639	7,486,880
Other Financing Sources (Uses):				
Transfers in	487,781	568,876	986,866	417,990
Transfers out	(10,699,626)	(9,870,501)	(2,825,813)	7,044,688
Proceeds from issuance of subscription	-	-	34,005	34,005
Total other financing sources (uses)	(10,211,845)	(9,301,625)	(1,804,942)	7,496,683
Net change in fund balance	\$ (11,549,236)	\$ (12,103,866)	2,879,697	\$ 14,983,563
Fund Balance:				
Beginning of year			39,469,055	
End of year			<u>\$ 42,348,752</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, 2025

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 2024-25, 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, 2025

Last Ten Fiscal Years

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

Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
City's Proportion of the Net Pension Liability	0.14662%	0.14288%	0.14559%	0.17295%	0.13777%
City's Proportionate Share of the Net Pension Liability	\$ 17,781,656	\$ 17,825,226	\$ 16,817,024	\$ 9,353,495	\$ 14,411,297
City's Covered Payroll ¹	\$ 6,243,890	\$ 5,535,460	\$ 5,164,779	\$ 5,162,753	\$ 5,243,738
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>284.78%</u>	<u>322.02%</u>	<u>325.61%</u>	<u>181.17%</u>	<u>274.83%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>70.03%</u>	<u>68.89%</u>	<u>69.62%</u>	<u>82.21%</u>	<u>71.73%</u>

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

Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
City's Proportion of the Net Pension Liability	0.27859%	0.27770%	0.28126%	1.09047%	0.26123%
City's Proportionate Share of the Net Pension Liability	\$ 33,786,149	\$ 34,643,664	\$ 32,488,072	\$ 18,526,366	\$ 28,423,181
City's Covered Payroll ¹	\$ 6,228,953	\$ 6,331,975	\$ 6,401,398	\$ 5,805,955	\$ 5,607,704
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>542.40%</u>	<u>547.12%</u>	<u>507.52%</u>	<u>319.09%</u>	<u>506.86%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>70.15%</u>	<u>68.12%</u>	<u>68.88%</u>	<u>79.77%</u>	<u>70.11%</u>

¹ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended in 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2014 through 2017.

Notes to Schedule:

Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 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. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

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, 2025

Last Ten Fiscal Years

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

Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
City's Proportion of the Net Pension Liability	0.12949%	0.12641%	0.12396%	0.12144%	0.11333%
City's Proportionate Share of the Net Pension Liability	\$ 13,320,233	\$ 12,180,833	\$ 12,293,741	\$ 10,508,345	\$ 7,778,736
City's Covered Payroll ¹	\$ 4,721,968	\$ 4,713,200	\$ 4,385,712	\$ 4,226,024	\$ 4,710,212
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>282.09%</u>	<u>258.44%</u>	<u>280.31%</u>	<u>248.66%</u>	<u>165.15%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>73.26%</u>	<u>75.18%</u>	<u>75.11%</u>	<u>76.88%</u>	<u>82.15%</u>

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

Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
City's Proportion of the Net Pension Liability	0.25611%	0.25383%	0.24294%	0.24301%	0.23685%
City's Proportionate Share of the Net Pension Liability	\$ 26,243,693	\$ 24,459,736	\$ 24,093,096	\$ 21,027,509	\$ 16,257,122
City's Covered Payroll ¹	\$ 5,137,216	\$ 4,833,363	\$ 4,200,942	\$ 4,454,998	\$ 4,734,950
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	<u>510.85%</u>	<u>506.06%</u>	<u>573.52%</u>	<u>472.00%</u>	<u>343.34%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>71.27%</u>	<u>72.12%</u>	<u>72.09%</u>	<u>73.44%</u>	<u>78.58%</u>

¹ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended in 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2014 through 2017.

Notes to Schedule:

Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 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. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

Fiscal year	2024-25 ¹	2023-24	2022-23	2021-22	2020-21
Actuarially Determined Contribution ¹	\$ 2,031,324	\$ 1,781,962	\$ 1,731,376	\$ 1,575,633	\$ 1,443,709
Contribution in Relation to the Actuarially Determined Contribution ¹	(2,031,324)	(1,781,962)	(1,731,376)	(1,575,633)	(1,443,709)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ²	\$ 6,418,719	\$ 6,243,890	\$ 5,535,460	\$ 5,164,779	\$ 5,162,753
Contributions as a Percentage of Covered Payroll	31.65%	28.54%	31.28%	30.51%	27.96%

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

Fiscal year	2024-25 ¹	2023-24	2022-23	2021-22	2020-21
Actuarially Determined Contribution ¹	\$ 4,644,473	\$ 4,296,096	\$ 3,915,610	\$ 3,642,820	\$ 3,231,920
Contribution in Relation to the Actuarially Determined Contribution ¹	(4,644,473)	(4,296,096)	(3,915,610)	(3,642,820)	(3,231,920)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ²	\$ 6,403,364	\$ 6,228,953	\$ 6,331,975	\$ 6,401,398	\$ 5,805,955
Contributions as a Percentage of Covered Payroll	72.53%	68.97%	61.84%	56.91%	55.67%

¹ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

² Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended June 30, 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2015 through 2017.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were derived from the June 30, 2021 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method/period	For details, see June 30, 2021, funding valuation report.
Asset valuation method	Fair Value of Assets. For details, see June 30, 2021, funding valuation report.
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll Growth	2.80%
Investment rate of return	6.80% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pensions (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

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

Fiscal year	2018-19	2018-19	2017-18	2016-17	2015-16
Actuarially Determined Contribution ¹	\$ 1,076,211	\$ 1,076,211	\$ 911,168	\$ 791,754	\$ 709,945
Contribution in Relation to the Actuarially Determined Contribution ¹	(1,076,211)	(1,076,211)	(911,168)	(791,754)	(709,945)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ²	\$ 5,243,738	\$ 4,721,968	\$ 4,713,200	\$ 4,385,712	\$ 4,226,024
Contributions as a Percentage of Covered Payroll	20.52%	22.79%	19.33%	18.05%	16.80%

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

Fiscal year	2018-19	2018-19	2017-18	2016-17	2015-16
Actuarially Determined Contribution ¹	\$ 2,509,250	\$ 2,509,250	\$ 2,127,080	\$ 1,748,129	\$ 1,608,716
Contribution in Relation to the Actuarially Determined Contribution ¹	(2,509,250)	(2,509,250)	(2,127,080)	(1,748,129)	(1,608,716)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ²	\$ 5,607,704	\$ 5,137,216	\$ 4,833,363	\$ 4,200,942	\$ 4,454,998
Contributions as a Percentage of Covered Payroll	44.75%	48.84%	44.01%	41.61%	36.11%

¹ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

² Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended June 30, 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2015 through 2017.

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, 2025

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Total OPEB liability					
Service cost	\$ 312,604	\$ 285,492	\$ 250,120	\$ 269,955	\$ 253,910
Interest	688,211	800,414	805,675	771,486	751,631
Differences between expected and actual experience	103,577	(1,305,093)	(140,904)	122,199	(109,256)
Changes of assumption	(462,805)	(915,746)	738,472	113,616	(49,484)
Benefit payments	(591,598)	(732,718)	(742,658)	(720,545)	(516,782)
Implicit rate subsidy fulfilled	(200,085)	-	-	-	-
Net change in total OPEB liability	(150,096)	(1,867,651)	910,705	556,711	330,019
Total OPEB liability, beginning	11,553,425	13,421,076	12,510,371	11,953,660	11,623,641
Total OPEB liability, ending (a)	\$ 11,403,329	\$ 11,553,425	\$ 13,421,076	\$ 12,510,371	\$ 11,953,660
OPEB fiduciary net position					
Contributions:					
Employer - City's contribution	\$ 758,939	\$ 981,209	\$ 985,606	\$ 963,042	\$ 588,400
Employer - Implicit subsidy	200,085	-	-	-	-
Net investment income	859,520	460,154	(1,069,356)	1,663,551	360,219
Other additions	-	-	-	-	-
Benefit payments	(591,598)	(732,718)	(742,658)	(720,545)	(516,782)
Implicit rate subsidy fulfilled	(200,085)	-	-	-	-
Administrative expense	(2,554)	(3,561)	(2,016)	(2,291)	(2,768)
Other deductions	2,600	(1,204)	-	-	-
Net change in plan fiduciary net position	1,026,907	703,880	(828,424)	1,903,757	429,069
Plan fiduciary net position, beginning	7,833,668	7,129,788	7,958,212	6,054,455	5,625,386
Plan fiduciary net position, ending (b)	8,860,575	7,833,668	7,129,788	7,958,212	6,054,455
Plan net OPEB liability - ending (a) - (b)	\$ 2,542,754	\$ 3,719,757	\$ 6,291,288	\$ 4,552,159	\$ 5,899,205
Plan's fiduciary net position as a percentage of the total OPEB liability	77.70%	67.80%	53.12%	63.61%	50.65%
Covered payroll	\$ 12,340,055	\$ 12,003,945	\$ 11,640,947	\$ 10,959,848	\$ 10,666,519
Net OPEB liability as a percentage of covered payroll	20.61%	30.99%	54.04%	41.53%	55.31%

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, 2025

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

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

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, 2025

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2024-25 ^{2 3}	2023-24	2022-23	2021-22	2020-21
Actuarially determined contribution ²	\$ 705,413	\$ 905,303	\$ 810,473	\$ 679,537	\$ 794,339
Contribution in relation to the actuarially determined contribution ²	(816,318)	(959,024)	(981,209)	(985,606)	(963,041)
Contribution deficiency/(excess)	<u>\$ (110,905)</u>	<u>\$ (53,721)</u>	<u>\$ (170,736)</u>	<u>\$ (306,069)</u>	<u>\$ (168,702)</u>
Covered-employee payroll ¹	<u>\$ 12,685,577</u>	<u>\$ 12,340,055</u>	<u>\$ 12,003,945</u>	<u>\$ 11,640,947</u>	<u>\$ 10,959,848</u>
Contributions as a percentage of covered-employee payroll	<u>6.44%</u>	<u>7.77%</u>	<u>8.17%</u>	<u>8.47%</u>	<u>8.79%</u>

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

² The June 30, 2023 actuarial valuation provided the actuarially determined contributions for fiscal year ended June 30, 2025.

³ Includes one year's payroll growth using 2.80 percent payroll assumption from fiscal year 2023-24.

Notes to Schedule:

Valuation date:	June 30, 2023
Methods and assumptions used to determine contribution rates:	
Actuarial cost method:	Entry age normal, level percent of pay
Amortization Method:	Closed period, level percent of pay
Amortization Period:	20 years
Inflation:	2.30%
Assumed payroll growth:	2.80%
Healthcare cost trend:	7.40%, trending down to 4.14%
Rate of return on assets:	6.40%
Mortality:	CalPERS Rates.
Retirement Rates:	CalPERS Rates.

City of Seal Beach
Required Supplementary Information (Unaudited)
Schedule of Contributions - Other Postemployment Benefits (Continued)
For the Year Ended June 30, 2025

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

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

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

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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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 80,517	\$ (80,517)
Total revenues	<u>-</u>	<u>-</u>	<u>80,517</u>	<u>(80,517)</u>
Expenditures:				
Current:				
Public works	-	-	182,500	(182,500)
Capital outlay	10,364,262	9,448,826	2,295,929	7,152,897
Total expenditures	<u>10,364,262</u>	<u>9,448,826</u>	<u>2,478,429</u>	<u>6,970,397</u>
Revenues over (under) expenditures	<u>(10,364,262)</u>	<u>(9,448,826)</u>	<u>(2,397,912)</u>	<u>6,889,880</u>
Other Financing Sources:				
Transfers in	10,364,262	9,448,826	2,489,962	(6,958,864)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>92,050</u>	<u>\$ 92,050</u>
Fund Balance:				
Beginning of year			87,347	
End of year			<u>\$ 179,397</u>	

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NONMAJOR GOVERNMENTAL FUNDS

Street Lighting Special Revenue Fund: To account for property taxes 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 that target freeways, streets and roads, transit and environmental programs.

Community Development Block Grant (CDBG) Special Revenue Fund: To account for funds provided by Federal Housing and Urban Development restricted for a wide variety of unique community development needs.

Police Grants Special Revenue Fund: To account for various local, state, and federal grants that are restricted to public safety expenditures for specific projects or purposes.

Landscape District Special Revenue Fund: To account for property taxes 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 property taxes that are restricted for costs related to 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 property taxes 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 received from the City's 1/2-cent per gallon gas tax and new vehicle registration taxes restricted for a wide range of transportation improvement projects.

Citywide Grants Special Revenue Fund: 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, 2025

		Special Revenue			
		Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
ASSETS					
Cash and investments		\$ 17,860	\$ 153,171	\$ -	\$ 187,372
Receivables:					
Accounts		-	-	-	-
Taxes		1,137	-	-	-
Interest		-	-	-	-
Total assets		<u>\$ 18,997</u>	<u>\$ 153,171</u>	<u>\$ -</u>	<u>\$ 187,372</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ 18,997	\$ 27,352	\$ -	\$ 20,000
Accrued liabilities		-	1,187	-	-
Due to other funds		-	-	-	-
Retentions payable		-	-	-	-
Total liabilities		<u>18,997</u>	<u>28,539</u>	<u>-</u>	<u>20,000</u>
Deferred inflow of resources:					
Unavailable revenue		-	-	-	-
Total deferred inflow of resources		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted		-	124,632	-	167,372
Unassigned (deficit)		-	-	-	-
Total fund balances		<u>-</u>	<u>124,632</u>	<u>-</u>	<u>167,372</u>
Total liabilities, deferred inflow of resources, and fund balances		<u>\$ 18,997</u>	<u>\$ 153,171</u>	<u>\$ -</u>	<u>\$ 187,372</u>

(Continued)

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

		Special Revenue			
		Air Quality Improvement	Park Improvement	Traffic Impact	State Gasoline Tax
ASSETS					
Cash and investments		\$ 10,685	\$ 57,173	\$ 206,565	\$ 2,520,442
Receivables:					
Accounts		-	-	-	-
Taxes		-	-	-	61,010
Interest		-	-	-	-
Total assets		<u>\$ 10,685</u>	<u>\$ 57,173</u>	<u>\$ 206,565</u>	<u>\$ 2,581,452</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ -	\$ -	\$ -	\$ 25,456
Accrued liabilities		-	-	-	-
Due to other funds		-	-	-	-
Retentions payable		-	-	-	18,021
Total liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>43,477</u>
Deferred inflow of resources:					
Unavailable revenue		-	-	-	-
Total deferred inflow of resources		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted		10,685	57,173	206,565	2,537,975
Unassigned (deficit)		-	-	-	-
Total fund balances		<u>10,685</u>	<u>57,173</u>	<u>206,565</u>	<u>2,537,975</u>
Total liabilities, deferred inflow of resources, and fund balances		<u>\$ 10,685</u>	<u>\$ 57,173</u>	<u>\$ 206,565</u>	<u>\$ 2,581,452</u>

(Continued)

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

		Special Revenue			
		Measure M2	Community Development Block Grant	Police Grants	Landscape District
ASSETS					
Cash and investments		\$ 937,470	\$ 60,453	\$ 263,460	\$ 755,797
Receivables:					
Accounts		98,738	12,796	216,595	-
Taxes		-	-	-	-
Interest		-	-	-	-
Total assets		<u>\$ 1,036,208</u>	<u>\$ 73,249</u>	<u>\$ 480,055</u>	<u>\$ 755,797</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ 208,867	\$ -	\$ 25,510	\$ 15,369
Accrued liabilities		-	-	9,163	545
Due to other funds		-	-	445,382	-
Retentions payable		6,642	-	-	-
Total liabilities		<u>215,509</u>	<u>-</u>	<u>480,055</u>	<u>15,914</u>
Deferred inflow of resources:					
Unavailable revenue		-	-	195,962	-
Total deferred inflow of resources		<u>-</u>	<u>-</u>	<u>195,962</u>	<u>-</u>
Fund Balances:					
Restricted		820,699	73,249	-	739,883
Unassigned (deficit)		-	-	(195,962)	-
Total fund balances		<u>820,699</u>	<u>73,249</u>	<u>(195,962)</u>	<u>739,883</u>
Total liabilities, deferred inflow of resources, and fund balances		<u>\$ 1,036,208</u>	<u>\$ 73,249</u>	<u>\$ 480,055</u>	<u>\$ 755,797</u>

(Continued)

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

		Special Revenue			
		Heron Pointe	Pacific Gateway	Seal Beach Cable	SB 1
ASSETS					
Cash and investments		\$ 79,515	\$ 190,202	\$ 644,322	\$ 645,323
Receivables:					
Accounts		-	-	35,795	-
Taxes		-	-	-	57,860
Interest		-	-	1,689	-
Total assets		<u>\$ 79,515</u>	<u>\$ 190,202</u>	<u>\$ 681,806</u>	<u>\$ 703,183</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ 61	\$ 6,251	\$ -	\$ 100,145
Accrued liabilities		-	363	-	-
Due to other funds		-	-	-	-
Retentions payable		-	-	-	71,082
Total liabilities		<u>61</u>	<u>6,614</u>	<u>-</u>	<u>171,227</u>
Deferred inflow of resources:					
Unavailable revenue		-	-	-	-
Total deferred inflow of resources		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted		79,454	183,588	681,806	531,956
Unassigned (deficit)		-	-	-	-
Total fund balances		<u>79,454</u>	<u>183,588</u>	<u>681,806</u>	<u>531,956</u>
Total liabilities, deferred inflow of resources, and fund balances		<u>\$ 79,515</u>	<u>\$ 190,202</u>	<u>\$ 681,806</u>	<u>\$ 703,183</u>

(Continued)

City of Seal Beach
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2025

	<u>Special Revenue</u>	<u>Debt Service</u>	
	<u>Citywide Grants</u>	<u>City Debt Service</u>	<u>Total Other Governmental Funds</u>
ASSETS			
Cash and investments	\$ 165,870	\$ -	\$ 6,895,680
Receivables:			
Accounts	397,230	-	761,154
Taxes	-	-	120,007
Interest	-	-	1,689
Total assets	<u><u>\$ 563,100</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,778,530</u></u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 273,081	\$ -	\$ 721,089
Accrued liabilities	-	-	11,258
Due to other funds	280,019	-	725,401
Retentions payable	10,000	-	105,745
Total liabilities	<u>563,100</u>	<u>-</u>	<u>1,563,493</u>
Deferred inflow of resources:			
Unavailable revenue	173,332	-	369,294
Total deferred inflow of resources	<u>173,332</u>	<u>-</u>	<u>369,294</u>
Fund Balances:			
Restricted	-	-	\$ 6,215,037
Unassigned (deficit)	(173,332)	-	(369,294)
Total fund balances	<u>(173,332)</u>	<u>-</u>	<u>5,845,743</u>
Total liabilities, deferred inflow of resources, and fund balances	<u><u>\$ 563,100</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,778,530</u></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, 2025

	Special Revenue			
	Street Lighting	Supplemental Law Enforcement	Detention Center	Police Asset Forfeiture
Revenues:				
Taxes	\$ 139,551	\$ -	\$ -	\$ -
Intergovernmental	-	194,663	-	25,718
Charges for services	-	-	-	-
Use of money and property	-	4,857	-	8,385
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>139,551</u>	<u>199,520</u>	<u>-</u>	<u>34,103</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	152,836	-	211,007
Community development	-	-	-	-
Public works	236,535	-	-	-
Capital outlay	-	5,759	-	20,000
Total expenditures	<u>236,535</u>	<u>158,595</u>	<u>-</u>	<u>231,007</u>
Revenues over (under) expenditures	<u>(96,984)</u>	<u>40,925</u>	<u>-</u>	<u>(196,904)</u>
Other Financing Sources (Uses):				
Transfers in	96,984	-	-	-
Transfers out	-	-	(28,341)	-
Total other financing sources (uses)	<u>96,984</u>	<u>-</u>	<u>(28,341)</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>40,925</u>	<u>(28,341)</u>	<u>(196,904)</u>
Fund Balance (Deficit):				
Beginning of year, as previously reported	-	83,707	28,341	364,276
Change in the financial reporting entity (major fund to nonmajor)	-	-	-	-
Beginning of year, as restated (Note 15)	-	83,707	28,341	364,276
End of year	<u>\$ -</u>	<u>\$ 124,632</u>	<u>\$ -</u>	<u>\$ 167,372</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, 2025

	Special Revenue			
	Air Quality Improvement	Park Improvement	Traffic Impact	State Gasoline Tax
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,173	-	-	719,501
Charges for services	-	-	-	-
Use of money and property	776	1,872	6,762	87,519
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	8,949	1,872	6,762	807,020
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	32,056	-	-	42,970
Capital outlay	-	-	-	410,088
Total expenditures	32,056	-	-	453,058
Revenues over (under) expenditures	(23,107)	1,872	6,762	353,962
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(79,966)
Total other financing sources (uses)	-	-	-	(79,966)
Net change in fund balances	(23,107)	1,872	6,762	273,996
Fund Balance (Deficit):				
Beginning of year, as previously reported	33,792	55,301	199,803	2,263,979
Change in the financial reporting entity (major fund to nonmajor)	-	-	-	-
Beginning of year, as restated (Note 15)	33,792	55,301	199,803	2,263,979
End of year	<u>\$ 10,685</u>	<u>\$ 57,173</u>	<u>\$ 206,565</u>	<u>\$ 2,537,975</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, 2025

	Special Revenue			
	Measure M2	Community Development Block Grant	Police Grants	Landscape District
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 119,174
Intergovernmental	555,603	180,000	208,625	-
Charges for services	-	-	-	-
Use of money and property	29,933	-	-	24,101
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	585,536	180,000	208,625	143,275
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	520,479	-
Community development	-	180,000	-	97,234
Public works	-	-	-	-
Capital outlay	953,633	-	-	-
Total expenditures	953,633	180,000	520,479	97,234
Revenues over (under) expenditures	(368,097)	-	(311,854)	46,041
Other Financing Sources (Uses):				
Transfers in	-	-	115,892	-
Transfers out	-	-	-	(31,400)
Total other financing sources (uses)	-	-	115,892	(31,400)
Net change in fund balances	(368,097)	-	(195,962)	14,641
Fund Balance (Deficit):				
Beginning of year, as previously reported	1,188,796	73,249	-	725,242
Change in the financial reporting entity (major fund to nonmajor)	-	-	-	-
Beginning of year, as restated (Note 15)	1,188,796	73,249	-	725,242
End of year	<u>\$ 820,699</u>	<u>\$ 73,249</u>	<u>\$ (195,962)</u>	<u>\$ 739,883</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, 2025

	Special Revenue			
	Heron Pointe	Pacific Gateway	Seal Beach Cable	SB1
Revenues:				
Taxes	\$ -	\$ 69,843	\$ -	\$ -
Intergovernmental	-	-	-	687,544
Charges for services	-	-	134,931	-
Use of money and property	-	-	23,024	46,466
Contributions	15,000	25,000	26,936	-
Miscellaneous	-	-	-	-
Total revenues	<u>15,000</u>	<u>94,843</u>	<u>184,891</u>	<u>734,010</u>
Expenditures:				
Current:				
General government	-	-	65,935	-
Public safety	-	-	-	-
Community development	7,577	59,129	-	380
Public works	-	-	-	-
Capital outlay	-	-	-	1,556,669
Total expenditures	<u>7,577</u>	<u>59,129</u>	<u>65,935</u>	<u>1,557,049</u>
Revenues over (under) expenditures	<u>7,423</u>	<u>35,714</u>	<u>118,956</u>	<u>(823,039)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(1,600)	(26,000)	-	-
Total other financing sources (uses)	<u>(1,600)</u>	<u>(26,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>5,823</u>	<u>9,714</u>	<u>118,956</u>	<u>(823,039)</u>
Fund Balance (Deficit):				
Beginning of year, as previously reported	<u>73,631</u>	<u>173,874</u>	<u>562,850</u>	<u>1,354,995</u>
Change in the financial reporting entity (major fund to nonmajor)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Beginning of year, as restated (Note 15)	<u>73,631</u>	<u>173,874</u>	<u>562,850</u>	<u>1,354,995</u>
End of year	<u>\$ 79,454</u>	<u>\$ 183,588</u>	<u>\$ 681,806</u>	<u>\$ 531,956</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, 2025

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Other Governmental Funds</u>
	<u>Citywide Grants</u>	<u>City Debt Service</u>	
Revenues:			
Taxes	\$ -	\$ -	\$ 328,568
Intergovernmental	1,894,685	-	4,474,512
Charges for services	-	-	134,931
Use of money and property	-	-	233,695
Contributions	-	-	66,936
Miscellaneous	7,445	-	7,445
Total revenues	<u>1,902,130</u>	<u>-</u>	<u>5,246,087</u>
Expenditures:			
Current:			
General government	-	-	65,935
Public safety	-	-	884,322
Community development	160,229	-	504,549
Public works	406,391	-	717,952
Capital outlay	737,921	-	3,684,070
Total expenditures	<u>1,304,541</u>	<u>-</u>	<u>5,856,828</u>
Revenues over (under) expenditures	<u>597,589</u>	<u>-</u>	<u>(610,741)</u>
Other Financing Sources (Uses):			
Transfers in	213,338	-	426,214
Transfers out	(222,325)	(662,234)	(1,051,866)
Total other financing sources (uses)	<u>(8,987)</u>	<u>(662,234)</u>	<u>(625,652)</u>
Net change in fund balances	588,602	(662,234)	(1,236,393)
Fund Balance (Deficit):			
Beginning of year, as previously reported	-	662,234	7,844,070
Change in the financial reporting entity (major fund to nonmajor)	(761,934)	-	(761,934)
Beginning of year, as restated (Note 15)	(761,934)	662,234	7,082,136
End of year	<u>\$ (173,332)</u>	<u>\$ -</u>	<u>\$ 5,845,743</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 141,000	\$ 141,000	\$ 139,551	\$ (1,449)
Total revenues	<u>141,000</u>	<u>141,000</u>	<u>139,551</u>	<u>(1,449)</u>
Expenditures:				
Current:				
Public works	\$ 259,512	\$ 259,512	\$ 236,535	\$ 22,977
Total expenditures	<u>259,512</u>	<u>259,512</u>	<u>236,535</u>	<u>22,977</u>
Revenues over (under) expenditures	<u>(118,512)</u>	<u>(118,512)</u>	<u>(96,984)</u>	<u>21,528</u>
Other Financing Sources:				
Transfers in	118,512	118,512	96,984	(21,528)
Total other financing sources	<u>118,512</u>	<u>118,512</u>	<u>96,984</u>	<u>(21,528)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year			-	
End of year			<u>\$ -</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 155,000	\$ 155,000	\$ 194,663	\$ 39,663
Use of money and property	1,500	1,500	4,857	3,357
Total revenues	<u>156,500</u>	<u>156,500</u>	<u>199,520</u>	<u>43,020</u>
Expenditures:				
Current:				
Public safety	219,181	219,181	152,836	66,345
Capital outlay	5,759	5,759	5,759	-
Total expenditures	<u>224,940</u>	<u>224,940</u>	<u>158,595</u>	<u>66,345</u>
Net change in fund balance	<u>\$ (68,440)</u>	<u>\$ (68,440)</u>	40,925	<u>\$ 109,365</u>
Fund Balance:				
Beginning of year			83,707	
End of year			<u>\$ 124,632</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Detention Center Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Other Financing (USES):				
Transfers out	\$ -	\$ -	\$ (28,341)	\$ (28,341)
Total other financing (uses)	-	-	(28,341)	(28,341)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(28,341)	<u>\$ (28,341)</u>
Fund Balance:				
Beginning of year			28,341	
End of year			<u>\$ -</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 25,718	\$ (74,282)
Use of money and property	100	100	8,385	8,285
Total revenues	<u>100,100</u>	<u>100,100</u>	<u>34,103</u>	<u>(65,997)</u>
Expenditures:				
Current:				
Public safety	356,339	356,339	211,007	145,332
Capital outlay	20,000	20,000	20,000	-
Total expenditures	<u>376,339</u>	<u>376,339</u>	<u>231,007</u>	<u>145,332</u>
Net change in fund balance	<u>\$ (276,239)</u>	<u>\$ (276,239)</u>	<u>(196,904)</u>	<u>\$ 79,335</u>
Fund Balance:				
Beginning of year			364,276	
End of year			<u>\$ 167,372</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 8,173	\$ (21,827)
Use of money and property	100	100	776	676
Total revenues	<u>30,100</u>	<u>30,100</u>	<u>8,949</u>	<u>(21,151)</u>
Expenditures:				
Current:				
Public works	32,000	32,000	32,056	(56)
Total expenditures	<u>32,000</u>	<u>32,000</u>	<u>32,056</u>	<u>(56)</u>
Net change in fund balance	<u>\$ (1,900)</u>	<u>\$ (1,900)</u>	<u>(23,107)</u>	<u>\$ (21,207)</u>
Fund Balance:				
Beginning of year			33,792	
End of year			<u>\$ 10,685</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Use of money and property	\$ 900	\$ 900	\$ 1,872	\$ 972
Total revenues	900	900	1,872	972
Net change in fund balance	\$ 900	\$ 900	1,872	\$ 972
Fund Balance:				
Beginning of year			55,301	
End of year			\$ 57,173	

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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Use of money and property	\$ 3,000	\$ 3,000	\$ 6,762	\$ 3,762
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>6,762</u>	<u>3,762</u>
Net change in fund balance	<u>\$ 3,000</u>	<u>\$ 3,000</u>	6,762	<u>\$ 3,762</u>
Fund Balance:				
Beginning of year			199,803	
End of year			<u>\$ 206,565</u>	

City of Seal Beach
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
State Gasoline Tax Special Revenue Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 726,439	\$ 726,439	\$ 719,501	\$ (6,938)
Use of money and property	10,000	10,000	87,519	77,519
Total revenues	<u>736,439</u>	<u>736,439</u>	<u>807,020</u>	<u>70,581</u>
Expenditures:				
Current:				
Public works	3,000	3,000	42,970	(39,970)
Capital outlay	1,763,000	1,654,934	410,088	1,244,846
Total expenditures	<u>1,766,000</u>	<u>1,657,934</u>	<u>453,058</u>	<u>1,204,876</u>
Revenues over (under) expenditures	<u>(1,029,561)</u>	<u>(921,495)</u>	<u>353,962</u>	<u>1,275,457</u>
Other Financing Uses:				
Transfers out	(30,000)	(30,000)	(79,966)	(49,966)
Total other financing (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(79,966)</u>	<u>(49,966)</u>
Net change in fund balance	<u>\$ (1,059,561)</u>	<u>\$ (951,495)</u>	273,996	<u>\$ 1,225,491</u>
Fund Balance:				
Beginning of year			2,263,979	
End of year			<u>\$ 2,537,975</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 582,217	\$ 582,217	\$ 555,603	\$ (26,614)
Use of money and property	10,000	10,000	29,933	19,933
Total revenues	<u>592,217</u>	<u>592,217</u>	<u>585,536</u>	<u>(6,681)</u>
Expenditures:				
Capital outlay	1,082,000	1,325,094	953,633	371,461
Total expenditures	<u>1,082,000</u>	<u>1,325,094</u>	<u>953,633</u>	<u>371,461</u>
Net change in fund balance	<u>\$ (489,783)</u>	<u>\$ (732,877)</u>	<u>(368,097)</u>	<u>\$ 364,780</u>
Fund Balance:				
Beginning of year			1,188,796	
End of year			<u>\$ 820,699</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 233,000	\$ 233,000	\$ 180,000	\$ (53,000)
Total revenues	<u>233,000</u>	<u>233,000</u>	<u>180,000</u>	<u>(53,000)</u>
Expenditures:				
Current:				
Community development	230,000	230,000	180,000	50,000
Total expenditures	<u>230,000</u>	<u>230,000</u>	<u>180,000</u>	<u>50,000</u>
Net change in fund balance	<u>\$ 3,000</u>	<u>\$ 3,000</u>	-	<u>\$ (3,000)</u>
Fund Balance:				
Beginning of year			73,249	
End of year			<u>\$ 73,249</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 596,030	\$ 724,564	\$ 208,625	\$ (515,939)
Total revenues	<u>596,030</u>	<u>724,564</u>	<u>208,625</u>	<u>(515,939)</u>
Expenditures:				
Current:				
Public safety	541,275	709,989	520,479	189,510
Total expenditures	<u>541,275</u>	<u>709,989</u>	<u>520,479</u>	<u>189,510</u>
Revenues over (under) expenditures	<u>\$ 54,755</u>	<u>\$ 14,575</u>	(311,854)	<u>\$ (326,429)</u>
Fund Balance (Deficit):				
Beginning of year			-	
End of year			<u>\$ (195,962)</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 140,000	\$ 140,000	\$ 119,174	\$ (20,826)
Use of money and property	6,000	6,000	24,101	18,101
Total revenues	<u>146,000</u>	<u>146,000</u>	<u>143,275</u>	<u>(2,725)</u>
Expenditures:				
Current:				
Community development	88,450	88,450	97,234	(8,784)
Total expenditures	<u>88,450</u>	<u>88,450</u>	<u>97,234</u>	<u>(8,784)</u>
Revenues over (under) expenditures	<u>57,550</u>	<u>57,550</u>	<u>46,041</u>	<u>(11,509)</u>
Other Financing Uses:				
Transfers out	(31,400)	(31,400)	(31,400)	-
Total other financing (uses)	<u>(31,400)</u>	<u>(31,400)</u>	<u>(31,400)</u>	<u>-</u>
Net change in fund balance	<u>\$ 26,150</u>	<u>\$ 26,150</u>	<u>14,641</u>	<u>\$ (11,509)</u>
Fund Balance:				
Beginning of year			725,242	
End of year			<u>\$ 739,883</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
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	9,484	9,484	7,577	1,907
Total expenditures	<u>9,484</u>	<u>9,484</u>	<u>7,577</u>	<u>1,907</u>
Revenues over (under) expenditures	<u>5,516</u>	<u>5,516</u>	<u>7,423</u>	<u>1,907</u>
Other Financing Uses:				
Transfers out	(1,600)	(1,600)	(1,600)	-
Total other financing (uses)	<u>(1,600)</u>	<u>(1,600)</u>	<u>(1,600)</u>	<u>-</u>
Net change in fund balance	<u>\$ 3,916</u>	<u>\$ 3,916</u>	5,823	<u>\$ 1,907</u>
Fund Balance:				
Beginning of year			73,631	
End of year			<u>\$ 79,454</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 66,300	\$ 66,300	\$ 69,843	\$ 3,543
Contributions	25,000	25,000	25,000	-
Total revenues	<u>91,300</u>	<u>91,300</u>	<u>94,843</u>	<u>3,543</u>
Expenditures:				
Current:				
Community development	60,800	60,800	59,129	1,671
Total expenditures	<u>60,800</u>	<u>60,800</u>	<u>59,129</u>	<u>1,671</u>
Revenues over (under) expenditures	<u>30,500</u>	<u>30,500</u>	<u>35,714</u>	<u>5,214</u>
Other Financing Uses:				
Transfers out	(26,000)	(26,000)	(26,000)	-
Total other financing (uses)	<u>(26,000)</u>	<u>(26,000)</u>	<u>(26,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 4,500</u>	<u>\$ 4,500</u>	9,714	<u>\$ 5,214</u>
Fund Balance:				
Beginning of year			173,874	
End of year			<u>\$ 183,588</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ 110,000	\$ 110,000	\$ 134,931	\$ 24,931
Use of money and property	10,000	10,000	23,024	13,024
Contributions	-	-	26,936	26,936
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>184,891</u>	<u>64,891</u>
Expenditures:				
Current:				
General government	<u>65,000</u>	<u>65,000</u>	<u>65,935</u>	<u>(935)</u>
Total expenditures	<u>65,000</u>	<u>65,000</u>	<u>65,935</u>	<u>(935)</u>
Revenues over (under) expenditures	<u>\$ 55,000</u>	<u>\$ 55,000</u>	118,956	<u>\$ 63,956</u>
Fund Balance:				
Beginning of year			<u>562,850</u>	
End of year			<u>\$ 681,806</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental	\$ 653,757	\$ 653,757	\$ 687,544	\$ 33,787
Use of money and property	25,000	25,000	46,466	21,466
Total revenues	<u>678,757</u>	<u>678,757</u>	<u>734,010</u>	<u>55,253</u>
Expenditures:				
Current:				
Community development	-	-	380	(380)
Capital outlay	1,570,000	1,995,962	1,556,669	439,293
Total expenditures	<u>1,570,000</u>	<u>1,995,962</u>	<u>1,557,049</u>	<u>438,913</u>
Net change in fund balance	<u>\$ (891,243)</u>	<u>\$ (1,317,205)</u>	<u>(823,039)</u>	<u>\$ 494,166</u>
Fund Balance:				
Beginning of year			1,354,995	
End of year			<u>\$ 531,956</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,082,860	\$ 2,582,860	\$ 1,894,685	\$ (688,175)
Miscellaneous	25,000	25,000	7,445	(17,555)
Total revenues	<u>2,107,860</u>	<u>2,607,860</u>	<u>1,902,130</u>	<u>(705,730)</u>
Expenditures:				
Current:				
Community development	25,000	525,000	160,229	364,771
Public works	150,000	50,000	406,391	(356,391)
Capital outlay	2,121,843	1,507,312	737,921	769,391
Total expenditures	<u>2,296,843</u>	<u>2,082,312</u>	<u>1,304,541</u>	<u>777,771</u>
Revenues over (under) expenditures	<u>(188,983)</u>	<u>525,548</u>	<u>597,589</u>	<u>72,041</u>
Other Financing Sources (Uses):				
Transfers out	-	-	213,338	213,338
Transfers out	(181,928)	(181,928)	(222,325)	(40,397)
Total other financing sources (uses)	<u>(181,928)</u>	<u>(181,928)</u>	<u>(8,987)</u>	<u>172,941</u>
Net change in fund balance	<u>\$ (370,911)</u>	<u>\$ 343,620</u>	<u>588,602</u>	<u>\$ 244,982</u>
Fund Balance (Deficit):				
Beginning of year, as previously reported			-	
Change in the financial reporting entity (major fund to nonmajor)			(761,934)	
Beginning of year, as restated (Note 15)			(761,934)	
End of year			<u>\$ (173,332)</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Other Financing (Uses):				
Transfers out	\$ -	\$ -	\$ (662,234)	\$ (662,234)
Total other financing (uses)	-	-	(662,234)	(662,234)
Net change in fund balance	\$ -	\$ -	(662,234)	\$ (662,234)
Fund Balance:				
Beginning of year			662,234	
End of year			\$ -	

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INTERNAL SERVICE FUND FINANCIAL STATEMENTS

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City of Seal Beach
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Vehicle Replacement Fund	Information Technology Fund	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 232,632	\$ -	\$ 232,632
Total current assets	<u>232,632</u>	<u>-</u>	<u>232,632</u>
Noncurrent Assets:			
Depreciable capital assets, net of accumulated depreciation	368,975	-	368,975
Total capital assets	368,975	-	368,975
Total noncurrent assets	<u>368,975</u>	<u>-</u>	<u>368,975</u>
Total assets	<u>601,607</u>	<u>-</u>	<u>601,607</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	62,845	-	62,845
Total current liabilities	<u>62,845</u>	<u>-</u>	<u>62,845</u>
Total Liabilities	<u>62,845</u>	<u>-</u>	<u>62,845</u>
NET POSITION			
Net investment in capital assets	368,975	-	368,975
Unrestricted	169,787	-	169,787
Total Net Position	<u>\$ 538,762</u>	<u>\$ -</u>	<u>\$ 538,762</u>

City of Seal Beach
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Vehicle Replacement Fund	Information Technology Fund	Total
OPERATING REVENUES:			
Insurance Reimbursement	\$ 54,951	\$ -	\$ 54,951
Total operating revenues	<u>54,951</u>	<u>-</u>	<u>54,951</u>
OPERATING EXPENSES:			
Operating expenses	80,517	-	80,517
Depreciation expenses	154,043	-	154,043
Total operating expenses	<u>234,560</u>	<u>-</u>	<u>234,560</u>
OPERATING INCOME	<u>(179,609)</u>	<u>-</u>	<u>(179,609)</u>
NONOPERATING INCOME:			
Gain on sale of assets	5,863	-	5,863
Total nonoperating income	<u>5,863</u>	<u>-</u>	<u>5,863</u>
TRANSFERS:			
Transfer out	-	(25,363)	(25,363)
Total transfers	<u>-</u>	<u>(25,363)</u>	<u>(25,363)</u>
CHANGES IN NET POSITION	(173,746)	(25,363)	(199,109)
NET POSITION:			
Beginning of year	712,508	25,363	737,871
End of year	<u>\$ 538,762</u>	<u>\$ -</u>	<u>\$ 538,762</u>

City of Seal Beach
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Vehicle Replacement Fund	Information Technology Fund	Total
CASH FLOWS FROM OPERATING			
ACTIVITIES:			
Cash received from customers and users	\$ 69,563	\$ -	\$ 69,563
Cash paid to suppliers for goods and services	(17,672)	(11,619)	(29,291)
Net cash provided by (used in) operating activities	<u>51,891</u>	<u>(11,619)</u>	<u>40,272</u>
CASH FLOWS FROM NONCAPITAL			
FINANCING ACTIVITIES:			
Cash (paid to) other funds	-	(25,363)	(25,363)
Net cash used in noncapital financing activities	<u>-</u>	<u>(25,363)</u>	<u>(25,363)</u>
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES:			
Proceeds from disposal of capital assets	65,534	-	65,534
Principal paid on long-term debt	(7,056)	-	(7,056)
Net cash used in capital and related financing activities	<u>58,478</u>	<u>-</u>	<u>58,478</u>
Net change in cash and cash equivalents	110,369	(36,982)	73,387
CASH AND CASH EQUIVALENTS:			
Beginning of year	122,263	36,982	159,245
End of year	<u>\$ 232,632</u>	<u>\$ -</u>	<u>\$ 232,632</u>
Reconciliation of Operating (Loss) to			
Net Cash Provided By (Used in) Operating Activities:			
Operating (loss)	\$ (179,609)	\$ -	\$ (179,609)
Adjustments to reconcile operating (loss)			
to net cash (used in) operating activities:			
Amortization and depreciation expenses	154,043	-	154,043
Changes in assets and liabilities:			
(Increase)/decrease in accounts receivables	14,612	-	14,612
Increase/(decrease) in accounts payable	62,845	(11,619)	51,226
Net cash provided by (used in) operating activities	<u>\$ 51,891</u>	<u>\$ (11,619)</u>	<u>\$ 40,272</u>
NONCASH ITEM:			
Lease asset early termination	\$ (200,390)	\$ -	\$ (200,390)
Lease liability early termination	200,170	-	200,170

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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, 2025

	Deposits	Community Facilities District Heron Pointe	Community Facilities District - Heron Pacific Gateway	Total
ASSETS:				
Cash and investments	\$ 170,562	\$ 148,711	\$ 327,289	\$ 646,562
Receivables:				
Accounts	736	-	-	736
Taxes	-	3,047	-	3,047
Restricted investments with fiscal agents	-	264,274	720,671	984,945
Total Assets	<u>171,298</u>	<u>416,032</u>	<u>1,047,960</u>	<u>1,635,290</u>
LIABILITIES:				
Interest payable	-	27,839	63,772	91,611
Total Liabilities	<u>-</u>	<u>27,839</u>	<u>63,772</u>	<u>91,611</u>
NET POSITION:				
Restricted for:				
Individual, organization and other government	<u>\$ 171,298</u>	<u>\$ 388,193</u>	<u>\$ 984,188</u>	<u>\$ 1,543,679</u>

City of Seal Beach
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2025

	Deposits	Community Facilities District Heron Pointe	Community Facilities District - Heron Pacific Gateway	Total
ADDITIONS:				
Assessment revenue collected	\$ -	\$ 255,935	\$ 571,711	\$ 827,646
Investment income	-	16,743	42,995	59,738
Total additions	-	272,678	614,706	887,384
DEDUCTIONS:				
Return of deposits	98,458	-	-	98,458
Payment of special assessment district debt service	-	260,560	565,722	826,282
Total deductions	98,458	260,560	565,722	924,740
Change in net position	(98,458)	12,118	48,984	(37,356)
NET POSITION:				
Beginning of year	269,756	376,075	935,204	1,581,035
End of year	<u>\$ 171,298</u>	<u>\$ 388,193</u>	<u>\$ 984,188</u>	<u>\$ 1,543,679</u>

STATISTICAL SECTION

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City of Seal Beach
Statistical Section
Description of Statistical Section Contents
For the Year Ended June 30, 2025

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.	150-159
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.	160-163
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.	164-170
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.	171-172
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.	173-176

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Governmental activities:					
Net investment in capital assets,	\$ 73,939,948	\$ 72,399,752	\$ 72,667,466	\$ 87,071,592	\$ 84,530,565
Restricted	3,866,679	4,587,081	4,207,675	4,825,412	7,601,451
Unrestricted	4,713,193	(3,660,561)	(4,911,027)	(9,873,029)	(11,716,752)
Total governmental activities net position	<u>\$ 82,519,820</u>	<u>\$ 73,326,272</u>	<u>\$ 71,964,114</u>	<u>\$ 82,023,975</u>	<u>\$ 80,415,264</u>
Business-type activities:					
Net investment in capital assets,	\$ 34,145,069	\$ 33,109,258	\$ 31,663,486	\$ 32,937,448	\$ 31,473,936
Restricted	-	-	25,082	25,082	25,082
Unrestricted	13,544,158	12,625,701	14,709,960	13,656,457	13,930,796
Total business-type activities net position	<u>\$ 47,689,227</u>	<u>\$ 45,734,959</u>	<u>\$ 46,398,528</u>	<u>\$ 46,618,987</u>	<u>\$ 45,429,814</u>
Primary government:					
Net investment in capital assets,	\$ 108,085,017	\$ 105,509,010	\$ 104,330,952	\$ 120,009,040	\$ 116,004,501
Restricted	3,866,679	4,587,081	4,232,757	4,850,494	7,626,533
Unrestricted	18,257,351	8,965,140	9,798,933	3,783,428	2,214,044
Total primary government net position	<u>\$ 130,209,047</u>	<u>\$ 119,061,231</u>	<u>\$ 118,362,642</u>	<u>\$ 128,642,962</u>	<u>\$ 125,845,078</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				
	2021	2022	2023	2024*	2025
Governmental activities:					
Net investment in capital assets,	\$ 85,059,375	\$ 84,447,535	\$ 85,686,837	\$ 89,696,485	\$ 94,013,748
Restricted	7,201,479	8,759,394	10,354,192	9,915,238	7,187,471
Unrestricted	(9,239,218)	(10,011,404)	864,319	2,655,265	2,862,901
Total governmental activities net position	<u>\$ 83,021,636</u>	<u>\$ 83,195,525</u>	<u>\$ 96,905,348</u>	<u>\$ 102,266,988</u>	<u>\$ 104,064,120</u>
Business-type activities:					
Net investment in capital assets,	\$ 30,784,313	\$ 30,111,234	\$ 29,928,878	\$ 32,536,725	\$ 32,720,435
Restricted	25,082	25,082	25,082	25,082	25,082
Unrestricted	14,359,332	14,386,432	14,713,140	13,581,768	13,809,023
Total business-type activities net position	<u>\$ 45,168,727</u>	<u>\$ 44,522,748</u>	<u>\$ 44,667,100</u>	<u>\$ 46,143,575</u>	<u>\$ 46,554,540</u>
Primary government:					
Net investment in capital assets,	\$ 115,843,688	\$ 114,558,769	\$ 115,615,715	\$ 122,233,210	\$ 126,734,183
Restricted	7,226,561	8,784,476	10,379,274	9,940,320	7,212,553
Unrestricted	5,120,114	4,375,028	15,577,459	16,237,033	16,671,924
Total primary government net position	<u>\$ 128,190,363</u>	<u>\$ 127,718,273</u>	<u>\$ 141,572,448</u>	<u>\$ 148,410,563</u>	<u>\$ 150,618,660</u>

Source: Finance Department, City of Seal Beach.

* 2024 balances were restated due to error corrections, GASB 101 implementation, and change in claim estimates.

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Expenses:					
Governmental activities:					
General government	\$ 6,264,368	\$ 5,894,947	\$ 6,161,230	\$ 6,479,347	\$ 6,868,616
Public safety	16,972,880	19,867,060	19,877,068	21,497,362	24,079,442
Community development	1,100,110	1,218,902	1,593,008	1,499,652	1,581,361
Community services	1,036,627	995,468	964,634	945,425	866,786
Public works	6,956,443	6,992,604	7,367,882	7,752,351	11,180,509
Interest on long-term debt	349,652	342,951	225,675	143,040	88,274
Total governmental activities expenses	<u>32,680,080</u>	<u>35,311,932</u>	<u>36,189,497</u>	<u>38,317,177</u>	<u>44,664,988</u>
Business-type activities:					
Water utility	4,102,228	4,977,160	4,668,618	4,909,193	5,444,834
Sewer utility	1,676,651	2,639,043	2,539,783	2,523,366	3,035,447
Total business-type activities expenses	<u>5,778,879</u>	<u>7,616,203</u>	<u>7,208,401</u>	<u>7,432,559</u>	<u>8,480,281</u>
Total primary government expenses	<u>38,458,959</u>	<u>42,928,135</u>	<u>43,397,898</u>	<u>45,749,736</u>	<u>53,145,269</u>
Program revenues:					
Governmental activities:					
Charges for services:					
General government	2,074,448	1,913,909	2,062,987	1,913,201	1,207,956
Public safety	1,521,220	2,045,589	1,903,530	1,907,577	2,124,798
Community development	192,878	217,486	300,640	597,318	231,087
Community services	1,015,517	707,813	733,456	840,428	700,877
Public works	1,832,289	2,105,747	2,398,039	2,556,857	2,732,164
Operating contributions and grants	2,122,139	1,721,167	2,334,480	2,588,454	3,442,883
Capital grants and contributions	10,000	174,685	79,175	9,777,900	30,707
Total governmental activities program revenues	<u>8,768,491</u>	<u>8,886,396</u>	<u>9,812,307</u>	<u>20,181,735</u>	<u>10,470,472</u>
Business-type activities:					
Charges for services:					
Water utility	4,261,566	4,782,468	5,097,807	4,851,274	4,268,610
Sewer utility	2,466,869	2,784,942	2,928,885	2,854,208	3,007,958
Total business-type activities program revenues	<u>6,728,435</u>	<u>7,567,410</u>	<u>8,026,692</u>	<u>7,705,482</u>	<u>7,276,568</u>
Total primary government program revenues	<u>15,496,926</u>	<u>16,453,806</u>	<u>17,838,999</u>	<u>27,887,217</u>	<u>17,747,040</u>
Net revenues (expenses):					
Governmental activities	(23,911,589)	(26,425,536)	(26,377,190)	(18,135,442)	(34,194,516)
Business-type activities	949,556	(48,793)	818,291	272,923	(1,203,713)
Total net revenues (expenses)	<u>\$ (22,962,033)</u>	<u>\$ (26,474,329)</u>	<u>\$ (25,558,899)</u>	<u>\$ (17,862,519)</u>	<u>\$ (35,398,229)</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				
	2021	2022	2023	2024	2025
Expenses:					
Governmental activities:					
General government	\$ 7,231,812	\$ 8,604,149	\$ 6,778,212	\$ 7,833,713	\$ 9,322,342
Public safety	23,326,808	26,912,192	20,062,949	26,932,724	29,492,199
Community development	2,283,377	3,043,960	1,836,054	2,722,452	3,060,390
Community services	1,139,731	1,991,897	263,478	1,208,181	1,945,079
Public works	8,290,658	9,086,138	8,487,999	10,766,275	10,729,829
Interest on long-term debt	57,902	61,160	36,443	34,336	12,643
Total governmental activities expenses	42,330,288	49,699,496	37,465,135	49,497,681	54,562,482
Business-type activities:					
Water utility	6,033,692	6,064,434	5,250,934	7,127,839	6,349,610
Sewer utility	2,651,801	2,323,027	2,292,687	3,353,390	2,667,896
Total business-type activities expenses	8,685,493	8,387,461	7,543,621	10,481,229	9,017,506
Total primary government expenses	51,015,781	58,086,957	45,008,756	59,978,910	63,579,988
Program revenues:					
Governmental activities:					
Charges for services:					
General government	1,486,575	1,129,039	1,069,669	1,252,570	1,451,404
Public safety	2,361,646	2,547,127	2,282,044	1,976,293	2,262,656
Community development	221,140	434,955	499,835	508,638	608,029
Community services	985,542	1,244,430	1,221,628	1,328,884	1,395,661
Public works	2,596,848	2,842,031	3,588,535	4,199,836	3,915,149
Operating contributions and grants	4,287,922	9,362,550	4,165,836	4,231,563	4,920,671
Capital grants and contributions	10,692	655	889	1,199	1,872
Total governmental activities program revenues	11,950,365	17,560,787	12,828,436	13,498,983	14,555,442
Business-type activities:					
Charges for services:					
Water utility	4,957,483	5,824,338	5,759,925	6,289,312	6,580,915
Sewer utility	2,885,699	2,432,441	2,371,663	2,422,870	2,254,777
Total business-type activities program revenues	7,843,182	8,256,779	8,131,588	8,712,182	8,835,692
Total primary government program revenues	19,793,547	25,817,566	20,960,024	22,211,165	23,391,134
Net revenues (expenses):					
Governmental activities	(30,379,923)	(32,138,709)	(24,636,699)	(35,998,698)	(40,007,040)
Business-type activities	(842,311)	(130,682)	587,967	(1,769,047)	(181,814)
Total net revenues (expenses)	<u>\$ (31,222,234)</u>	<u>\$ (32,269,391)</u>	<u>\$ (24,048,732)</u>	<u>\$ (37,767,745)</u>	<u>\$ (40,188,854)</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				
	2016	2017	2018	2019	2020
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 10,408,505	\$ 11,012,246	\$ 11,180,197	\$ 11,481,535	\$ 12,358,059
Sales tax	4,228,730	4,379,341	4,303,618	5,546,264	9,108,334
Franchise taxes	955,922	1,016,938	1,059,581	1,097,774	1,034,280
Utility users taxes	4,445,180	4,177,713	4,186,554	4,061,031	3,941,877
Transient occupancy taxes	1,655,376	1,693,515	1,666,996	1,631,445	1,298,707
Other taxes	197,166	190,510	163,277	227,978	724,854
Motor vehicle in lieu, unrestricted	9,960	11,235	13,102	12,473	21,133
Use of money and property	1,004,572	425,014	300,817	1,692,720	1,862,213
Other	536,175	214,219	1,762,390	2,065,583	1,463,177
Transfers	378,500	378,500	378,500	378,500	376,483
Total governmental activities	23,820,086	23,499,231	25,015,032	28,195,303	32,189,117
Business-type activities:					
Use of money and property	176,437	167,661	223,778	326,036	391,016
Other	20,107	-	-	-	-
Transfers	(378,500)	(378,500)	(378,500)	(378,500)	(376,483)
Total business-type activities	(181,956)	(210,839)	(154,722)	(52,464)	14,533
Total primary government	23,638,130	23,288,392	24,860,310	28,142,839	32,203,650
Changes in net position:					
Governmental activities	(91,503)	23,499,231	25,015,032	10,059,861	(2,005,399)
Business-type activities	767,600	(210,839)	(154,722)	220,459	(1,189,180)
Total primary government	\$ 676,097	\$ 23,288,392	\$ 24,860,310	\$ 10,280,320	\$ (3,194,579)

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				
	2021	2022	2023	2024	2025
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	\$ 12,926,895	\$ 13,428,911	\$ 14,468,211	\$ 15,473,159	\$ 16,137,118
Sales tax	10,146,964	11,443,583	11,666,838	11,494,982	12,423,838
Franchise taxes	1,067,098	1,101,243	1,175,046	1,236,189	1,161,770
Utility users taxes	4,129,727	4,508,593	5,349,003	5,510,087	5,401,062
Transient occupancy taxes	878,165	1,670,504	1,922,823	1,919,725	2,052,664
Other taxes	720,807	757,421	1,104,573	732,341	1,100,806
Motor vehicle in lieu, unrestricted	19,070	28,238	25,874	31,179	39,887
Use of money and property	151,196	(1,428,396)	781,761	2,673,147	2,953,712
Other	3,270,753	69,001	1,118,893	2,076,956	533,315
Transfers	(324,379)	733,500	733,500	-	-
Total governmental activities	32,986,296	32,312,598	38,346,522	41,147,765	41,804,172
Business-type activities:					
Use of money and property	256,845	218,203	289,885	401,277	592,779
Other	-	-	-	-	-
Transfers	324,379	(733,500)	(733,500)	-	-
Total business-type activities	581,224	(515,297)	(443,615)	401,277	592,779
Total primary government	33,567,520	31,797,301	37,902,907	41,549,042	42,396,951
Changes in net position:					
Governmental activities	2,606,373	173,889	13,709,823	5,149,067	1,797,132
Business-type activities	(261,087)	(645,979)	144,352	(1,367,770)	410,965
Total primary government	\$ 2,345,286	\$ (472,090)	\$ 13,854,175	\$ 3,781,297	\$ 2,208,097

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				
	2016	2017	2018	2019	2020
General Fund:					
Nonspendable	\$ 682,859	\$ 2,877	\$ 32,495	\$ 33,795	\$ 41,776
Restricted	-	12,277	5,266	5,419	2,190,469
Committed	-	-	-	-	17,067,216
Assigned	7,610,286	7,478,281	8,289,150	10,152,504	4,370,059
Unassigned	20,811,037	19,770,202	17,491,623	11,922,370	3,509,871
Total general fund	<u>\$ 29,104,182</u>	<u>\$ 27,263,637</u>	<u>\$ 25,818,534</u>	<u>\$ 22,114,088</u>	<u>\$ 27,179,391</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,866,679	4,131,203	4,110,558	4,819,993	5,410,982
Assigned	-	-	-	-	-
Unassigned	(51,254)	(184,908)	(34,159)	(425,639)	(671,694)
Total all Other government funds:	<u>\$ 3,815,425</u>	<u>\$ 3,946,295</u>	<u>\$ 4,076,399</u>	<u>\$ 4,394,354</u>	<u>\$ 4,739,288</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				
	2021	2022	2023	2024	2025
General Fund:					
Nonspendable	\$ 2,069,748	\$ 51,506	\$ 42,705	\$ 2,978,558	\$ 119,534
Restricted	2,046,356	2,034,271	1,935,127	1,309,234	603,140
Committed	17,546,968	23,523,980	25,322,120	23,224,408	23,718,921
Assigned	4,704,595	4,853,380	5,097,455	6,714,071	6,037,300
Unassigned	3,629,265	3,885,769	4,927,044	5,242,784	11,869,857
Total general fund	<u>\$ 29,996,932</u>	<u>\$ 34,348,906</u>	<u>\$ 37,324,451</u>	<u>\$ 39,469,055</u>	<u>\$ 42,348,752</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	5,037,618	6,167,958	7,477,277	7,844,070	6,215,037
Assigned	-	-	-	87,347	234,348
Unassigned	(373,870)	(554,027)	(692,160)	(761,934)	(369,294)
Total all Other government funds:	<u>\$ 4,663,748</u>	<u>\$ 5,613,931</u>	<u>\$ 6,785,117</u>	<u>\$ 7,169,483</u>	<u>\$ 6,080,091</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)

	2016	2017	2018	2019	2020
Revenues:					
Taxes	\$ 22,828,144	\$ 23,368,371	\$ 24,021,668	\$ 25,903,080	\$ 27,481,580
Licenses and permits	1,304,924	1,234,590	1,480,971	1,416,737	844,274
Intergovernmental	1,388,056	744,904	1,530,815	857,923	4,330,159
Charges for services	4,214,690	5,349,083	4,586,949	4,878,405	4,684,076
Use of money and property	1,004,572	426,418	347,117	1,772,775	2,003,529
Fines and forfeitures	1,110,606	152,845	1,089,515	946,048	1,239,154
Contributions from other governments	283,222	180,511	55,765	45,994	60,942
Miscellaneous	537,777	492,245	520,420	2,319,864	2,995,022
Total revenues	<u>32,671,991</u>	<u>31,948,967</u>	<u>33,633,220</u>	<u>38,140,826</u>	<u>43,638,736</u>
Expenditures					
Current:					
General government	5,351,130	5,673,309	5,757,859	6,169,490	6,083,705
Public safety	16,378,416	17,395,965	18,148,871	19,240,608	20,921,107
Community development	1,175,339	1,186,081	1,488,921	1,446,025	1,408,699
Community services	1,075,282	1,004,690	954,018	942,804	852,664
Public works	4,862,058	4,586,373	4,967,066	5,160,373	6,672,230
Capital outlay	2,645,823	1,506,476	2,567,080	7,378,774	1,729,166
Debt service:					
Principal retirement	1,490,150	2,162,379	1,640,521	1,754,905	494,370
Interest and fiscal charges	355,819	353,322	231,779	152,863	88,612
Total expenditures	<u>33,334,017</u>	<u>33,868,595</u>	<u>35,756,115</u>	<u>42,245,842</u>	<u>38,250,553</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(662,026)</u>	<u>(1,919,628)</u>	<u>(2,122,895)</u>	<u>(4,105,016)</u>	<u>5,388,183</u>
Other financing sources (uses):					
Transfers in	5,602,944	4,472,129	5,714,614	9,381,712	4,141,526
Transfers out	(5,340,308)	(4,262,176)	(4,906,717)	(8,663,187)	(4,119,472)
Proceeds on sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>262,636</u>	<u>209,953</u>	<u>807,897</u>	<u>718,525</u>	<u>22,054</u>
Net change in fund balances	<u>\$ (399,390)</u>	<u>\$ (1,709,675)</u>	<u>\$ (1,314,998)</u>	<u>\$ (3,386,491)</u>	<u>\$ 5,410,237</u>
 Debt service as a percentage of noncapital expenditures	 6.0%	 7.8%	 5.6%	 5.5%	 1.6%

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)

	2021	2022	2023	2024	2025
Revenues:					
Taxes	\$ 31,711,229	\$ 34,976,825	\$ 37,716,674	\$ 36,366,482	\$ 38,277,257
Licenses and permits	771,615	926,792	1,027,232	939,640	1,066,988
Intergovernmental	2,195,977	6,754,322	1,622,005	5,632,109	4,998,757
Charges for services	4,853,170	5,118,769	5,821,082	6,791,306	6,757,884
Use of money and property	235,061	(1,197,815)	811,518	3,020,467	3,495,664
Fines and forfeitures	1,816,837	1,871,227	1,435,250	1,402,597	1,491,069
Contributions from other governments	106,528	76,817	77,023	69,471	161,041
Miscellaneous	3,431,013	240,917	1,291,231	661,060	694,582
Total revenues	<u>45,121,430</u>	<u>48,767,854</u>	<u>49,802,015</u>	<u>54,883,132</u>	<u>56,943,242</u>
Expenditures					
Current:					
General government	6,713,025	7,597,539	7,671,076	7,546,164	8,593,613
Public safety	21,895,428	23,892,990	24,570,207	25,508,597	26,491,203
Community development	2,203,834	2,185,707	2,218,015	2,699,327	2,561,988
Community services	1,131,906	1,174,593	1,219,014	1,399,938	1,505,709
Public works	5,748,811	6,884,360	6,625,681	8,746,664	8,676,881
Capital outlay	3,439,241	1,875,596	3,609,554	6,014,889	7,111,713
Debt service:					
Principal retirement	496,920	532,556	789,974	808,805	259,045
Interest and fiscal charges	70,479	55,856	36,651	34,080	12,153
Total expenditures	<u>41,699,644</u>	<u>44,199,197</u>	<u>46,740,172</u>	<u>52,758,464</u>	<u>55,212,305</u>
Excess (deficiency) of revenue over (under) expenditures	<u>3,421,788</u>	<u>4,568,657</u>	<u>3,061,843</u>	<u>2,124,668</u>	<u>1,730,937</u>
Other financing sources (uses):					
Transfers in	2,858,654	2,697,577	4,359,511	4,621,337	3,903,042
Transfers out	(3,657,439)	(1,964,077)	(3,274,623)	(4,621,337)	(3,877,679)
Proceeds on sale of assets	119,000	-	-	-	34,005
Total other financing sources (uses)	<u>(679,785)</u>	<u>733,500</u>	<u>1,084,888</u>	<u>-</u>	<u>59,368</u>
Net change in fund balances	<u>\$ 2,742,003</u>	<u>\$ 5,302,157</u>	<u>\$ 4,146,731</u>	<u>\$ 2,124,668</u>	<u>\$ 1,790,305</u>
 Debt service as a percentage of noncapital expenditures	 1.5%	 2.4%	 1.9%	 1.8%	 0.6%

Source: Finance Department, City of Seal Beach

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	
2016	\$ 4,795,647,822	\$ 285,081,875	\$ 5,080,729,697	\$ 530,597,248	\$ 32,693,247	\$ 563,290,495	1.00%
2017	4,978,010,106	152,713,169	5,130,723,275	300,533,393	2,090,757	302,624,150	1.00%
2018	5,237,420,910	128,598,670	5,366,019,580	309,374,617	2,150,646	311,525,263	1.00%
2019	5,475,552,225	150,040,128	5,625,592,353	320,174,015	2,103,366	322,277,381	1.00%
2020	5,817,854,806	159,142,122	5,976,996,928	363,940,344	3,281,367	367,221,711	1.00%
2021	6,051,396,970	155,640,583	6,207,037,553	375,196,393	5,389,789	380,586,182	1.00%
2022	6,253,516,508	145,853,857	6,399,370,365	414,507,317	7,059,017	421,566,334	1.00%
2023	6,688,389,755	162,820,842	6,851,210,597	-	-	-	1.00%
2024	7,106,450,551	184,902,698	7,291,353,249	-	-	-	1.00%
2025	7,450,555,524	204,714,015	7,655,269,539	-	-	-	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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	0.06135	0.06001	0.06072	0.05881	0.05509	0.06379	0.05996	0.05880	0.04565	0.04572
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00700
Other Districts	0.07779	0.07367	0.09803	0.16561	0.13116	0.14183	0.12906	0.13106	0.11733	0.11512
Total Direct & Overlapping Rates	<u>1.14264</u>	<u>1.13718</u>	<u>1.16225</u>	<u>1.22792</u>	<u>1.18975</u>	<u>1.20912</u>	<u>1.19252</u>	<u>1.19336</u>	<u>1.16648</u>	<u>1.16784</u>

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.

owners.

Source: HdL, County of Orange, Auditor-Controller

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

Taxpayer	2025		2016	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Seal Beach Mutual	\$ 1,384,619,950	18.09%	\$ 796,235,092	15.67%
CPT Shops at Rossmoor LLC	142,603,344	1.86%	134,285,323	2.64%
Boeing	138,967,170	1.82%	135,437,922	2.67%
ASN Long Beach LLC	136,195,312	1.78%	115,879,354	2.28%
Terra Funding-Bixby Ranch LLC	102,992,613	1.35%	87,091,909	1.71%
Ranch Town Center LLC	52,485,794	0.69%	44,347,031	0.87%
AL United States Seal Beach Senior Housing LP	45,185,348	0.59%	49,732,601	0.98%
Hellman Properties	37,828,306	0.49%		
OE 1729 Apollo CT LLC	36,878,160	0.48%		
Farmers and Merch Bank	33,560,036	0.44%		
Dendreon Manufacturing LLC			80,596,746	1.59%
Oxy Long Beach Inc			65,000,000	1.28%
	<u>\$ 2,111,316,033</u>	<u>27.58%</u>	<u>\$ 1,549,978,148</u>	<u>30.51%</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
2016	\$ 7,536,350	\$ 7,157,839	94.98%	79,454	\$ 7,237,293	96.03%
2017	7,692,829	7,549,591	98.14%	75,824	7,625,415	99.12%
2018	8,064,384	7,928,325	98.31%	73,467	8,001,792	99.22%
2019	8,681,340	8,278,388	95.36%	74,350	8,352,738	96.21%
2020	9,424,684	9,274,535	98.41%	81,504	9,356,039	99.27%
2021	9,740,869	9,591,161	98.46%	101,723	9,692,884	99.51%
2022	10,134,749	9,961,155	98.29%	95,453	10,056,608	99.23%
2023	10,819,610	10,662,521	98.55%	107,920	10,770,441	99.55%
2024	11,423,367	11,227,941	98.29%	144,439	11,372,380	99.55%
2025	11,955,234	11,719,905	98.03%	157,006	11,876,910	99.34%

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
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
2024	210,272	-	-	-	455,855	666,127
2025	-	-	-	-	233,861	233,861

Notes:

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

*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
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
2024	358,855	1,180,000	2,141,409	204,545	3,884,809	4,550,936	*	187
2025	232,201	965,000	1,920,583	129,594	3,247,378	3,481,239	*	143

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
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
2024	-	-	-	0.00%	-
2025	-	-	-	0.00%	-

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.

¹ Assessed 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, 2025

2024-25 Assessed Valuation:

\$7,652,712,979

	Total Debt 6/30/2025	% Applicable (1)	City's Share of Debt 6/30/25
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 17,155,000	0.188%	\$ 32,251
Coast Community College District	854,816,084	2.910	24,875,148
North Orange Jt. Community College District	275,134,676	1.126	3,098,016
Los Alamitos Unified School District	213,215,227	48.222	102,816,647
Huntington Beach Union High School District	122,999,998	0.001	1,230
Ocean View School District	148,220,000	0.003	4,447
City of Seal Beach Community Facilities District No. 2002-1	2,200,000	100	2,200,000
City of Seal Beach Community Facilities District No. 2005-1	6,065,000	100	6,065,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 139,092,739

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Orange County General Fund Obligations	\$ 429,065,000	0.944%	\$ 4,050,374
Orange County Board of Education Certificates of Participation	9,120,000	0.944	86,093
Coast Community College District Certificates of Participation	660,000	2.910	19,206
Coast Community College District Pension Obligation Bonds	465,000	2.910	13,532
Los Alamitos Unified School District Certificates of Participation	27,037,816	48.222	13,038,176
Huntington Beach Union High School District General Fund Obligations	47,461,090	0.001	475
Ocean View School District General Fund Obligations	10,835,000	0.003	325
North Orange County Regional Occupation Program Certificate of Participation	6,880,000	4.355	299,624
City of Seal Beach	-	100	-
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 17,507,805

TOTAL DIRECT DEBT

\$ -

TOTAL OVERLAPPING DEBT

\$ 156,600,544

COMBINED TOTAL DEBT

\$ 156,600,544 (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 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.82%
Total Direct Debt	0.00%
Combined Total Debt	2.05%

Source: California Municipal Statistics, Inc.

City of Seal Beach
Legal Debt Margin Information
Last Ten Years

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt limit	\$ 846,747,277	\$ 820,537,899	\$ 860,757,686	\$ 892,030,484	\$ 952,282,846
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 846,747,277</u>	<u>\$ 820,537,899</u>	<u>\$ 860,757,686</u>	<u>\$ 892,030,484</u>	<u>\$ 952,282,846</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				
	2021	2022	2023	2024	2025
Debt limit	\$ 930,063,188	\$ 960,333,816	\$ 1,028,618,366	\$ 1,093,458,885	\$ 1,147,906,947
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 930,063,188</u>	<u>\$ 960,333,816</u>	<u>\$ 1,028,618,366</u>	<u>\$ 1,093,458,885</u>	<u>\$ 1,147,906,947</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 2025

Assessed Valuation	\$ 7,652,712,979
Debt percentage ¹	15%
Debt limit	<u>\$ 1,147,906,947</u>
Debt applicable to limit	-
Legal debt margin	<u><u>\$ 1,147,906,947</u></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	
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		-	-	-	-
2024		-	-	-	-
2025		-	-	-	-

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2023	24,350	1,649,508	67,741	3.9%
2024	24,400	1,680,348	68,866	4.7%

Sources: HDL Coren & Cone

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

Business Name	2024	2015	Business Category
76	X	X	Service Stations
AT&T Mobility		X	Electronics/Appliance Stores
Bed Bath & Beyond		X	Home Furnishings
Boeing	X		Transportation-Non-Auto
Burlington	X		Family Apparel
Chevron	X	X	Service Stations
Chevron		X	Service Stations
Chick Fil A	X		Quick-Service Restaurants
Crate Barrel Outlet	X		Home Furnishings
CVS Pharmacy	X	X	Drug Stores
DTS	X		Business Services
Energy Tubulars		X	Petroleum Prod/Equip
EVLO Energy Storage	X		Energy/Utilities
Hofs Hut Restaurant & Bakery	X		Casual Dining
Home Goods	X	X	Home Furnishings
In N Out Burgers	X	X	Quick-Service Restaurants
Kohls	X	X	Department Stores
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
Spghettini	X	X	Fine Dining
Sprouts Farmers Market		X	Grocery Stores
Staples		X	Office Supplies/Furniture
Target	X	X	Discount Dept Stores
Toys R Us		X	Specialty Stores
Tyr Sport	X		Fulfillment Centers
Ulta Beauty	X	X	Specialty Stores
Walts Wharf		X	Fine Dining

2024 Percent of Calendar Year Total Paid by Top 25 Accounts = 56.96%

2015 Percent of Calendar Year Total Paid by Top 25 Accounts = 58.52%

Firms Listed Alphabetically: Period January - December

Source: Hinderliter, de Llamas & Associates, State Board of Equalization, CDTFA, State Controller's Office

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

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024*	2025*
General government	14.34	15.92	13.00	13.48	13.48	14.75	21.35	21.25	21.82	21.83
Public safety	74.12	77.19	78.50	79.82	79.82	80.78	82.05	86.90	84.02	83.44
Public works	4.97	3.98	6.00	5.00	5.00	17.99	17.99	17.69	17.30	19.51
Community development/Services	17.25	16.53	13.60	14.76	14.76	13.88	13.50	12.44	17.22	18.72
Water	13.82	12.60	12.90	13.15	13.15	8.90	8.90	7.45	8.60	6.76
Sewer	7.11	7.69	6.71	6.89	6.89	5.86	5.86	6.99	6.56	5.66
Total	<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>	<u>155.52</u>	<u>155.92</u>

Source: Finance Department, City of Seal Beach

*Position count includes contracted employees in Community Development

Total full-time equivalents exclude Commissioners and Reserve Officers but includes Council Members

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

	Fiscal Year				
	2016	2017	2018	2019	2020
Police:					
Arrests	790	781	854	787	709
Parking citations issued	19,264	18,319	19,929	17,663	20,913
Public works:					
Street centerline miles resurfaced	1	-	1	1	4
Number of public right of way permits issued	184	259	231	253	242
Number of street related service requests	40	68	109	92	44
Parks and recreation:					
Number of recreation classes	680	710	1,070	1,100	790
Number of facility rentals	557	585	1,030	1,045	690
Water:					
Number of water meters replaced	76	56	49	49	104
Acre feet of water used	3,208	3,259	3,208	3,360	3,276
Sewer:					
Number of feet of sewer cleaned	217,619	-	217,619	154,000	146,619
Number of catch basins cleaned	458	216	216	216	216

Source: City of Seal Beach

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


	Fiscal Year				
	2021	2022	2023	2024	2025
Police:					
Arrests	806	1,429	809	1,010	731
Parking citations issued	28,644	29,658	24,841	22,985	19,576
Public works:					
Street centerline miles resurfaced	3	1	1	4	3
Number of public right of way permits issued	232	213	213	250	250
Number of street related service requests	39	258	258	300	388
Parks and recreation:					
Number of recreation classes	1,113	955	828	752	810
Number of facility rentals	314	1,020	773	1,765	1,052
Water:					
Number of water meters replaced	154	89	89	98	328
Acre feet of water used	3,471	3,086	3,086	3,331	3,929
Sewer:					
Number of feet of sewer cleaned	126,563	190,569	190,569	105,607	114,519
Number of catch basins cleaned	217	218	218	454	226

Source: City of Seal Beach

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	22	22	22	22
Parks and recreation:										
Parks	10	10	10	10	10	10	13	13	13	13
Community centers	3	3	3	3	3	3	5	5	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	6	6	6	6

Source: City of Seal Beach

An aerial photograph of Seal Beach, California, showing a wide sandy beach with many people, colorful umbrellas, and a lifeguard stand. The ocean waves are breaking on the shore, and a parking lot with many cars is visible in the background. A pier extends into the water on the right side of the image.

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

